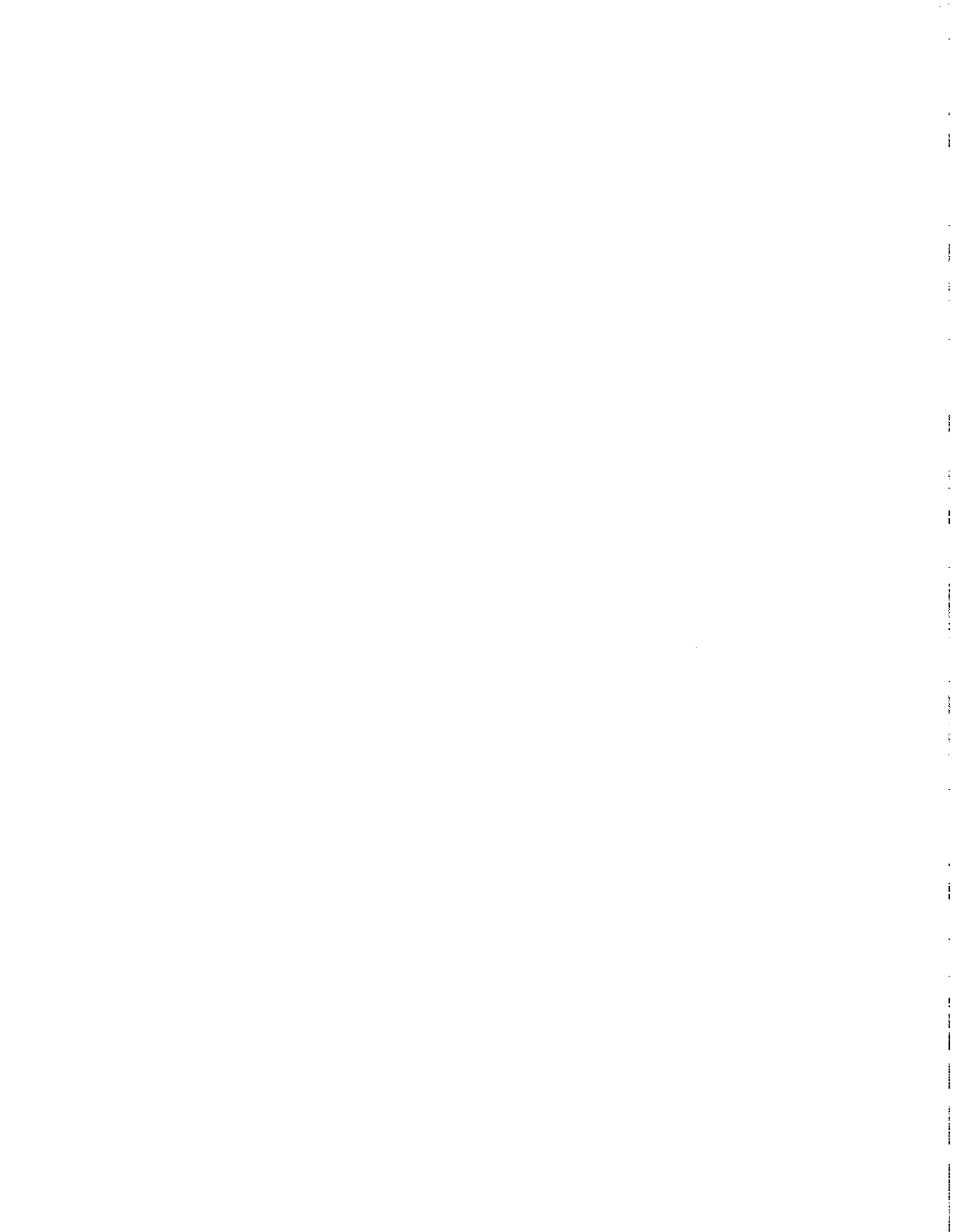


April 1994

GOVERNMENT  
PRINTING

Legal and Regulatory  
Framework Is  
Outdated for New  
Technological  
Environment







**United States  
General Accounting Office  
Washington, D.C. 20548**

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**National Security and  
International Affairs Division**

B-256615

April 15, 1994

**The Honorable Sam Nunn  
Chairman, Committee on Armed Services  
United States Senate**

**The Honorable Daniel K. Inouye  
Chairman, Subcommittee on Defense  
Committee on Appropriations  
United States Senate**

**The Honorable Ronald V. Dellums  
Chairman, Committee on Armed Services  
House of Representatives**

**The Honorable John P. Murtha  
Chairman, Subcommittee on Defense  
Committee on Appropriations  
House of Representatives**

**The Honorable Vic Fazio  
Chairman, Subcommittee on Legislative  
Committee on Appropriations  
House of Representatives**

As set forth by the House report accompanying the fiscal year 1994 Department of Defense (DOD) Appropriations Act and as requested by the Chairmen of the Subcommittee on Defense and the Subcommittee on Legislative, we are reporting on several issues related to government printing operations. Our objectives were to (1) consider management issues that result from current technological advances in the publishing environment and comment on the relevancy of existing laws and regulations;<sup>1</sup> (2) compare the respective costs, prices, services, and operations of the Government Printing Office (GPO) and the Defense Printing Service (DPS); and (3) determine whether DPS is complying with laws and following regulations and congressional guidance on government printing operations.

With respect to the second objective, we were unable to make a meaningful cost comparison because GPO and DPS capture costs differently

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<sup>1</sup>In this report, we use the term "publishing" as the production and dissemination of information. Examples of publishing processes are printing, duplicating, and various electronic methods in which images are produced on various media.

and there are questions regarding the completeness, accuracy, and reliability of information produced by DPS's accounting system. We are, however, providing comparative information on the services and operations of the two organizations. The question of whether it is cheaper to procure work through GPO or produce it at DPS has been debated for some time. We are in the process of comparing the prices DPS charges its customers for printing and duplicating work with the prices GPO charges for similar work. Our ongoing statistically valid price comparison will be presented in a separate report later this year. In appendix I, we provide a discussion of the methodology we are using for that analysis.

## Background

By law, GPO, a legislative branch agency, is mandated to provide printing for the federal government—either by contracting with commercial sources or by producing work in-house. In addition, GPO's Superintendent of Documents is responsible for providing for the dissemination of government information to the public.

Executive agencies, including DOD, are required to forward all printing, with some exceptions, to GPO. The Joint Committee on Printing (JCP) has responsibility for exercising congressional oversight over printing activities within the federal government. Under JCP authorization, many executive agencies operate in-house printing plants for specified printing needs. DOD printing facilities are managed by DPS, which was established in April 1992 as DOD's single manager for publishing operations.

In recent years, controversy has arisen over the printing operations of various executive agencies because some agencies want to publish their work independent of GPO involvement. This controversy is largely the result of significant advances in publishing technologies. The debate intensified with the issuance of the National Performance Review in September 1993.<sup>2</sup> The Review calls for a number of major management reform initiatives aimed at allowing the government to work better and at less cost. One recommendation calls for a major change to allow agencies greater flexibility in determining how to best satisfy their printing requirements. Congress is currently considering the merits of this and other proposals during its deliberation process. We have issued a number of products related to GPO and DOD printing management and operation issues. Those products are listed at the end of this report.

<sup>2</sup>From Red Tape to Results: Creating a Government That Works Better and Costs Less, report of the National Performance Review, September 7, 1993.

