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Report to the Joint Committee on Printing

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# GOVERNMENT PRINTING OFFICE

# Monopoly-Like Status Contributes to Inefficiency and Ineffectiveness

# GAO

**United States**
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**of the United States**

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The Honorable Wendell H. Ford
Chairman
The Honorable Frank Annunzio
Vice Chairman
Joint Committee on Printing
Congress of the United States

This report responds to the Joint Committee's July 31, 1989, request for a general management review of the printing and procurement operations of the Government Printing Office (GPO). GPO's operations are characterized by (1) costly, sometimes wasteful in-house production that relies on outdated equipment and does not focus on efficiency or quality; (2) a procurement system that lacks necessary and readily available performance information and continues to award contracts to poorly performing contractors; (3) poor communications with customers and poor systems for tracking and resolving customer complaints; and (4) weak accountability. Fundamentally, GPO's centralized control over government printing has provided little incentive to improve operations and provide quality services at competitive prices.

To improve GPO's operations and provide a framework for defining its future role in government printing, the report offers recommendations to the Public Printer as well as some matters for Joint Committee and other congressional consideration. GPO has responded positively to our recommendations.

We are sending copies of this report to the Public Printer, the unions, the agency councils, other interested committees and subcommittees, and other interested parties. We will also make copies available to others who request them.

The work was done under the direction of J. William Gadsby, Director, Federal Management Issues, who can be reached on (202) 275-8387. Major contributors are listed in appendix V.

Charles A. Bowsher
Comptroller General
of the United States

# Executive Summary

## Purpose

From Census forms to top secret manuals, the federal government spends over a billion dollars a year on the printed word. The Government Printing Office (GPO), an agency in the legislative branch, is responsible for most federal government printing. As part of its oversight responsibilities, the Joint Committee on Printing asked GAO to review GPO's operations—in particular, its production, procurement, and customer service activities.

## Background

Created to lower the cost of congressional printing, GPO opened for business on the day of Abraham Lincoln's inauguration in March 1861. Gradually increasing in size, sophistication, and responsibility, GPO became the government's printer in 1919. Legislation generally requires that all federal government printing and binding work be done by GPO unless the Joint Committee authorizes an exception.

GPO is both a producer and a buyer of printed materials. In fiscal year 1989, it printed or procured about 1.9 billion publications and processed an average of about 1,300 orders per day. GPO's central printing plant is one of the largest, most diverse in North America. In fiscal year 1989, it produced 10 billion pages, for which it billed its congressional and agency customers about $150 million. The procurement operation filled about 293,000 orders billed at about $726 million in fiscal year 1989. Total revenues from production, procurement, and other operations, such as bookstores and library programs, were about $1 billion. The Public Printer—a presidential appointee—heads GPO, which in 1989 employed about 5,000 people in Washington and numerous field locations. (See ch. 1.)

In any organization, the environment shapes its operation. The environment of private sector printing is characterized by rapidly changing technology driven by computer and other equipment advances. But GPO's dominant environmental factor is the legal authority to control most federal printing.

## Results in Brief

GPO's monopoly-like role in providing government printing services was created to assure efficiency. But with the passage of time that role has been transformed; it now perpetuates inefficiency because centralized control permits GPO to be insulated from market forces. By law, GPO must charge actual costs to its customers. However, on the basis of limited comparisons, GAO estimated that GPO's $150 million of Central Office

printing in fiscal year 1989 might have been procured from commercial printers for as little as $75 million.

Because of its control over government printing, GPO has not had the incentives to improve operations and processes that would ensure quality services at competitive prices. The resulting operations are characterized by (1) in-house production that is costly, sometimes wasteful, relies on outdated equipment, and does not focus sufficiently on efficiency or quality; (2) a procurement system where important quality of performance information necessary to operate a sound contracting system is not readily available and in which poorly performing contractors continue to serve agency customers; (3) customer service efforts that are hampered by poor communication with customers and poor systems for tracking and resolving customer complaints; and (4) weak accountability through GPO's performance management system and poor executive information. While these operational problems are serious, they can be corrected within the existing legislative authority governing GPO's operation. GAO believes action should be taken promptly to address them.

To date, the Joint Committee has been cautious in approving major plant and equipment acquisitions because GPO's future direction has not been clear. GAO believes that GPO's operational inefficiencies, the numerous challenges to GPO's monopoly-like status, changes in the demand for printing, and changes in technology suggest that now may be a good time for the Joint Committee to take the lead in addressing the future role of GPO in government printing. Critical issues need to be addressed with the participation of the Public Printer and such key GPO internal and external players as Congress, the executive branch agencies, and the GPO unions. The basic issue is what role GPO should play in providing quality printing services to congressional and agency customers at a reasonable price. A secondary issue is how to properly staff and equip GPO to implement that role. To provide a framework for addressing future role issues, GPO needs to revitalize its strategic planning process. Regardless of the outcome of any future role discussions, GPO needs to correct its operational problems.

## Principal Findings

### Monopoly-Like Status Promotes Costly Inefficiency

GPO is insulated from competitive forces, and a number of costly practices have evolved and continue. GPO's practice of keeping its central plant busy conflicts with customer desires for low-cost, timely, high quality service. Staffed to meet peaks of perceived congressional demand, federal agency work is brought into the GPO plant and produced at generally double the cost of procuring it. High administrative and high labor costs—which GPO estimates are 50 percent more than the printing industry as a whole—are passed on to GPO customers. (See pp. 26-27.)

For the last 3 fiscal years, GPO has scheduled a significant amount of work on weekends. The principal rationale given by GPO managers is the need to be responsive to Congress. However, GAO's analysis of scheduling, production, and delivery data shows that many congressional products are not actually scheduled for delivery on Monday, that GPO also does agency work on the weekend, and that idle time exists during the regular Monday to Friday workweek. GPO routinely schedules work during high cost times, such as weekends, even though idle machine time existed during the week. For example, GPO reported that in fiscal year 1989 its major machines were idle an average of 53 percent of the time they were scheduled to operate in the press and bindery—where documents are printed, bound, and packaged. Although the press and the bindery worked at least one day on 50 weekends in 1989, only about 6 percent of the congressional work GPO received arrived on a Thursday, Friday, Saturday, or Sunday with a delivery date of the following Monday. Weekend overtime charges in the press and bindery were about $5 million—10 percent of their personnel compensation. (See pp. 34-36.)

Another factor contributing to high production costs was paper waste and spoilage. During fiscal year 1989, 22 to 34 percent of the total paper used by GPO was wasted or spoiled, costing GPO about $7 million. GPO's waste is about 12 percent higher than that of commercial printers. (See p. 37.)

Not only is the cost of in-house work high, but its quality is perceived by customers to be lower than that of procured printing. The production operation has no system to proactively identify and implement quality improvements, relying primarily on post-production inspections to identify printing and binding errors. During the first 9 months of fiscal year

1989, GPO had to send about 26 jobs each month back to the press—10 times the rate for reprints of procured work. This added an estimated $45,000 a month to GPO costs. (See pp. 41-42.)

## Better Information Needed for Procured Printing Process

GPO's procurement operation is faced with a number of management problems that affect its ability to serve its customers. GPO allows poorly performing contractors to continue to win contracts. For example, 6 contractors who were responsible for 1,753 orders in the last quarter of 1989 delivered late on 488—28 percent of the orders. Nevertheless, GPO continued to award contracts to the same companies. In fact, GPO faces significant hurdles in trying to identify and avoid using poorly performing contractors because (1) it does not validate critical data showing whether contractors delivered work on time and (2) important quality of performance information necessary to operate a sound contracting system is not easily accessed. Even when such information is available, no guidance exists on how to best use that information. Only 3 out of 23 agency representatives that GAO surveyed were more than moderately satisfied that GPO was effectively sanctioning poorly performing contractors. (See pp. 47-51.)

## Customer Service Is Not Responsive to Customer Concerns

To be successful in a competitive environment, GPO would have to identify and determine ways to better respond to customer needs. However, GAO found that GPO's monopoly-like environment apparently provides few incentives for such responsiveness. For example, most major agency and congressional customers GAO contacted cited problems with the information GPO includes in their bills and provides on the status of their jobs. Customers also expressed concern about how GPO resolved their complaints concerning the quality and timeliness of their work. Currently, GPO does not know the extent of its agency customers' dissatisfaction because the records used to count their complaints included only about half of the 2,700 complaints GAO was able to identify. Furthermore, GPO does not regularly solicit customer feedback on its performance. (See pp. 53-57.)

## More Effective Accountability Strategies Needed

To function in a competitive environment, accountability strategies are needed to help motivate managers to obtain desired results. Given GPO's environment, the need to emphasize managerial accountability is even greater because there are no market forces promoting efficiency. Yet GAO's analysis of the performance plans for 19 of GPO's top managers

whose responsibilities lent themselves to the use of measurable standards showed that few performance plans contained elements that could be used to measure successful performance of their jobs. For example, only one of seven managers with responsibility for production or procurement operations—the Director, Engineering Services—had any such performance plan element. Neither the Production Manager nor the Manager of the Printing Procurement Department had performance plans that required improvements in operations. The plan for only one of eight managers who had dealings with customers included some aspect of customer service as a performance element.

The plans contained language too general to effectively measure results. Managers' plans also were not tied to specific agencywide goals and objectives that the Public Printer could use to measure success in producing timely, quality products. (See pp. 60-62.)

Also, a potentially valuable management tool—GPO's Executive Information System—has been seldom used by GPO's top managers because it lacks useful information, is not easily accessed, and is slow. (See pp. 62-64.)

## Prepare for the Future by Developing Long-Term Goals and Strategies

Changing technology, GPO's operational inefficiencies, aging plant and equipment, as well as challenges to GPO control over government printing, suggest that the time has come for the Joint Committee to address the future role of GPO. To do this, GPO needs an effective strategic planning process. While management historically has recognized the need to address long-term challenges through strategic planning, attempts to institutionalize such a process have been unsuccessful. (See p. 66.)

Although GPO reactivated its strategic planning process in 1989, planning activities lacked direction from top management, had not involved key external and internal players, and did not drive budget development. But an important step has been taken by the new Public Printer—the articulation of agency goals and objectives. In May 1990 he identified three preliminary goals. They were (1) maintain and improve client satisfaction; (2) modernize GPO operations; and (3) determine GPO's future role. (See p. 69.)

The basic step needed next is, under the leadership of the Joint Committee, having the Public Printer, Congress, the federal agencies, and the GPO unions—in a collaborative decisionmaking effort—address fundamental issues related to GPO's future role. Critical questions to be addressed include:

- Should GPO's control over federal printing be maintained?
- Should GPO become primarily a contracting operation?
- Should GPO charge competitive prices to customers?
- What are the implications of new technology on GPO and on its customers?

Answering these and other questions will help determine what lines of business GPO should pursue in the future. Once the strategic decisions about GPO's future role have been made, GPO will need to be staffed and equipped to carry out that role. In that connection, GAO found that GPO had not done any workforce planning despite rapidly changing technology and an aging workforce, and has no capital investment plan despite its dependence on old, inefficient equipment. (See pp. 69-70.)

## Recommendations

To address the operational problems in GPO operations, GAO recommends that the Public Printer:

- Improve scheduling of work in the central plant so that most work is done during the week, thereby reducing weekend overtime significantly and decreasing idle machine time. (See p. 43.)
- Establish goals and take action to reduce waste and spoilage. (See p. 43.)
- Adopt a comprehensive quality management strategy. (See p. 43.)
- Improve the information on contractor performance and issue guidance on how to best use that information in awarding contracts. (See p. 52.)
- Provide more information on customers' bills, furnish accurate and timely information on the status of work, obtain and analyze customer feedback, and improve complaint resolution. (See p. 58.)
- Improve the system for measuring managers' performance by strengthening the performance plans. (See p. 65.)
- Overhaul the Executive Information System to improve its timeliness and usefulness to top managers. (See p. 65.)

To prepare GPO for the future, GAO recommends that the Joint Committee take the lead in convening a group that would include the Public Printer, Congress, federal agencies, the GPO unions, and others to decide the future role and mission of GPO. Within the framework of an

improved strategic planning process, this group should answer the critical questions concerning GPO's future role in government printing. Once that future role has been determined, actions should be initiated to staff and equip GPO to carry out that role. Regardless of the outcome of any future role discussions, GPO needs to correct its operational problems.

## Agency Comments

GAO solicited comments on a draft of this report from GPO; the Chairman of the Joint Council of Unions, which represents GPO's skilled tradespeople; and the presidents of the two unions that represent white-collar workers and machinists. The comments from GPO, the Chairman of the Joint Council, and the local chapter of the American Federation of Government Employees are in appendixes II, III, and IV. The president of the machinists' union chose not to respond.

GPO generally concurred with GAO's recommendations. GPO stated that the report made a significant contribution in addressing the challenges confronting GPO's operations, the resolution of which are essential to improving efficiency and cost-effectiveness. In numerous instances, it reported that actions responsive to GAO's recommendations were underway. However, GPO also said that it did not believe its operational deficiencies were attributable to its monopoly-like status. It said the problems in the report were managerial and not structural or systemic in nature.

GAO agrees that better management can improve GPO's operational problems. But GAO also believes that GPO's centralized control over government printing creates an environment that offers little incentive for efficiency. Thus, GPO managers will need to be mindful of this environment as they work to ensure that corrective actions receive the sustained attention needed to produce fundamental management improvement.

GPO also provided a number of technical comments, which were incorporated into the body of the report where warranted.

The Chairman of the Joint Council of Unions generally agreed that GPO should be as efficient as possible. However, he stated that high levels of idle time and waste and spoilage were symptoms, rather than causes, of GPO's high costs in its production operations. He said that inadequate numbers of production staff, the use of certain GPO equipment for a limited number of products, and the equipment age were the causes of idle time and waste and spoilage.

In the review, GAO eliminated understaffed and limited-use machine groups, with the assistance of GPO's production officials, from the analysis of idle time. Subsequent GAO work showed no correlation between the age of equipment and idle time; GPO officials said the age of equipment was one of the factors that affected waste and spoilage, but also stated that current levels were higher than they would have liked them to be.

Local 2876 of the American Federation of Government Employees was in agreement with the recommendations in the report, especially the recommendation that the Joint Committee convene a group that includes GPO's unions to decide the future role and mission of the agency. It also commented that overtime is a result of management decisions about when and how much work will be done, that wage rates and benefits were negotiated in accordance with laws and procedures, and that labor cost issues were presented in a balanced and forthright manner in the report.

# Contents

## Abbreviations

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| AFGE | American Federation of Government Employees |
| CD-ROM | Compact Disk—Read Only Memory |
| EIS | Executive Information System |
| FPC | Federal Publishers Committee |
| FMS | Financial Management Service |
| GPBR | Government Printing and Binding Regulations |
| GPO | Government Printing Office |
| IRS | Internal Revenue Service |
| JCP | Joint Committee on Printing |
| NAPA | National Academy of Public Administration |
| OMB | Office of Management and Budget |
| OTA | Office of Technology Assessment |
| PEPS | Production Estimating and Planning System |
| PICS | Procurement Information Control System |
| PROBE | Production Reporting Operation, Budgeting, and Expenses |
| RPPO | Regional Printing Procurement Office |
| QAS | Quality Assurance Section |
| QATAP | Quality Assurance Through Attributes Program |

# Introduction

From census forms to top secret manuals, the federal government spends over a billion dollars a year meeting its printing needs. By law, the Government Printing Office (GPO)—a legislative branch agency—must either procure from commercial sources or produce in-house most federal government printing. In fiscal year 1989, it printed or procured about 1.9 billion publications and processed an average of about 1,300 orders per day. GPO's central plant is one of the largest, most diverse printing facilities in North America. In fiscal year 1989, it produced 10 billion pages, for which it billed its congressional and agency customers about $150 million.

Total revenues for GPO were about $1 billion in fiscal year 1989. Production operations generated about $227 million and procurement operation revenues totalled about $726 million. The remainder came from its sale of publications and its library programs. GPO receives appropriations to pay for congressional printing and salaries and expenses (a total of $97.2 million, including $11.4 million in transfers, in fiscal year 1989). GPO billed $942.2 million to its executive, judicial, and legislative branch customers for their printing work through a revolving fund in fiscal year 1989. GPO's bookstores and mail order sales generated profits of about $5.2 million on sales of $75.7 million. GPO's revenues are summarized in figure 1.1.

**Figure 1.1: GPO Revenues for Fiscal Year 1989**



In-House Printing ($227 million)

Other ($103 million) (Note 1)

10%

21%

69% — Purchased Printing ($726 million)
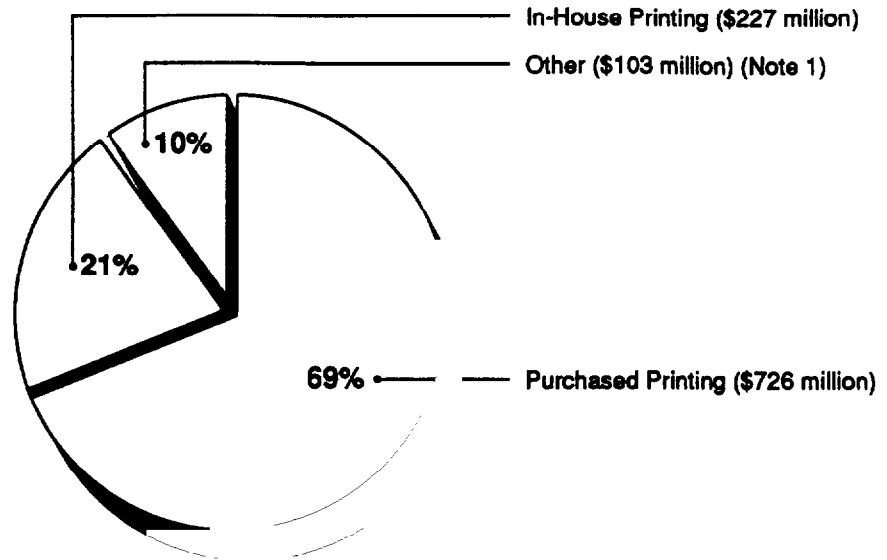
(Note 1) Other includes about $37 million in printing produced or procured for the GPO sales program.

