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**PUBLIC PRINTER  
PREPARED STATEMENT BEFORE THE**

**SUBCOMMITTEE ON LEGISLATIVE APPROPRIATIONS  
COMMITTEE ON APPROPRIATIONS  
U.S. SENATE  
ON  
APPROPRIATIONS ESTIMATES FOR FISCAL YEAR 1996**

MONDAY, MAY 22, 1995  
2 P.M.

Mr. Chairman and Members of the Subcommittee, I am pleased to present the funding requirements of the Government Printing Office (GPO) for FY 1996.

### **FY 1996 APPROPRIATIONS REQUEST**

For FY 1996, I am requesting \$121.9 million for those programs that require annual appropriations directly to GPO, and \$15.4 million for capital expenditures to improve GPO buildings over the next five years.

While the total request of \$137.3 million is an increase of 13 percent over the funding approved for FY 1995, the increase is solely for building improvements due to environmental and safety requirements. The request for programs funded through our two annual appropriations is the same level that was approved for the current year.

### **CONGRESSIONAL PRINTING AND BINDING APPROPRIATION**

GPO's FY 1996 request for the Congressional Printing and Binding Appropriation is \$91.6 million, an increase of \$1.9 million, or 2.1 percent, over the level approved for FY 1995. The increase is necessary due to the cost of pay raises, employee benefits, paper, and utilities over a five-year period. Paper prices have been increasing sharply as a result of world-wide supply and demand factors. Over the past year, the prices we pay for paper on quarterly contracts have increased 85 percent.

Rate changes projected for FY 1996 vary by category of work. Factors affecting the rates include work procedures, labor and equipment efficiency, number of copies per page, and the cost of paper. The daily *Congressional Record* rate is projected to decline by about 8.5 percent due to increased input of electronic copy, upgrades in GPO's Electronic Photocomposition Division, and new and more efficient presses.

While GPO manages the personnel, equipment, and work processes necessary to provide printing and related services to Congress in support of the legislative process, it does not control the demand for congressional printing. We must respond to all congressional printing demands and fulfill all congressional orders, regardless of the amount of appropriated funds. Consequently, there have been occasions in the past when our workload requirements exceeded the amounts appropriated, resulting in a budget shortfall. However, due to the unusually low volume of printing in FY 1994, \$8.5 million in FY 1994 funds was made available to completely pay off the prior year shortfall.

In FY 1996, congressional volume is projected to increase, based on historical data. For example, an increase is expected in *Congressional Record* pages, which is typical in second sessions of Congress.

The improved management of GPO details to Congress continues to achieve significant cost savings. Over the past two years, total hours worked declined by 24 percent, resulting in a cost avoidance of about \$1.2 million. While some of this was due to reduced congressional workload, it was also due to retirements, electronics, and improved procedures. Continued reductions in the hours worked are projected.

Full-text electronic databases of the *Congressional Record*, congressional bills, and the *U.S. Code* are available through the [GPO Access](#) system. Eventually, all major congressional publications will be made available online. The *Congressional Record* is currently being transferred to Standard Generalized Markup Language (SGML) in order to facilitate improved electronic search and retrieval routines.

## **SALARIES AND EXPENSES APPROPRIATION**

The FY 1996 request for the Salaries and Expenses Appropriation of the Superintendent of Documents is \$30.3 million, a decrease of \$1.9 million, or 5.9 percent, from FY 1995. This request is sufficient to maintain our program responsibilities while also managing the transition to the appropriate use of electronic media. The request includes \$25.6 million for distribution of publications to depository libraries; \$3.3 million for cataloging and indexing Government publications; \$836,000 for distributing copies of publications to recipients designated by law; and \$599,000 for distributing publications to international exchange libraries.

The request includes \$15.5 million for printing and reproduction costs of information products to be distributed to depository libraries. This workload emanates from publishing activities outside of GPO. GPO exercises little control over the volume of incoming work, but performs a primarily ministerial role in distributing copies of publications to depository libraries. The amount requested for depository printing is a reduction of approximately \$2.4 million, or 13.4 percent, from the amount approved for FY 1995. It includes \$13.3 million for the production of paper, microfiche, and CD-ROM publications, and \$2.2 for online access provided to depository libraries by the *GPO Access* service.

## **APPROPRIATION FOR NECESSARY CAPITAL IMPROVEMENTS**

Our appropriations request includes \$15.4 million, to be available until expended, for capital improvements to GPO's buildings. These funds will be used for the replacement of air conditioning chillers as the result of Environmental Protection Agency (EPA) requirements, the replacement of electrical switchgear to meet current safety codes, and the replacement of aging elevator equipment.

I am requesting these funds as a separate appropriation for capital expenses in order to avoid the necessity to recover these essential expenditures through our printing rates. This is the first request for an appropriation for capital improvements that GPO has made since 1974, which involved a request for funds to upgrade our air conditioning systems.