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## Results in Brief

With the emergence of various electronic technologies, the traditional definitions of printing and duplicating have become blurred. As a result, for all practical purposes, the framework of laws and regulations used to manage many aspects of government publishing has become outdated. Because outdated definitions drive federal publishing decisions—rather than sound business practices that emphasize cost-effectiveness and customer service—agencies are confused about how best to manage their publishing activities. Moreover, the federal government's two largest printing activities are operating with excess capacity. Without a more cost-effective approach to government publishing, this situation is likely to continue. The additional technological changes that are expected will only exacerbate this situation.

As changes are considered, it is important to understand how the basic legal and regulatory framework is reflected in the government's current publishing operations. The two largest entities are GPO, which reported revenues in fiscal year 1993 of \$817 million, and DPS, which reported revenues during that period of \$403 million. Both of these activities are challenged with managing current operations under existing laws, regulations, and guidance, while planning future operations that respond to the rapid technological change. Both are experiencing operating losses that reflect diminishing workloads and excess capacity. Further, charting specific future operational plans is largely dependent on the outcome of proposals to revise existing legislation.

Certain DPS practices are inconsistent with the requirements of applicable laws, JCP regulations, and related congressional guidance. For example, DPS has (1) procured directly a relatively small amount of printing work that should have gone to GPO, (2) filled a small amount of printing orders for non-DOD-related agencies, and (3) acquired duplicating equipment without certification from the JCP or the Public Printer of the United States.

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## Current Legal and Regulatory Framework Used to Manage Government Publishing Is Outdated

The current framework of laws and regulations for managing government publishing dates back to 1895. At that time, the Printing Act established the basis for the current Title 44 of the United States Code, which governs most printing in the federal government. As authorized by Title 44, Congress' JCP established rules and regulations for printing that relate to various aspects of printing, including equipment that may be purchased, processes that must be used, and the number of colors that may be printed.

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Section 501 of Title 44 and a related restriction on the use of appropriated funds—section 207 of the Legislative Branch Appropriations Act of 1993—essentially require that all government printing be done by or through GPO. Section 501 requires that all “printing, binding, and blank-book work” be done at GPO. Section 207 prohibits agencies from using appropriated funds for “the procurement of any printing related to the production of government publications.” Both provisions include limited exceptions.<sup>3</sup>

The provisions refer only to “printing.”<sup>4</sup> Neither provision specifically includes, for example, duplicating—a process defined in JCP regulations as distinct from printing. As new high-speed duplicating equipment becomes available, the duplicating process has been used increasingly to publish government documents. Because the law focuses only on printing, its usefulness has been limited for decisionmakers who must manage in an environment of emerging technologies. The projected proliferation of technologies will only magnify the uncertainty among government decisionmakers in managing their operations.

Within the printing industry, there is acknowledgment that the terms printing and duplicating, as well as copying and reprography, are often used synonymously. Moreover, printing has been used as a general term encompassing a variety of other technologies used to produce publications, documents, and other outputs. Printers and publishers who have kept pace with changing technology realize that they are part of a vast information industry. Many are looking at other technologies, such as telecommunications, videotext, CD-ROM, interactive cable television, and direct broadcast by satellite as complements or supplements to printing. Experts in the publishing field have suggested that a more useful framework for managing these publishing technologies would be based on factors such as cost, quality, and timeliness. In addition, GPO officials were adamant that the framework ensure continued dissemination of government information because the government has a responsibility to keep the nation informed.

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<sup>3</sup>For example, 44 U.S.C. 501 (2) provides an exception for “printing in field printing plants operated by an executive department . . . if approved by the Joint Committee on Printing.”

<sup>4</sup>By law, the term “printing” means the process of composition, platemaking, press work, silk screen processes, binding, microform, and the end items of such processes.

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## An Effective Framework Would Be Based on Cost, Quality, and Timeliness Considerations

The cost of producing products is only one element involved in determining the lowest possible cost. In other words, the production cost should be considered in the context of the total life-cycle cost of the product. This life-cycle cost includes authoring, design, copy preparation, reproduction method, binding, distribution, storage, reprint, and any disposal costs. The distribution part of the life-cycle cost should consider the dissemination of government information.

Quality factors should be based on the quality required by the customer, and not the quality required by the producer of the product. Quality can be defined in many ways, but the user often defines it as how well the version produced by a process replicates the original.

Timeliness is, and should be, determined by the user. It may be necessary to forego the most economical way of producing a product to obtain the product on a timely basis. Again, the user should make this determination. Production people can advise the user as to the trade-offs. However, they should not make the decision for the user.

Appendix II contains more details on the evolution of publishing technologies and the legal and regulatory framework that governs their management.

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## GPO and DPS Operations

GPO and DPS are deciding how to deal with technological change and, at the same time, meet the legal and regulatory requirements. The following provides a brief summary of comparative information on the agencies' current operations and plans for the future.

GPO is facing a diminishing workload for several reasons—including a loss of business from federal agencies, which publish an increasing amount of their own work. According to GPO billing reports, executive branch publishing provided by GPO dropped from about \$944 million (in 1993 dollars) in 1989 to about \$650 million in 1993 (about a 31-percent decrease). DPS is also facing a diminishing workload because of military downsizing, budget reductions, and movement to electronic publishing processes. Whereas DPS expected revenues of about \$500 million in fiscal year 1993, it reported receiving about \$403 million. Since consolidation in 1992, DPS has eliminated 1,049 positions, closed 70 facilities, acquired new equipment, and disposed of about 1,500 pieces of equipment.

In fiscal year 1993, GPO had a reported loss of \$14 million on revenue of \$817 million as compared with a \$5-million loss on revenue of \$924 million in 1992. GPO officials explained that the increase in the loss is attributed to increases in expenses, a freeze on prices since January 1990, and a continuing decline in printing and binding work. DPS reported a loss of \$24 million on revenues of \$403 million in 1993. Because fiscal year 1993 was DPS' first full year of operation, there are no data with which this loss can be compared. DPS officials stated that the loss to DOD would have been much greater had the consolidation not taken place.

We audited the 1992 GPO financial statements and issued an unqualified opinion on the statements and internal controls. We found no incidents of noncompliance with laws and regulations. The 1993 GPO financial statements, however, were not audited. DPS has not had a financial audit in the past, except for audits by the Naval Audit Service that were of limited scope and did not address the reliability of DPS's cost accounting system.

In late 1991, GPO developed a strategic plan for fulfilling its mission in the changing technological environment. The plan lays out staffing levels and a product and equipment mix for the year 2001. According to the Public Printer, the federal government needs a policy on publishing and information dissemination that is acceptable for all branches of government so that GPO can better plan for the future. He said that effective short- and long-term planning is difficult because of the number of legislative proposals being considered that have serious implications for the operation of GPO and government printing in general. He further stated that "ink on paper" printing would remain for the foreseeable future but projected that the volume of paper products would decrease as electronic technologies became more accessible. Finally, he stated that GPO had to begin operating more like a business if it wanted to compete for business in the future.

DPS recently completed an analysis of its core capacity to determine the minimum level of personnel, equipment, and facilities necessary to meet DPS's future mission requirements. According to DPS officials, the analysis called for (1) a reduction of in-house production and an increase in commercial procurement, (2) a reduction of another 1,000 personnel to reach a level of about 1,700 positions, (3) the elimination of another 72 facilities to bring the total number to 222 printing locations, and (4) the acquisition of modernized equipment.



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Appendix III contains more detailed information on GPO and DPS operations.