Major fiscal year 1989 expenses include payments of about $682 million to contractors and about $212 million in personnel costs. Figure 1.2 summarizes GPO's expenses for fiscal year 1989.[1] GPO's revenues have increased 47 percent since 1981, while expenses have risen 46 percent.

[1]The difference between the $726 million in revenue from procured printing and the $682 million paid to contractors reflects surcharges of between 6 and 9 percent placed on orders to cover GPO handling costs, and prompt payment discounts.

**Figure 1.2: GPO Expenses for Fiscal Year 1989**



6%
Supplies and Materials ($64 million)

1%
Depreciation ($6 million)

6%
Other Expenses ($65 million)

21% — Personnel Compensation ($212 million)

66%

Purchased Printing ($682 million)
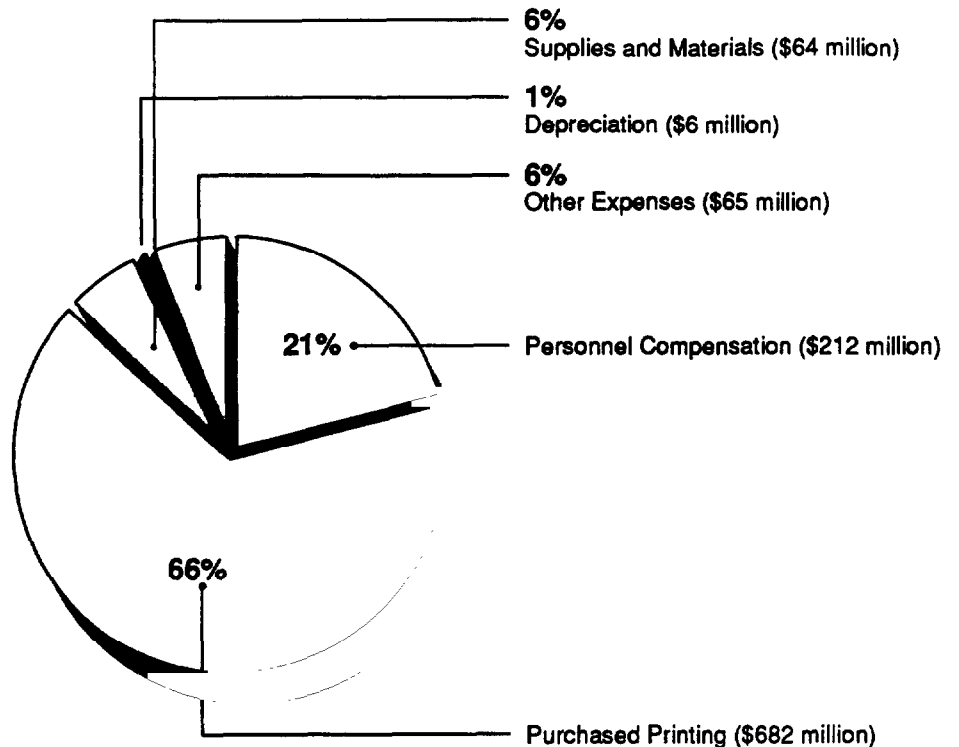
Note: Net expenses exclude about $37 million related to printing produced or procured for the GPO sales program.

At the request of the Joint Committee on Printing (JCP), we conducted an overall assessment of the printing and procurement operations of GPO.

## Evolution of Government Printing

The printing of government documents began in colonial times; starting in 1789, various printers sought federal printing work. "Free enterprise" public printing continued from 1789 until just before the Civil War, when charges of corruption had become widespread. In 1858, the House Select Committee on Printing estimated that various government officials received a total of about $240,000 a year from the subcontractor who did the actual printing in return for the rights to do the work. The committee said, "It is a grand monopoly for a few individuals, who reap therefrom enormous profits." The abuses led to the establishment of GPO, which opened on the day of Abraham Lincoln's inauguration (March 4, 1861). GPO's role was to produce, procure, and distribute government information.

In its early years, GPO produced significant savings. For example, the Superintendent of Public Printing (the forerunner of today's Public Printer, a presidential appointee who heads GPO) reported that for fiscal year 1864 public printing cost $328,249—a savings of $288,650 over the previous rates. The lower costs resulted in a gradual increase in the share of the federal printing done by GPO. Patent work was added in November 1868. Today, GPO still produces the Patent and Trademark Official Gazette, which initially was printed in 1872. About that time GPO also began printing one of its major products—the Congressional Record—which had been produced by a private printer until 1873.

GPO's current legal foundation, Title 44 of the United States Code, also has its roots in this era with the passage of the Printing Act of 1895. Among other things, the act created the Superintendent of Documents to oversee the dissemination of federal documents to selected libraries, known as depository libraries. By 1989, there were about 1,400 depository libraries.

## Wartime Printing Demands Forced Reliance on Contract Printers

From the 1870s until World War I, GPO grew gradually. Its relationship with Congress was characterized by two themes: (1) continual efforts by the various Public Printers to modernize buildings and equipment and (2) frequent congressional concern about high costs and high wages.

Increased demand for printing as a result of the war effort led agencies to rely more on private contract printers. In 1918, the Public Printer estimated that agencies were overpaying by an average of 60 percent compared with GPO costs. He recommended legislation that would require all government printing and binding orders to go to GPO. He felt GPO could supplement its in-house printing effort with contract printing, if necessary. Congress heeded the Public Printer's advice and directed that after June 1919 all work be done at the GPO, except as designated by the JCP. By 1941, GPO was producing about $27 million in government printing and procuring about $2 million more.

World War II shifted the mix of produced and procured work. In-house production at GPO's Washington, D.C., plant expanded 34 percent to $36 million while commercial printing increased 25 times to about $50 million. In 1942, GPO decentralized to five other major cities to deal with wartime needs by creating warehouses which also procured printing. Decentralization continued in 1944, when GPO added two purchasing offices in St. Louis and Philadelphia. GPO's total workforce reached 7,313.

At the end of the war, the warehouses and other offices were closed and GPO's national presence ended, but field printing operations were opened. By 1961, GPO's Field Service Division was operating plants in six cities. GPO added its first Regional Printing Procurement Office (RPPO) in 1969. Today, GPO has 14 RPPOs and 6 satellite RPPOs.

After World War II, GPO began to extensively modernize its operation. Offset printing was organized into its own division in 1954. During the 1970s, GPO purchased about half of its current presses and large bindery machines. In 1986, GPO added new presses with five-color capability to print postal cards, replacing equipment originally put in service in 1925. By 1988, GPO was printing over 600 million postal cards a year on two shifts.

In 1962, GPO became very concerned about the capacity and efficiency of its multi-level North Capitol Street buildings. To address these concerns, the Public Printer wanted to build in a new location because he felt that expanding would only complicate an already difficult paper handling process. What was needed instead, he recommended, was a modern one-level plant. GPO obtained approval to relocate in April 1964, but over 5 years of efforts to locate and agree on a site eventually failed. In a 1982 report,[2] we identified a number of problems in GPO's facilities and recommended that GPO carry out a cost benefit analysis of the three options—redesign, expansion, or relocation—immediately.

## Responsibilities, Resources, Facilities, and Unions

GPO now has many roles in addition to being Congress' printer. It produces or procures printing for almost all federal agencies, including the executive and judicial branches and legislative branch agencies, such as the Library of Congress and GAO. In addition, GPO distributes federal publications to the nearly 1,400 depository libraries and sells individual documents and federal periodicals by mail order and through 23 bookstores.

In fiscal year 1989, GPO employed about 5,000 people, as shown in figure 1.3. About 4,400 of GPO's staff are located at the Central Office including about 500 with the document sales program in Washington, D.C., and in Laurel, Maryland. About 230 of the staff are located in the 6 field

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[2]GPO Needs to Analyze Alternatives to Overcome Physical Limitations in Government Printing Operations (GAO/PLRD-82-20, Jan. 4, 1982).

printing plants and about 230 in the 20 regional procurement offices.[3]
The remaining staff work in the other document sales locations with
about 80 at the program's Pueblo, Colorado facilities and 90 at its other
bookstores. See appendix I for GPO's current organization.

**Figure 1.3: GPO Staffing** (Fiscal Year 1989)



5%
Customer Service (281)

7%
Engineering Services (384)

Administrative Operations (656)

13%

39% — In-House Printing (1,961)

18%

14% — Procurement (692)

Information Dissemination Programs
(913)

4%
Materials Management (193)
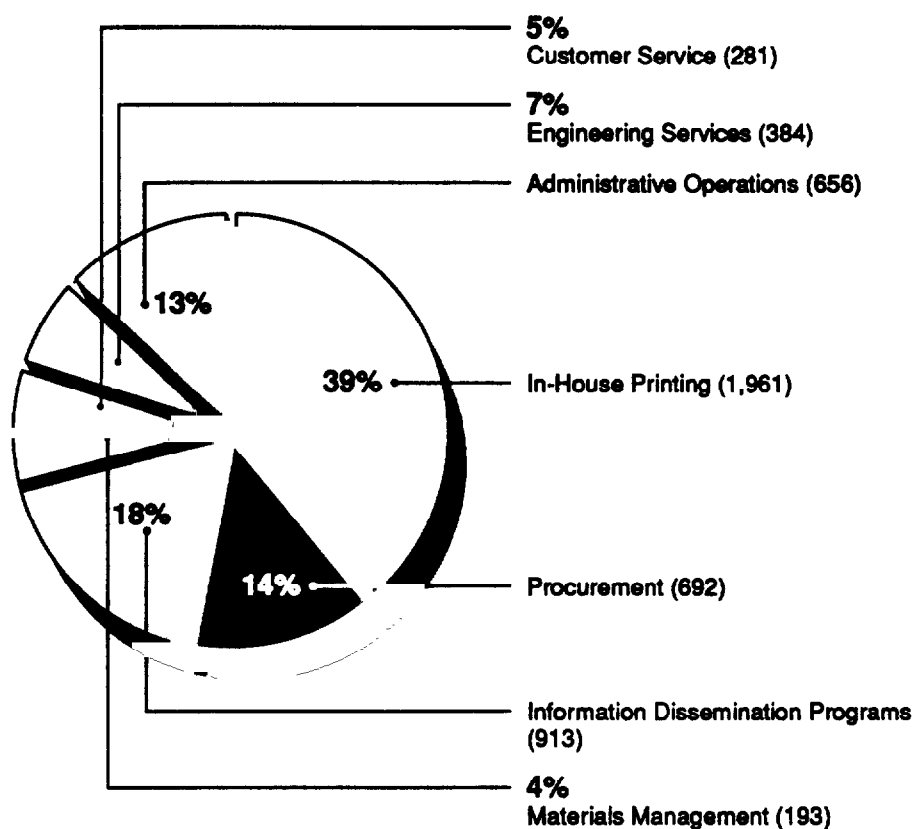
Source: GPO Fiscal Year 1991 Budget Request

GPO's workforce of about 5,000 employees has been shrinking in
response to congressional limits. As shown in figure 1.4, by the end of
fiscal year 1989, the workforce was down about 30 percent from its
high of 7,122 at the end of fiscal year 1979. The reduction has occurred
largely through attrition and a hiring freeze.

[3] About 140 of these field staff are assigned to GPO's Rapid Response Center, a printing and procure-
ment operation located in Washington, D.C., that is designed to produce or procure work needed in 21
days or less.

**Figure 1.4: GPO Staffing** (Fiscal Years 1979-1989)

Full Time Equivalents
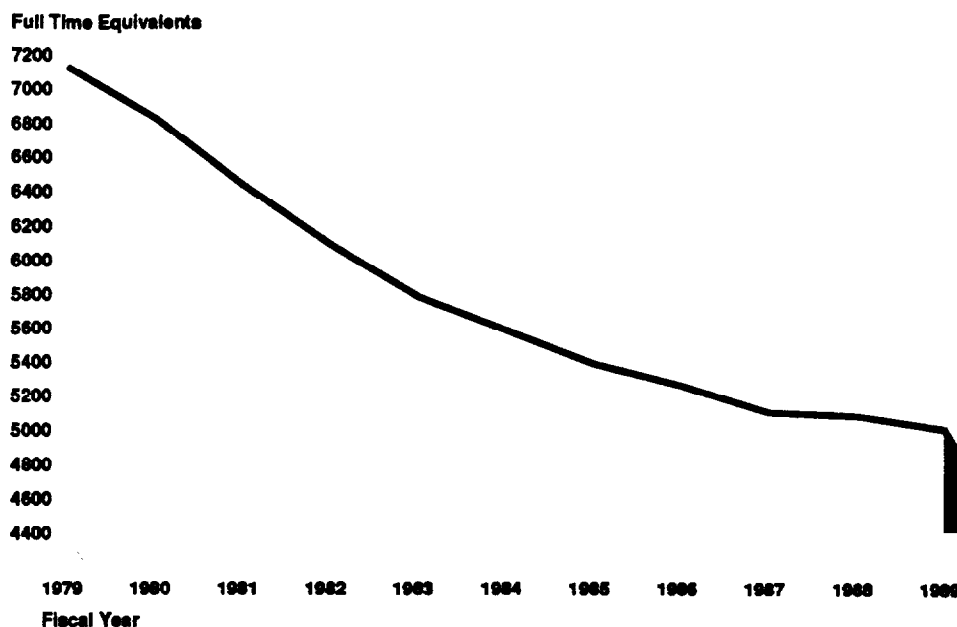


Source: GPO Fiscal Year 1990 and 1991 Budget Submissions

GPO has a tradition of a strongly unionized labor force. It is a large federal agency employer of blue-collar workers, with about 3,900 employees in units represented by unions, including about half of GPO's white-collar workers in the Central Office. Overall, about 59 percent of these 3,900 GPO employees belong to the 17 GPO union locals.

## JCP Relationship With GPO

Under the Government Printing and Binding Regulations (GPBR), the JCP controls the planning, regulating, operating, and reviewing of all federal printing and its distribution. The JCP and GPO oversee the implementation of the regulations.

While GPO deals with congressional legislative and appropriations committees much like other agencies, it has a special relationship with the JCP that dates back to GPO's founding in 1861. At present, the JCP has the authority to issue resolutions and regulations binding on GPO. The JCP must approve GPO purchases exceeding $50,000 and interagency agreements over $20,000. JCP approval is also required for relocation of GPO facilities, implementation of new services, and decisions affecting the

scope and character of federal printing. The JCP is frequently described as being equivalent to a Board of Directors.

# Objectives, Scope, and Methodology

In response to JCP's request, our objective was to assess the effectiveness and efficiency of the management of GPO's production, procurement, customer service, accountability, and strategic planning activities.

We used a number of different approaches to understand how GPO operates, what work it performs, how it relates to customers and contractors, and what issues it faces today and will face in the future. We analyzed various studies and reports such as a 1988 report by the Office of Technology Assessment (OTA),[4] a 1983 staff study on Federal Printing Management by the National Academy of Public Administration (NAPA),[5] a report of a JCP-sponsored procurement task force,[6] and a number of previously issued GAO reports.[7] We also reviewed GPO documents, such as strategic plans, annual reports, issues papers, printing procurement regulations, manuals, and procedures.

We visited two GPO regional offices—Denver and Atlanta—that GPO managers indicated were representative of regional activities. We conducted 16 focus group interviews with GPO employees, customers, and contractors both in those regions and in Washington, D.C. In the course of our review, we held over 130 interviews with GPO top managers, employees, union representatives, agency and congressional customers, and other interested parties.

To identify issues, we analyzed information from various GPO computerized and manual information systems and reviewed various records. A key system for our review was GPO's Executive Information System (EIS). It contains financial, delivery, production, procurement, overtime, staffing, retirement, and other data from GPO's major components. The data are displayed in graphic formats. While we did not verify the accuracy of the data in this and other systems, we did review system

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[4]OTA, Informing the Nation: Federal Information Dissemination in an Electronic Age, Oct. 1988.

[5]NAPA, Deregulation of Government Management Project, Staff Report on Federal Printing Management, Oct. 1983.

[6]The Printing Procurement Program of the Federal Government, Report of the Task Force on the Printing Procurement Program, 1986.

[7]See pp. 91-92 for a listing of recent related GAO reports and testimonies.

description information and discussed system operation with GPO's Office of Information Resources staff.

To develop information on the current GPO staff, we relied on GPO's managers to provide us information on staff assignments and analyzed information from GPO's labor management group to determine wage rates and union membership. We also met with the Chairman of GPO's Joint Council of Unions to get his perspective on GPO.

To illustrate the cost of GPO's in-house production operation we reviewed data developed by OTA. We also reviewed selected GPO in-house jobs where cost overruns had been identified.

We used automated scheduling information from GPO's production information systems to identify the portions of work produced in-house for Congress and the agencies. We also used these data to analyze the scheduling of in-house work, specifically examining when work is received and what day it is scheduled to be delivered.

To analyze GPO overtime work, we reviewed the amount of work done on two random weekends—one when Congress was in session and one when Congress was not in session. To compute GPO's overtime and idle time, we analyzed computerized information from GPO's Production Reporting Operation, Budgeting, and Expenses system (PROBE) and personnel and accounting systems. We also analyzed GPO reports.

In our review of GPO's in-house production, we analyzed GPO-maintained data. To determine the age and cost of GPO's presses and large bindery equipment, we reviewed equipment purchase data from production and financial records provided by GPO's Office of the Inspector General. Because no industry standards were available, we used GPO depreciation records to assess the extent to which GPO is using equipment that has exceeded its estimated useful life.

To compute the cost of waste and spoilage, we analyzed GPO quarterly reports and asked GPO staff to determine the average cost of the paper used in GPO's plant. We then multiplied the paper cost by the amount of spoilage reported in GPO's reports. To determine the number and cost of jobs sent back to press due to spoilage, we relied on EIS data.

To determine how GPO performs in comparison to in-house production goals, we compared GPO actual production output for fiscal year 1989

with the GPO production goals for the Letterpress and Offset Press Sections and large machines in the Bindery Division. We then counted how many operations met the goals and how many fell short of the goals and measured the extent to which they met or failed to meet the goals.

As part of our review of procurement operations, we analyzed data from GPO's Procurement Information and Control System (PICS). We used delivery performance data entered into PICS to analyze contractor performance. We also reviewed GPO reports on contractor performance to identify contractors who delivered more than 15 percent of their jobs late.