A total of \$8 million will be required to replace the chillers and control systems in GPO's main air conditioning system and to replace and upgrade air conditioning systems in our Building 4 warehouse. This equipment currently uses chlorofluorocarbons (CFC's). CFC's will no longer be manufactured after 1995 due to EPA regulations designed to protect the atmosphere. The chillers will have to be phased out and replaced.

A total of \$6.5 million will be required to replace low voltage electrical switchgear. GPO's electrical distribution system consists of six low voltage switchgears and circuit breakers which are now underrated for current service. Replacement of this equipment is required to comply with the National Electrical Code for the safety and protection of personnel and Government property and equipment.

A total of \$920,000 is requested for the renovation of elevators in Building 2, which are 55 years old and have reached the end of their serviceable life. This is the first phase of a five-year plan to renovate 12 of our 42 elevators.

## **OVERVIEW OF GPO OPERATIONS**

Mr. Chairman, I am devoting the majority of my prepared statement to an overview of GPO and its operations. As demonstrated by the joint hearing conducted on February 2, 1995, the House Subcommittee on Legislative Appropriations and this Subcommittee have undertaken a wide-ranging review of all legislative branch activities, including GPO. I understand the dimension of this Subcommittee's concerns, which range from reducing costs and providing improved information services for Congress to the privatization of GPO.

To assist you in considering these issues, I am providing the Subcommittee with background information on GPO in order to establish the historical, legal, financial, and operational context in which we currently function. My staff and I are prepared to fully cooperate and provide this Subcommittee with any additional assistance and information you deem necessary in your review of GPO.

## GPO'S MISSION

The public printing and documents chapters of Title 44, U.S.C., require GPO to fulfill the printing needs of the Federal Government and distribute Government publications to the public. We do not create the demand for the work we perform, but instead are required by law to fulfill all requisitions for printing we receive. GPO serves not only as the Government's printer but provides public access to Government information, both through its sales program, which receives no appropriated funds, and through the distribution of publications to depository libraries, in which the workload is controlled by the publishing activities of Congress and Federal agencies.

Congress placed publications distribution activities in GPO to create an economical link with GPO's production activities. This link ensures that the most comprehensive range of publications possible is made available for dissemination to the public. GPO's Superintendent of Documents provides the public with a central, visible, and convenient point of access to the vast array of Government publications produced each year. GPO is located in the legislative branch not only to permit direct oversight by Congress of its own printing, but to ensure control of the Government's primary information dissemination program by the elected representatives of the people.

To modernize our public access role, in 1993 Congress amended Title 44 with the passage of the GPO Electronic Information Access Enhancement Act (P.L. 103-40), which requires us to provide a number of dissemination services in electronic online format. This action reflects the broader mission that GPO now performs: assisting Congress and Federal agencies in managing the life cycle cost of information products and providing the public with an expanding range of access to those products. While the foundation of our mission remains the same, new techniques and strategies have emerged to capitalize on modern information technologies.

Although some of the specific language used in Title 44 has become antiquated, the system of information management, dissemination, and protection of public access provided by the law remain very workable. Within that system, our vision of the future is based on using electronic technologies to provide value-added information services to Congress, Federal agencies, and the public. GPO's future role will include new emphasis on standardization to achieve savings and improve service, the development of comprehensive gateway and locator services to promote public access, and the continued development of information offerings in multiple formats.

**Printing and Procurement.** Title 44 requires all Federal printing to be produced or procured through GPO, with certain exceptions. The rationale for this provision was not to confer a so-called "monopoly" on GPO, but establish a concentration of printing expertise and capability in one agency so that the Government could achieve the greatest possible economy and efficiency in fulfilling its printing needs.

GPO discharges its printing responsibility by producing publications inhouse or procuring them from private sector printers. Printing production and procurement activities are performed at a central office plant in Washington, DC, and by 4 regional printing plants, 14 regional procurement offices, and 6 smaller satellite procurement facilities around the Nation.

**Documents Distribution.** GPO's documents distribution activities are overseen by the Superintendent of Documents. They include sales of publications, distribution to depository libraries (currently numbering about 1,400 nationwide), distribution to recipients designated by law and recipients identified by publishing agencies, cataloging and indexing, and distribution conducted pursuant to international treaty to foreign libraries which send copies of their official publications to the United States. These activities are performed from centrally located operations in Washington, DC; from distribution centers in Laurel, MD, and Pueblo, CO; and from 23 GPO bookstores across the United States.

## **GPO FINANCING**

All GPO activities are financed through a business-like revolving fund, which is reimbursed by payments from customer agencies, sales to the public, and transfers from GPO's annual appropriations.