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## Certain DPS Practices Are Not Consistent With Printing Laws, Regulations, and Congressional Guidance

With respect to the law, certain DPS practices are inconsistent with the requirements of section 207, Public Law 102-392. The law prohibits the procurement of printing through sources other than GPO except in limited circumstances.<sup>5</sup> We found a relatively small amount of work—\$328,000—that DPS had procured directly from commercial contractors rather than through GPO. Most of this work—\$248,000—was for commercial printing in Hawaii. DPS officials stated that they were unaware that GPO had private contractors in Hawaii who could do the work. After learning about this, DPS officials stated that they would look into the situation. DPS officials acknowledged that this was a violation of the law but pointed out that \$328,000 represented a reduction from previous years and was a small portion of their total revenue.

DPS also produces some printing work for non-DOD agencies, who, by law, must generally procure this work through GPO. Due to limitations in DPS's cost accounting system, we were unable to precisely identify how much of this work was printing as opposed to other work, such as duplicating, that is not subject to the provisions of the law. Using available DPS data, we estimate that the aggregated amount of the printing and duplicating work was about \$2.6 million in fiscal year 1993, or about 1.3 percent of DPS's in-house work. DPS headquarters has notified all regional offices to not accept any new work from non-DOD agencies. DPS continues to do work for existing customers because of long-standing relationships established prior to the DPS consolidation. To the extent that this practice involves printing, it is in violation of the law.

DPS has also not consistently followed certain provisions of the JCP's Government Printing and Binding Regulations. For example, DPS is not accurately reporting in-house work that exceeds JCP-established production thresholds (i.e., the number of pages) for specified equipment. At one location we visited, 63 jobs exceeded these thresholds, but only 2 were reported. JCP's oversight is limited because of this inaccurate reporting.

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<sup>5</sup>Exceptions are made for (1) individual printing orders costing not more than \$1,000, if the work is not of a continuing or repetitive nature, and, as certified by the Public Printer, cannot be provided more economically through GPO; (2) printing for intelligence agencies; and (3) printing from other sources that are specifically authorized by law.

DPS also purchased 9 high-speed, electronic publishing devices at a cost of \$2.6 million and, under a lease-to-purchase agreement, leased another 50 at a cost of about \$10,000 each per month. Maintenance is included in the monthly fee. These acquisitions were not certified by the JCP or the Public Printer of the United States in accordance with guidance set forth by the House report accompanying the 1993 Defense Appropriations Act. DPS officials stated that these machines are not used for printing as defined by the JCP regulations and, therefore, there is no need to obtain a certification. DPS officials told us that it is their practice to notify the JCP when they acquire equipment. However, we were only able to document that DPS had notified JCP about 2 of the 59 acquisitions.

We also noted disagreements between JCP and DPS concerning procurement of printing from the Federal Prison Industries. In fiscal year 1993, DPS procured almost \$600,000 in work from the Federal Prison Industries. DPS officials stated that the procurements were proper because specific statutory authority exists to procure services from the Federal Prison Industries. Under 18 U.S.C. 4124, agencies are not just authorized, but required, to purchase products from Federal Prison Industries to the extent they are available and meet the agencies' needs. However, citing the requirements of section 207 of the Legislative Branch Appropriations Act, 1993, the JCP instructed agencies not to procure printing and related services from Federal Prison Industries.

Appendix IV contains additional detail on the laws, regulations, and congressional guidance and our analysis of DPS's practices.

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## Recommendations

We recommend that the Secretary of Defense require the Director of DPS to establish controls to (1) prevent the unauthorized procurement of commercial printing and the production of printing for non-DOD organizations and (2) verify the accuracy of JCP-required reports for work exceeding the production limits for specified equipment.

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## Matters for Congressional Consideration

Technological changes in the way information can be transmitted, stored, and reproduced are having a significant impact on the publishing industry, and the government is no exception. The framework of laws and regulations used to manage the government's publishing activities has been in place for many years, and now seems the appropriate time for a reassessment. Various legislative proposals have been introduced during the past year to change the existing legislative framework.

As Congress continues to review the various legislative proposals, it may wish to consider alternative frameworks built on sound business practices and changing publishing technologies. Such a framework should rely heavily on providing for the lowest possible cost for publishing jobs, while at the same time considering quality and timeliness. Also, meeting the needs of the nation for access to government information should be an important consideration.

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## Agency Comments

We did not obtain written comments from GPO and DPS. However, the Public Printer of the United States and the Director of DPS and their staffs reviewed a draft of this report, and we have incorporated their comments where appropriate.

The Public Printer of the United States indicated that our draft report fairly portrayed GPO. However, he stated that there were areas where more complete information needed to be provided, particularly as it related to GPO's public information dissemination responsibilities. He also stated that GPO had limited time to review the draft and more time would be needed to provide a comprehensive response.

The Director of DPS stated that time constraints did not permit a detailed review of all issues raised in our draft report. Consequently, he was unable to offer specific comments pending a review of the final report. The Director stated that, from a broad perspective, the draft report raised several major issues regarding compliance with the myriad of often-conflicting legal, regulatory, and policy guidelines that govern federal printing. He further stated that DPS had taken strong management action since the April 1992 consolidation to reduce costs, eliminate excess capacity, and increase out-sourcing while essentially maintaining compliance with applicable laws, regulations, and policy. According to the Director, with the exception of \$328,000 (\$80,000 CONUS and \$248,000 in Hawaii) in direct commercial printing procurement, DPS is in full compliance. He said that 98 percent of all commercial procurement was through GPO. He stated that DPS would work closely with GPO to correct this and any other deficiency in DPS operations with the goal of achieving the best value.

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## Scope and Methodology

To address the issues contained in this report, we formed a multidisciplinary team that included staff knowledgeable about defense and general government management auditing, accounting, financial

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management, economics, publishing, information management, statistics, and legal matters.

We consulted with experts from the private sector, as well. Using a modified delphi technique, we consulted with experts and industry officials in the publishing field to obtain their views on the (1) distinctions among various publishing technologies, (2) future direction of the publishing industry, and (3) resulting implications for managing publishing operations in the future. In addition, we consulted with an expert in printing economics regarding cost and efficiency issues at GPO and DPS. All private sector contacts are listed in appendix V. We also discussed these issues with representatives from our own Office of Information Management and Communications.

We worked closely with officials from DPS and GPO during the course of our work and briefed the JCP on the scope of our work. At DPS and GPO, we interviewed officials responsible for policy, financial management, the management of publishing operations and reviewed associated documents containing financial and operational data. We also observed publishing operations at GPO's central plant in Washington, D.C., and at 12 DPS printing facilities in 4 of DPS's 8 regions. Finally, we analyzed relevant statutes, regulations, and congressional guidance regarding the management of government printing operations.

We conducted our work from August 1993 to April 1994 in accordance with generally accepted government auditing standards.

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We are sending copies of this report to the Secretary of Defense, the Public Printer of the United States, the Director of the Office of Management and Budget, and other appropriate congressional committees. We will also make copies available to others upon request.

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This report was prepared under the direction of Donna M. Heivilin, who can be reached on (202) 512-8412 if you or your staff have any questions. Major contributors to this report are listed in appendix VI.

A handwritten signature in black ink that reads "Frank C. Conahan". The signature is written in a cursive style with a large initial 'F'.