To verify the concerns expressed by GPO customers in our focus group interviews, we surveyed 33 representatives of congressional and agency customers regarding their satisfaction with GPO in several areas. We selected the largest customers based upon average billings for fiscal years 1985 to 1989. From the top 10 agency customers, we selected a total of 23 participants (12 printers and 11 publishers) with the help of input from GPO's Customer Service Department, the Federal Publishers Committee, and the Interagency Council on Printing and Publications Services.[7] We selected 10 congressional participants representing the largest congressional customers with the help of input from GPO's Congressional Printing Management Division. We pretested the survey with representatives of other large congressional and agency customers. To determine the number of customer quality, timeliness, and billing complaints, we reviewed records of GPO's Customer Service and Procurement Departments and its Financial Management Service.

To assess GPO's performance management system, we obtained position descriptions and performance plans for 27 of GPO's 30 top managers. Performance plans had not been developed for the other three managers. We determined that 19 of the 27 managers had responsibilities that lent themselves to the use of measurable standards and analyzed their plans to identify those plans with measurable standards. We also identified those managers who in our judgment had responsibility under their position descriptions for production, procurement, or customer service activities. We reviewed their plans to ascertain whether they had standards that were related to those responsibilities and whether the standards were measurable.

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[7]Agency printers are responsible for day to day dealings with GPO on all of an agency's printing, while publishers have direct responsibility for specific publications.

As part of our analysis of the EIS, we analyzed how long it took to access the 17 graphs that the developers of the EIS regarded as the most critically needed by agency managers. To determine the extent to which the EIS was being used, we reviewed GPO's frequency of use records for each graph in the system as of April 19, 1990. We also used information from two commercial developers of executive information systems to develop criteria for assessing GPO's EIS.

We examined past GPO strategic plans and solicited the views of former and current planning officials and other agency senior officials to assess GPO's current strategic planning effort. In addition, we compared GPO's planning approach with the strategic planning approaches used at other federal agencies where we had done management reviews.

Our review was done from September 1989 to May 1990, using generally accepted government auditing standards.

# Monopoly-Like Status Dominates Environment and Influences Efficiency of Operations

In any organization, the environment shapes its operation. The environment of private sector printing is characterized by rapidly changing technology driven by computer and other equipment advances. Historically, GPO's legal authority to control most of the printing for the federal government has insulated it from market forces. This monopoly-like status has dominated GPO operations and allowed high labor and administrative costs to be passed on directly to customers. In recent years, agency customers have begun to challenge GPO's monopoly-like authority. Also, its role as the government's primary printer is being threatened by the increasing technological capability of the agencies to meet their own printing needs. In addition, potential decreases in customer demand weaken GPO's economic base.

## Monopoly-Like Status Has Insulated GPO From Competition Historically

GPO's monopoly-like status dominates its environment and creates few real incentives to improve the efficiency and effectiveness of operations. The GPBR of the JCP, issued under the provisions of Title 44, governs all federal printing. The GPBR provides that federal printing requirements be fulfilled through GPO unless a waiver is granted by the JCP. Although waivers are issued under certain circumstances, GPO is essentially a mandatory source for government printing, including commercial procurement.

In late 1987, the Federal Publishers Committee (FPC), an organization of 700 federal agency and private sector members who promote the cost-effective dissemination of information in the federal government, commented on GPO's monopoly-like status. The Committee Chair wrote, "the FPC believes that GPO should not have a monopoly on federal publishing—paper or electronic—because of the intrinsic problems with all monopolies: They can and often do take their customers for granted, charge the amount they wish, deliver when they will, and let quality suffer."

We believe that GPO's insulation from market forces influences the degree to which it has to

- charge competitive prices for production and procurement services;
- improve efficiency of unprofitable or ineffective operations;
- ensure the timeliness and the quality of printed and procured products; and
- collect, analyze, and address customer complaints about price, quality, timeliness, or GPO responsiveness.

Within the guidelines specified in Title 44, GPO has discretion to decide whether to print work in-house or to contract it out without consulting customers. While GPO gives congressional work preferential treatment, it can use executive branch orders to keep its plants fully occupied, is authorized to price its services to recover its actual costs, and can thus charge agencies the higher prices needed to recoup its in-house printing costs. For work contracted out on the behalf of agency customers, GPO decides who will do the job and whether the product is satisfactory. To recoup its handling costs, it currently adds between a 6 and 9 percent surcharge to the contractor's bill on orders placed with commercial printers for agency customers. In his May 29, 1990, remarks to GPO's regional managers, the newly appointed Public Printer stated that all of GPO's managers had a mission to ensure that their operations provide quality, timely, cost-effective products and services to client federal agencies.

## High Labor and Administrative Costs Are Passed on to Customers

High labor and administrative costs characterize GPO operations, and, since it can recoup its actual costs, those costs are passed on to GPO's customers directly. GPO's labor rates, which are negotiated with 13 of its 17 unions for both blue-collar and white-collar workers, are relatively high when compared to similar private sector operations. GPO estimated that as of January 1989, its average hourly earnings were about 50 percent higher than the printing industry as a whole. Wage cost comparison information developed by GPO shows that the wage rates for a number of its skilled trades exceed those of local printers. Also, most of GPO's workers have a 30-minute paid lunch on each shift, which means that employees are paid a full 8 hours for 7 1/2 hours of work daily.

In addition, GPO's administrative costs represent a substantial portion of GPO's overall costs. For example, only about 45 percent of GPO's labor hours are directly chargeable to in-house production jobs. The remaining 55 percent consists of non-chargeable labor hours, such as machine maintenance and cleaning operations as well as supervisory, managerial, and administrative time.

Other major costs in the overhead account that are passed on to customers are charges related to the operation and maintenance of GPO's buildings. GPO's first fireproof building—still in use—was completed at the turn of the century. The four main buildings it uses today were constructed in 1903, 1930, 1938, and 1940, making the newest about 50 years old. GPO's central plant is located in this complex of multi-story

buildings of up to eight stories. Building expense charges associated with its main plant totalled about $13 million in fiscal year 1989.

Executive and administrative staff salaries and benefits are also included in overhead, as are other administrative expenses, including security, worker health care and safety, equal employment opportunity rights enforcement, and the Inspector General's office. These latter four functions contributed about $6 million to GPO's overall costs.

## Monopoly-Like Status Challenged by Agencies

In recent years, GPO's monopoly-like status over government printing has come under fire on efficiency and effectiveness grounds. A 1981 GAO report concluded that ". . . the government's current organizational structure is not the most appropriate for satisfying total government printing and distribution needs in an economical and effective manner."[1]

In a 1983 staff study, NAPA said the current centralized structure does not conform to prudent business practices from the standpoint of management and controls, and does not afford the executive branch sufficient flexibility in satisfying its own printing needs. It recommended that the JCP and others "establish a joint project to develop broad plans for efficient and effective systems for printing . . ." and said that to achieve cost-efficient and effective management, the JCP should revise the GPBR to "permit federal executive branch agencies the option, if they choose, to contract directly with private printers . . . ."[2]

In an April 19, 1990 memo relating to H.R. 3849, a bill to expand GPO's control to include other forms of information products and services,[3] the FPC called for more decentralization of GPO's authority. The Committee Chair stated that GPO should play a role "only where appropriate and cost-effective. FPC encourages GPO to develop competitively-priced, high quality . . . services which can meet the needs of . . . federal agencies. Federal agencies would be able to obtain printing from other sources if the cost and quality of GPO's work did not compare favorably. . . Decentralization would indeed create a truly responsive GPO organization."

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[1] Logistics Management: Issues for Planning (GAO/PLRD-81-32, June 8, 1981).

[2] NAPA, Deregulation of Government Management Project, Staff Report on Federal Printing Management, Oct. 1983.

[3] The Government Printing Office Improvement Act of 1990.

## Changing Technology to Meet Needs

The environment of private sector printing operations is characterized by rapidly changing technology driven by computers and other equipment advances. In the public sector, agencies have increased their ability to meet their own printing needs outside GPO, through technological advances in printing.

Pre-press activities have been particularly affected. OTA noted that "one key technology trend is the rapid increase in agency automation, which means that most agencies already are creating their original information products in electronic form, and many are also converting this material to a camera-ready format . . . largely because of the widespread penetration of computer and word processing technologies and, recently, the rapid increase in the use of desktop and high-end electronic publishing." By 1988, GPO reported that it received over 70 percent of the text it processed on electronic media, such as magnetic tape or floppy disks.

OTA estimated that as of fiscal year 1987 agencies had already spent at least $400 million on electronic publishing-related technologies. A 1987 GAO survey of 114 agencies indicated that one-half or more were currently operating or pilot testing desktop publishing, computer-aided page makeup, and electronic composition technologies, and one-third were operating or testing full electronic publishing systems.

Currently, federal agencies operate more than 235 of their own printing plants, and some have received limited authority from the JCP to procure printing. In 1988, four agencies were authorized to bypass GPO. Several bills have been introduced that would allow other agencies to bypass GPO.

## Changing Customer Needs Could Weaken Future Demand

Although GPO can exclusively determine how printing work is done given its monopoly-like role, it cannot dictate the printing needs and budgets of its customers. In recent years, congressional and agency requirements have changed due to changes in workload and program emphasis as well as budget decisions. These changes could weaken customer demand and thus the economic base for GPO's future operations.

As shown in figure 2.1 both congressional and agency billings have increased over the past several years. Congressional billings totalled $73.3 million in fiscal year 1989, an increase of 6 percent since 1985; executive agency billings totalled $815 million, an increase of 16 percent since 1985.

**Figure 2.1: Congressional and Agency Billings** (Fiscal Years 1985-1989)
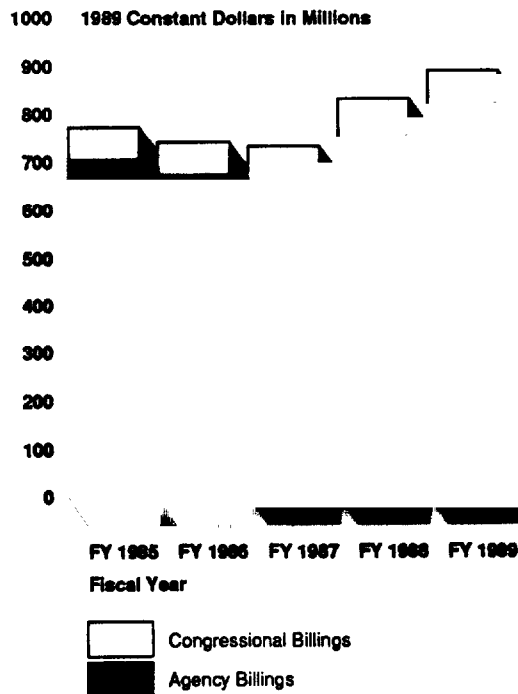


For fiscal year 1990, Congress has taken several actions that GPO estimates will result in mandatory reductions of $4 million from the $74 million originally appropriated for congressional printing and binding.

Also, GPO anticipates that budget cuts in the Army, Navy, and Air Force are likely to significantly reduce printing demands of 3 of GPO's 10 largest customers. Figure 2.2 summarizes the total billings of the four largest agency customers for the last 5 years.

**Figure 2.2: Billings to the Four Largest Agency Customers (Fiscal Years 1985-1989)**



1989 Constant Dollars in Millions

Fiscal Years

Army
IRS
Navy
Postal Service
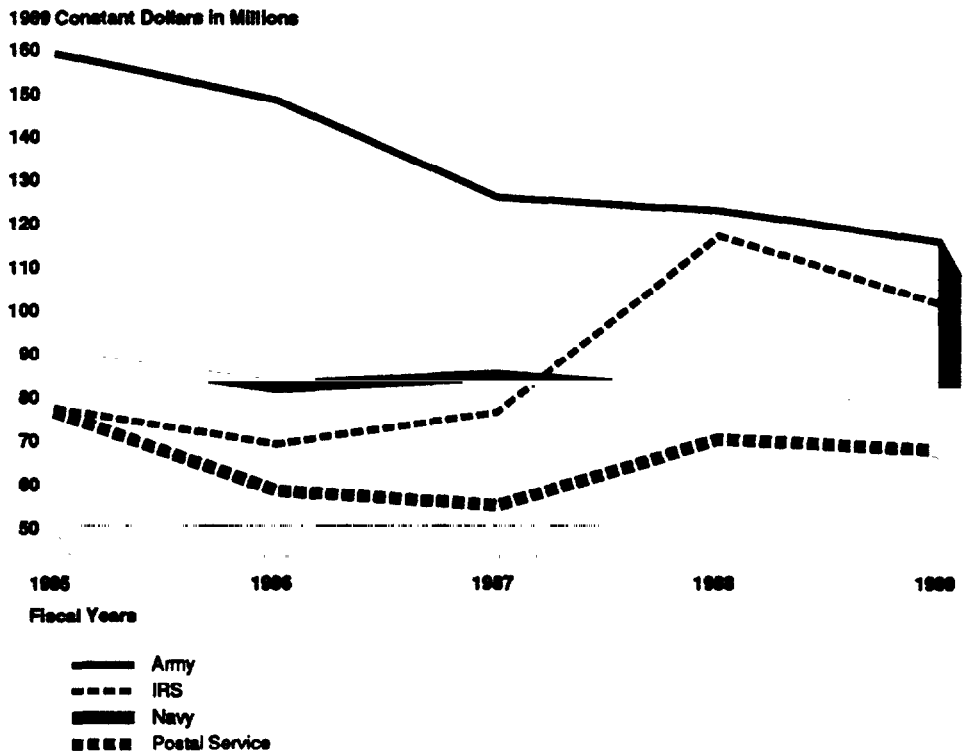
Projected changes in demand for paper formats will also influence the degree to which executive agencies need GPO procured printing. OTA points out that, "The future of GPO printing depends in large measure on the plans and activities of Department of Defense (DOD) agencies that collectively account for roughly one-third of all GPO billings. The defense agencies are determined to reduce drastically their dependence on paper formats within the next few years."

GPO's monopoly-like status provides few real incentives to improve in-house production, printing procurement, or customer service activities. In addition, GPO's strategies for holding managers accountable for achieving results are weak and management information is poor. These long-standing operational problems, which can be corrected within the existing legislative authority governing GPO's operation, are discussed in chapters 3, 4, 5, and 6.

Chapter 7 discusses how strategic planning could be used as a frame-
work to address what the future role of GPO should be in meeting the
printing needs of the government and considering any necessary legisla-
tive or other changes needed to implement that role. Steps can and
should be taken in the short term to begin correcting the operational
problems regardless of the outcome of discussions about GPO's future
role.

## Agency Comments

In commenting on a draft of this report, GPO stated that its operational
deficiencies were not attributable to its monopoly-like control over gov-
ernment printing and that problems were managerial and not structural
or systemic in nature. While we believe that GPO's problems are related
to deficiencies in management and should be corrected, GPO's monopoly-
like status provides little incentive to correct operational weaknesses
quickly. Therefore, GPO managers will need to be mindful of this envi-
ronment as they face the challenge of ensuring that corrective actions
receive the sustained attention needed to produce fundamental manage-
ment improvement. Also, we believe that the JCP, GPO, and other con-
cerned parties need to address questions related to, among other issues,
GPO's sustained control over the procurement and production of govern-
ment printing as part of their joint effort to articulate GPO's future role.

# GPO Should Reduce In-House Production Costs and Improve Production Quality

GPO's environment does not promote efficient and effective in-house production operations. GPO's only competition for business is itself in its procured printing operations. Even though GPO is armed with years of expertise, its in-house production operation produces products at costs much higher than the private printers used by GPO. On the basis of limited comparisons, we estimated that GPO's approximately $150 million of Central Office printing in fiscal year 1989 might have been procured from commercial printers for as little as $75 million.

GPO's monopoly-like status has removed the incentives for efficiency and has resulted in a costly production operation that consistently uses high cost weekend overtime, incurs high levels of waste and spoilage, and relies extensively on aging production equipment. Without incentives to promote efficiency, GPO needs strong internal systems to promote efficiency and quality. But those systems are weak at GPO. Efficiency standards are based on GPO's own experience, and quality strategies rely on post-production inspections rather than a proactive approach.

## GPO's Production Operations

In fiscal year 1989, GPO's Central Office Production Department produced about 32,800 orders for congressional and agency customers. It operates three shifts (usually 8:00 a.m. to 4 p.m., 4:00 p.m. to 12:00 a.m., and 12:00 a.m. to 8:00 a.m.) with 50 percent of the workforce on the first shift, and 18 and 32 percent on the second and third shifts, respectively.

Table 3.1 shows the number of employees and machines for each major production operation.

**Table 3.1: Distribution of Major Machines and Positions Within Production Operations**

| Production operations | Major production equipment[a] | Number of positions[b] |
|---|---|---|
| Prepress | 17 | 552 |
| Press | 53 | 648 |
| Bindery | 32 | 605 |
| **Total** | **102** | **1,805** |

[a]As identified by GPO management in April 1990.

[b]As identified by GPO management in July 1990.

As indicated in table 3.1, the major portion of GPO's production activity—printing and binding various congressional and executive

agency publications—is concentrated in the Press and Binding Divisions. Major machines that do GPO's printing and binding work are letterpresses, offset presses, large folders, trimmers, and stitchers. The Letterpress Section consists of nine different press groups with a total of 20 presses. The Offset Press Section consists of eight different press groups with a total of 33 presses. The Binding Division consists of 18 large machine groups with a total of 32 large machines.

# High In-House Production Costs Have Been a Longstanding Concern to Agency Customers

GPO's in-house production costs have been and continue to be a concern to its customers. For example, a 1983 NAPA report on federal printing said that agency customers felt GPO's in-house production costs were too high. In a 1988 report, OTA compared GPO in-house cost estimates for a sample of 20 typical printing jobs with estimates from several alternative printing sources, including private printing contractors. Basically, OTA asked four private printers, three executive agencies, and GPO's printing procurement office to provide estimates for these jobs. OTA noted that there were limitations associated with the comparison as they did not verify the estimates they received. Nevertheless, for all 20 jobs, when compared against GPO procured printing cost estimates, GPO's in-house production costs were the higher, usually over twice as high. In fiscal year 1989, overall production operations cost $229.2 million and generated revenue of $226.5 million, for a net loss of $2.7 million. This is in contrast to GPO's procured printing activities, which reported a $6.5 million net income.