**Appropriated Funds.** GPO has two annual appropriations. The Congressional Printing and Binding (CP&B) Appropriation is used to reimburse GPO for costs incurred in performing congressional printing. The Salaries and Expenses (S&E) Appropriation of the Superintendent of Documents is used to pay for the costs associated with depository distribution, cataloging and indexing, distribution to recipients designated by law, and international exchange distribution to foreign libraries.

These appropriations are for work that GPO itself does not control. The CP&B Appropriation in effect is an appropriation by Congress to itself to cover the costs of its printing. We bill this appropriation when, and only when, we perform congressional printing. GPO does not control the volume or nature of work requisitioned by Congress, but instead must fulfill all congressional printing requisitions.

The S&E Appropriation primarily funds the distribution of documents to depository libraries. As long as Federal publications meet the requirements for depository distribution established by section 1902 of Title 44, GPO is required to distribute copies to the depositories. The volume of this work, therefore, is determined by the publishing activities of Federal agencies and Congress. We use the funding provided by Congress for this activity in a ministerial role to ensure that distribution is made.

**Budget.** For FY 1994, the total operating expenses charged against GPO's budget were \$816.2 million. Appropriated funds from Congress provided \$117.5 million of this amount, or about 14 percent. They included \$88.4 million for the CP&B Appropriation and \$29.1 million for the S&E Appropriation.

All other GPO activities, including inhouse and procured printing, sales of publications, agency distribution services, and all administrative support functions, are financed through the revolving fund by revenues generated by payments from agencies and sales to the public.

The largest single component of GPO's annual expenses is for procured printing. In reality, this simply a pass-through cost. We procure printing on behalf of Federal agencies. The agencies pay us for the cost of the printing and we subsequently use those funds to pay printing contractors. In FY 1994, the cost of procured printing in GPO's budget was \$469.4 million, or about 58 percent of our expenses.

The second largest component is personnel compensation and benefits. In FY 1994, these totaled \$227.8 million, or about 28 percent of total expenses.

**Printing Rates.** We recover the costs of our printing operations through printing rates. The rates recover the costs of labor, machine time, and overhead--the costs of direct production support as well as general and administrative support costs--into standard rates for each production operation. Section 309 of Title 44 requires that GPO recover the cost of all of its operations. Thus, the rates also have to recover the costs of operations that do not bear directly on printing, such as those that are mandated by law (e.g., our Inspector General function) as well as those that are otherwise necessary to the operation of any Government agency.

We recover the costs of our sales program from the prices of publications sold to the public. The prices are based on a statutory formula established by section 1708 of Title 44. No taxpayer funds are used in the operation of this program. The costs of our procurement program are recovered by a surcharge on procured printing (currently approximately 6 percent). As with printing rates, prices for publications and the surcharge are calculated to recover overhead assigned to their operational areas.

**Recent Financial Results.** Since 1991, GPO has sustained yearend losses. These losses have been marginal when compared to total revenues. In FY 1991, for example, the loss was one-tenth of one percent of total revenues. In FY 1992, it was six-tenths of one percent. In FY 1993, was 1.7 percent. The largest loss of \$21.7 million, sustained in FY 1994, was 2.7 percent of total revenues; however, of the total loss, \$8.7 million was for retirement incentive pay, yielding a direct operating loss of approximately \$13 million, or about 1.6 percent of total revenues.

None of the losses sustained by GPO were imposed on taxpayers. Instead, we have been able to sustain losses out of retained earnings in the revolving fund. GPO's strong balance sheet position was the result of small annual earnings since the fund's inception in 1954, much of which were retained in the fund, and by improved management of working capital.

The losses are the result of GPO under-recovering its costs through its printing rates. The printing rates have not been adjusted since January 1990. In the interim, there have been cost increases due to mandatory and negotiated pay increases, as well as in the cost of utilities and other materials and supplies. A decline in printing volume was sustained in FY 1993 and FY 1994, which reduced revenues. As a result, the rates are now below full recovery levels. GPO has been subsidizing the difference between its costs and its under-recovering rates out of retained earnings in the revolving fund.

GPO is required by section 309 of Title 44 to be reimbursed for the cost of services performed. In 1994, however, the Joint Committee on Printing (JCP) passed a resolution directing us to break even in FY 1995, but without increasing our printing rates.

Because our rates have remained frozen at 1990 levels, our objective has been to decrease costs, primarily through downsizing employment. Other cost reduction measures have included no pay increases for craft or white collar employees in 1995, a continued freeze on hiring, the closure of our Seattle regional printing office and the relocation of employees from leased space to owned space, restrictions on travel and training, the elimination of awards, the cancellation of plans developed by a previous GPO administration to buy additional property, and the continued review of all GPO functions to ensure that they are essential to our mission. Our costs charged to Congress have also remained substantially below the FY 1992 level of \$91 million. In FY 1993 the cost was \$73.8 million; it was \$79.9 million in FY 1994. A total of \$89.7 million was appropriated for FY 95, although \$2 million was restricted and the House and Senate have passed rescissions of \$3 million and \$5 million, respectively.