Frank C. Conahan  
Assistant Comptroller General

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**Abbreviations**

DBOF	Defense Business Operations Fund
DOD	Department of Defense
DPS	Defense Printing Service
GPO	Government Printing Office
JCP	Joint Committee on Printing
PRMIS	Printing Resources Management Information System

# Methodology for Price Comparison

There has been a continuing debate in recent years as to whether the Department of Defense (DOD) could save money by procuring more of its printing and duplicating work through the Government Printing Office (GPO) rather than producing it in-house at the Defense Printing Service (DPS). Past price comparisons have been perceived as methodologically flawed or statistically invalid. Later this year, we will issue the results of our comparison of GPO and DPS prices. We are making this comparison by (1) using statistically valid samples of real world data, (2) consulting with private and public sector printing specialists who have a background in statistics and a knowledge of printing operations and costs, and (3) considering comments from GPO and DPS officials.

We selected a statistically valid sample of 740 printing and duplicating jobs that DPS completed in-house in fiscal year 1993. As DPS plants receive jobs in fiscal year 1994 that are similar to the fiscal year 1993 sample items, DPS is sending the jobs to GPO for actual production and pricing rather than producing them in-house. Printing specialists are helping us verify that these jobs are similar.

Our comparison of GPO and DPS prices encompasses various categories of printing and duplicating jobs. To ensure objectivity in GPO's pricing, we are not informing GPO in advance which jobs are involved in the test. DPS is pricing these jobs using its nationwide uniform pricing schedule, and printing specialists are helping us verify these prices.

When we spoke to GPO officials about this methodology, they pointed out that if they had long-term contracts with the DOD entities that needed printing and duplicating services, they could possibly offer lower prices. We saw this as a valid point and, therefore, we will be asking GPO to make separate pricing estimates that assume the existence of long-term contracts. We are analyzing these price estimates against the prices GPO actually charges for the GPO-provided products. At the completion of our analysis, we will be able to show the price differentials for various categories of work done by the two agencies.

After discussions with senior GPO and DPS officials, we have general agreement that the methodology that is being used should result in a fair and unbiased study. In addition, the methodology was reviewed by an outside consultant, and he agreed with the study's approach.



# Current Legal and Regulatory Framework Used to Manage Government Publishing Is Outdated

The legal and regulatory framework for managing government publishing dates back to the 1800s. The Joint Committee on Printing (JCP) was created in the mid-1800s because of concerns over fraud and the desire to promote economy. In 1860, GPO was created to provide for the economic and efficient production and procurement of congressional and agency printing and binding and for the dissemination of information to the public. In 1895, Congress passed the Printing Act. This act is the basis for Title 44 of the United States Code, the law that governs most printing in the federal government.

When Title 44 was enacted, the only way to publish information was by printing using a press. This required specialized equipment and the use of the skills of highly talented and trained specialists. Section 501 of Title 44 applies to “[a]ll printing, binding and blank-book work.” Section 207 of Public Law 102-392 applies to “the procurement of any printing related to the production of government publications.” These provisions refer only to printing, which traditionally has meant using the printing press and putting ink to paper. Neither provision specifically includes duplicating—a commonly used process used to publish documents. As technology advances, however, it is becoming increasingly more difficult to distinguish between printing and duplicating to determine which activities are subject to printing statutes.

As authorized by Title 44, the JCP established rules and regulations for printing relating to various aspects of printing—such as equipment that may be purchased, processes that must be used, and colors that may be printed. These rules and regulations have remained relatively unchanged over the years.

## Publishing Terminology Refers to a Broad Range of Processes

The term “printing” traditionally has been defined as the process of transferring words to paper. The origin of mass printing was in 1440 with the invention of the letterpress, which prints using the relief method. In this method, cast metal type or plates contain the image on an area that is raised. Inked rollers touch only the top surface of the raised areas, and the resulting image is transferred directly to the paper. This is the only process in which printing is done directly from type, which produces a sharp image. The letterpress is an economical way to print jobs consisting mainly of reading matter, such as price lists, parts lists, directories, rate schedules, timetables, and legal work.

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**Appendix II  
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Gravure is another example of traditional printing. In this method, a sunken or depressed surface helps produce the image. The image areas consist of cells or wells etched into a copper cylinder or plate. The plate cylinder rotates in a bath of ink. The excess ink is wiped off the surface by a flexible blade. The ink remaining in the cells forms the image when it is directly transferred to the paper. Gravure printing is considered to be excellent for reproducing pictures, but platemaking expense usually limits its use to long runs.

Lithography was discovered in 1798 and was the forerunner of offset lithography, which is still used today. In the lithographic process, the image and nonprinting areas are essentially on the same plane of a thin metal plate, and the distinction between them is maintained chemically. Ink is transferred first from the plate to a rubber blanket, and then from the blanket to the paper.

Generally, offset presses make one impression with each revolution of the cylinder. Offset presses have inking and dampening systems and three cylinders (plate, blanket, and impression). As the plate cylinder rotates, it comes in contact with the dampening rollers first and the inking rollers second. The dampeners wet the plate so the nonprinting areas repel ink. The inked image is then transferred to the rubber blanket, and paper is printed as it passes between the blanket and impression cylinders.

By the 1960s, offset lithography began to be called printing and became the favored technology. The development of presensitized plates had made offset lithography another printing option. During this time, the offset process also began to be known as duplicating.

Screen printing employs a porous screen of fine silk, nylon, Dacron, or stainless steel mounted on a frame. A stencil is produced on the screen, and the image comes from the area not covered by the stencil. The image is printed when ink with a paint-like consistency is applied to the screen and spread with a rubber squeegee that forces the ink through the screen's fine mesh and onto paper. Versatility is the principal advantage of screen printing. Any surface can be printed—wood, glass, metal, plastic, etc.—in any shape, design, thickness, and size.<sup>6</sup>

Copiers were introduced in the 1960s. The copier technology involves creating an electronically charged version of the page image, attracting toner particles to that image, and transferring the image to paper.

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<sup>6</sup>Pocket Pal—A Graphic Arts Production Handbook, International Paper Company, May 1989 edition.

The charged image is created when light is reflected from the original image through a lens.

In the early years, copiers were too slow to compete with traditional printing methods, and the cost of their output (in terms of cost per copy) was too high. In the 1970s, however, copiers became competitive with certain types of offset lithography, and they began to be known as copy-duplicators. Later models of copiers became known simply as duplicators.

Also in the 1970s, the evolution of computerized printing and publishing occurred with the introduction of minicomputers into the publishing industry. The combined use of graphical user interfaces, laser printers, and word processors and associated sophisticated software led to a phenomenon known as desktop publishing.

Consultants we used to advise us on the publishing industry indicated that today there is no real distinction between printing or duplicating when viewed in terms of the output. Duplicators, image processors and setters, automated lithography, pre-press image setting, and search and retrieval capabilities are all used to produce documents. Electronic means of printing and duplicating and image processing continue to make rapid inroads into what used to be considered traditional printing. These technologies allow speedy typesetting, selection of fonts and colors, image setting, and duplication. Documents can be published in small quantities on a desktop computer level and in large quantities at large publishing activities.

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## **Emergence of Publishing Technologies Raises Management Questions**

Progressive printers and publishers realize that they are part of a vast information industry. Many are looking at other technologies, such as telecommunications, videotext, CD-ROM, interactive cable television, and direct broadcast by satellite. The most important development in the publishing world today has nothing to do with what would be referred to as traditional printing (i.e., using the printing press and putting ink to paper). The real issue is which alternative publishing technologies will be available and how the information they produce will be managed.

