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To: Government Print Professionals; Financial Managers
From: Fred Antoun, PIA Counsel for Government Printing and Information Issues
Re: The OMB-GPO Compact: A new era in government print procurement
Date: July 24, 2003

After many battles between the Executive and Legislative Branches over government printing, there is now an agreement in the form of the "Compact" recently entered into by the U.S. Government Printing Office (GPO) and the Office of Management and Budget (OMB). The Compact will be implemented government-wide in October 2004 (testing with one Agency begins in October 2003).

Under this historic arrangement, the Executive Branch is no longer challenging GPO's statutory authority over print procurement. GPO remains the mandatory source for government print procurement under 44 USC 501—but there are *major changes*.

In exchange for OMB's recognition of GPO as the government's print procurement agent, GPO agreed in the Compact to:

1. Lower GPO's mandatory fee from 7% to 3%, which will cover minimal GPO services, with additional charges for services now included in the 7% fee (printers pay the 3% fee during the one-agency test period, and probably thereafter);
2. Give agencies the option of handling their own printing purchases, and making the award on "best value" (price, service, quality, on-time delivery, experience, etc.) as opposed to GPO's traditional low-price-wins awards (Note: print buys can only be made through a GSA MAS-type contract/s to be issued by GPO);
3. Upgrade its procurement methodology to provide agencies and printers with electronic, web-based print ordering, bidding, award, and invoicing.

The Compact did not provide many details. Some important details are now available.

Minimum Services for 3%. The 3% base fee will not include most of the services GPO has traditionally provided to its customers. Since GPO lost money last year, it seems obvious that it cannot afford to continue to provide the same services for less than half the revenue. Instead, the 3% fee will cover a GSA-type service that includes: maintaining an approved vendor list; establishing a printing contract/s on which agencies can place orders; payment by GPO of the printers invoices on behalf of the agencies; possibly other incidental services.

Spec writing, procurement of individual jobs, award and contract administration will still be offered by GPO, but these services are not included in the 3% base fee. They are available as options, at additional charge.

Agencies cannot piggyback on GPO Contracting Authority for the 3% fee. A very significant service that GPO will not be providing for the 3% is the use of its contracting authority to issue RFQs or RFBs, make awards, and administer contracts (What GPO contracting officer would allow thousands of people he did not know to make purchase decisions on his warrant?). Since most agency print procurement departments do not have contracting authority (because they have never needed it) they will need contracting officers (and contract administrators) if they wish to take advantage of the 3% fee.

Not a Problem, but an Opportunity. Although the inability to use GPO's contracting authority at the 3% level concerned a number of agency print professionals at a recent Interagency Council on Printing and Publications Services (ICPPS) meeting, the change should be viewed as an opportunity, as opposed to a problem.

Agencies have long wanted to have a say in award decisions, and be more active in dealing with printers who are producing their work. Some agency print procurement departments have recently been threatened with extinction, due to lack of funds and a large deficit. Under the Compact, agencies will be allowed to have the direct involvement/control they want, and, agency print procurement departments should become more critical than ever in the print procurement process. Why? Thousands of users that need print orders will require professional assistance to make sure that their jobs are properly described (to avoid those large change orders later) and that jobs are not overly specified (costing the government significant unnecessary funds).

Each print job is a custom order, requiring knowledgeable contracting officers. No contracting officer, no matter how good, can learn about printing in a two-week crash course; it takes experience for a print contracting officer to be qualified to administer print jobs. Trial and error is a typical way to learn—but it costs more than using experienced personnel. It is far better, easier, and certainly less expensive for agencies to have their print procurement professionals certified as contracting officers than it is to have existing contracting personnel in the agencies (most of whom are already overburdened due to staff cuts) learn all about printing.

The Seven Percent Solution: GPO will still do all the work for 7%. Many agencies do not currently have adequate staff to handle all of their print contracting. If they want to take advantage of the 4% savings offered by the Compact, they will need to increase staff to handle the work load. That may cost more than 4% of their print buy. The alternative is to have to have GPO handle everything for 7% (we assume the fee would stay the same as it is now). Alternatively, GPO may offer optional services individually, but that cost is hard to project. Which solution is more efficient and cost effective is a decision that will vary from agency to agency.

The print e-commerce system GPO is adopting under the Compact will certainly reduce the time and staff it takes to order and manage a print job. That factor will need to be considered in choosing the 3% base service or the 7% full service.

For more information, see the *OMB-GPO Compact* link at www.printlaw.com