We have moved responsibly and affirmatively to address the losses. The measures we have undertaken have resulted in substantial cost reductions and are working to put GPO back on the right financial track. At midyear FY 1995, GPO's cumulative losses were \$5.3 million, a 72 percent reduction from the cumulative loss of \$18.9 million at midyear FY 1994. Also, revenue has increased by 5.9 percent in our plant operation, by 11.3 percent in printing procurement, and by 2.8 percent in the sales program.

To further ensure the reduction and potential elimination of the loss in FY 1995, I recently informed the JCP of additional cost saving measures we will undertake. These include replacing overtime payments to supervisors with compensatory time off, negotiating no wage increases for 1995 plus seeking additional concessions on hours worked, and strongly encouraging the orderly consumption of annual leave by employees to reduce this accrued liability. At the same time, I have initiated a product pricing review to determine any pricing adjustments that may be advisable under current cost conditions.

## **EMPLOYMENT**

In FY 1994, GPO utilized 4,364 full-time equivalents (FTEs), compared with the statutory level of 4,493. At present, there are about 4,200 employees on board. Our objective is to utilize less than 4,200 FTEs in FY 1995, compared with the authorized level of 4,293.

**Downsizing Personnel.** Primarily because of the introduction of automated typesetting and other technologies since the 1970's, GPO has downsized its workforce by approximately 50 percent from its 1975 level of 8,500.

Since February 1993, total GPO employment has fallen by 722 positions, a reduction of 15 percent. This has resulted in an annual savings of \$35.4 million. Part of this reduction was achieved by GPO's retirement incentive program in FY 1994, which was supported by this

Subcommittee. The program resulted in the reduction of 357 positions, or about 7 percent of GPO's workforce.

The number of managers and supervisors at GPO has been reduced by 107. As a result, the ratio of supervisors to employees has improved above Government-wide levels. Our objective is to remove as many hierarchical levels of management and supervision as possible, flattening the organization to reduce costs and provide for greater innovation and decisionmaking at the employee level.

**Pay Rates.** Since 1924, GPO has negotiated wages for employees represented by bargaining units, in accordance with section 305 of Title 44, known as the Kiess Act. The results of these negotiations are submitted to the JCP, which under the law has final say in the matter. For the most recent four-year contract period which expires in June 1995, the pay rates for craft employees are generally in line with comparable printing operations in the Washington, DC, area. Non-craft employees and non-bargaining unit employees are currently paid at rates that are below those for comparable positions in the executive branch.

Payroll expenses comprise the single greatest controllable expense at GPO. To hold the line on costs, GPO management and labor agreed last fall to open wage negotiations in advance of the June 1995 expiration date. The parties agreed to no wage increase for the year and to increase the work day by one-half hour through the relinquishment of the paid lunch period. This agreement was turned down by a vote of the union membership, however. The parties are currently meeting to negotiate a new agreement. No pay increases have been approved for non-bargaining unit employees, despite the pay increase approved for comparable positions in the executive branch.

## **PRINTING OPERATIONS**

**Congressional and Other Inplant Printing.** Congressional printing is performed in GPO's central office plant in order to provide Congress with immediate service in a work environment that is under its direct control.

Before GPO was established in 1861, Congress experimented with a variety of systems for contracting out its printing. These systems were widely acknowledged as failures, in some cases for their frequent inability to perform the work, in others for the corruption and graft that were often associated with obtaining congressional printing contracts. In addition, the contract systems were inordinately expensive. To remedy these problems, Congress established the closely-supervised system of printing in GPO that continues today. Under this system, we work closely with a number of congressional offices to ensure that all congressional printing is done promptly, uniformly, and economically and is delivered in a timely manner to ensure the orderly conduct of legislative business.

The information needs of Congress are enormous, and congressional information priorities change on a daily, and sometimes an hourly, basis. Each day, we work directly with the staffs of the leadership of each House of Congress, as well as the JCP, the Office of the Secretary of the Senate, the Office of the Clerk of the House, the Senate Committee on Rules and Administration



and the House Committee on House Oversight, other congressional committees (especially the Appropriations Committees), and individual Senators and Members, to ensure that printing is produced and delivered in accordance with frequently changing legislative schedules. Our Office of Congressional Printing Management is the coordinating point of this liaison with Congress.

In FY 1994, GPO's central office plant produced \$174.3 million in printing, of which \$88.4 million, or 51 percent, was printing for Congress. Other major inhouse products include the *Federal Register*, the *Code of Federal Regulations*, the *U.S. Budget*, passports, postal cards, and other executive and judicial branch work (primarily books, pamphlets, and forms).