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**Appendix II  
Current Legal and Regulatory Framework  
Used to Manage Government Publishing  
Is Outdated**

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Over the years, the framework for managing government printing has been questioned. In 1983, the National Academy of Public Administration stated

The current JCP-GPO organization for control of Executive Branch printing is archaic and out of date, but events are moving so swiftly in the technology of printing that it would be shortsighted to seek only to repair the flaws of the current system. New methods of reproduction such as micropublishing, reprographics, laser and electronic printing, and data transmission technology are blurring the traditional view of printing as "ink-on-paper."

A September 1990 report entitled Government Printing Office: Monopoly-Like Status Contributes to Inefficiency and Ineffectiveness (GAO/GGD-90-107) stated that the Public Printer of the United States, Congress, the federal agencies, and the GPO unions should meet in a collaborative decisionmaking effort to address fundamental issues such as "What are the implications of the new technology on GPO and on its customers?"

In September 1993, the National Performance Review recommended the elimination of GPO's monopoly. It stated

Congressional control of executive branch printing may have made sense in the 1840s, when printing was in its infancy, the government was tiny, there was no civil service, and corruption flourished. But it makes much less sense today. We want to encourage competition between GPO, private companies, and agencies' in-house publishing operations. If GPO can compete, it will win contracts. If it can't, government will print for less, and taxpayers will benefit.

# GPO and DPS Operations

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GPO and DPS are the government's two largest printing entities. GPO provides a wide range of printing services for the federal government, both through its in-house operations and procurement of private sector services. DPS provides certain types of printing services in-house for DOD and procures most private sector services through GPO. Although the organizations differ significantly in size and mission, they are facing similar problems with regard to diminishing workload, operating losses, and questions of how best to modernize their operations.

Making a meaningful comparison of the agencies' costs is difficult. GPO and DPS capture costs differently, and there are questions regarding the reliability of the DPS cost accounting system. Moreover, a meaningful comparison would require looking at each GPO and DPS facility by the type of work they do.

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## Government Printing Office

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### Mission

GPO was established in 1861, and its mission is to (1) assist Congress and federal agencies in the production and replication of information products and services and (2) provide the public with government information products and services. GPO provides printing services to all three branches of government—either by producing work in-house or procuring it from commercial printers. The agency is also responsible for sales and library distribution programs.

A fiscal year 1993 report of GPO billings identified over 129 different product categories. GPO's in-house work (produced primarily in GPO's printing plant in Washington, D.C.) includes the publication of the Congressional Record; the Federal Register and associated publications, such as the Code of Federal Regulations; U.S. passports; postal cards; and the U.S. Budget. GPO has recently begun producing certain government documents in CD-ROM and completes part of the pre-mastering process in-house. GPO also produces secured printing products (for DOD and other members of the classified community) at its secured plants and through contracts with secure commercial printers. Examples of these products are technical manuals and ship diagrams.

GPO procures the majority of the executive agencies' printing requests from commercial printers, in accordance with guidance from the JCP. About 80 percent of printing procurements are through term contracts established to meet recurring agency requirements. Such contracts are normally awarded for a period of 1 year and may involve direct communication of individual orders and instructions to contractors from a designated agency source. Through its procurements with the commercial printing sector, GPO is able to obtain goods and services at competitive prices and have access to the full range of printing products and services available.

GPO charges agencies a 6-percent service fee in order to offset the costs associated with establishing contracts and monitoring performance. The service fee is reduced to 3 percent when the contract exceeds \$100,000 and increases to 9 percent for rush orders. According to GPO, the average amount charged in 1993 for jobs procured from the private sector was about 5.7 percent. The minimum charge for individual jobs is \$10, and the maximum is \$10,000.

The majority (in dollar value) of printing and procurement services provided by GPO are performed at GPO's central office in Washington, D.C. In fiscal year 1993, 95 percent of GPO's in-house printing was produced at GPO's central office. The central office also provided about 62 percent of the procurement services. The remaining printing and procurement services were provided by GPO's field offices located throughout the nation at 5 regional printing plants and 14 regional and 6 satellite procurement offices.

Information dissemination is accomplished through GPO's Superintendent of Documents, who provides public access to government information through the (1) sale of publications; (2) distribution of publications to depository and international exchange libraries, those recipients designated by law, and for agencies, on a reimbursable basis; and (3) compilation of catalogs and indexes containing complete and authoritative descriptions of government publications. The Superintendent of Documents works directly with GPO's printing and binding operations to identify publications for inclusion in document dissemination.

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## Personnel, Facilities, and Equipment

GPO maintains an organization of about 4,445 staff. It should be noted that at the end of fiscal year 1993, GPO had about 4,800 staff, but it decreased its staff by another 355 in the first quarter of fiscal year 1994 through a

voluntary separation incentive program. The majority of GPO's staff years are allocated to the Printing and Binding Operations—which is responsible for both in-house printing and commercial procurement. In fiscal year 1993, GPO allocated 2,907 staff years for in-house printing and 767 staff years for procurement operations. About 20 percent of GPO's staff are allocated each year to GPO functions associated with the Superintendent of Documents and information dissemination.

GPO's Customer Service Department coordinates all aspects of the printing, binding, and distribution requirements of Congress and federal agencies. In doing so, GPO's Customer Service Department determines which agency work is performed in-house and which is procured.

GPO's in-house facilities produce all congressional printing and a variety of agency work. GPO has printing equipment that combines advanced technology and traditional printing techniques throughout the production process—pre-press, presswork, and bindery.

GPO's pre-press work is performed in an electronic division that features modern equipment that supports desktop publishing, CD-ROM pre-mastering, and "dial-up" composition service. GPO's press division contains a range of offset and letterpress equipment. The Congressional Record and Federal Register are printed on large, web letterpresses. (It should be noted that GPO will replace its letterpresses in the near future.) GPO's binding division also has a range of equipment, including both computer-directed, automated binding equipment for U.S. Passports and more traditional facilities for producing both paper and cloth bindings for books, pamphlets, and other publications.

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## Future Operations

GPO developed a strategic plan in 1991 entitled GPO/2001: Vision for a New Millennium. In this plan, GPO senior management acknowledged that GPO must embrace, adopt, and advance new and different ways of creating, replicating, and disseminating information products and services. The plan included specific strategies to address human resources, products and services, technology, and organizational structure. For example, the plan noted that the workforce of GPO's future would require skills different from the workforce in place at the time of the study. GPO/2001 also noted that GPO must move from a function-based organization to a customer-based organization and consolidate its in-house capacity around the needs for core government information products and services such as the

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Congressional Record, other congressional publications, and the Federal Register.

In January 1993, GPO issued another strategic plan, entitled GPO Moving Forward in the Electronic Age, that focused specifically on dealing with electronic publishing. The plan stated that GPO would evolve from an operation based on traditional print technologies toward an integrated information processing operation utilizing electronic technologies in the creation, replication, and dissemination of information—along with traditional ink-on-paper products. The plan also stated that GPO would meet or exceed quality standards agreed to with its customers and provide access to government information using the most timely and cost-effective methods.

According to the Public Printer, the federal government needs a policy on publishing and information dissemination that is acceptable to all branches of government so that GPO can better plan for the future. According to the Public Printer, effective short- and long-term planning is difficult given the number of differing legislative proposals being considered that have serious implications for the operation of GPO and government printing in general. He said that some of the proposals were generated by the National Performance Review, which is the Executive Branch's proposal for the future of government printing.