More recently, in response to our survey of GPO's top agency customers, all respondents who had a basis to judge said GPO's in-house costs were too high. In addition, the Interagency Council for Printing and Publications Services, a group composed of GPO's agency customers, has also recommended that GPO charge agencies rates comparable to prevailing local commercial rates, so that agencies are not reimbursing GPO for excess capacity that is needed only when Congress is in session.

GPO has tried to reduce these high prices by negotiating special rates for customers on a small number of jobs, but the concerns about high costs remain. For example, in one case in fiscal year 1989, GPO procured half of the Internal Revenue Service's (IRS) order for Publication 17 (Your Federal Income Tax) and produced the other half in-house to fill capacity left when Congress was out of session. Although GPO's reduced rate to IRS was about 40 percent lower than GPO's projected cost, the negotiated rate for the in-house work was still 65 percent higher than the price charged by the private contractor that GPO used on the job.

## Reducing Weekend Overtime Could Reduce Production Costs

For the last 3 fiscal years, GPO has scheduled a significant amount of work on the weekend. The principal rationale given by GPO managers has been the need to be responsive to Congress. However, our analysis of scheduling, production, and delivery data indicates that many congressional products are not actually scheduled for delivery on Monday, that agency work is also done on the weekend, and that idle time exists during the regular Monday to Friday workweek.

As the printer for both Congress and the executive agencies, GPO is faced with the task of efficiently and effectively scheduling an uneven workflow. Currently, GPO schedules all of its in-house production operations through an agencywide Production Planning and Scheduling Committee. This committee determines when congressional jobs will be produced and how much agency work needs to be done in-house to maximize the efficiency of the production operation. Scheduling continues to be a key management challenge.

For the past 3 fiscal years, GPO has made extensive use of relatively high cost (time and a half) weekend overtime to meet the schedules prepared by the Scheduling Committee, as shown in figure 3.1.

**Figure 3.1: Use of Weekend Overtime
(Fiscal Years 1987-1989)**

No. of Days



Saturdays Worked

Sundays Worked
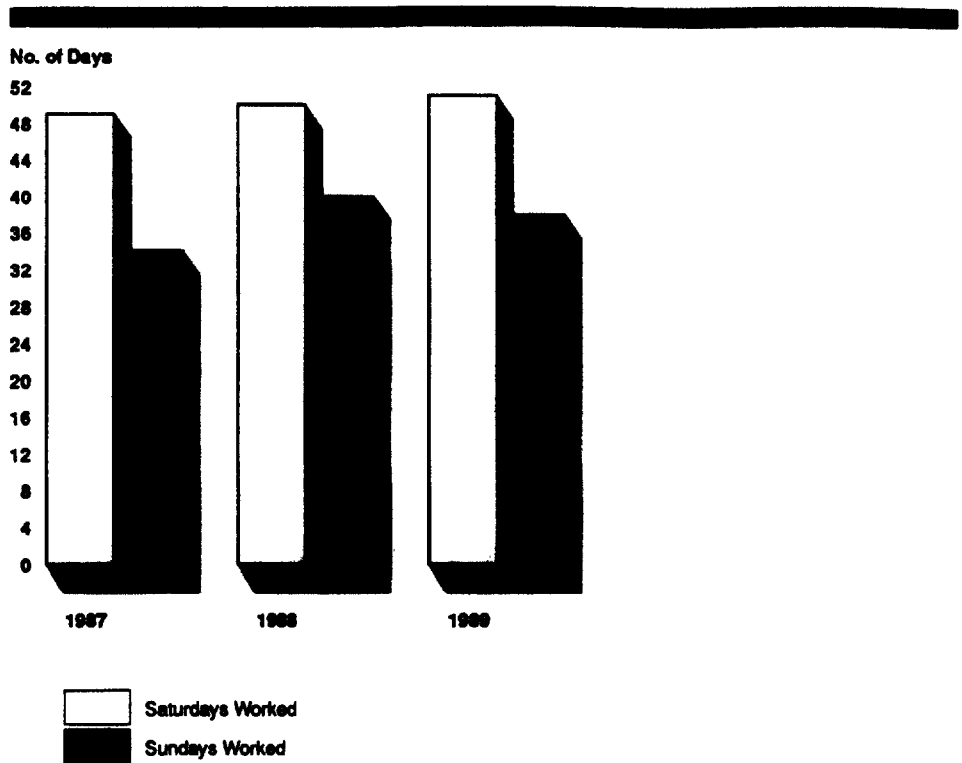
Weekend overtime compensation in Press and Bindery totalled $5.4 million, or about 10 percent of total fiscal year 1989 compensation in those areas.

Because of the lack of documentation in the jobs files concerning why particular jobs are done on weekends, and the difficulty of getting clear recollections from individuals given the large number of production jobs—about 33,000 in fiscal year 1989—we asked GPO managers why work was done on weekends. They told us that weekend work is normally devoted to finishing high priority congressional work coming in at the end of the week and due out the following Monday. However, our analysis of GPO's Production Estimating and Planning System (PEPS) records for fiscal year 1989 showed that about 17 percent of congressional printing jobs were scheduled for Monday delivery. Only about 6 percent of these congressional orders were received on the prior Thursday, Friday, Saturday, or Sunday, suggesting weekend work might be required. While the Scheduling Committee acknowledged in its 1989 annual report that "due to peaks and valleys, we were actually hunting

for work to take in at times, even giving discounts to justify keeping the work," our analysis showed that 29 percent of the jobs produced on the weekend were agency jobs, and 37 percent of the chargeable machine hours reported were devoted to agency work.

In addition, although GPO worked at least one day on 50 weekends in fiscal year 1989, it also recorded idle time on weekdays throughout the year. For example, our review of a variety of information from GPO's PROBE system shows that there was idle time in every machine group during fiscal year 1989. On average, machines in the Letterpress Section were idle 53 percent of the time they were scheduled to operate, and machines in the Offset Press Section and the Bindery Division were idle 47 percent and 59 percent respectively. Idle machine hours were also recorded in all three shifts. For example, our review of the records of a sample of 76 machines chosen by GPO showed 43 percent idle time recorded on the first shift, and 18 and 39 percent recorded on the second and third shifts. Also, GPO reported 23,297 idle labor hours[1] and 179,582 idle machine hours due to no work in fiscal year 1989. Nearly all of these idle machine hours were on weekdays.

Thus, while there may be a need for some weekend overtime work, it also appears that there are opportunities to reduce the existing heavy reliance on high cost weekend overtime.

## Waste and Spoilage Costs Millions

Effectively managing the materials used in the production process is an important part of maintaining a high quality, efficient operation. In GPO's operation, maintaining low paper waste and spoilage levels has historically been a major problem that management has tried to address. For example, in 1981 the Public Printer initiated an agencywide "War on Waste." GPO's 1981 strategic plan—the last published—also listed a variety of objectives aimed at reducing waste and spoilage, which included monthly comparisons of the Production Department's waste levels with printing industry waste levels.

Currently, GPO managers continue to report on waste and spoilage levels. GPO's Quality Control and Technical Department produces reports showing the Production Department's 3-month moving average of paper waste volume. For the 3-month period ending March 1990, 4.8 million

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[1]The actual number of hours on idle time may be understated due to incorrect coding in GPO's PROBE system. An August 1989 GPO Inspector General's report identified instances where employees reported they were working when the presses were out of service. The report recommended that GPO establish internal controls to ensure that labor time is reported correctly in the future.

pounds of paper waste were generated from the 14.4 million pounds of
paper used. This paper waste represented 33 percent of the total paper
issued. Using a 3-month weighted average price per pound of paper
developed by GPO, we calculated an approximate cost of $2.2 million for
the 4.8 million pounds of paper waste. As shown in figure 3.2, paper
waste as a percent of paper issued has ranged from 22 percent to 34
percent during fiscal year 1989 at a total cost to GPO of about $7 million.

**Figure 3.2: Monthly Paper Spoilage
Rates** (Fiscal Year 1989)
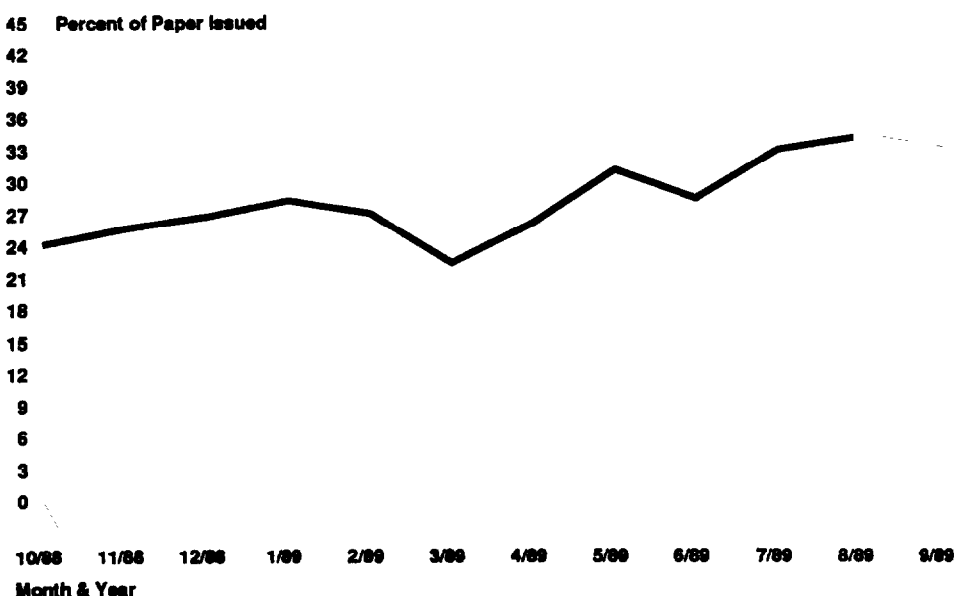


To better assess GPO's waste and spoilage performance, we compared its
waste and spoilage levels to private industry standards. Although GPO's
unique wide range of in-house plant operations may not be strictly com-
parable to private industry activities, our review identified private
industry waste and spoilage standards ranging from 2 percent to 16 per-
cent of the paper used. GPO's waste and spoilage averaged about 12 per-
cent above the highest private industry standard.

While the high paper waste and spoilage is in part caused by bad paper,
the need for press changes to respond to the changing workload
demands placed on GPO, and material handling problems, it also reflects
operator mistakes in starting and stopping machines. Lowering waste

and spoilage levels should be a priority if GPO is going to promote an efficient, high quality, production operation.

## GPO Says Aging Equipment Influences Production Efficiency

Another factor contributing to GPO's production inefficiency is the age of its equipment, because the equipment influences both production operations and required staffing. GPO managers have publicly stated that part of their equipment inventory requires replacement, and they believe production efficiency and quality are being adversely affected.

To examine the age of GPO's production equipment, we identified, with the assistance of GPO's top Production managers, 85 pieces of critical GPO production equipment, including 20 letterpresses, 33 offset presses and a variety of binding equipment. The total acquisition value of this equipment was $26.4 million. We compared the actual age of the equipment to its useful life, as reported in GPO's accounting system.[2]

Our analysis of the age of this equipment showed that 47 pieces are at least 15 years old and 6 pieces were over 30 years old. The average age of the Letterpress equipment was 19.6 years, the Offset Press Section 13.7 years, and the Binding Division 18.2 years.

Our review of GPO's accounting records showed that 71 of the 85 pieces of equipment (84 percent) were fully depreciated as of April 1990. In other words, according to GPO's records, which are used to establish prices for GPO's customers, the depreciable life of the asset had been exhausted. In fact, 27 of the 71 pieces of equipment had been fully depreciated for more than 10 years. Figure 3.3 gives an overall picture of this situation by comparing the average age of the Press and Bindery equipment with its average useful life.

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[2]GPO depreciation is computed using the straight-line method with estimated useful lives ranging from 3 to 20 years for machines and equipment. Depreciation expense is recovered from billings to customers.

**Figure 3.3: Comparison of Actual Age Versus Useful Life as of April 1990 for Major Items of Equipment**
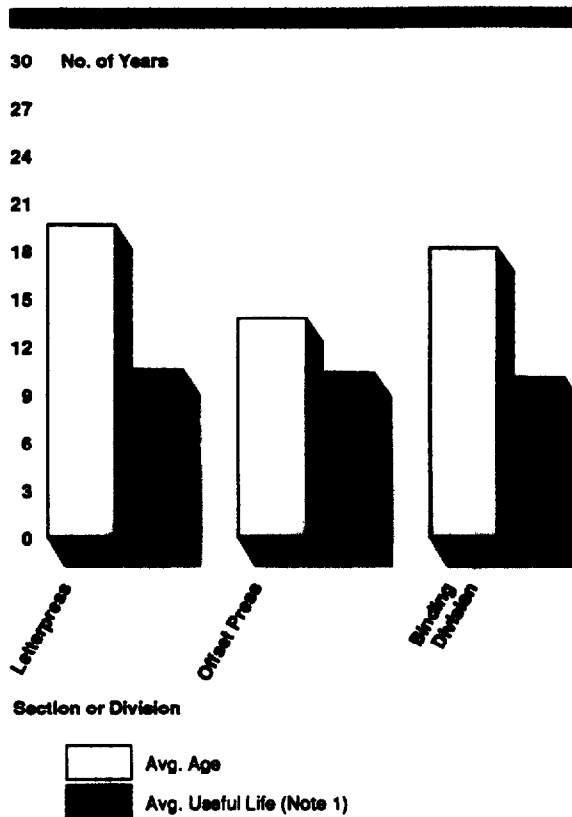


(Note 1) "Useful Life" refers to the number of years over which GPO depreciates its equipment in its accounting records.

## Better Approach to Monitoring Efficiency and Quality Needed

Absent the normal market incentives promoting efficient operations, GPO must have strong internal systems to promote efficiency and quality. However, GPO's current production efficiency and quality management systems are relatively weak. Efficiency goals, often based on GPO's own historical experience, were generally not being met and were typically low when compared to private industry goals. Also, GPO relies on a post-production inspection strategy to detect quality problems after, rather than before, they occur. A more comprehensive approach to managing production operations, which would include an orientation toward customer satisfaction, would benefit GPO.

## Production Efficiency Goals Currently Not Being Met

GPO managers have long recognized the need to establish work efficiency goals for each of the major in-house production processes. For example, one of the Production Department's goals in GPO's 1981 strategic plan was to "establish engineered standards, where appropriate, on production processes within each division." Actual performance would then be compared to established goals as one measure of production efficiency.

Today, GPO has established production efficiency goals for each of its major operations, but they are generally based on historical experience and/or the results of union negotiation. These goals encompass bindery, offset press, and letterpress operations and may establish a time for completing an operation, or efficiency level, such as completing 5,000 printing impressions in an hour.

To analyze the efficiency of the production operation, we first attempted to obtain the latest statistics available on GPO's actual performance compared to its goals. But, as one GPO manager said, he has not made aggregate comparisons such as these because he feels that he knows his area well enough that formal periodic comparisons are not needed. However, managers also acknowledged concern that some areas may be operating well below their targets.

Assisted by GPO managers, we identified 30 major machine groups within the Letterpress and Offset Press Sections and the Binding Division and compared actual operations for fiscal year 1989 to existing goals for 250 different production activities. These activities included binding, stitching, and folding publications; running various presses; and cutting paper. As shown in table 3.2, our analysis indicated that GPO was not meeting its production goals in 66 percent of these activities.

**Table 3.2: Percentage of Production Activities Operating Below Goal for Fiscal Year 1989**

| Production area | Number of activities reviewed | Activities operating below goal | |
|---|---|---|---|
| | | Number | Percent |
| Bindery | 168 | 109 | 65 |
| Letterpress | 45 | 31 | 69 |
| Offset press | 37 | 24 | 65 |
| **Total** | **250** | **164** | **66** |

The extent to which these activities fell below their goals varied considerably. While we identified activities which operated below their goals, others operated close to their goals, while still others ran well above them. For example, one large binding activity, where sheets of paper are

folded, operated significantly above standard. In another activity, one production group operated well below the press running standard. In still another activity, a production group operated within 1 percent of its established standard for make-ready activities.

A recent internal GPO analysis of a sample of eight fiscal year 1989 negotiated-price jobs found that GPO was not meeting production goals in the press and bindery areas. In addition, an August 1989 internal audit report, which reviewed a sample of 30 jobs where customers received a firm price estimate, stated that production goals were not being met for 13 measurable operations.

Senior Production managers also acknowledged that the current efficiency goals used in some major production operations may be well below private printing standards. For example, one major bindery activity involving inserting and stitching has efficiency goals that are at least 20 percent below manufacturers' standards. The new Public Printer has recently noted that a more rigorous application of engineered standards to the performance of in-house work will have a positive impact on quality.

## Inspections Used to Detect Quality Problems

The quality of GPO's in-house production operations has long been an area of concern. A 1983 study of GPO operations expressed concerns about low quality. More recently, 6 out of the 12 agency printers who responded to our survey said that the quality of procured printing was better than the work GPO produced. In addition, our review of information on GPO's EIS found that in the first 9 months of fiscal year 1989, GPO sent an average of 26 jobs a month back to press for rework in production, costing an estimated $45,000 a month. This rate is about 10 times the rate of reprints for procured work GPO returned to private contractors that year.

To attempt to achieve acceptable levels of product quality, GPO currently relies on inspections rather than prevention to address problems in production operations. The Production Department does product inspections based on random sample or number of items produced. The Quality Control and Technical Department also does audits as part of GPO's Quality Assurance Through Attributes Program (QATAP). The Department audits the quality of the Production Department's products and uses a variety of standards, such as a limit of 6.5 defects per 100 units.

According to GPO, the job of the Quality Control and Technical Department is to develop process controls, inspection techniques, and procedures for production to use. However, according to the department's Quality Systems Division Chief, Production Department managers are not receptive to this approach. The Division Chief said the Quality Department is a service organization, and the need and desire for its services should be expressed by GPO components. The Production Department has expressed no such interest.

A June 1989 GPO study noted that "The lack of an established quality control system for in-house GPO production definitely hurts the image of GPO quality. . ." In this study, the Quality Control Department said that production currently does not have a systematic approach to assuring conformance to quality requirements.

