



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

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**OMB Moves to Save Taxpayer Dollars on Printing Costs**  
*Ending GPO Monopoly Could Save \$50 Million - \$70 Million Annually*

WASHINGTON -- The Office of Management and Budget (OMB) moved to end the Government Printing Office's (GPO) 141 year-old monopoly on federal printing by allowing private firms to compete for \$500 million worth of federal printing and copying contracts. A copy of the directive follows this release.

"The time has come for the executive branch to liberate its agencies from a monopoly that unfairly penalizes both taxpayers and efficient would-be competitors," said OMB Director Mitchell E. Daniels, Jr.

Opening federal printing to competition could save at least \$50 million to \$70 million annually, or the amount GPO charges to private printing vendors for jobs it outsources. In 2001, GPO performed 16 percent of its work in-house, contracting the remaining 84 percent to private enterprises at a premium.

Each time GPO contracts a job to a private vendor, it:

- charges the department or agency for the cost of the private printing, plus a 7% premium, which doubles to 14% if lead time is ten or fewer days.
- charges an additional processing fee of \$7.50-\$15.00 per order; and
- retains all discounts for prompt payment (usually around 5%) offered by private printers, rather than passing these savings to the department or agency.

The OMB directive would eliminate GPO's role as a broker and allow private firms to bid for printing contracts directly from federal departments and agencies.

The directive, which does not apply to printing sensitive to national security, asks that federal agencies and departments comply by September 1, 2002.

-- memo follows (3 pages) --



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May 3, 2002

M-02-07

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Mitchell E. Daniels, Jr. 

SUBJECT: Procurement of Printing and Duplicating through the Government Printing Office

This memorandum sets forth Executive Branch policy with respect to the use of the Government Printing Office (GPO) in handling departmental and agency printing and duplicating needs.

The GPO is a congressional entity controlled by the Joint Committee on Printing. While GPO was originally created to fulfill the printing needs of Congress, Congress has since expanded the role of GPO by requiring that essentially all Executive Branch printing, binding, and substantial reproduction be done by or through GPO.<sup>1</sup> In 1996, however, the Department of Justice's Office of Legal Counsel issued an opinion concluding that Congress *could not* constitutionally obligate Executive Branch departments and agencies to utilize GPO.<sup>2</sup> Nonetheless, to date the Executive Branch has taken no actions to introduce competition into Executive Branch printing. The time has come for the Executive Branch to liberate its agencies from a monopoly that unfairly penalizes both taxpayers and efficient would-be competitors.

In FY 2001, GPO charged federal departments and agencies \$553 million for printing and duplicating. The vast majority of these costs, however, were for work that GPO contracted out to the private sector. Indeed, in FY 2001, GPO performed only 16% of this printing work in-house, and contracted with private printing enterprises for the remaining 84%. When GPO contracts out with the private sector, it:

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1 See 44 U.S.C. § 501 and other authorities. At times, GPO has also interpreted this authority as covering electronic transmissions, such as dissemination by publication on websites.

2 See Memorandum from Walter Dellinger, Assistant Attorney General, to Emily C. Hewitt, General Counsel, General Services Administration, May 31, 1996 at 1.

- charges the department or agency for the cost of the private printing ***plus*** a 7% premium, which doubles to 14% if lead time is ten or fewer days;<sup>3</sup>
- charges an additional processing fee of \$7.50-\$15.00 per order; and
- retains all discounts for prompt payment (usually around 5%) offered by private printers, rather than passing this savings to the department or agency.

These premiums and fees combined likely cost the Executive Branch ***\$50 million to \$70 million per year***, if not more, for work that GPO contracts out to private printers. And even when GPO performs the work in-house, GPO charges departments and agencies a 35% premium if the lead time is ten or fewer days.