The Interagency Council on Printing and Publications Services was formed in 1976 as an advisory council to the Public Printer. Composed of agency printing officers, federal publishers, and GPO officials, the Council provides a forum for the exchange of technological information, advice, and assistance in the continuing improvement of federal printing and information dissemination operations. The Council will continue to be a valuable link between GPO and its customer agencies as they face the challenges of new and ever-evolving technologies. Ultimately, the cost-effectiveness of each printing job will have to be determined so that the net cost to the taxpayer—not the agency or GPO—is minimized.



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## Defense Printing Service

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### Mission

DPS was established in 1992 when DOD printing and duplicating services were consolidated into a single operation. The goals of the consolidation were to reduce excess infrastructure, increase the efficiency of printing operations across DOD, and reduce total operating costs. DPS has responsibility for in-house printing and duplicating and the procurement of commercial publishing services for each of the military services and defense agencies. DPS arranges for most commercial procurement through GPO.

According to DPS officials, consolidation left DPS with excess capacity relative to the decreased requirements and workload that resulted from defense downsizing and budget cuts. Consequently, DPS has substantially reduced staff, replaced old equipment with new equipment, and attempted to determine the core capacity it needs to handle future defense printing requirements.

DPS's in-house workload includes (1) duplicating work, (2) classified or administratively sensitive materials, and (3) quick turnaround work (material required within 5 days). In addition, DPS keeps some work in-house to keep resources occupied during periods of low demand.

In fiscal year 1993, 52 percent of DPS in-house work was identified as quick turnaround, and 38 percent was identified as sensitive. In the 12 DPS facilities we visited, classified and sensitive work made up a small amount of DPS's workload. At these facilities, the justification most noted for keeping work in-house was the need for a quick turnaround.

In fiscal year 1993, most of the DPS work that went to private sector vendors was sent through GPO. Of the reported \$173 million in DPS revenues from fiscal year 1993 commercial procurement, \$165 million was from printing services procured through GPO. DPS charges a 1.83-percent service charge (with a \$10 minimum) for the printing services it procures commercially. This charge is separate from the GPO surcharge. DPS sent a small amount of work to publishing activities other than GPO (the Federal Prison Industries, for example).

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## Facilities, Personnel, and Equipment

DPS has facilities at 294 locations. Of these facilities, 93 are authorized printing plants, 198 are reprographic facilities, and 3 are procurement offices. These facilities are located within eight regional areas throughout the country. Since consolidation in 1992, DPS has closed 70 facilities, including 9 printing plants authorized by JCP. DPS has also eliminated printing capabilities at 21 additional locations by downgrading these facilities from authorized printing plants to reprographic facilities.

When DPS was established in April 1992, its staffing level was 3,694. As of March 1994, DPS had eliminated 1,049 positions. During our visits to field locations in three regional areas, we found that between September 1992 and January 1994 staffing decreased by 45 percent at Eglin Air Force Base, 27 percent at Gunter Air Force Base, and 36 percent at Redstone Arsenal. Agency officials cited military downsizing, budget cuts, workload decreases, and DPS management actions as the primary reasons for staffing reductions.

From fiscal year 1992 to 1994, DPS reportedly spent about \$2.6 million to purchase equipment, including 9 DocuTechs. DPS leases 50 DocuTechs at a cost of about \$10,000 each per month (including maintenance) on a 5-year lease-to-purchase agreement. DPS provided 42 of its 59 DocuTechs with networking capability, which allows users to submit data to be printed from remote locations. DPS has disposed of about 1,500 pieces of equipment.

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## Future Operations

In January 1994, DPS completed a core capacity analysis to determine the minimum level of personnel, equipment, and facilities necessary to meet customer demand and command mission requirements and ensure that global readiness is maintained. In the analysis, DOD established a plan to achieve this core level within the next 5 years and also identified procurement alternatives. The analysis called for (1) a reduction of in-house production and an increase in commercial procurement, (2) a further reduction of another 1,000 personnel (to reach a level of about 1,700 positions), (3) reduction of another 72 facilities (to bring the total number to 222 printing locations), and (4) the acquisition of modernized, state-of-the-art equipment.

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## GPO and DPS Costs

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### Meaningful Cost Comparison Is Difficult

A meaningful comparison of GPO's and DPS's costs would be difficult for several reasons. According to experts, such a comparison would require looking at each GPO and DPS facility and each type of work performed there, because an individual plant may be cost-effective for certain types of work but not for others. One expert advised us that DPS's locations are likely to vary widely in terms of their efficiency and suitability for particular work, with cost-effectiveness depending on the proper placement and usage of equipment. In addition, the cost accounting systems at GPO and DPS capture costs differently, and there are questions regarding the reliability, completeness, and accuracy of the information produced by the DPS system.

In conversations with an expert in printing economics, we discussed whether it is more cost-effective to use in-house plants (such as DPS) rather than sending all work through GPO. The expert told us that in-house plants that have determined their customers' needs and use the appropriate equipment efficiently can have certain cost advantages over commercial plants. For example, an in-house plant does not have selling expenses or profit requirements. In addition, successful printing organizations will identify core requirements and tailor workloads such that in-house resources (labor and equipment) are utilized to the fullest extent prior to procuring outside printing services. However, relying on the commercial sector for government printing needs can provide advantages. Specifically, prices are constrained by competitive forces and customers can enjoy continued access to state-of-the-art technology.

Determinations of the relative cost-effectiveness of DPS and GPO operations would depend on the time horizon considered. In the near term, when certain equipment and labor costs are considered fixed, a facility might be able to produce a particular output at minimal additional cost to the government. Over a longer period, however, replacing aging equipment to continue such production might not be cost-effective. In the process of consolidating printing operations, shifting volumes of work from one entity to the other can cause an increase in unit costs for the organization with decreasing workload over the period of time for which it continues to experience certain fixed costs.

## GPO's and DPS's Cost Accounting Systems Capture Costs Differently, and the DPS System May Be Unreliable

GPO's and DPS's cost accounting systems differ in the degree to which they (1) capture detailed cost information and (2) integrate subsystems. GPO's system accumulates costs in greater detail than DPS. The GPO system breaks down the costs by cost center and then, even further, by operation and class (e.g., the cost of setting up a press with plates and the cost of running the press to produce printed sheets). GPO uses standard costs (all-inclusive hourly rate) to price printing job orders. Included in the hourly rate are labor, materials, maintenance, depreciation, the indirect costs of the production organization (e.g., supervision and leave), and general and administrative overhead (e.g., payroll and personnel units, building expense, and division management). DPS's Printing Resources Management Information System (PRMIS) accumulates costs by cost center but not by revenue process (similar to GPO's operation and class).

GPO's accounting system is highly integrated. Labor data are automatically entered into both the payroll and cost accounting systems, and data produced by one system (such as the cost accounting system or the materials system) are automatically input in the next system (the work-in-process system). Once billing information is produced, however, billing specialists manually assign costs to ordering agencies.

DPS's system, on the other hand, has a multiplicity of discrete systems outside PRMIS. For example, orders are keyed into a stand-alone system that computes the price and then rekeyed into the PRMIS system, which recomputes the price. Labor costs are entered monthly into PRMIS, completely separate from biweekly time and attendance data used to generate paychecks. Materials are tracked at each plant on a stand-alone system and rekeyed into PRMIS. One of three different stand-alone computer systems is used to track fixed assets and compute depreciation, which is then rekeyed into PRMIS. Information on cash transactions must be retrieved from a Navy departmental cash system, printed out, and rekeyed into PRMIS. DPS officials acknowledged these weaknesses and stated that they were working to correct the problems.