## A Proactive Quality Management Approach Could Help Improve Production Operations

An effective quality management program emphasizes a customer orientation and the setting and achieving of ever higher standards for quality, timeliness, and efficiency. The approach addresses quality issues from a systemic perspective. It involves designing the product on the basis of customer needs, producing the product to consistently meet the design specifications, and achieving customer satisfaction. The last point—customer satisfaction—includes the customer's perception that the cost of a product was reasonable.

Given GPO's monopoly-like environment, we believe incentives for producing consistently high-quality products are not as strong as in the private sector, where customers may take business elsewhere if they are dissatisfied with product quality. The Chief of GPO's Quality Systems Division currently advocates a form of comprehensive quality management for GPO. He believes that for such an approach to be effective within GPO's environment, there are several essential ingredients, including:

- The effort must have the full involvement of all in the organization, from top management to the shop floor operators.
- The workforce must be assured and convinced that the quality effort will be of benefit to every person.
- The effort must have effective technical support and entail the collection of valid and pertinent data to accurately identify the quality problems.

In May 1990, the Quality Control Department recommended in a memo forwarded to the Assistant Public Printer (Operations and Procurement) that the introduction of a comprehensive quality management approach be considered for GPO. The department described this approach to managing quality as the pursuit of "continual cost-effective process improvement." These comments remain under consideration.

# Conclusions

GPO's monopoly-like environment does not provide the same level of incentives for production efficiency and quality as private sector operations, where customers may simply take their business elsewhere if dissatisfied with high prices or low product quality. Currently, GPO in-house production operations costs are high, relative to private printers. These high costs and the resulting bills have historically been a concern to GPO customers. The lack of incentives has created a production environment that relies on high-cost overtime, incurs high levels of waste and spoilage, and relies on aging production equipment. A number of steps should be taken to address these issues. Specifically, GPO should take action to improve the scheduling of work to minimize the use of relatively high cost weekend overtime and idle time and set goals for reducing waste and spoilage. Although GPO currently has efforts to improve efficiency and quality, GPO could benefit from a more comprehensive quality management approach to ensure customer satisfaction.

# Recommendations

To improve efficiency and production quality, the Public Printer should take the following actions:

- He should revise current central plant production scheduling practices to reduce weekend overtime, realigning the existing workflow to better utilize the Monday through Friday work week and reduce idle machine and labor time, and contracting out additional congressional and/or agency work to the extent necessary.
- He should establish a realistic agency goal and take action to reduce waste and spoilage.
- He should adopt a comprehensive quality management strategy that has the following attributes:

  - production efficiency goals commensurate with industry goals to the extent possible;
  - an approach that emphasizes the prevention of errors, rather than their detection after production; and
  - a customer satisfaction orientation.

## Agency Comments

GPO agreed with our recommendations concerning the need to reduce in-house production costs and improve production quality. Since our review, GPO said it has taken a number of steps to improve scheduling and to reduce the frequency of weekend overtime, equipment idle time rates, and current levels of waste and spoilage. Also, it has plans to implement a more coordinated approach to quality management and modernize GPO equipment.

However, GPO expressed a concern about comparing its production operations and standards to the private sector printing industry. We are aware that there are differences between GPO's printing activities and the private sector, and acknowledge that there are some barriers to GPO's achieving private sector standards. However, we believe that, while private sector standards may not be fully achievable, there are opportunities for GPO to use them as benchmarks, or goals, against which future improvements in production operations can be measured.

## Union Comments

The Chairman of the Joint Council of Unions agreed that GPO should be as efficient as possible; however, he said that high levels of idle time and waste and spoilage were symptoms, rather than causes, of GPO's high production costs. He said that inadequate numbers of production staff, the use of certain GPO equipment for a limited number of products, and equipment age were the causes of idle time and waste and spoilage.

We recognized that the number of GPO staff in production had decreased over the last 5 years, and we also knew that some equipment was designed to be used for a limited number of GPO products. We did not include these machine groups in our analysis of idle time.

After our review, we looked at the correlation between the age of GPO's equipment and fiscal year 1989 reported levels of idle time and waste and spoilage, but our analysis showed no correlation between equipment age and idle time. Although GPO officials told us that they do not collect data on the amount of waste and spoilage by machine group, they listed the age of equipment as one of the factors that contributes to high levels of waste and spoilage. In those interviews, they also told us that reported levels of waste and spoilage were higher than they would have liked them to be.

Local 2876 of the American Federation of Government Employees was in agreement with the recommendations in the report. It commented that overtime is a result of management decisions about when and how

much work will be done, that wage rates and benefits were negotiated in accordance with laws and GPO procedures, and that labor cost issues were presented in a balanced and forthright manner in the report.

# Better Information Needed for Procured Printing Processes

Although GPO's procurement activities offer competitive prices, GPO's procurement operation is faced with a number of management problems that affect its ability to effectively serve its customers—the other agencies of government. An issue critical to customers is the assurance that government printing is performed by competent contractors. GPO procurement officials acknowledge that awarding contracts to competent contractors is important; however, (1) they usually do not have easy access to information on contractor performance needed for a sound contracting system; and (2) no guidance exists on how to best use that information. Essentially, GPO continues to award contracts to poor performers.

## GPO's Procurement Operations

GPO's procurement operations use private sector contractors in attempting to obtain goods and services at the most competitive prices. Through the Central Office and a network of 14 regional and 6 satellite procurement offices, GPO maintained a list that included approximately 10,000 eligible contractors as of October 1989. GPO's procurement activities follow Title 44, the regulations of the JCP and GPO's own Printing Procurement Regulation. GPO issues its regulation to prescribe uniform policies and procedures for the procurement of printing, binding, and related services.

GPO has procured between 280,000 and 320,000 orders in each of the past 5 fiscal years billed at between $563 and $726 million (it filled about 293,000 orders billed at about $726 million in fiscal year 1989). Work is procured for a customer base of about 135 agencies in all 3 branches of the federal government. The vast majority is procured for the executive branch.

GPO classifies procurements into three major types—normal bids, small purchases, and term contracts. Normal bids and small purchases are nonrecurring buys solicited and awarded by GPO. Small purchases are buys of $25,000 or less; normal bids exceed $25,000. In fiscal year 1989, GPO procured the largest single award contract in its history—$18 million for printing 86 million copies of the 1990 Decennial Census short form. Of all jobs procured in fiscal year 1989, 20 percent were normal bids and small purchases.

The remaining 80 percent of GPO's purchases were done through term contracts established to meet recurring agency requirements, such as magazines and reports. They are normally awarded for a period of 1

year. Placing print orders against term contracts can be done by GPO personnel or by the customer agency. Term contracts that allow the customer agency to place orders directly with the contractor are called "direct deal" term contracts. Over the past 5 fiscal years (1985-1989), 60 percent to 67 percent of all print orders were placed against direct deal term contracts.

GPO's contracting officers enter into and administer contracts. At GPO's Central Office, they share responsibility with other units for monitoring contractor performance and communicating with customers. In the regions and satellite offices, contracting officers and their staff are responsible for all procurement-related duties, including communicating with customers and monitoring contractor performance.

# Information Needed to Assess Contracting Performance Is Not Validated or Easily Obtained

GPO does not validate shipping information supplied by contractors, and other information on contractor performance is not easily accessed. As a result, contracting officers have difficulty obtaining the information needed for a sound contracting system.

## Contractor Delivery Performance Is Not Validated

In determining whether contractors have met their schedules, GPO officials rely on unverified ship dates provided by contractors. As a result, GPO does not know if delivery dates in its system are accurate and reliable.

Data on delivery performance is maintained within the Procurement Information and Control System (PICS) for contracting officers to use in determining schedule compliance. Data-gathering for PICS begins when the Contract Compliance Section[1] generates a daily list of contracts scheduled to ship or deliver that day. Each day, procurement clerks call contractors to ask them if they have shipped materials on the dates specified on the list. The date the contractor says a job was or will be shipped is entered into the PICS. GPO does not check whether the contractor's claimed ship date matches the actual date materials were shipped.

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[1]Procedures of the Contract Compliance Section apply to Central Office procurement activities. GPO Regional and Satellite offices employ similar procedures; however, we did not review those procedures in detail.

The clerks go through the effort of making calls each day, sometimes two and three times before they get a date from the contractor. For example, on one particular day, procurement clerks were responsible for calling 150 contractors for ship dates on 692 jobs. Of the 692 jobs, procurement clerks were provided with ship dates for 403 of the jobs (58 percent). For the remaining jobs, contractors had to be called again to confirm ship dates.

Even though GPO tries to call on every job, it does not know whether the dates contractors provide are accurate. Occasionally, GPO will find out that the contractor did not ship on the date reported when customers complain or through other sources. For example, in both fiscal years 1988 and 1989, the Contract Compliance Section mailed over 50 letters to contractors that GPO determined had supplied incorrect ship dates.

Although the Compliance Section currently has no systematic means of determining actual ship dates, GPO had a system designed to validate such dates. However, it did not contain accurate information and was discontinued. Under that validation system, when the Financial Management Service (FMS) received payment vouchers from contractors, it would enter actual ship dates from shipping documents into an FMS information system separate from PICS. FMS then would give Procurement a weekly delinquency report listing discrepancies (late orders) between the promised date entered in PICS and the actual date in the FMS system. However, the FMS manager said this was difficult because of the complexity of some delivery requirements, the volume of payment vouchers, and higher priorities in FMS.

FMS and the Contract Compliance Section agreed in November 1988 that Contract Compliance itself would validate ship dates by reviewing microfilm of shipping documents sent in by contractors. These shipping documents contain the actual date the materials were picked up from a contractor for shipment. Although FMS provided the equipment and necessary staff for the project almost 2 years ago, the Compliance Section has not implemented these procedures because Printing Procurement has been unable to install the equipment.

GPO's absence of procedures or controls to validate ship dates provided by contractors reduces the assurance that data in the system are accurate. While the lack of data on actual ship dates prevented us from making a comprehensive analysis of data base inaccuracies, anecdotal information suggests that problems exist. For example, from reviewing

PICS data, we found that even though one GPO contractor made late shipments, he continued to receive print orders. According to the Chief of Contract Compliance, the contractor had provided inaccurate ship dates that had not been validated. As a result, his delivery performance had not been reflected accurately in his performance history.

Procurement officials inadvertently became aware of the contractor's actual performance through conversations with him and from a letter sent by the contractor admitting that he was experiencing delays with shipping some orders. By that time, according to the responsible GPO official, the contractor was filing for bankruptcy, was unable to perform the work, and subsequently returned several print orders to GPO for reprocurement.

The Manager of the Printing Procurement Department believes that the current method of relying on contractors to verify ship dates is the best method. He said that contractors are generally honest and that they provide the correct dates. However, it appears that GPO offers little incentive for a contractor to report actual ship dates.

Of the agency officials who had problems with late delivery who responded to our survey, only 2 out of 21 were more than moderately satisfied with the way GPO resolved the problem. One commercial contractor said that "contractors bid on jobs knowing that they can't meet the dates."

## Data on Contractor Performance Are in Different Locations

There are multiple sources of contractor performance data and some data are not computerized and are hard to get. Therefore, data on contractor performance are not easily accessed. The 1989 GPO Quality Study Group said printing specialists have to gather information from a number of sources in order to provide information to contracting officers for award decisions. In light of this and the time constraints, the study group said that it is important that printing specialists have the necessary tools to assist contracting officers in making awards that provide GPO's clients with quality products. The study group said that information within GPO on potential contractors had to be collected by

- viewing numerous screens in PICS for historical information, including quality and schedule compliance;
- discussing any current jobs with responsible contracting officers; and
- searching manual files maintained by the Central Office Quality Assurance Section (QAS) for evaluations of samples provided by contractors,

information from inspections of contractors' work, and complaints information.

As mentioned above, some contractor performance data on quality are maintained manually for each contractor and other historical data are automated in PICS. While the QAS staff is available to provide information from contractor files over the phone, the Chief of QAS strongly advises that the procuring officials review the files themselves. The Chief said that the review of the information in the files, such as samples of contractor printing, involves a judgment call that may be better made by the procuring staff.

According to the Quality Study Group, while most of the computer information is available to everyone in the central and regional offices, paper files are understandably not readily available to everyone. For example, we were told that a recent job procured through one of the regional offices ran into difficulties because the contracting officer was not aware of some limitations of the contractor's equipment; however, the information was in the Central Office QAS files. As a result, the job was completed 4 months late. Also, the Quality Study group was told of a contractor who was in trouble on three jobs and was awarded a fourth before there was any indication on the computer files of any problems.

## Guidance Needed on How to Use Contractor Performance Information

Even if GPO procurement officials were provided with all the information pertaining to a contractor's performance, GPO has not provided a framework within which this data can be effectively used. GPO has no standards on what constitutes poor contractor performance or guidance for procurement officials on how to use performance information in making procurements.

The manager of the Printing Procurement Department said that standards or guidance are not provided to contracting officers because it is a judgement call for contracting officers. He said situations vary too widely for there to be a "cook book" approach. The Chief of the Quality Assurance Section also said that although he is available to give advice, the decision to award a contract is left to the discretion of the contracting officer. He said that his section is in no position to begin providing such guidance because the section needs to better organize data on contractor quality performance and has not yet identified what information is pertinent to evaluating the quality of a contractor's performance.

## GPO Continues to Award Contracts to Poor Performers

The 1984 Task Force report on the printing procurement program stated that printing contractors who provided lower than acceptable work consistently reappeared on the GPO bidders list.

Agency customers still believe that GPO awards contracts to less than competent contractors. The Interagency Council on Printing and Publications Services, an agency advisory group, told the Public Printer in a March 12, 1990, memo that agencies feel strongly that more needs to be done to get rid of and avoid reusing deficient contractors. Of the agency officials who responded to our survey, only 3 of 23 were more than moderately satisfied that GPO was effectively sanctioning poor performing contractors.

We reviewed PICS data on contractors that appeared in a quarterly GPO Compliance report that identified contractors that shipped 15 percent or more of their jobs late. In our review, we found that GPO awarded contracts to 6 contractors in spite of high percentages of late shipments. For example, during the last quarter in fiscal year 1989, these 6 contractors shipped late on 488, or 28 percent, of their total 1,753 jobs. During that time period, all 6 shipped late on at least 17 percent of their jobs, and 3 of the 6 shipped between 56 and 77 percent of their jobs late.

These contractors were also awarded jobs during the next two quarters in fiscal year 1990. During October 1989 through March 1990, five of the six were awarded at least three small purchase contracts or given at least three print orders on term contracts. One of the five was awarded five small purchase contracts in spite of having shipped between 17 and 56 percent of his jobs late in each consecutive quarter of fiscal year 1989.

## Conclusions

GPO needs to ensure that only quality contractors are employed to provide printing products to agencies. Management problems in the activities for collecting and maintaining data on contractors' ability to provide required products within the time specified hinder the ability of procurement officials to identify poorly performing contractors. Also, the lack of criteria on what constitutes poor performance makes it difficult for GPO to ensure that only acceptable bidders and contractors are participating in contracts.

## Recommendations

To improve the management of procurement and ensure that procurement personnel have access to comprehensive and reliable data on contractor performance prior to making award decisions, the Public Printer should take the following actions:

- He should establish internal control procedures to collect, validate, and maintain information on delivery performance. Such procedures should require periodic contact directly with customers to validate delivery information.
- He should automate, to the extent possible, data on the quality and timeliness of products provided by contractors, or at least make the data more accessible.
- He should issue guidance on the use of quality and timeliness data in awarding contracts.

## Agency Comments

GPO agreed that information systems needed to be upgraded to improve the processes for validating contractor performance, including delivery dates, and for obtaining up-to-date data easily. GPO also noted that steps had been taken to validate some information on contractor shipping and delivery dates.

Although GPO stated that adequate guidance on making contract awards is available to contracting officers, our analyses indicated that contracting officers (1) had no standards on what constituted poor contractor performance and (2) lacked guidance on how to use performance information when making procurement decisions. During our review, the manager of GPO's Printing Procurement Department said that standards or guidance were not provided to contracting officers because contract awards were based on the contracting officers' judgement. We believe the lack of clear guidance has hindered GPO's ability to ensure that only acceptable bidders and contractors receive government contracts for printing.

# GPO Should Be More Responsive to the Needs of Customers

For a service organization to be successful in a competitive environment, it must identify customers' needs and continually develop ways to better address them. GPO has few incentives to improve service since customers are required, by law, to use GPO. Although in recent years GPO has taken steps to identify and address congressional and agency customers' needs, these actions have not been adequate. GPO needs to improve its customer service program by (1) providing customers with improved billing and job status information, (2) developing a system to solicit and analyze customer feedback on a regular basis, and (3) improving processes to track and resolve customer complaints.

## GPO Does Not Provide Customers With Adequate Information

GPO leaders recognize that the information they provide their customers is important. Yet both congressional and agency customers cited problems with the information GPO provides regarding their bills. Agency customers also complained about the information GPO provides on the status of their work.

### Congressional and Agency Customers Are Not Satisfied With GPO Billing Information

In interviews we had, congressional and agency customers complained that GPO does not provide adequate billing information. Only 17 percent of the 23 agency officials who responded to our telephone survey were more than moderately satisfied with the level of detail GPO provides on bills. When we reviewed examples of agency and congressional bills, we found that they contained confusing codes and unexplained charges. We also found that only congressional bills included a cover letter identifying a GPO contact for billing complaint resolution.

Congressional and agency customers alike complained that they have difficulty in understanding their bills, noting that GPO is often not helpful in resolving billing questions or explaining discrepancies between estimated and actual costs. In two interviews with congressional customers, we heard complaints that current bills contained charges for printing services generated during previous billing periods. A similar problem with outdated or inaccurate items appearing on bills was a theme in a few of the agency customer focus groups. An additional theme occurring among the focus groups, in general, was that actual printing costs often were substantially higher than GPO estimated costs, sometimes by as much as three times.

The 1988 OTA study concluded that the way GPO provides customers with billing information essentially places the burden on customers to determine the accuracy of information. The study recommended that GPO provide itemized billing for all in-house printing and for procured printing when the actual cost differs from the estimated cost by more than 10 percent. The study indicated that this would facilitate follow-up when agencies believe there is a serious cost estimate or billing error. GPO has not implemented this recommendation, but the Comptroller's office is currently analyzing the feasibility of making revisions in GPO's billing system to list costs separately on certain jobs.

