

# U.S. Government Printing Office

## Performance Measures

September 30, 1999

### Operating Performance Measures

#### **Congressional Record Delivery**

The Congressional Record (Record) is an important tool and product of the legislative process, and its production is a large part of GPO's mission. To gauge how well GPO is serving Congress by producing the Record timely, GPO has established a deadline of 9 AM the following day, when copy is received in GPO by midnight, regardless of whether the Senate or the House of Representatives is in session. Our actual on-time delivery rate was 88.2 percent in fiscal year 1999, compared with 83.8 percent in fiscal year 1998.

#### **Overtime Management**

GPO makes an ongoing effort to minimize overtime hours. In fiscal year 1999, overtime hours increased to 211,000 hours from 206,000 hours in fiscal year 1998, or 2.4 percent. The cost of overtime in fiscal year 1999 increased by about \$900,000 from fiscal year 1998's level. However, we were successful in achieving our goal in fiscal year 1999, as actual overtime hours worked were below the upper limit of 250,000 overtime hours. Our goal for fiscal year 2000 is a maximum of 230,000 overtime hours.

#### **Production Chargeable Hours**

Chargeable hours decreased to 825,000 in fiscal year 1999 from 861,000 in fiscal year 1998, a decrease of 36,000 hours, or 4.2 percent, while the number of employees available for work decreased 5.9 percent. The results for 1999 met our goal of equaling or exceeding the chargeable hours necessary to achieve break-even operations. Our fiscal year 2000 chargeable hour goal is to achieve the number of chargeable hours necessary to achieve break-even in Production Operations. Due to the mix in hourly rates charged for the various printing processes, a specific chargeable hour target cannot be established.

#### **On-Time Delivery of Procured Printing**

The Printing Procurement Operations contracted with commercial printing firms to ship 164,900 jobs in fiscal year 1999 compared with 176,500 jobs in fiscal year 1998. For fiscal year 1999, GPO's goal was to have at least 95 percent of procured printing orders delivered on time and a quality acceptance rate of at least 99 percent. GPO met its goals by attaining a 95 percent on-time delivery rate and a 99 percent quality acceptance rate. The goals for fiscal year 2000 remain the same as those for fiscal year 1999.

GPO accounts receivable due from other agencies were further reduced as agencies expanded their use of GPO Printing and Binding Deposit Accounts. At the end of the year there were over 100 accounts valued at over \$30 million. Deposit Accounts allow agencies to pre-pay for their printing. This greatly simplifies customer agencies obligation, liquidation, and payment, plus it provides detailed information through the Web. The information is maintained under secure conditions and can be downloaded into their application or printed out.

### **Management Comments on GPO Financial Statements**

As allowed by the Federal Accounting Standards Advisory Board (FASAB), GPO's consolidated financial statements are prepared in accordance with the generally accepted accounting principles (GAAP) used by commercial enterprises. GAAP requires that financial statements be prepared on the accrual basis of accounting. Accrual accounting dictates that expenses are recorded when incurred, and revenues are recorded when earned, regardless of when cash is disbursed or received. GAAP also requires accounting principles used be applied in a manner consistent with that of the previous year. The accompanying financial statements provide information on all events and economic affairs controlled by the GPO in conformity with established regulations, procedures, and promulgated accounting principles.

GPO's accounting system includes internal controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are properly recorded. To ensure that adequate internal controls are maintained, management monitors the systems that provide management data, and initiates modifications or improvements deemed necessary to promote operational efficiencies and encourage adherence to prescribed managerial policies.

#### **▪ Operating Issues**

GPO's continuing mission is to assist Congress and Federal agencies in the cost-effective creation and replication of information products and services, and to provide effective and economical public access to government information. GPO strives to operate and manage its resources efficiently, and to achieve steady gains in productivity.

Neither Congress nor GPO has the ability to accurately forecast the volume of printing that may be needed for the legislative process. In those years where congressional workload exceeded funding available, GPO used its authority to temporarily fund shortfalls through the Revolving Fund. In recent years, funding to provide Congress its printing services has been adequate, and no near-term shortfalls are anticipated.