### Reliability

We audited the 1992 GPO financial statements and issued an unqualified opinion on the statements and internal controls. We found no incidents of noncompliance with laws and regulations. In addition, we agree with the report of an independent accounting firm that analyzed GPO's cost accounting system and found it to be reasonable. The 1993 GPO financial statements, however, were not audited.

Financial statements produced from DPS's cost accounting system may be unreliable. Currently, the Inspector General of DOD is conducting a 1993 financial statement audit of the Defense Business Operations Fund (DBOF), of which DPS is a part. PRIMIS and the DPS financial statements have not been audited in the past. However, accounting and financial reviews of DBOF lead us to be concerned about the reliability of DPS's cost accounting information. DBOF managers have acknowledged that DBOF's financial systems are inadequate and that DBOF financial reports are inaccurate. Moreover, in our review of DPS's cost accounting system, we found that many costs were not included in the system. Examples of these costs are contracting support, payroll services, audit services, collection and disbursement activities, certain common support costs when DPS plants are located at military installations, some administrative overhead, and incentives for voluntary retirement or separation. DOD's Comptroller does not require DPS to capture these costs. However, according to DPS officials, DPS will capture all common support costs in fiscal year 1995.

#### Largest Costs at GPO and DPS

Personnel costs are GPO's and DPS's largest in-house cost category. At GPO, personnel accounted for 71 percent of total in-house costs in 1993, whereas at DPS, personnel accounted for about 47 percent of in-house costs during the same period. Material accounted for 21 percent of total in-house costs at GPO and about 14 percent at DPS. DPS's contractual services made up about 31 percent of in-house costs. Contractual services at DPS includes the rental of production equipment, equipment repair and maintenance, utilities, and building space rental. DPS pays maintenance and rental on a number of leased pieces of equipment, whereas GPO owns and depreciates its equipment. In addition, GPO maintains this equipment with its own staff.

#### GPO and DPS Reported Losses in 1993

GPO reported a loss of \$14 million on \$817 million in revenue in 1993, which management attributed to an increase in expenses (primarily negotiated wage increases for GPO employees), a freeze on prices to GPO customers (since January 1990), and a continuing decline in printing work. GPO's reported loss can be further broken down into (1) a loss of \$14 million on \$212 million of revenue from in-house work (primarily legislative printing), (2) a loss of \$4 million on \$530 million of revenue from commercially procured work, and (3) a gain of \$4 million from information dissemination activities. This compares with a 1992 loss of \$5 million. The total printing revenue decreased by \$111 million from 1992 to 1993, a 13-percent decrease.

For GPO's 1993 in-house printing, regional work was 3 percent of total in-house revenue and accounted for a \$1-million loss, while headquarters in-house printing produced a reported \$13-million loss. The 1993 regional loss was smaller than the \$6-million loss in 1992, chiefly due to GPO's closing of its Rapid Response Center. GPO's regional commercial printing revenue was 38 percent of total commercial printing revenue in 1993 and accounted for a \$6-million loss, while the headquarters commercial printing produced a \$2-million gain.

Similarly, DPS reported a loss in 1993 of \$24 million on revenue of \$403 million. DPS officials claimed that this loss would have been much larger for DOD had its printing activities not been consolidated. Management attributed the 1993 loss to continued cuts in printing demands due to defense drawdowns as well as higher overhead and lower efficiencies of the plants added in the 1992 consolidation. Reported revenue was 19 percent below the target of \$500 million.

During our reviews of the consolidation in 1991 and 1992, we raised a number of questions about the consolidation and expected costs and annual savings. In particular, these savings estimates assumed that annual demand for in-house printing would not significantly change. However, decreases in workload and, thus, revenue occurred due to defense downsizing and the effect of using an industrial fund for printing. Using an industrial fund tends to decrease demand as users must pay directly for services.

Because the DPS consolidation took place in April 1992, 1992 financial data are not comparable to 1993 because they represent only half a year of consolidation.

DPS has no breakout of losses and revenues between headquarters and regions because the DPS headquarters office is strictly a management facility, and all work is done in regional facilities. Its in-house revenue is relatively even throughout the eight areas, although the National Capital Area accounts for about 35 percent of commercially procured printing revenue.

According to DOD and Navy Comptroller officials, DPS expects to increase its prices for fiscal year 1995 by 16 percent to recoup the losses it has incurred. DPS officials stated that this will be the first significant price increase in recent years.

# Certain DPS Practices Are Not Consistent With Printing Laws, Regulations, and Congressional Guidance

The statutory framework governing printing operations for the federal government requires, with limited exceptions, that all printing related to the production of government publications be done by or through GPO. Section 501 of Title 44 of the United States Code requires that all "printing, binding, and blank-book work" for the government be done at GPO. The law makes exceptions for classes of work the JCP considers to be urgent or necessary to have done elsewhere and for executive branch printing in field printing plants approved by the JCP.

Under Title 44, the JCP issued the Government Printing and Binding Regulations.<sup>7</sup> The regulations define the terms "printing" and "duplicating/copying," require JCP approval for certain equipment purchases, list federal plants authorized to do printing, and include numerous other provisions concerning the production of documents.

Section 207 of Public Law 102-392, the Legislative Branch Appropriations Act, 1993, prohibits the use of appropriated funds by any entity of the executive branch for the procurement of any printing related to the production of government publications (including printed forms) unless the procurement is conducted by or through GPO. The only exceptions to this requirement are (1) individual orders costing not more than \$1,000, if the work is not of a continuing or repetitive nature, and, as certified by the Public Printer, cannot be provided more economically through GPO; (2) printing for the Central Intelligence Agency, the Defense Intelligence Agency, or the National Security Agency; or (3) printing from other sources that is specifically authorized by law.

In addition to these governmentwide statutory requirements, the House report accompanying the fiscal year 1993 Defense Appropriations Act set forth specific guidelines for DOD, which were supported by the conferees.<sup>8</sup> DOD was directed to

- maximize the direct transmittal of procurable printing and duplicating orders from initiating DOD organizations to GPO rather than process them through DPS, thus incurring a DPS processing fee;
- equip and staff Defense facilities to produce only work that could not be procured through GPO;
- acquire new printing or duplicating equipment for DPS facilities only upon certification from the Public Printer of the United States and the JCP that the equipment is justified; and

<sup>7</sup>S. Pub. 101-9 (1990).

<sup>8</sup>Conf. Rep. 1015, 102d Cong., 2d Sess. 56 (1992); H. Rep. 627, 102d Cong., 2d Sess. 58 (1992).

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Certain DPS Practices Are Not Consistent  
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- comply with Section 501 of Title 44 and cease the solicitation and production of non-DOD printing and duplicating work in DPS facilities.

In its report accompanying the DOD Appropriations Act for fiscal year 1994, the House Appropriations Committee reiterated its concern that DPS was continuing to expand its printing capabilities and performing non-DOD work.<sup>9</sup>

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## **DPS Procures Some Work Directly From Commercial Printers**

Unless one of the specific exceptions in section 207 applies, all commercial printing must be procured through GPO. Nevertheless, DPS continues to procure some printing directly from commercial printers. The amount is relatively small, only about \$328,000 in fiscal year 1993. Most of the work—\$248,000—was for printing needs in Hawaii. According to a May 1993 DPS notice, defense printing needs in Hawaii can be satisfied by commercial sources because GPO chose not to establish a federal printing region at this location. Discussions with GPO officials indicate, however, that GPO maintains at least seven commercial printing contractors in Honolulu. In addition, Hawaii is covered by GPO's San Francisco Regional Printing Procurement Office. DPS officials said they were not aware of these available printers and agreed to look into the situation and take appropriate action.