## Agency Customers Say They Do Not Receive Adequate Job Status Information

GPO does not provide agency customers with adequate information on the status of work in progress, including when and where work will be done. Two major complaints in this area are that GPO (1) does not inform agencies ahead of time when work will be produced in-house and (2) fails to notify them when orders will be delivered late.

Agencies generally are hesitant to have work produced in-house because doing so may double the price they pay. In our telephone survey of 23 representatives of agency customers, 83 percent of the 18 agency officials who knew that GPO had done their work in-house in the past year said that the cost was too high. For this reason, many agencies specifically request that GPO not produce their work in-house; others request that GPO at least inform them in advance when their work will be produced in-house. Despite this request, 67 percent of the 18 agency officials cited above said that GPO never or only occasionally informed them ahead of time.

Agency customers said they also have trouble obtaining scheduling information and therefore rarely know in advance when a job will be delivered late. Both the 1984 report of the Task Force on the Printing Procurement Program and the 1989 report of GPO's Quality Study Group stated that customers often are not notified of a late delivery until the expected delivery date or later. Also, in a 1988 letter to the Public Printer, the FPC identified late delivery as a continuing problem.

A general theme across the focus groups was that GPO often fails to notify customers in advance of late deliveries. GPO Customer Service officials place the blame on contractors who fail to inform them of late deliveries. As mentioned in chapter 4, GPO relies on contractors for this information because it does not check on the status of jobs until the day they are scheduled to be shipped.

Customers said they experience greater difficulty getting information on in-house jobs than on procured jobs. Only 4 of the 16 agency officials responding to our survey who said their agency uses PICS knew that they could get information on the status of in-house jobs through that system. None of the four were greatly satisfied with the information GPO provided on in-house jobs. While respondents indicated that more information is available on the status of procured jobs, only 22 percent of the 23 agency officials surveyed were more than moderately satisfied with the adequacy of this information.

# GPO Does Not Regularly Collect and Analyze Customer Feedback

For a service organization to be responsive, it must have an effective and regular means of identifying customer needs and analyzing customer feedback. GPO conducted its first and only survey of a sample of congressional customers' satisfaction in July 1989. GPO has made few formal attempts to determine agency customers' satisfaction because it felt that past attempts to survey them were ineffective.

GPO's last in-depth survey of agency customers, summarized in a 1983 Inspector General's report,[1] identified many of the same problem areas that we found in our review. The report identified the most frequent areas of customer dissatisfaction as timeliness, billing practices, and inaccurate cost estimates. The Inspector General found that customers preferred to have work procured from private contractors, primarily because it costs less. Also, the Inspector General reported that most agencies wanted to be contacted in advance when a job would be produced in-house; most felt that the decision to produce work in-house was arbitrary and unfair.

A Customer Service official told us that GPO does not conduct formal satisfaction surveys because, in the past, agencies expressed little interest in participating, complaining that GPO did too many surveys. Instead of formal surveys, GPO relies on informal feedback from agency groups of printers and publishers and on periodic agency visits. GPO has responded to this feedback in various ways, including meeting with groups of printers and publishers, responding in writing to some complaints and recommendations, documenting agency visits, and developing plans to address concerns. However, the FPC Chair said in an interview with us that a systematic user survey would be more valuable to GPO than waiting for customer feedback and, in his opinion, agencies would be willing to participate. The Vice Chair of the Interagency

[1]Opportunities Exist To Improve Customer Satisfaction With GPO Operations, Dec. 1983.

Council on Printing and Publication Services also agreed that surveying agency customers regularly would be a good idea, and could provide GPO with valuable feedback.

# GPO Systems for Tracking and Resolving Customer Complaints Are Inadequate

GPO needs to develop better systems to track customer quality, billing, and timeliness complaints so it can be more proactive in resolving them. GPO's Customer Service Department is unaware of the scope of customers' problems in these three areas because it currently has no formal system to track all complaints. The Congressional Printing Management Division of the Customer Service Department records some congressional complaints about quality; the Departmental Account Representative Division, however, tracks only those complaints about quality that agencies report on a standard form.

The complaints that GPO tracks do not accurately represent customer dissatisfaction. For example, the Customer Service Department recorded 1,427 agency complaints in fiscal year 1989. This total does not include an estimated 1,300 billing complaints and inquiries that were handled informally by FMS and at least 29 timeliness complaints agencies registered formally with the Procurement Department. Quality and timeliness complaints that go directly to regional offices also are not included in the Customer Service Department's count.

## Quality

Quality of work is very important to GPO's customers, and is second only to timeliness among both agency and congressional respondents in our survey of GPO's largest customers. Yet only 17 percent of the 23 agency officials responding to our survey reported being more than moderately satisfied with the quality of their printing work. Further, 96 percent of the 23 agency officials said that they had had problems with the quality of printing jobs within the past year. Only 27 percent of the 22 officials who had quality complaints were more than moderately satisfied with GPO's resolution of their quality problems.

Although GPO tracks some agency quality complaints, it does not analyze trends to look for ways to improve customer service. One of the ways GPO deals with customer complaints about quality is to offer discounts. However, a general theme expressed in the focus groups was that discounts are not helpful when the agency would prefer better quality printing. One focus group participant called discounts a "hollow victory."

Another theme heard in our focus groups was that formally registering complaints is a time-consuming and difficult process. Customers reported that by the time their complaints go through GPO's proper channels, a reprinted job may be a month or more late, and that time constraints often force them to accept poor quality jobs. This same problem was identified in past reports by NAPA, the Printing Procurement Program Task Force, GPO's Quality Study Group, and the FPC.

## Billing

Because GPO does not formally track customer complaints, preferring instead to handle the problems informally; GPO does not have an accurate perception of the extent of customers' billing complaints. Instead of tracking billing inquiries directly, the Customer Service Department usually refers customers to FMS, which receives an estimated 110 billing complaints and inquiries per month.

In our survey of 23 officials from the 10 largest agency customers, we found that 78 percent of the respondents had billing complaints in the past year, and only 22 percent of the 18 officials who had complaints were more than moderately satisfied with GPO's resolution of their complaints.

## Timeliness

GPO does not have a system to record customer complaints about timeliness, and appears to be unaware of the level of dissatisfaction among customers in this area. In our survey of 23 agency customers, 83 percent selected timeliness as one of the three most important aspects in their dealings with GPO. Yet only 26 percent of the 23 agency customers were more than moderately satisfied with GPO's timeliness. Ninety-six percent of the 23 agency officials reported that they had had problems with late delivery within the past year; only 9 percent of the 22 officials who had complained were more than moderately satisfied with GPO's resolution of their problem.

## Conclusions

At present, customers who are not fully satisfied have little choice but to come back to GPO. Thus GPO's inherent need to keep customers satisfied is not as strong a motivation as it is in the private sector, where customers can take their business elsewhere. Although GPO has taken steps to identify and address customer needs, its customers say that it does not provide them with adequate information on either billing or status of their work. In addition, customers' levels of satisfaction with

using complaint information to be more proactive in meeting customers needs.

| Agency Comments | GPO agreed with all of the recommendations in this chapter and commented on current plans that are under way to implement them. These initiatives include communicating more frequently with congressional and agency customers; developing better systems to notify customers of and explain work delays; improving billing systems; and providing customers with better, more accurate, and timely information on the status of jobs. |

# Performance System Can Be Better Used to Hold Managers Accountable

GPO's leaders should strengthen the performance management system so that it can be used more effectively as a tool to hold managers accountable for achieving results and improving operations. We analyzed the fiscal year 1989, or the latest available, performance plans for 27 of GPO's 30 top managers (3 managers had no plans on file) and found that GPO's ability to hold managers accountable was limited because performance plans lacked measurable objectives, contained references to goals and objectives that had not been specified for the agency for fiscal year 1989, and contained language that was too general to establish accountability.

## Plans Lack Measurable Objectives for Improvements in Production, Procurement, and Customer Service

The character of performance plans for an organization's managers should vary with the level of managerial responsibility. Plans for the top managers responsible for overall agency operations do not lend themselves to quantification. The scope of managerial responsibility becomes more narrowly defined below this level, however, consequently, measurable standards become more viable and can be used to help establish accountability. Of the 27 individuals whose plans we reviewed, we believe that about 19 had responsibilities that lent themselves to the use of some measurable standards. Our overall analysis of these 19 showed that only 6 had any measurable standards.

Production and procurement of printing services are major GPO functions. Our analysis of the 19 performance plans showed that 7 managers had production or procurement responsibilities and should have had measurable standards for these areas. However, only one of the seven—the Director, Engineering Service, whose office maintains GPO equipment—had a measurable standard. This standard stated that productivity reports should be issued on time and would not be more than 30 percent below the established standards for the rating period.

Although timeliness and product quality were identified as two problem areas by GPO's customers, we did not find timeliness and quality of printing services stressed in many of the performance plans. Our analysis showed that although some plans had timeliness measurements, these requirement generally did not relate to the timeliness of providing printing products. For example, one standard in the plan for the Deputy Director, Materials Management, specified that "all administrative reports are submitted in a timely manner and [meet] all deadlines 95 percent of the time."

Most plans had a quality standard; however, these standards did not
lend themselves to measuring improvement in the quality of printed
products. The performance plan for the Manager, Quality Control and
Technical Department, states that he "[provides] advice and guidance to
agency relevant to quality control. Advice and guidance reflects the
state-of-the-art in printing technology and meets the needs of the
agency." A standard for ensuring the timeliness and quality of services
was present in the plans of some managers in administration and
resources management. However, neither the Printing Procurement
Manager nor the Production Manager had performance plans that
required improvements in operations or workload schedules to provide
more timely and better quality products to customers.

Another important GPO responsibility is customer service. Our analysis
also showed that although eight managers were identified whose role
indicated that subordinates would have extensive customer contact
outside the agency, only one of the eight managers had a customer ser-
vice standard in his plan.

Although measurements were generally not found in production, pro-
curement, or customer service managers' plans, we did find measure-
ments in performance plans in other areas. For example, the plans for
the Comptroller and Deputy Comptroller stated that "[no] more than 2
incidents of FMS priorities conflicting with overall GPO priorities can be
recorded per rating period." In addition to those of the Engineering Ser-
vice Director and the two Comptrollers, plans with some performance
measures included those for the Library Programs Director; the Deputy
Director, Materials Management Service; and the Director, Security and
Support.

## Plans Made References to Goals and Objectives That Had Not Been Specified for Fiscal Year 1989

Managers' performance plans contained statements referring to the
establishment of goals, objectives, and priorities for accomplishing GPO's
mission. However, no goals, objectives, or priorities were established
agencywide for GPO for fiscal year 1989. GPO's last strategic or agency-
wide plan was developed in 1981. Since then, GPO has not had a formal
plan identifying agencywide priorities and goals for providing printing
services to its customers.

Given the lack of established agencywide goals, we believe a number of
the performance plans would be impossible to evaluate. For example, 2

of the 27 plans had the standard that "[goals], policies, and plans effectively promote accomplishment of agency mission by subordinate organizations." An additional 16 plans mentioned in various ways establishing goals and priorities to accomplish the agency's mission, objectives, or results.

GPO has taken a first step in specifying agencywide goals. In late May 1990, the new Public Printer informally identified a few goals for operation improvements.

## Plans Contained Language Too General to Establish Accountability

Critical elements and/or standards found in managers' performance plans were not written in specific terms that could be used for holding managers accountable for improving operations. For example, the language in some plans did not indicate what an acceptable performance level would be or in what time frame the requirements should be met. Instead, the plans had general language such as

- "Manages and recommends improvements in internal procedures systems";
- "Provides managerial leadership in development of organization position and policies in relation to technology in order for GPO to effectively accomplish its mission";
- Directs the service organization to meet GPO's requirements;
- Corrects major problems within a reasonable time; and
- "Directs and oversees the management of all aspects of human, financial, and facilities resources within the organization."

## EIS Should Be Improved

GPO's EIS was developed to provide management with information on GPO operations. However, as currently designed, GPO's EIS (1) lacks useful information, (2) lacks easy access to data, (3) has a slow response time, and (4) is seldom used by top managers.

## Executive Information Systems

GPO's EIS was developed in-house in 1985, at the Public Printer's request. The estimated development costs were $361,400, which included labor and testing. Fiscal year 1989 EIS maintenance costs were $262,618. The system contained 670 graphs, 17 of which were identified by the EIS developers as high-interest graphs and were expected to be of particular value to users. The high-interest graphs included delivery performance, daily cash, revenue and expense data, accounts receivable, machine usage, and overtime hours. The remaining graphs covered various topics

such as individual machine usage, labor hours, leave usage, and
spoilage. At least 23 of GPO's top managers had access to the EIS.

According to Comshare, Inc., an information systems developer, an exec-
utive information system should

- satisfy top managers' strategic information needs,
- require no computer skills to operate,
- respond rapidly when accessed, and
- contain reliable data.

Another system developer, Pilot Executive Software, Inc., defines an
executive information system as "an automated way to deliver manage-
ment information to upper-level executives in a form that is easy to
absorb, easy to manipulate, and doesn't clutter [an executive's] desk
with irrelevant data."

## GPO's EIS Does Not Provide Useful Information

GPO's frequency of updating its EIS information varies. Information is
automatically input into the system from other automated data systems
daily, weekly, monthly, and in some cases annually. During our review,
the then-Acting Public Printer and one Assistant Public Printer said
they relied on their staff to obtain information, instead of using the EIS.
According to these managers, their staff prepared the data which were
therefore more current and more accessible than if the data were from
EIS.

In some instances, EIS information is not displayed in a fashion to sup-
port ease of decision-making. For example, information about GPO's per-
formance in the production area was displayed by each machine group,
but was not aggregated for all groups.

## GPO's EIS Does Not Provide Easy Access to Data

An EIS should respond rapidly when accessed and be easily manipulated
by the user. However, if a GPO manager wanted aggregate data on GPO's
overall production performance, he or she would have to access the
information separately and then total all of the various production
graphs.

The graphs—most of which are in bar format—also present problems
for many EIS users. Many of the bars are presented in various colors.
However, some colors do not have enough contrast to distinguish the

difference between the various departments. Some graphs do not show the individual numbers that make up the bar graph.

## Response Time Is Slow

To evaluate EIS responsiveness, we analyzed the system and found it took 12 minutes to access the 17 high-interest graphs or an average of 42 seconds per graph. The then-Acting Public Printer said that the system needed to be more automatic and faster in accessing data.

## GPO's System Is Seldom Used by Top Managers

At the time of our review, the then-Acting Public Printer and the Assistant Public Printers told us they seldom used the EIS. To determine the extent to which EIS was used, we reviewed GPO's frequency of use recorded for each graph. We found that 572 (or 85 percent) of the 670 graphs had not been reviewed in the last 30 days. In fact, 216 (or 38 percent) of the 572 had not been viewed since 1987.

For the 3 1/2-year period between October 1, 1986, and April 19, 1990, we found that

- 8 (or 47 percent) of the 17 high-interest graphs were viewed 500 or more times;
- 9 (or 53 percent) of the 17 high-interest graphs were viewed 334 to 495 times; and
- 198 (or about 30 percent) of the 670 graphs were reviewed only once.

## Conclusions

We recognize that managers cannot always be held accountable for circumstances over which they have little or no control, such as budget constraints or unforeseeable workload changes. Further, not all plans can have quantifiable elements or standards; human relationships and judgments are factors involved in evaluating performance.

Despite these constraints, however, we believe that GPO's performance management system could be strengthened. The need for strong accountability is important because GPO efforts to improve operations are dependent on internal initiatives rather than driven by external market forces.

GPO's performance management system could be improved by developing performance plans that can be used to better hold managers accountable for the successful performance of their duties and responsibilities. Performance plans should contain (1) measurable objectives for

improving production and procurement operations and customer service, (2) only goals and objectives that have been specified, and (3) specific language to permit accountability.

As currently designed, GPO's managers seldom use the EIS. As a result, the system is not serving the purpose for which it was intended—to provide valuable information for top managers to use in enhancing the efficiency and effectiveness of GPO operations.

## Recommendations

We recommend that the Public Printer strengthen accountability by improving top managers' performance plans and by using the plans to evaluate performance. Specifically, we recommend that, where appropriate, top managers' performance plans

- contain measurable objectives for improving production, procurement, and customer service operations;
- include achievement of the Public Printer's specified goals and objectives pertaining to managers' functional areas; and
- contain specific language that can be used to hold managers accountable for performance.

We recommend that the Public Printer improve the EIS and encourage its use by

- identifying the information that is needed to better manage the agency,
- redesigning the system to meet the information needs of GPO's top managers, and
- improving the response time.

## Agency Comments

GPO concurred with our recommendations to strengthen its performance management system by including specific and quantifiable measures in managers' performance plans. Current efforts include providing training to GPO managers in how to develop adequate and meaningful job elements and standards. Also, GPO plans to upgrade its EIS to provide GPO managers with meaningful information on a more timely and user-friendly basis.

# Strategic Planning: A Tool for Addressing Long-Range Management Issues

Even in its insulated environment, GPO's top management will face many critical challenges over the next 5 to 10 years that emanate from long-standing operational problems and changes in the printing environment. We believe a strategic planning process can be a valuable tool for identifying options for improvement and change and choosing among them.

GPO's past attempts at developing a strategic planning process have been unsuccessful and its current planning process needs to be strengthened. Above all, GPO, the JCP, and others need to collaborate in (1) deciding GPO's future role in government printing and (2) identifying actions needed to implement that role.

## Past Attempts at Strategic Planning Have Been Unsuccessful

While GPO management has recognized the need to address long-range challenges through strategic planning, past attempts to institutionalize a strategic management approach have been unsuccessful. As early as the mid-1970s, GPO leaders established an agencywide planning process involving key GPO officials. Although that formal planning process continued for approximately 6 years, GPO strategic planning efforts have not produced a plan in nearly a decade. The last 5-year plan was published and issued in January 1981.

In the 1970 plans, GPO's mission statement referred solely to its statutory responsibilities under Title 44. GPO's mission was to

"provide the printing, binding, and distribution services required by the legislative, executive, and judicial branches . . . of the government in accordance with Title 44 and other laws that are pertinent to the functions of GPO."

In its last formal strategic plan, this mission statement had been broadened to include a reference to satisfying GPO customers' requirements. However, there were no references to the quality or cost of service.