The production of non-congressional work in the plant is done both to ensure economy and in certain cases security in the production of sensitive products, such as the *U.S. Budget* and U.S. passports. The original congressional proposal for GPO was to establish a plant "which should execute the work of Congress while in session, and that of the various departments during the recess..." The current system ensures that the Government's investment in plant and equipment for its primary product--congressional printing--is kept operating efficiently during periods of reduced demand for that printing. It also ensures that the Government takes maximum advantage of its equipment investment. For example, the *Federal Register* is run on the same equipment as the *Congressional Record*. These two measures help reduce the costs charged to Congress for maintaining the necessary production capacity for its printing work.

**Congressional Record.** The principal product for Congress is the *Congressional Record*, which is printed overnight and delivered the next morning every day Congress is in session. The printing and distribution of the *Record* are required by chapter 9 of Title 44, which states, in part, that the "public proceedings of each House of Congress shall be printed in the *Congressional Record*, which shall be issued in daily form during each session." The law further provides that the *Record* shall also contain "the legislative program for the day, a list of congressional committee meetings and hearings and the place of meeting and subject matter...[and] a brief resume of congressional activities for the previous day."

Section 906 of Title 44 establishes the distribution of the *Record*. Currently, we print approximately 18,000 copies of the *Record* daily. About 12,500 copies are paid for by the CP&B Appropriation and distributed to statutory recipients who have requisitioned the *Record* in accordance with the law. Of these, about 8,000 copies are distributed to public agencies and institutions designated by Members of Congress in their home states and districts; about 3,000 are delivered directly to Capitol Hill for the use of Members, committees, and other offices; and the balance are distributed to other recipients designated by law. Of all the remaining copies, about 2,000 are requisitioned by Federal agencies; another 800 are distributed to depository libraries and paid for by the S&E Appropriation; and approximately 2,700 copies are purchased for our sales program, most for subscribers, although single copies are also offered for sale.

**Online Dissemination of the *Congressional Record*.** We use the automated database developed for printing the *Congressional Record* as the database for online dissemination of the *Record*. This capability provided a significant savings to the Government in the development of an online *Record*.

The *Record* is disseminated via the Internet on GPO's **Access** service, established pursuant to P.L. 103-40. It is available online the morning as soon as it is distributed in paper. The public can use the **Access** service free of charge onsite in depository libraries. Currently, there are about 500 depository libraries nationwide that receive the *Record* online. The public can also access the *Record* free of charge from their homes or offices via electronic gateways established in cooperation with depository libraries. There are 14 such gateways currently in operation in Missouri, Washington, Alaska, Georgia, Pennsylvania, Virginia, the District of Columbia, Tennessee, Colorado, Rhode Island, and Ohio. Others are currently under development.

Libraries participating in the operation of the gateways provide the equipment and the user support for their operation. In this respect, the gateways have proven to be an effective model for devolving the responsibility and resources for providing online access to Government information back to the local level, in lieu of requiring GPO to establish an expensive, centralized dissemination operation.

So successful has this approach been that in December 1994 the **GPO Access** service won a Federal Technology Leadership Award from the Office of Management and Budget and Government Executive magazine. In March 1995, the service won the annual James Madison Award from the Coalition on Government Information, a coalition of national library and other organizations dedicated to promoting public access to Government information. Since the **Access** service began operation in June 1994, approximately 1.3 million documents have been downloaded electronically by public users.

The success of the **Access** service has been used to support related Government information dissemination efforts. For example, we were asked by the leadership of the House to provide the *Record* database to the Library of Congress for dissemination via the THOMAS information service. The House leadership also asked us to provide THOMAS with the congressional bills database developed by GPO (this database has also been available since last fall on the **GPO Access** service). The **GPO Access** service, however, provides access to a number of other documents that are not available through the THOMAS service, including the *Federal Register*, the *U.S. Code*, and General Accounting Office reports.

**Substitution of Online for Printed Version of the *Record*.** If there were no overnight demand for the printed *Record*, the production costs for the *Record* would decrease, but they would not be eliminated. Costs would still be incurred for gathering all the information required to be produced in the *Record* for the *Record* database. Currently, the production of the *Record* database for printing comprises about two-thirds of the cost of printing the *Record*. This work includes keying-in manuscript received from Congress, proofing and revising the work, creating pagination, assembling the GPO-keyed work with work generated electronically by Congress, and all related measures.

By delaying the printing of the *Record* until later, some savings would be generated from press and binding work by transferring the work from nights to days (although there would still be an expenditure, so the savings would be less than one-third of the current cost of the *Record* that is attributable to paper, presswork, and binding). The bulk of the cost of the *Record* would continue

to be incurred for database construction. Moreover, this work would continue to be required overnight in order to have the *Record* database available electronically by the next morning.