While the Executive Branch has long recognized GPO's technical expertise in many specialized areas, rapid developments in information technology have "chang[ed] the way words and images are put on paper" and "blurr[ed] traditional notions of printing and duplicating."<sup>4</sup> These developments have led past Administrations, and even the Legislative Branch, to re-evaluate the role of the GPO in Executive Branch printing and duplicating over the past decade. In 1994 President Clinton stated that comprehensive reform of Federal printing could "improve the efficiency and cost-effectiveness of Government printing by maximizing the use of private sector printing capability through open competitive procedures and by limiting Government-owned printing resources to only those necessary to maintain a minimum core capacity."<sup>5</sup> More recently, David M. Walker, Comptroller General of the United States, testified:

GPO's monopoly-like role in providing printing services perpetuates inefficiency because it permits GPO to be insulated from market forces and does not provide incentives to improve operations that will ensure quality services at competitive prices. Federal agencies could be given the authority to make their own printing policies, requiring GPO to compete with private sector printing service providers.<sup>6</sup>

It is the policy of this Administration to ensure that the federal government receives the best possible deal when spending taxpayers' money. Taxpayers tend to benefit most from open

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3 GPO charges a 7% to 14% premium for contracted work until it recoups \$20,000 (which occurs on work orders priced over \$285,715). After GPO recovers the initial \$20,000 premium amount, the 7% to 14% premium decreases to 0.5% for the duration of the price of the order.

4 Memorandum from then Acting OMB Director Alice M. Rivlin to Heads of Departments and Agencies, September 19, 1994 at 1 ("Rivlin Memo").

5 Statement on Signing the Legislative Branch Appropriations Act of 1995, 30 Weekly Comp. Pres. Doc. 1541 (July 22, 1994). *See also* Rivlin Memo at 1 (stating that government printing reform "should improve the efficiency and cost effectiveness of government printing and duplicating by maximizing the use of private sector printing and duplicating capability through open competitive procedures").

6 *See* Statement of David M. Walker, U.S. Senate Committee on the Budget, February 1, 2000 at 6-7.

competition, rather than government monopolies. Accordingly, Executive Branch departments and agencies should not be **required** to select GPO when more efficient and cost-effective options are available through the private sector or other avenues. As a matter of Administration policy, Executive Branch departments and agencies should address their printing and duplicating needs under the following guidelines:

- Executive Branch departments and agencies should select printing and duplicating services based upon the best quality, cost, and time of delivery.
- If GPO can provide the better combination of quality, cost, and time of delivery, and if the criteria of 31 U.S.C. § 1535 and 48 CFR § 17.503 (if applicable) are met, then Executive Branch departments and agencies may continue to use GPO printing services. Whenever the private sector can provide the better combination of quality, cost, and time of delivery, the department or agency should contract with the private sector. This policy applies to printing or duplicating orders that are valued at more than \$1,000 or that are of a continuing or repetitive nature.<sup>7</sup> The OMB Office of Federal Procurement Policy will make available more detailed guidance on applicable procedures and practices before this policy takes effect.
- Subject to OMB Circular A-76, Executive Branch departments and agencies may rely upon agency in-house printing and duplicating operations and agency cross-servicing arrangements only when such in-house operations and agency cross-servicing arrangements offer the best combination of quality, cost, and delivery, based upon a **full account of all costs**. Otherwise, Executive Branch departments and agencies should use GPO or private contractors.
- Departments and agencies are to provide an annual report to the Director of the Office of Management and Budget on the overall cost of their printing and duplicating operations. Reports are to include a full accounting of all costs of work performed by GPO, work performed in-house, and work contracted directly to the private sector.<sup>8</sup>

Accordingly, OMB is recommending that the Federal Acquisition Regulatory Council amend 48 CFR Subpart 8.8 to reflect this policy. Executive Branch departments and agencies that are subject to the Federal Acquisition Regulation should comply with the policies set forth herein upon publication of a FAR rule implementing this Memorandum. All other Executive Branch departments and agencies should comply with the policies set forth in this Memorandum on or before September 1, 2002. For questions regarding changes to 48 CFR Subpart 8.8 or other related acquisition issues, please contact Mr. Robert Burton, Acting Associate Administrator of OMB's Office of Federal Procurement Policy, at 202-395-3302.

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<sup>7</sup> This policy does **not** apply to printing for the Central Intelligence Agency, the Defense Intelligence Agency, National Imagery and Mapping Agency, the National Security Agency, or other printing that, for reasons of national security, a head of a department or agency determines should not be contracted out to GPO or to the private sector.

<sup>8</sup> Departments and agencies shall continue to ensure that all government publications, as defined in 44 U.S.C. Part 19, are made available to the depository library program through the Superintendent of Documents.