

NewsRelease

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GPO RESPONDS TO THE WASHINGTON TIMES STORY ON THE SECURE PRODUCTION FACILITY

Secure Production Facility

There was a challenge of how to meet the security requirements of the post 9-11 world in developing a secure production facility for outside of Washington D.C. Our customer, the State Department, joined GPO in planning for another production line of blank passports at a remote facility in order to establish the redundancy of this essential document for the American people. GPO and the State Department developed a list of requirements for such a facility. During the investigatory process, GPO did several site analyses for different locations. GPO and the State Department determined Stennis Space Center met all the requirements and to be the most secure and cost effective location.

Hurricane Katrina

During the hurricane, Stennis Space Center received minimal damage. The facility served as a safe haven for those seeking shelter from the hurricane. The U.S. government encouraged job growth and new business to help rebuild the Gulf coast region following the devastation left in the hurricane's wake. By locating the facility in this area, GPO will create more than 50 jobs and new business, thus helping the local economy. This is an example of the federal government practicing what it preaches.

Stennis Space Center

The base is NASA's primary center for rocket propulsion testing. In October 1961, the federal government selected this area to be the site of a static test facility for launch vehicles to be used in the Apollo manned lunar landing program. More than 30 agencies are located at Stennis Space Center.

Inspector General's Report on Audit of Planning for GPO's Secure Production Facility (SPF)

From "Results in Brief" section of the report:

"The OIG has been on the record since 2005 supporting the need for an alternate facility for passport production and believes that the site selected in Mississippi more than meets the requirements for the SPF. As of the date of this report, nothing has come to our attention to indicate that the SPF will not operate as planned and provide the Agency a second source for producing U.S. passports."

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GPO's Comments on the Inspector General's Report

The Inspector General continuously reviews and audits GPO's process, production and output of passports to ensure security and integrity.

The audit concludes that the site selected for the Secure Production Facility more than meets its requirements and that nothing has come to the IG's attention to indicate that the facility will not operate as planned. As further support for this assessment, we're pleased to report that, as of March 1, 2008, the project is more than 60% complete, is on schedule and on budget. Based on these factors, the Secure Production Facility currently displays all of the indications of a highly successful project.

Price/Production Rates

The current agreed upon price between GPO and our customer (the State Department) for the production of the e-passport is \$14.80 per book. That includes: materials, labor, overhead, required inventory, the secure production facility and future investments. GPO does not have any role in setting the price to the public for a passport, the State Department determines that price.

Not all the expenses included in the price we charge the State Department for passports are booked at the same time as revenue. As a result of Generally Accepted Accounting Principles (GAAP) and our business type accrual accounting, the expenses are not recognized until the investment has been placed into service. There's a timing difference—revenue first, then expenses and not necessarily in the same year. In other words, it's like when you first receive your paycheck. You may show the full amount in your bank account, but you know that it's already "spent" to pay for your upcoming bills.

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