**Other Congressional Products.** Other major congressional products include bills, resolutions, and amendments; hearings; business and committee calendars; committee reports; committee prints; documents; miscellaneous publications, such as the *Congressional Directory*; miscellaneous printing and binding, such as letterheads; and document envelopes and document franks. GPO also details printers to Congress to assist in preparing congressional products for printing. Altogether, GPO produced and delivered 2.3 billion units of congressional work to Congress and Federal agencies which requisitioned copies of it in FY 1994. The availability of private sector contractors to produce this product mix in a similar volume and under comparable time constraints today is unknown.

The number of copies printed for various congressional products is established by Congress. We do not have the authority to refuse to print the number of copies ordered by Congress. In recent years, the "usual number" of copies required by Congress has been changed; for example, in the mid-1980's the usual number of copies of hearings delivered to committees was reduced. Congress has also taken action to reduce the number of copies of other products, including the allowable number of copies of the *Congressional Record* that may be sent by any Member to home states or districts.

In each of these cases, GPO has worked with the appropriate committees of Congress, including the Appropriations Committees, the committees on House Oversight and Senate Rules and Administration, and the JCP, to adjust the requisite number of copies. Generally, reductions in the number of copies printed impacts the marginal cost of printing those additional copies, rather than the so-called "front-end" costs of prepress and makeready. These costs would continue to be charged unless the documents are eliminated altogether.

**Product Standardization.** One way to reduce the costs of congressional printing products is to move to greater standardization of products in terms of size. This would reduce the need for different kinds of equipment to handle products with different dimensions. In recent years, We have discussed product size standardization with the Office of the Secretary of the Senate and the Clerk of the House, and these discussions need to continue. Increased product standardization would allow us to reduce and consolidate our core production capabilities into a more efficient equipment configuration.

**Print-on-Demand.** Another cost-saving measure can be developed with the increased use of on-demand printing technologies. We have acquired this technology for our plant and we currently operate other equipment for the Senate. We are also working with the House to establish a similar capability. If utilized properly, this technology can be effective in reducing the need for large inventories of printed documents to be delivered to Congress.

However, the operation of print-on-demand systems needs to be monitored closely. For many kinds of documents, production on offset press remains a more economical method than print-on-demand. To print 18,000 copies of the *Congressional Record* overnight--totalling an average of 3.6 million pages each night--would require as many as 275 print-on-demand systems. At a

purchase price of \$250,000 each, these systems would cost approximately \$68.8 million to acquire.

Even for shorter run documents, the cost/benefit comparison of offset and print-on-demand technologies must be compared carefully. For example, the marginal rate to print additional copies of bills on press (the cost of production after all composing and makeready costs have been expended in producing the first copy) is currently 1.4 cents per page, while the rate per page on the Senate print-on-demand system is 2 cents plus any applicable surcharge, or 43 percent more. If net reductions in the overall volume of bill pages produced are achieved through a print-on-demand initiative, there can be an overall savings. This is the objective of the Senate's current print-on-demand initiative. However, if there is only a one-for-one replacement of print-on-demand-produced bill pages for offset press-produced bill pages, there will be a net increase in costs.

**Electronic Document Preparation.** Another way to reduce costs is to encourage the increased submission of electronic documents by Congress. This would enable reductions in the size of GPO's prepress operation, since (theoretically) fewer data entry functions would be required. However, savings will be achievable only to the extent that electronic document submissions to GPO do not require subsequent GPO intervention to proofread, correct, and perform other necessary functions prior to printing. Our experience with the *Federal Register* is instructive. Currently, much of the *Federal Register* is received electronically, but these submissions frequently require additional work to ensure that the coding structure has been properly used. GPO offers financial incentives to Federal agencies to submit "verified" electronic documents--or electronic copy submissions requiring a minimum or no intervention by GPO prepress operations prior to printing. With the increasing use of electronic capabilities by Congress, a similar program could be established for congressional documents to achieve savings.

**Printing Procurement.** In FY 1994, approximately 75 percent of all printing processed by GPO was procured from the private sector. The vast majority of that work is procured for executive branch agencies.

Two primary values are served by procuring printing through GPO. First, printing procurement provides us with the flexibility we need to manage our plant operation efficiently. When congressional demand is low, work from Federal agencies can be processed on available equipment capacity to keep the plant operating efficiently. When the plant is fully loaded with congressional work, agency work can be procured from the private sector. (In actual practice, the sheer volume of agency work for the past 50 years has ensured that the bulk of it will be procured.) Our procurement capability is a critical instrument for assuring the economical operation of GPO's essential plant capacity.

Second, procuring printing through GPO ensures that the publications in the procurement stream will be made available to our distribution programs. If these two operations were not connected, there would be increased administrative costs to gather publications for distribution and increased risk that many publications would be lost to the distribution system.

