

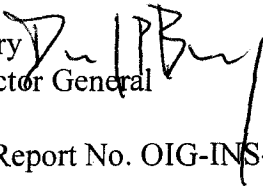


UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

Memorandum

May 16, 2008

To: Lester A. Heltzer
Executive Secretary

From: David P. Berry 
Acting Inspector General

Subject: Inspection Report No. OIG-INS-55-08-03: Cost Analysis of Serving Decisions
and Orders

We initiated this inspection in April 2008 to determine whether there are savings to be had by officially serving Board and Administrative Law Judge (ALJ) decisions and orders electronically, rather than by mailing paper copies.

We estimate that the National Labor Relations Board (Agency) spent approximately \$10,746 to serve 268 Board and 199 ALJ decisions and orders in Fiscal Year (FY) 2007. The Office of the Chief Information Officer (OCIO) estimates that it would cost approximately \$6,000 to create the means to serve decisions and orders electronically for the remainder of FY 2008. The OCIO estimates that the yearly ongoing costs would be approximately \$8,000. There may also be indirect savings and factors other than cost that should be considered.

SCOPE

We interviewed personnel in the Office of Executive Secretary and the Library and Administrative Services Branch, Division of Administration, to gain an understanding of the process that the Agency follows when serving Board and ALJ decisions and orders to the parties. We obtained logs that recorded the copying of the decisions and orders and the certified mailings. The OCIO provided a report from the Board's database showing the number of parties for the decisions and orders that were issued in FY 2007. The OCIO also provided an estimate of the expenses associated with electronic service of Board and ALJ decisions and orders. We obtained a list of 268 Board decisions and orders that were issued as slip decisions and 199 ALJ decisions and orders from the Agency's Web site. We also reviewed relevant provisions of the National Labor Relations Act (Act), other Federal statutes, and Agency regulations.

We conducted this review in April and May of 2008. The review was conducted in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

BACKGROUND

Section 11(4) of the Act states, in part, that “[c]omplaints, orders and other process and papers of the Board, its member, agent, or agency, may be served either personally or by registered or certified mail or by telegraph or by leaving a copy thereof at the principal office of the person required to be served.” The Agency has a committee that is studying whether the Agency should officially serve Board and ALJ decisions and orders electronically via the Internet, rather than mailing paper copies as the primary method of service to the parties and the public.

The service of Board and ALJ decisions and orders is completed by the staff in the Office of Executive Secretary and the Library and Administrative Services Branch. The Agency reproduces 303 copies of Board decisions and orders and 123 copies of ALJ decisions and orders. Parties who are served by certified mail with return receipt are also served by regular mail. Other participants, including the General Counsel, are served only by regular mail. For the General Counsel, the Regional Office that is assigned the case receives five copies by regular mail. Several offices are involved in documenting the service. Three days after the service copies are mailed, the decisions and orders are posted on the Agency’s Web site. Copies of decisions and orders that are not served on the parties are distributed within the Agency or are held as copies that are available upon request.

RESULTS

Cost to Serve Board and ALJ Decisions and Orders by Mail

The Agency spent approximately \$10,746 to serve 268 Board and 199 ALJ unfair labor practice case decisions and orders issued in FY 2007. This is approximately \$23 for each decision. These costs are identified in the table below.

	Board	ALJ	Total
Decisions and orders issued	268	199	467
Decisions and orders pages	4,252	3,852	8,104
Decisions and orders served	3,841	2,780	6,621
Copies *	70,204	56,345	126,549
Sheets of paper for decisions and orders served	35,912	28,859	64,771
Paper cost	\$222.65	\$178.93	\$401.58
Parties served by certified mail	724	541	1,265
Certified mail cost	\$3,475.20	\$2,596.80	\$6,072.00
Pieces of mail (regular and certified)	2,769	1,984	4,753
Cost of postage	\$2,297.17	\$1,723.74	\$4,020.91
Envelope cost	\$146.76	\$105.15	\$251.91
Total cost of decisions and orders served	\$6,141.78	\$4,604.62	\$10,746.40

* We use the term “copy” to mean an individual reproduction of one page.

System Costs

The OCIO's technical plan for supporting electronic service would primarily utilize existing and developing information technology systems with additional expenses for increased storage, licenses, and bulk e-mail delivery software. The OCIO estimates that the initial cost associated with electronic service would be \$6,000 for the remainder of FY 2008. The ongoing yearly expenses to maintain the electronic service capability would be approximately \$8,000.

Indirect Savings

In FY 2007, the Agency leased two large capacity copy machines for the Copy Center for reproduction of Board and ALJ decisions and orders. One of these machines cost \$2,021 per month and the other cost \$2,229 per month, for an annual total of approximately \$51,000 for the two machines. Each of the machines has a monthly allowance of 200,000 copies. In FY 2007, the Copy Center did not exceed the monthly copy allowances. Because the copies made of the decisions and orders that were served on the parties were well within the existing allowance of the copy machines, we were not able to attribute any copy costs to the service of decisions and orders.

More than half of the usage for the two copy machines in the Copy Center can be allocated to reproducing decisions and orders for internal distribution. In FY 2007, the Copy Center made approximately 2.8 million copies. Of those copies, 1.76 million were for the 303 copies of each Board decision and order and 123 copies of each ALJ decision and order. Only 126,549 copies were necessary to serve the parties. If the Agency ceased reproducing copies for internal distribution, it could reduce the copies made each year by approximately 1.64 million. With that reduction, the Agency could then consider ways to reduce the operational costs of the Copy Center and also save the associated paper cost of more than \$5,000.

Other Factors

Federal law requires that the Agency promote the use of information technology to improve the productivity, efficiency, and effectiveness of its programs, including the dissemination of public information. Over the past several years, the Agency made significant progress in moving to an information technology based method of processing its case work, including accepting electronic submissions from parties. The electronic service of the decisions and orders is a logical extension of that progress and is in line with these requirements.

In August 2002, we issued an inspection report that included a suggestion that the Agency take steps to eliminate most non-party mailings to the public and Regional Offices. That suggestion was based, in part, on the cost associated with the distribution of the decisions and orders and the internal delay associated with the distribution of hard copy reports to individuals outside the Agency. At this time, other than discussing the issue, no action has taken place to implement that suggestion.