There has been a steady decline in recent years in traditional printing and binding in the Federal government. Certain GPO performance measures (*i.e.*, chargeable hours and number of procured jobs processed) reflect the decline. To stem the adverse financial impact that would typically ensue, GPO has actively been: downsizing its workforce; reducing its operating costs; trying to attain a larger share of the federal printing market; encouraging customers to adopt electronic-media products when cost effective; and adjusting the rates to the extent necessary.

In 1998, GPO entered into reimbursable agreements with the Bi-cameral Commission on the

Future of Medicare and the Census Monitoring Board. These agreements required GPO to provide each group with services beyond GPO's traditional printing and binding mission. For a small annual fee, GPO provides each group with complete payroll services. Also, GPO uses its existing infrastructure of Personnel Services, Materials Management Services, etc., to support each group. These agreements continued into fiscal year 1999, and have saved both groups the expense of maintaining administrative staffs to perform these functions, thus freeing their resources to focus on their primary objectives.

▪ **Fiscal Year 1999 Financial Results**

The public printing and documents chapters of Title 44, United States Code, require GPO to fulfill the printing needs of the Federal government and distribute government publications to the public. GPO activities are financed through a Revolving Fund, which is reimbursed by payments from customer agencies, sales to the public, and transfers from the Congressional Printing and Binding Appropriation and the Superintendent of Documents Salaries and Expenses Appropriation. These two annual appropriations are used to reimburse GPO for costs incurred while performing congressional work and fulfilling statutory requirements associated with the distribution of government publications, respectively. Reimbursements from the appropriations to the Revolving Fund are recorded as revenue, and unexpended appropriations are returned to the U.S. Treasury after 5 years.

GPO experienced a consolidated net loss of \$5.0 million in fiscal year 1999, compared with a \$1.4 million net income in fiscal year 1998. In 1999, the net loss includes a \$3.8 million charge to increase the estimate for long-term Workers' Compensation Liability (Note 2K). Revenues increased by \$42.4 million (5.9 percent) overall, while expenses increased by \$48.8 million (6.8 percent). An analysis of operations by major operating areas indicates that Printing and Binding Operations had net income for the year of \$4.4 million, (including \$2.5 million provided by Congress to offset expenses incurred for Y2K remediation). However, Sales of Publications Operations sustained a net loss of \$9.4 million.

The Sales of Publications Operations revenue of \$50.8 million declined by \$9.8 million, or 16.1 percent when compared to fiscal year 1998 revenue of \$60.6 million. This trend of declining revenue started in fiscal year 1997 due primarily to free electronic publications becoming available on the Internet. Since fiscal year 1997, the revenue stream has decreased by 25 percent.

The Sales of Publications Program lost a total of \$12.9 million for fiscal years 1999 and 1998. As a result of these losses, there is a negative balance of \$4.7 million in the Equity of the U.S. Government, Revolving Fund for the Sales of Publications Operations at September 30, 1999, as shown below and on the Consolidating Balance Sheet by Fund Type, in millions:

<b>Printing and Binding Operations</b>	<b>\$195.3</b>
<b>Sales of Publications Operations</b>	<b>(4.7)</b>
<b>Total Revolving Fund Equity</b>	<b><u>\$190.6</u></b>

The Revolving Fund Equity for the Sales of Publications Operations represents the accumulated loss since fiscal year 1993. Prior to fiscal year 1993, due to statutory restrictions

whereby earnings reverted to the U.S. Treasury, the Sales of Publications Operations were unable to accumulate retained earnings.

A summary of revenues and net income or loss in each GPO major operation is shown below.