Although GPO leaders identified broad goals for cost and productivity improvements in these early strategic plans, former GPO policy and planning officials said that strategic planning goals were never implemented and were never used as a tool for decision-making. For example, GPO established no formal link between the strategic plan and the budget. These officials said that strategic plan objectives were in large part numerical projections based on prior year plan estimates rather than on GPO's performance in accomplishing those objectives.

GPO established a formal Office of Policy and Planning in late 1981. The Office reported directly to the Public Printer and was responsible for communicating GPO's policies, identifying conflicts between GPO's performance and policy objectives, and ensuring that the Public Printer's goals were implemented. The Office was also responsible for establishing an agencywide strategic planning process.

Former GPO Policy and Planning officials said that the Office was not successful in institutionalizing a strategic planning process since it was unable to gain the needed consensus from GPO's top managers on the agency's mission and objectives. As a result, the group never issued a formal plan. Instead, it developed issues papers on various topics, such as technology, to educate GPO managers. In addition, former Policy and Planning officials told us that attempts to link planning activities with the budget were unsuccessful during this time. The Office was abolished in 1985. Since then, GPO managers have relied on individual department goals and objectives, annual reports, and/or their budgets for strategic and operational planning purposes.

# GPO's Strategic Planning Initiative Needs to Be Strengthened

Although GPO reactivated its strategic planning process in 1989, planning activities lacked direction from GPO's top management. Key internal and external players had not participated in the planning process; further, the strategic planning did not drive the budgeting process.

## Planning Process Lacked Direction From Top Management

GPO began developing another strategic planning process in October 1989 and established a Strategic Planning Division. GPO leaders recognized the need for agency managers to "buy into" planning objectives in order for them to be implemented. Consequently, they made the planning process "bottom up," or participative. As of early April 1990, the Chief of the Strategic Planning Division had interviewed more than 30 of GPO's department managers and staff members in Production, Procurement, and Documents. In these interviews, managers have been required to make 5 year projections about future facilities, workload, equipment, personnel, and technology needs in their operations. This information can be valuable if it is developed in the context of some overall direction for the agency. However, the planning effort lacked direction from GPO's top management; this weakness was reflected in the ability of GPO's operations managers to assess GPO's future role in government printing accurately.

Former GPO Policy and Planning officials said that these operations managers lack the agencywide perspective needed to make strategic planning projections. For example, managers involved in pre-press operations anticipated stability or growth in their areas over the next 5 years. These projections seem inconsistent with GPO's likely future involvement in these activities given the increasing use of personal computers and programs like GPO's Dial-Up where some pre-press activities are performed by GPO customers.

Also, these same managers anticipate that GPO will become actively involved in producing electronically formatted printing products, such as CD-ROM (compact disk—read only memory). As such, they intend to acquire a "complete, state-of-the-art CD-ROM mastering and replicating facility, requiring 2,500 square feet of floor space at an estimated cost of $6.5 million." However, the then Acting Public Printer had not stated to what extent GPO would be involved in this new technology or to what degree GPO was prepared to make capital investments in this area.

## Key Players Need to Participate in the Planning Process

Key external players have not been involved in the planning process. Planning activities did not seek the views of the JCP, appropriations committees, Office of Management and Budget, congressional and agency customers, or special interest groups.

Key internal players did not participate in strategic planning activities either. GPO's effort only identified the goals of managers in revenue-producing areas. As of late April 1990, managers in GPO's support functions had not been contacted. As a result operations managers were making projections about personnel, financial, information, and technology dissemination requirements without input from the managers of those key functions. Also, GPO employee unions had not participated in the current planning process.

## Strategic Planning Should Drive Budget Development

An effective strategic planning process drives budget formulation within an organization. However, GPO's planning process does not drive its budget activities. For example, GPO's projections for fiscal year 1991 appropriations have preceded the completion of the 1991 strategic plan, which is currently in development. The current Chief of the Strategic Planning Division said that, rather than having strategic planning drive budget formulation at GPO in the future, these processes will be concurrent.

## JCP Should Take the Lead in Defining GPO's Future Role

In May 1990, the new Public Printer identified some preliminary goals that he wants GPO to address. They are

- to maintain and improve client satisfaction,
- to modernize GPO operations, and
- to determine GPO's future role.

The definition of the goals is an important step in dealing with GPO's long-standing operational problems. However, because the specific solutions to GPO's operational problems will vary depending on its future role in government printing, we believe the next step should be to define GPO's future role. In this context, the JCP should take the lead in bringing together a group consisting of the Public Printer, other appropriate congressional committees, GPO customers, union representatives, and others to address critical questions about GPO's mission, operations, workforce, and customers. These questions include the following:

- Monopoly-like status. Should GPO's monopoly-like status be maintained or should agencies be allowed to produce and procure their own printing? Should agencies at least decide which method (in-house production or procurement) GPO will use to meet their printing needs?
- Lines of business. Should GPO become primarily a contracting operation? Are there some lines of printing products that GPO should drop while concentrating on others?
- Prices and earnings. Should GPO charge its customers competitive prices or continue its actual cost recovery pricing strategy for work produced in-house? How can GPO's production operations become more cost efficient and profitable?
- New technologies. What are the implications of new technologies for GPO and its customers? Will GPO play a leadership role in incorporating new technologies in printing and information dissemination?

## Implementing Decisions Needed to Carry Out Role Once It Is Defined

Once GPO's future role has been defined, key subordinate decisions need to be made to determine the best staffing, plant, and equipment to carry out that role. To date, the JCP has been cautious in approving plant and equipment requests because of the need to determine GPO's future direction.

## Important Workforce Issues Need Resolution

The absence of a strategic plan has limited GPO leaders' ability to address important workforce issues presented by rapidly changing technology and an aging workforce. The planning process makes no provision for workforce planning despite the fact that GPO will soon be faced with the need to re-train workers in light of new printing technologies. By 1985, GPO successfully re-trained staff as the agency completed the multi-year transition from hot metal to electronic photocomposition. A Personnel official said that this effort was successful because it involved re-training some workers with similar skills on new equipment. The new automation poses different challenges, however, although GPO leaders have not identified strategies to meet them. For example, two Personnel and Training officials said that advanced automation in the pre-press area will probably create the need for extensive training in advanced written communication, mathematics, and proofreading—skills that some GPO employees do not now have.

Workforce planning also will need to respond effectively to pending retirements in key operations and support functions. In April 1990, 27 percent of GPO's workforce was eligible to retire within the next 5 years. This proportion includes about 35 percent of the employees in the Production Department.

## Major Decisions About Plant and Equipment Must Be Made

In his statement to the House Appropriations Committee in late January 1990, the then-Acting Public Printer referred to GPO's attempts to modernize its plant and equipment and the decade-long effort to replace the obsolete letter presses that are used to print the Congressional Record and the Federal Register. He also referenced space limitation and layout problems in the aging Central Office plant.

However, despite these expressed needs for new equipment and plant improvements, GPO continues to have no comprehensive capital investment plan. This lack has made the JCP reluctant to act upon GPO's outstanding requests. Key decisions about future capital and plant requirements must be made within the context of strategic planning and the articulation of GPO's future role.

## Conclusions

Even in its insulated environment, GPO leaders will be required to respond to critical long-term challenges in the future. Most important will be efforts to create a more efficient, more responsive agency and to respond effectively to environmental challenges. GPO managers must be ever mindful of these challenges as they work to ensure that corrective

actions receive the sustained attention needed to produce fundamental management improvement.

GPO leaders have recognized that long-term needs are not effectively addressed by the incremental budgeting process. Consequently, they have initiated efforts to re-establish a strategic planning process to develop long-range plans. GPO should build upon its early initiatives, ensure that planning drives budgeting activities, and familiarize key parties and organizations with its strategic planning efforts. It also must make the involvement of key internal and external players in plan development an intrinsic part of GPO's management practices. GPO should identify and address long-term staffing requirements through workforce planning and ensure that there is a link between strategic and workforce planing. Also, the strategic plan should support key decision-making about plant and equipment.

## Recommendations

We recommend that the Public Printer strengthen GPO's planning process by

- providing more specific direction and ensuring that the current planning process becomes an intrinsic part of GPO's management practices for establishing consensus on agency goals and objectives;
- involving key external and internal players in the process; and
- ensuring that strategic planning drives budget development and that workforce and other subordinate plans flow from the strategic plan.

Within the framework of the strategic planning process, there needs to be a collaborative effort to define GPO's future role. The JCP should take the lead in bringing together a collection of GPO leaders, customers, unions, and others to identify GPO's future role. This collaborative effort needs to

- answer the critical questions that will influence and define GPO's future role in government printing; and
- design and implement a strategy to provide the people, plant, and equipment needed to carry out the newly defined role.

Regardless of the outcome of any future role discussions, GPO needs to correct its operational problems.

## Agency Comments

GPO agreed with the recommendations in this chapter. In commenting on a draft of this report, GPO emphasized the importance of a strategic plan to the establishment of realistic goals and timetables that can be implemented by its annual budgets, capital investment plans, workforce planning and training program, and other managerial functions. It agreed that the strategic plan could be used to develop and communicate GPO's future direction to the JCP, Congress, federal agencies, and the public.

Since the GAO review, GPO has undertaken important first steps to determine its future role, under the guidance of the JCP. These steps include working with congressional committees to define GPO's future mission and examining GPO's role in expanding its involvement in procuring and disseminating electronic formats.

## Union Comments

Local 2876 of the American Federation of Government Employees was in agreement with our recommendations. It especially agreed with the recommendation that the JCP convene a group that includes GPO's unions to decide the future role and mission of the agency.

# GPO Organization Chart as of May 1990

## UNITED STATES GOVERNMENT PRINTING OFFICE

**PUBLIC PRINTER**
**DEPUTY PUBLIC PRINTER**

**CHIEF OF STAFF**

**GENERAL COUNSEL**

**OFFICE OF PLANNING**

**INSPECTOR GENERAL**

**ADMINISTRATIVE LAW JUDGE**

**OFFICE OF WORKFORCE PLANNING AND TRAINING**

**OFFICE OF CONGRESSIONAL AND LEGISLATIVE AFFAIRS**

**PUBLIC AFFAIRS OFFICE**

**ASSISTANT PUBLIC PRINTER (ADMINISTRATION AND RESOURCES MANAGEMENT)**

**ASSISTANT PUBLIC PRINTER (SUPERINTENDENT OF DOCUMENTS)**

**ASSISTANT PUBLIC PRINTER (OPERATIONS AND PROCUREMENT)**

**PERSONNEL SERVICE**

**EQUAL EMPLOYMENT OPPORTUNITY SERVICE**

**DOCUMENTS SALES SERVICE**

**LIBRARY PROGRAMS SERVICE**

**PRINTING PROCUREMENT DEPARTMENT**

**MATERIALS MANAGEMENT SERVICE**

**OCCUPATIONAL HEALTH AND ENVIRONMENTAL SERVICES**

**SECURITY AND SUPPORT SERVICES**

**QUALITY CONTROL & TECHNICAL DEPARTMENT**

**PRODUCTION DEPARTMENT**

**LABOR AND EMPLOYEE RELATIONS SERVICE**

**OFFICE OF INFORMATION RESOURCES MANAGEMENT**

**ENGINEERING SERVICE**

**CUSTOMER SERVICE DEPARTMENT**

**OFFICE OF FINANCIAL MANAGEMENT**

# Comments From the Government Printing Office

United States Government Printing Office
Washington, DC 20401

OFFICE OF THE PUBLIC PRINTER

September 4, 1990


Mr. Richard L. Fogel
Assistant Comptroller General
General Government Division
United States General Accounting Office
Washington, DC  20548

Dear Mr. Fogel:

Thank you for the opportunity to review the draft report of the
General Management Review of the Government Printing Office
(GPO).  My comments parallel those I provided recently in a
hearing before the Joint Committee on Printing (JCP) on the
findings and recommendations of the General Accounting Office
(GAO) resulting from that review.

As I observed at that time, while some of the findings are new to
me, the overall thrust of the draft confirms my view that
improvements to GPO's operations are needed, based on my own
observations and discussions with Congressional officials,
representatives of Federal printing and publishing organizations,
and other associated interests.

Following my confirmation as Public Printer in March 1990, I
established three primary goals for GPO:  maintaining and
improving client satisfaction with GPO's products and services;
modernizing GPO's plant, equipment, and workforce; and
determining and then pursuing GPO's future role in the
Government.  These goals and objectives have already begun to
address many of the issues raised by the draft report.

In that regard, I welcome the findings and recommendations
resulting from GAO's review.  They indicate to me that there now
is a basis for consensus between GAO and GPO on the substance and
means for improvements to GPO's operations.

-2-

### Maintaining and Improving Client Satisfaction

I agree that GPO should reduce in-house production costs and improve production quality. In this era of continuing fiscal constraint, the cost of GPO's in-house products and services is an increasing concern to Congress and Federal agencies. Improvements to the efficiency and quality of these operations are needed to ensure that the best possible products and services are being produced with the Government's printing dollar.

**Reducing Costs.** We are currently addressing the issue of weekend overtime and other uses of overtime in GPO's production operations. This issue is a great concern to me. While the time-sensitivity and relatively unpredictable nature of Congressional printing needs militate against abandoning the use of overtime completely, there are indeed alternative measures that can be implemented to reduce the frequency of its use, most notably improved scheduling, which would also have an effect on reducing equipment idle time rates.

We are going to take action to evaluate and remedy GPO's paper waste and spoilage rates. As I observed in the hearing before the JCP, these rates are likely to remain marginally higher than those found in the private sector printing industry, given the time constraints under which we operate and the wide variety of unique jobs we produce. There are, however, significant opportunities for decreasing the rates of paper waste and spoilage reported by GAO, particularly in the areas of reducing operator mistakes, remedying materials handling problems, and improving job scheduling. We intend to pursue these opportunities.

We are also going to address opportunities for incorporating cost-saving technology into GPO's production operations. We are currently re-evaluating various capital investment proposals to establish new priorities for the modernization of GPO's Central Office plant and equipment.

A number of other actions to reduce the costs of GPO's operations are underway. To reduce the overhead expense that is allocated to GPO's products and services, I have already initiated the curtailment of travel, subscriptions, administrative overtime, and other controllable costs, and I intend to take other steps, including reviewing the amount of supervisory levels throughout GPO. Overhead is an area that I would like to have seen the GAO review probe more deeply than it did because of its impact on GPO's printing rates. I understand, however, that GAO has recently initiated a separate effort to review GPO's overhead allocation system, and I look forward to the results of that study.

-3-

In addition, we are going to take action to improve other
features of GPO's printing and binding operations. We will be
paying close attention to the future of GPO's Rapid Response
Center, located at the Washington, DC, Navy Yard, in view of its
past poor financial performance and prospective space changes to
the Navy Yard area currently under consideration by the General
Services Administration. This operation was a primary reason for
the financial loss sustained by GPO's printing and binding
operations in fiscal year 1989. We also will be looking at
options to upgrade GPO's buildings and the efficiency of their
use, as recommended by a previous GAO report.

**Improving Quality.** I agree with GAO that a better approach to
monitoring efficiency and quality is needed. One objective I
have established calls for GPO to improve its liaison with
Congress and client agencies on GPO's quality assurance program,
where I believe there needs to be a greater dialogue. Equipment
modernization and the improved application of standards to the
performance of in-house work will have a beneficial impact on
quality, as the draft report notes. Finally, I found GAO's
discussion of a Total Quality Management program for GPO to be
quite interesting. As a result, we are going to address
opportunities for implementing a more coordinated approach to
quality management in GPO's Central Office plant.

**Improving Timeliness.** I also agree that increased management
attention needs to be devoted to improving the timeliness of
GPO's products and services. We plan to address opportunities
for smoothing the workflow at GPO's Central Office and regional
plants, encourage realistic delivery estimates for all work,
explore the potential for limiting priority work for in-house
production through improved scheduling, and develop better
systems for notifying our clients of and explaining work delays.
GAO has made a number of constructive suggestions in these areas.

**Responsiveness to Clients' Needs.** The draft devotes considerable
attention to the need for GPO to be more responsive to client
requirements on job status and scheduling, and to upgrade its
estimating and billing systems to prevent discrepancies and
provide more accessible methods for resolving complaints. While
GPO has expanded client access to automated job status systems in
recent years, the draft notes areas where that access can be
improved. The draft also discusses potential improvements to
GPO's estimating and billing systems. GAO's recommendations in
this area are in line with my objective to improve these systems
and operations to provide clients with better, more accurate, and
more timely information.

I agree that a key factor in being able to respond to clients'
needs effectively is the extent to which easily accessible

-4-

information on contractor performance is available to GPO. I
agree with GAO that current information systems need to be
upgraded to improve the processes for validating contractor
performance, including delivery dates, and for obtaining up-to-
date data easily.

While adequate guidance on making contract awards is currently
available to GPO's contracting officers through GPO's **Printing
Procurement Regulations** and various Government contracting
guidelines and policies, we also are going to address
opportunities for making this guidance clearer and more
accessible to client agencies. The draft report indicates to me,
for example, that the controlling principles of contract law,
including the applicable rules of due process, need to be more
broadly communicated to all clients of GPO's Printing Procurement
Program to establish a better understanding of the conditions
under which GPO may withhold contract awards and suspend or debar
Government contractors for performance reasons.

Finally, I have made it an objective for GPO to establish
stronger cooperative relationships with client agencies. In
May 1990 I arranged for the establishment of several working
groups comprising representatives of GPO and member agencies of
the **Interagency Council on Printing and Publishing Services**
(ICPPS) to explore issues pertaining to in-house work, procured
work, GPO responsiveness to client agencies, and other areas.
These working groups are pursuing an agenda submitted by ICPPS
member agencies which closely resembles the issues raised by the
focus groups used by GAO in the conduct of its review. The
continued use of such working groups, as well as other, more
formalized measures such as periodic surveys to collect and
analyze client feedback, as GAO has observed, will be useful for
keeping in touch with the needs of client agencies.

### Modernizing GPO's Operations

I agree with GAO that major equipment investment decisions today
are a key to GPO's efficiency and effectiveness tomorrow. The
rapid ongoing pace of technological development has conclusively
demonstrated the need for GPO to develop and implement a broad-
scale equipment modernization plan. In this I share the JCP's
long-standing concern that GPO's operations need to be upgraded
to meet the rapidly changing requirements of Congress, Federal
agencies, and the public for efficient, effective, and economical
products and services.