GPO does not regard all Government printing as commercially procurable. Timeliness and control are major factors in determining whether to produce work inhouse or to procure it from the private sector. Ensuring the timeliness of the *Congressional Record* and the *Federal Register* and maintaining strict control over their contents are why these publications are printed inhouse. Similar considerations apply to other congressional products, to the *U.S. Budget*, to *State of the Union Addresses*, and to a number of other products.

For the vast majority of Government printing, however, commercial procurement is a viable option. In the United States today, there is an enormous amount of private sector printing capacity. It makes more sense to utilize this capacity on a competitive basis to obtain commercially procurable printing than to invest in additional Government capacity.

Commercially procurable work going into the private sector generates employment, tax revenues, and a broad variety of other economic and social benefits nationwide. Most importantly, it saves money for the taxpayers. Our Printing Procurement Program operates on a highly competitive basis--far more so than in the executive branch--which drives prices down. Approximately 12,000 firms, or more than a quarter of the industry, representing nearly 240,000 employees, are registered on GPO's Master Bid List according to their equipment, staffing, and production capabilities. About 3,600 of these firms do business with GPO on a regular basis, ensuring intense competition for Government printing contracts. Studies have shown that it is generally less expensive to procure printing through GPO than to produce it in agency plants, although the extent of the savings can vary considerably.

**Procurement through GPO vs. Production in Agency Plants.** Utilization of GPO's printing and procurement systems for obtaining agency needs guarantees that Federal publications will be included in the Depository Library Program and that there is a potential for savings. In 1994, Congress enacted permanent language in GPO's appropriations act requiring agencies to procure printing through GPO, with few exceptions, and defining printing to include duplicating. We maintain a number of direct deal term contracts for duplicating services that enable Federal agencies to obtain duplicating work at a low cost. This amendment also helps ensure that Federal printing produced by duplicating processes that meets the requirements for depository distribution is made available for the Depository Library Program.

**Electronic Products.** In addition to printed products and provision of online access through the **GPO Access** service, we have been providing a wide range of electronic products for Congress and Federal agencies for the past several years. We are an acknowledged leader in the Government in CD-ROM technology. In 1992, we won the annual CD-ROM award from the Special Interest Group for CD-ROM Applications and Technology, the largest CD-ROM user group in the world. In 1993, the General Accounting Office reported that GPO's sales prices for CD-ROM products are among the lowest in the Government.

GPO has established a genuine record of success with electronic products based on our ability to provide a recognized value-added service to these products. Unlike printing, Federal agencies are not required to come to GPO for electronic products. Current statutes provide only that GPO is authorized, not required, to produce electronic products for agencies. The GPO Electronic Information Access Enhancement Act, while requiring GPO to provide the *Congressional*

*Record* online, states that GPO is authorized to work with other agencies to provide their products online. Likewise, other laws, such as the Brooks Act, provide substantial roles to other agencies in electronic product provision. Within this statutory framework, however, GPO has nevertheless been successful in positioning itself as a leader in providing electronic products for Government and public use.

## **DISTRIBUTION OPERATIONS**

Congress linked the Superintendent of Documents' publications distribution function with GPO's production function to ensure that the most comprehensive body of publications possible is made available for distribution to the public. Although electronic information dissemination is expanding, and while GPO is a part of the growing use of electronic dissemination, printed publications still comprise a major means of public access to Government information. We distribute approximately 100 million printed publications each year through our various distribution programs.

**Sales Program.** The Sales Program is the Superintendent of Documents' largest operation. In FY 1994, the program generated \$81.9 million in revenues, yielding a net income of \$6.2 million. This program employs approximately 625 FTEs. No appropriated funds are used in the operation of this program. Publications are offered for sale by the Superintendent of Documents based on a pricing formula established by section 1708 of Title 44. Approximately 12,000 titles are offered for sale, and the program includes both print and electronic formats such as CD-ROM and online dissemination. Major bestsellers include the *U.S. Budget*, the *Dictionary of Occupational Titles*, the *Statistical Abstract*, the *Government Manual*, the *Economic Report of the President*, and the *Federal Register*, although congressional documents frequently attract substantial sales interest. Most sales are made via GPO's mail order operation, but bookstores around the Nation generate millions in sales annually. The typical publication ranges in price from 50 cents to \$17, with the average price of \$11. This compares favorably with the average prices for similar books in the private sector bookdealing industry.

**Depository Library Program.** The Depository Library Program is one of the Government's oldest programs for providing the public with access to Government information. Its antecedents date to 1813 when Congress ordered the distribution of congressional publications to State historical and antiquarian societies. As codified in chapter 19 of Title 44, today the Program distributes Government publications to Federal depositories in approximately 1,400 public, academic, law, and Federal agency libraries nationwide. Funding for this program in FY 1994 totaled \$24.5 million from the S&E Appropriation.