This level of direct commercial procurement is a substantial reduction from earlier years. In 1991, DPS (then called the Navy Printing and Publishing Service) specifically admonished Navy field printing plants that were procuring a substantial amount of commercial printing services without going through GPO.

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## **DPS Continues to Perform Some Non-DOD Work**

With few exceptions, all printing should be done by or through GPO. The Legislative Branch Appropriations Act for fiscal year 1993, Section 207 of Public Law 102-392, includes a restriction aimed not only at procurements from commercial contractors but also at procurements from other government organizations. As stated above, the House report accompanying the fiscal year 1993 Defense Appropriations Act contained specific language directed at DPS with regard to providing services for non-DOD organizations. The language reads

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<sup>9</sup>H. Rep. 254, 103d Cong., 1st Sess. 64 (1993).



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The Committee directs the [DPS] to comply with title 44, section 501, and cease the solicitation and production of non-DOD printing and duplicating jobs for in-house production in DPS facilities.

Because the language specifically includes "duplicating," its scope is broader than the printing statutes, which refer only to "printing." The report language is considered legislative guidance that should be followed by DOD.

**No Evidence of DPS's  
Solicitation of Non-DOD Work**

In the past, DPS has been criticized for soliciting non-DOD work. In an August 1992 JCP hearing, the Committee Chairman brought several examples of DPS solicitations to the attention of the DPS representative. In response to this criticism, the Commander of the Naval Supply Systems Command issued a September 1992 administrative message in which he stated "Accordingly, it must be clearly understood that any solicitations of new printing business from non-DOD agencies is unauthorized."

Our discussions with DPS officials, both at headquarters and during our visits to DPS field printing facilities, revealed no current instances of DPS solicitations of non-DOD printing and duplicating work. DPS officials told us that they had been approached by non-DOD requesters seeking DPS printing and related services but DPS turned them down or, in at least one case, attempted to discontinue services that were previously provided. DPS officials are concerned because they want to comply with the law and minimize the amount of non-DOD work they perform but, at the same time, they believe that doing some work for non-DOD customers is logical based on the circumstances. In fact, DPS officials told us that they hoped to have legislation passed that would allow them to produce work for non-DOD organizations if doing so made sense and was cost-effective for the government.

**DPS Produces Small Amount of  
Non-DOD Work**

DPS officials acknowledged that DPS continues to produce some printing and duplicating work for non-DOD organizations. Due to limitations in DPS' financial system, we were unable to obtain complete figures for what DPS was producing. However, on the basis of the 6 months of information that DPS provided, it seems that the amount of work DPS is producing for non-DOD organizations is small, amounting to about \$2.6 million (about 1.3 percent of their in-house production during fiscal year 1993). DPS could not provide us with a breakdown from its financial system that showed which portion of its non-DOD work was printing and which was duplicating.

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According to DPS officials, most of the work done by DPS for non-DOD customers was based on agreements that were in force prior to the consolidation. Some of the work is produced in federal office buildings where multiple federal customers utilize a DPS centralized printing and duplicating facility. This portion of the non-DOD work, also based on limited DPS fiscal year 1993 data, amounted to about \$940,000. During one of our field visits, officials at one DPS area office indicated that the split between printing and duplicating in federal buildings was 40 and 60 percent, respectively.

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**DPS Does Not Seek  
JCP Certification to  
Acquire Equipment**

DPS is acquiring, through lease or purchase, modern high-speed duplicating and network-capable pieces of equipment such as Xerox DocuTechs and Kodak LionHearts. Contrary to congressional guidance in the House report accompanying the fiscal year 1993 Defense Appropriations Act, DPS has not sought certification from the Public Printer or the JCP to acquire this equipment. The report language states

New printing and duplicating equipment for DPS facilities will be acquired only upon certification of the Public Printer of the United States and the Joint Committee on Printing, that the equipment is justified pursuant to the analysis of the printing and duplicating workload of the individual facility and the ability of the GPO to meet such requirements.

DPS officials told us that they were attempting to comply with these and other guidelines to the extent they are consistent with laws and regulations.

Additionally, they told us that the equipment they were acquiring was intended for duplicating runs of less than 5,000 units of any one page and 25,000 units in aggregate of multiple sheets. When DPS officials approve a piece of high-speed or network-capable duplicating equipment for a field location, they send a letter from headquarters stating that the equipment shall not be used for more than 5,000 single sheets or 25,000 sheets in aggregate.

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**Exception Reports Do  
Not Contain Accurate  
Data**

When we visited several field locations, we found indications that DPS facilities were not accurately reporting all work exceeding JCP-established production thresholds. At one location, we observed DPS personnel running more than 100,000 sheets on a DocuTech that was acquired as a machine intended for no more than 25,000 copies at any one time. DPS printing locations are required to report these exceptions annually to JCP

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on the JCP Form 1. Our limited survey of DPS field printing locations indicates,<sup>10</sup> however, that the data found on some of these forms were generally not reliable. JCP-1 forms did not contain all the work that exceeded the limitations, and there were mismatches between the field report and the data going to JCP. A sample of the problems we found appears below:

- At DPS's Redstone Arsenal Detachment Office, a negative (no reportable exceptions) JCP 1 report was issued for fiscal year 1993. However, we were provided an internal listing that contained about 150 reportable fiscal year 1993 exceptions that were reported to the area office but not to the JCP.
- The JCP 1 at the Pensacola Detachment Office listed only 2 fiscal year 1993 jobs that exceeded reportable thresholds; however, our review of their fiscal year 1993 production indicated at least 63 jobs above JCP's threshold that should have been reported as exceptions on their JCP 1.
- The Philadelphia Detachment Office did not report on its JCP 1 any work done on copier/duplicators (including DocuTechs) that exceeded the 25,000 reportable threshold. However, through March 11, 1994, the office produced 33 jobs on copier/duplicators that exceeded 25,000 impressions. Thirteen of these jobs were done on the DocuTech and consisted of between 30,000 and 380,000 impressions. These 13 jobs averaged about 133,000 impressions each. DPS officials told us that they had no system to identify how many jobs fell into this category during fiscal year 1993.

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## **Military Services Are Not Transmitting All Work Directly to GPO**

DPS, consistent with DOD policy, requires that the military services route all work through DPS offices. According to DPS officials, the consolidation was designed to form a single focal point to control publishing within DOD. DPS information indicates that during fiscal year 1993, \$11.2 million of printing work was transmitted directly to GPO from defense organizations without going through DPS. This is a reduction from fiscal year 1992 when \$32 million was transmitted outside of DPS channels. DPS has efforts underway to reduce this amount further. Notwithstanding the reasons provided by DPS officials, this practice is inconsistent with the congressional guidance to maximize the direct transmittal of procurable orders to GPO.

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<sup>10</sup>We visited 12 of DPS's 294 field locations.

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# Organizations and Consultants Contributing to This Report

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## Organizations

AM Multigraphics  
Eastman Kodak  
Printing Industries of America, Inc.  
RISO, Inc.  
Xerox

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## Consultants

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# Related GAO Products

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