As I have noted, we have already begun the process of re-
evaluating a wide range of GPO capital investment proposals to
establish new priorities for investment in plant and equipment.
GPO's modernization activities will include continued movement

-5-

toward improving cost-effectiveness at the input or pre-press end
of the printing process by continuing to encourage electronic
submissions of text and data. In addition, other conventional
printing processes will be upgraded with electronically-enhanced
equipment to automate labor-intensive functions wherever
possible, and we will continue to incorporate electronic
information technologies into all GPO programs and services.

As I observed in the hearing before the JCP, the prospect of
modernization generally carries with it the potential for
occupational dislocation. GPO has a good record on incorporating
new, cost-effective technology into its operations with only a
minimal impact on its workforce. I think that record can be
continued, but only if GPO invests sufficiently in an effective
training program, as the draft report points out. Thus,
workforce planning and training will be a key component of GPO's
modernization plans.

### Management Performance and Information Systems

One of the more significant sections of the draft report
addresses inadequacies in the performance plans for GPO's
managers as well as in GPO's Executive Information System (EIS).

I concur with GAO's findings in these areas. To reduce the cost
and improve the timeliness and quality of GPO's products and
services, specific and quantifiable performance measures should
be included in manager's performance plans. As a result of GAO's
findings, we are going to address opportunities for incorporating
such measures into our management performance system. There is
also a need, again clearly demonstrated by GAO, to upgrade GPO's
EIS to provide GPO's managers with meaningful information on a
more timely and user-friendly basis.

### Determining GPO's Future Role

The majority of the goals and objectives I have established for
GPO speak to improving the performance of GPO's current mission.
Yet as it has been made abundantly clear, GPO is in the midst of
a fundamental technological transition affecting both the
Government and the printing industry. Printing and its role in
the execution of Federal information policy are changing rapidly.
As a result, I believe that GPO, with JCP guidance, must
determine and then aggressively pursue GPO's role as a reproducer
and disseminator of Government information. This is my third
major goal. It is also a primary conclusion of the draft report.

**Strategic Planning.** To guide this transition, the draft report
addresses GPO's critical need for a comprehensive, usable
strategic plan. GAO is accurate, I believe, in describing the

-6-

inadequacies of previous GPO strategic planning efforts, and in
emphasizing the fundamental importance of a strategic plan to the
establishment of realistic goals and timetables that can be
implemented by GPO's annual budgets, capital investment plans,
workforce planning and training program, and other managerial
functions. As I indicated before the JCP hearing, I also believe
a strategic plan is necessary to communicate to the JCP,
Congress, Federal agencies, and the public the directions in
which GPO is headed and how it plans to get there. GPO's current
strategic planning effort will be constructed with these
objectives in mind.

**GPO's Future Role.** As to the long-term direction for GPO, I
believe it is important to note that under the guidance of the
JCP, GPO has already made substantial progress in determining its
future role. JCP resolutions, such as those regarding the
dissemination of publications in electronic formats, have been
important developments in this regard. I intend for GPO to
expand on the progress it has already made in procuring and
disseminating electronic formats, including the provision of such
formats through GPO's Depository Library Program. These are key
developments in the evolution of GPO's operations which GAO's
final report should mention.

Indeed, this past year has seen a considerable amount of
legislative activity affecting the status of Title 44 of the U.S.
Code, GPO's authorizing legislation, and GPO's future role. We
are continuing to work with the Congressional Committees
responsible for this legislation to ensure that improvements are
made to statutory language which are appropriate to GPO's
involvement in the electronic era. While the outlook for two
important pieces of legislation impacting GPO--the
reauthorization of the Paperwork Reduction Act (H.R. 3695 and
S. 1742) and the GPO Improvement Act (H.R. 3849)--is unclear at
this time, we will continue to participate in the electronic
technology field toward the improved performance of GPO's
statutory mission.

At the same time, GPO will continue to support legislative
efforts strengthening the Federal Printing Program. From fiscal
year 1988 through this fiscal year Congress has blocked the
implementation of the 1987 amendment to the Federal Acquisition
Regulation regarding printing, which would have led to a highly
decentralized system of agency printing procurement activities.
Permanent language to prohibit the implementation of such a
system is currently under consideration. Our support for this
legislation is based on preserving the cost-savings that accrue
to the Government from GPO's centralized printing procurement
program. I do not believe it is likely that these savings would
be achievable in a decentralized system of printing procurement.

-7-

## GPO as a Monopoly

If there is any overall weakness in the draft report, I believe it is in the thesis that the operational deficiencies identified by GAO are attributable to a GPO "monopoly" on Government printing. It is not altogether clear that a such a monopoly exists. Government printing today, although it is centralized under the Federal Printing Program, is performed not only by GPO but by more than 200 Federal agency plants that operate under the authority of Title 44. These operations as a whole, however, consume only a minor share of the Government's printing dollar. Indeed, the vast majority of Government printing is procured by GPO from thousands of private sector printing firms, where prices are determined by competitive economic forces.

In discussing the concept of monopoly as it applies to Government printing, I believe it is also necessary to remain mindful of the public policy intent of Title 44, under which Congress established a centralized system of printing to achieve cost-efficiencies through specialization and economies of scale, eliminate the potential for overlap and duplication of effort among multiple agency printing and printing procurement activities, and provide an effective link with the Government's documents distribution programs. To the extent that these objectives continue to be served by the current system of printing, and on the whole I believe they are, then the structure of Title 44 remains sound.

It is my view instead that the problems detailed in the draft report are managerial and not structural or systemic in nature. The most appropriate and most achievable remedy, therefore, lies in effective management action to control costs and improve the timeliness and quality of GPO's products and services. This is the course we are currently pursuing.

### Comparison with Competitive Private Sector Industry

I am also concerned about the overall impression conveyed by comparing GPO's in-house production operations with operations and standards common to the competitive private sector printing industry. Such comparisons can indeed be useful when applied to isolated functions, and for the most part I believe that they contribute to GAO's findings wherever they are used in the draft report.

On the whole, however, there are a number of fundamental differences between the kinds of work performed by GPO's Central Office plant, in terms of a highly varied product mix, typically short-run job requirements, and compressed turnaround schedules, and the specialized product mixes and longer-run jobs typically

-8-

performed by the majority of private printing firms.  There also
are important differences between the conditions under which GPO
as a Government agency must operate, and those that are
characteristic of most private sector firms.  These factors tend
to influence the applicability of competitive private sector
standards in any overall assessment of GPO's printing operations.

These observations notwithstanding, I believe the draft report
makes a significant contribution in addressing the challenges
confronting GPO's printing, printing procurement, customer
service, strategic planning and other operations, the resolution
of which is essential to improving efficiency and cost-
effectiveness in the fulfillment of the Government's printing
needs.  To that end, I welcome GAO's findings and
recommendations, and I look forward to continuing to work with
you and your staff in this important task.

Sincerely,

ROBERT W. HOUK
Public Printer

# Comments From the Joint Council of Unions

THE JOINT COUNCIL OF UNIONS / GPO RESPONSE TO THE GENERAL ACCOUNTING OFFICE

REPORT ENTITLED, GOVERNMENT PRINTING OFFICE: MONOPOLY STATUS CONTRIBUTES

TO INEFFICIENCY AND INEFFECTIVENESS.

Joint Council of Unions/GPO
732 N. Capitol & H Streets, N.W.
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JOINT COUNCIL OF UNIONS

GPO

WASHINGTON, D.C.

    The Joint Council of Unions/GPO is an organization that units for collective bargaining and other purposes twelve labor organizations representing over four thousand employees who work for the Public Printer and the Superintendent of Documents. Union labor has played a decisive role at GPO almost from its inception. In the nineteenth century, GPO sought out the most skilled printers it could find and to get them hired union workers and paid union wages. The Kiess Act, Section 305 of Title 44, enacted in 1924, was one of the earliest examples of federal labor legislation. It recognized GPO's reliance on highly skilled tradesmen by providing for wage conferences between representatives of workers and the Public Printer to fix their compensation.

    We are proud that many of our members have devoted most, if not all, of their working lives to GPO. We are proud also of the crucial role we perform in publishing and distributing information collected and produced by the federal government not only to the 240,000,000 citizens we all serve but to the Members and employees of the Legislative, Executive, and Judicial Branches that together constitute the government of the United States.

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We firmly believe that GPO's mission includes not only paper and print publishing but electronic printing and information distribution, in all its new forms. We believe that it is not only implicit in Title 44 but it is inherent in the reasons that led the Congress in the middle of the 19th century to centralize government printing and binding in a printing facility owned by the people of the United States and, more than a century ago, to mandate that the Executive and Judicial Branches have their printing done at or through that same centralized agency.

There were, history shows, several reasons for that decision. A succession of Presidents and Congress experimented with all kinds of arrangements to take care of the governments' printing needs. Precisely what is occurring now, though for different reasons, occurred then: various agencies in the Executive Branch determined to contract for printing on their own or, indeed, to set up their own printing facilities. This system, it turned out, became corrupt. Frequently, the government was overcharged for printing by private contractors, and the system was rife with bribery and political favoritism. To deal with these problems, Congress created the Government Printing Office and put it under the supervision of a presidential appointee (the Public Printer) and the Joint Committee on Printing. Only after the new arrangements were working smoothly, and to put an end to the evils that infected agency printing and procurement, did the Congress and the President bring Executive and Judicial Branch printing and printing contracting into the same structure. That arrangement has endured and worked successfully for 130 years.

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On July 19, 1990, the General Accounting Office reported to the Joint Committee on Printing that the cost of doing work in the GPO plant has been generally double the cost of procuring it. The main factors that contributed to this cost, the GAO proclaimed, is the amount of idle time, increasing weekend overtime, waste and spoilage, and the equipment age.

We, the Joint Council of Unions, feel that all of these factors are the symptoms of the GPO economic ills and not the causes. In order to cure GPO of its economic ills, one must treat the causes rather than the symptoms. The GAO report leads its readers to believe if one eliminates these symptoms then GPO's economic ills will be cured.

The first symptom is the idle time of the major equipment. The GPO has experienced massive reductions in employee levels over the past ten years. Early on in the 1980's, the reductions in employees were due to the transition from hot type to cold type. However, in more recent times, the reductions have been due to attrition and lowering of GPO's employment ceilings by the Appropriations Subcommittee for the Legislative Branch and past Public Printers efforts to arbitrarily reduce the size of government.

The GAO report falls short in identifying the reasons for such high amounts of idle time. The GPO has reduced its workforce by 43 percent over the past fifteen years. The main reason for its idle equipment is because of the lack of manpower needed to operate such equipment. For example, the Letterpress Section has twenty-four (24) pieces of equipment and thirteen (13) pressmen on shift one. Therefore, eleven (11) pieces of equipment (45%) is idle every day providing every worker reports for duty. Another example, the Offset Press Section has twenty-five (25) sheet fed presses and ten (10) pressmen on the second shift. Therefore, fifteen (15) sheet fed presses (60%) are idle every day on the second shift.

These are just a few examples of the causes of the idle time within the press area and which are not unique to the whole production area. Idle machinery is, if anything, more costly than idle labor.

Shortages of manpower cause a multitude of problems other than idle equipment. Another cause is the inability to fulfill the mission and meet the deadlines that is set by our customers. In order to fulfill our obligations to our customers without hiring more employees, is to work overtime.

The cost of idle equipment and the increasing cost of weekend overtime has a devastating effect on GPO's unit cost which is exactly what our customers complaints are all about.

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**GPO**
**WASHINGTON, D.C.**

We believe the GAO should have asked itself, why the GPO works so much overtime in contrast with the alarming amount of idle time? Another point about the inflated percentages of idle time is, the GPO purchases some equipment solely for one purpose and the only time that equipment runs is when that particular purpose exists. For instance, the group 59 presses that print the Congressional Record and Federal Register. Therefore, these four presses primarily run on the third shift only and the other shifts, they sit idle. This only increases GPO's unit cost to its customers.

The second symptom is paper waste and spoilage. The GAO reported that 28 percent of the total paper used by GPO was wasted or spoiled and that was twice the levels set by industry standards.

First, one must be conscious of the fact that so many printing companies are specialty houses that run the same job either on a weekly and/or daily basis that does not vary in trim size. Therefore no adjustments are needed. The products do not require a variety of paper stock and sizes, therefore, adjustments to the equipment are minimal.

Also, in GAO's own admission, over 50 percent of GPO's equipment is fifteen (15) years or older. Certainly, the older the equipment, the less efficient it becomes. This is compounded with the many different jobs and types of work that GPO must perform for its customers.

For many years, we have seen the jobs that require long runs and that are the true money makers be contracted out and the short runs are kept in house. These jobs that require 2,000 copies or less are kept in house which require constant changing of plates that require additional make ready time that increases waste of paper.

So, one must be careful not to compare apples with oranges. Since the GPO is a combination newspaper, job shop and publisher of books, it is only fair to compare our spoilage rate with a private sector business that is comparable with the many different products that GPO produces.

We have searched the industry through our international unions to find a printing firm that is comparable with GPO and only allows a fourteen (14%) percent spoilage rate. Also, our survey asked other printing firms how long they usually keep their equipment and most responses was fifteen (15) years.

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Finally, the GAO's 28 percent spoilage rate was based solely on the amount of pounds of paper that GPO bundles up and sells to private vendors for recycling. This means that even the enormous amounts of paper that has been trimmed off the products for finishing purposes are included in this percentage. Also, the amount of times that one handles the product is an important factor in the spoilage rates here at GPO. Antiquated equipment and outdated methods increase the number of times one handles the product which increases your spoilage factor.

We recognize that new technology confronts the Congress with crucial, inescapable policy decisions that will determine both how well the government's printing functions will be performed in the future and what role GPO will play. We are deeply concerned because we know first hand, as well as by studying reports recently prepared for the Congress on this subject.

Without GPO and the Joint Committee on Printing's oversight and active participation in the planning, purchase and operation of electronic printing and information dissemination equipment and services, scarce federal dollars will be wasted.

Both as citizens and as GPO employees, we are adamantly opposed to restricting GPO solely to Congressional printing. Congressional printing's daily and seasonal peaks and valleys have always been and should continue to be smoothed by agency work in order to reduce unit costs. History teaches that the Nation needs centralized, albeit flexible, control over the governments printing and the procurement of such. Experience, recent and past, most emphatically does NOT show that unchecked procurement by agencies is economical; it shows the opposite.

Plainly, in the next decade the government must and will be making a significant capital investment in information dissemination technology, both conventional printing and electronic. Capital investment in machinery is most cost effective when the machinery is constantly in use, since that drives down the cost per unit of output. Idle machinery is, if anything, more costly than idle labor. In many instances, it is simply uneconomic for an agency to purchase, maintain, and employ operators of expensive printing systems when data can be transmitted instantaneously by telephone or direct, fiber optic hook-ups between the agency and GPO work stations.

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One consequence of GPO's truncated role is that the government has not developed structured database standards for electronic and conventional printing. That prevents efficient use of the new technology. If information produced at one agency is in a format that is not compatible with equipment at other agencies and at GPO, then other agencies cannot obtain that information except at very high cost. And, of course, GPO cannot economically print it and make it available to depository libraries and the public whether on line or in printed form.

We do not wish to be misunderstood, however. We wholeheartedly support the effort to make the government—including GPO—as efficient as possible. We are concerned on that in the area in which we work, the printing, procurement and the dissemination of federal information, cost cutting not be pursued so singlemindedly that the baby is thrown out with the bath water and that the task of keeping the government efficient be performed intelligently and not be viewed through the distorting prism of ideological blindness or a shortsighted view that treats the price of equipment as a one year cost instead of a multi-year investment.

The employees we represent do not oppose technological change. We are vitally interested in deepening our understanding and our capacity to utilize the new technology. GPO's unions have demanded and in most instances receive training on new equipment that has revolutionized the printing process in recent decades, and we welcome the opportunity that changing technology affords.

In recent years, Public Printers have not been sufficiently committed to the mission of the agency to define its role in the electronic revolution in the manner we have suggested. They have, instead, concentrated on "business considerations," showing how much money they could save by eliminating services or shortsightedly refusing to print and sell documents that our customer agencies required, but because the documents would not qualify as instant best sellers. We believe that the mission GPO performs is vital, that the electronic age should enable the Office to perform better at lower unit cost, and that a new vision is required to deal with the exciting challenges we have identified. We hope the current Public Printer will provide that vision.

The Joint Council of Unions/GPO.

# Comments From Local 2876 of the American Federation of Government Employees

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of
Government Employees
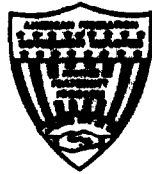
**LOCAL 2876 – OFFICE EMPLOYEES**

U.S. GOVERNMENT PRINTING OFFICE

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

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**OFFICE EMPLOYEES**

Local 2876

September 11, 1990

Mr. Richard L. Fogel
Assistant Comptroller General
U.S. General Accounting Office
General Government Division
Washington, D.C. 20548

Dear Mr. Fogel:

The following comments from AFGE/PCJC Local 2876, concerning
the GAO Draft Report entitled, <u>Government Printing Office;
Monopoly Status Contributes to Inefficiency and Ineffectiveness</u>,
are submitted for your consideration.

We agree with the recommendation on page 12 that the Joint
Committee on Printing convene a group that includes GPO unions
to decide the future role and mission of GPO.

There are numerous references in the study to high labor and
administrative costs in the GPO operation. These analytical
statements are understood within the framework of presenting
cost categoties, operational procedures, and other elements
that effect total GPO operations. However, it should be
understood that all wage levels, benefits, and other labor cost
elements within GPO were properly negotiated within the
applicable laws and procedures governing these processes.
Further, the labor rates of the white collar workers are
considerably behind, approximately 28%, when compared to similar
private sector operations. In addition, overtime as a cost
element results from management decision as to when and how
much work should be accomplished. No weekend overtime has been
worked at GPO except at management's direction and approval.
As currently written, the report presents the labor cost issues
in a balanced and forthright manner.

Sincerely,

Lyndia Dianne Little
President, AFGE/PCJC
AFGE Local 2876

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# Related GAO Products

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Efficiency, Economy, and Effectiveness in Public Printing (GAO/T-OPC-89-1, June 28, 1989).

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