### GPO's Major Operations (Unaudited)

(Dollars in thousands)				
	1999		1998	
	Revenues	Net Income or (Loss)	Revenues	Net Income or (Loss)
<b>Revolving Fund:</b>				
<b>Printing and binding operations:</b>				
Purchased printing-				
Central	\$306,537	\$924	\$274,992	\$813
Regional	207,070	(6,547)	192,444	(7,684)
Subtotal	513,607	(5,623)	467,436	(6,871)
In-house printing-				
Central	190,961	10,181	189,213	11,712
Regional	1,250	(761)	1,534	(672)
Subtotal	192,211	9,420	190,747	11,040
Other	2,281	598	2,934	1,227
Subtotal of printing and binding operations	708,099	4,395	661,117	5,396
<b>Information dissemination:</b>				
Sales of publications	50,812	(9,247)	60,557	(3,626)
Agency distributions	4,866	(193)	5,077	(395)
Subtotal	55,678	(9,440)	65,634	(4,021)
<b>Appropriations:</b>				
Salaries and expenses	33,163	-	30,962	-
Congressional printing and binding	76,554	-	73,185	-
Subtotal	109,717	-	104,147	-
Total before eliminations	873,494	(5,045)	830,898	1,375
Eliminations (1)	(108,497)	-	(108,300)	-
Total after eliminations	\$764,997	(\$5,045)	\$722,598	\$1,375

(1) The eliminations include revenue recognized by one area of the GPO for products or services produced or provided to another area of GPO. In order to avoid reporting the expense and revenue for intra-company transactions, eliminating entries must be made. In fiscal year 1999, major eliminations included printing work charged to the Congressional Printing and Binding Appropriation (\$76.6 million), publications printed for the Sales of Publications Program for resale to customers (\$13.4 million), and printing for programs funded by the Salaries and Expenses Appropriation (\$15.2 million).

▪ **Fiscal Year 2000 Projections**

GPO projects close to breakeven operations for fiscal year 2000. GPO estimates that revenue and expenses will increase over 1999 figures, particularly in Printing and Binding Operations due primarily to the printing of materials for the Decennial Census. GPO will continue to develop and employ efficient business practices and production processes to contain costs where possible. Examples include: Production Operation's automated platemaking system, new passport production line and installation of two replacement presses, Printing Procurement's re-engineered procurement support system and revised rate structure, and Superintendent of Documents Integrated Processing System and consolidation of warehouse space. The GPO will continue to emphasize cost-effective methods of providing customer agencies and the public with government information and dissemination services.

GPO expects to operate at less than the congressionally mandated full-time equivalent ceiling of 3,313 for fiscal year 2000, with no degradation in core products and services. This is possible primarily to efficiencies from recent investments in new technology and on-going automation efforts.

▪ **Reporting Year 2000 Issues**

With the publication of GPO Instruction 705.26 titled "GPO Year 2000 Program Guide" on March 16, 1998, the Year 2000 (Y2K) program/projects were given top priority with total support and commitment from GPO management. Subsequently, several procedural guidance documents were issued by GPO. By December of 1999, GPO had completed a component level Business Continuity and Contingency Plan for GPO's four major core business processes and issued a Day-1 Planning Guide. In addition, Y2K-required employees were identified and provided instructions for the rollover to the new millennium to ensure GPO's infrastructure was safe and systems were operational.

GPO worked closely with its exchange partners, making relevant information pertaining to GPO procedures and operations available. In addition, GPO provided exchange partners the opportunity to conduct tests to ensure exchanges met their Y2K requirements. Extensive testing was conducted with several major exchange partners including the Senate, the House, and the Library of Congress.

GPO's estimated costs associated with the Y2K Program/Projects are as follows:

Year	Estimated Costs
1996	\$301,145
1997	\$626,840
1998	\$6,383,070
1999	\$5,950,498
2000	\$1,279,400
Total	\$14,540,953

The projected costs are based upon the information presently available and include the costs associated with remediation of non-mission-critical applications and GPO's facilities. It is anticipated that any future costs incurred because of the Year 2000 will be minimal.

A memorandum for "Reporting Y2K-Related Problems Experienced during the First Month of Year 2000" was issued by the Deputy Public Printer in order to develop an after-the-fact report on GPO's Y2K efforts. There were no interruptions in service reported.