Libraries are designated as Federal depositories by Senators and Representatives as well as by law. GPO sends the libraries copies of all Government publications that are not purely of an administrative nature, cooperatively sponsored, or classified for reasons of national security. The majority of the depository libraries are selective depositories which tailor their Government publications acquisitions to local needs, choosing from among 7,000 organizational and series categories. Fifty-three libraries, or roughly one per State, are regional depositories and receive every publication distributed by the Program. These libraries also provide inter-library loan and

related services to other depositories in their regions. More than 167,000 persons utilize Federal depository library collections nationwide each week.

The linkage between production and distribution that resides in GPO is especially critical where the Depository Library Program is concerned. The comprehensiveness of selections for the program is guaranteed by that linkage. Without it, the likelihood would increase that publications which belong in depository libraries would be lost to the program. Currently, such a problem already exists with "fugitive" documents, documents which belong in the program but which are excluded because they are printed elsewhere than GPO.

The publications printed for depository libraries are paid for by the S&E Appropriation. The appropriation also covers the cost of distributing the publications, as well as all administrative costs associated with program operations. The average cost of printing, cataloging, and distributing each publication shipped to depositories is approximately \$1.00, a cost made possible by the volume of publications distributed in microfiche. The libraries that receive the publications are required to make them available for the free use of the public, ensuring equitable access to Government information.

**Electronics and Depository Distribution.** As an increasing amount of Government information is converted to electronic formats, the Depository Library Program is changing to meet the requirements of electronic dissemination. Already, GPO's *Access* service is providing depository library users nationwide with online *Access* to the *Congressional Record*, the *Federal Register*, congressional bills, and the *U.S. Code*.

With the establishment of locally-configured electronic depository gateways nationwide, the *Access* service is being structured in accordance with the decentralized, distributed nature of the Depository Library Program. The essential concept of the Depository Library Program is to allow libraries to develop their Government information collections in accordance with the information needs of their local communities. The establishment of depository gateways nationwide allows this locally-driven program to add electronic online services to its information offerings, rather than requiring all information offerings to be dictated by a centralized service based in Washington.

The role of the Depository Library Program will be enhanced as the program makes the transition from dissemination of Government information in paper and microfiche formats to a system of electronic on-demand delivery of the information. Such delivery, in either image or full-text format, offers potential future economies for both libraries and the Government. With the increased dissemination of Government information in electronic formats, depository libraries will also act in new roles, serving as intermediaries helping their local publics find paths to Federal electronic information.

Depository libraries must also continue to service the historical paper and microfiche collections of Government documents while expanding their capability to handle electronic information. Depositories should be able to offer users access to work stations with a choice of a text-based or graphical user interface, CD-ROM capability, Internet connections, and the ability to print or download extensive documents. A recent survey of the electronic capabilities of depository

libraries showed that the vast majority now have personal computers, CD-ROM capability, and access to the Internet. Eventually, these capabilities will allow anyone to connect from classroom, home, or office to GPO's *Access* service databases, the storage facility, or the electronic locator via a depository gateway.

**Other Distribution Programs.** The Superintendent of Documents is required by sections 1710 and 1711 of Title 44 to index and classify Government publications and prepare the *Monthly Catalog of U.S. Government Publications*, which contains authoritative descriptions of Government documents. Access to the comprehensive body of publications printed by GPO is especially important to the fulfillment of this mission. This program is funded by the S&E Appropriation. Funding in FY 1994 was \$3.2 million.

Under various sections of Title 44, the Superintendent of Documents is required to distribute certain publications free of charge to recipients designated by law. These include the *Congressional Record* (the CP&B Appropriation pays for the cost of printing copies of the *Congressional Record* for official recipients and the S&E Appropriation pays for distributing them). This program is also funded by the S&E Appropriation. Funding in FY 1994 was \$629,000.

Under international treaties, which were subsequently codified in section 1719 of Title 44, U.S. Government publications such as the *Congressional Record* are distributed to foreign libraries in exchange for publications produced by their governments, which are shipped to the Library of Congress. The Library administers this program and GPO distributes the publications. This program is funded by the S&E Appropriation. FY 1994 funding was \$712,000.

Section 1701 of Title 44 authorizes the Superintendent of Documents to distribute publications on behalf of Federal agencies to recipients designated by those agencies. This is a reimbursable operation; GPO provides the service and is paid by the publishing agencies. There is no direct appropriation to GPO for this program. The largest reimbursable operation is the Consumer Information Center in Pueblo, CO, which is run by GPO on behalf of the General Services Administration. The Center distributes free and low cost consumer-oriented publications. In FY 1994, GPO generated total revenues of \$5.6 million from reimbursable distribution activities, yielding a net income of \$250,000.

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Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I trust this information will be helpful to the Subcommittee in its consideration of GPO. Again, my staff and I are prepared to cooperate with and assist the Subcommittee, and I would be pleased to answer any questions you may have.