



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

APR 11 2014

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Agency Response to OIG Report No. 14-P-0132, "Early Warning Report: National Service Center for Environmental Publications in Blue Ash, Ohio, Spent \$1.5 Million to Store Excess Publications"

FROM: Craig E. Hooks, Assistant Administrator

A handwritten signature in black ink, appearing to read "Craig E. Hooks".

TO: Arthur A. Elkins, Jr., Inspector General
Office of the Inspector General

This is in response to Office of the Inspector General Early Warning Report pertaining to the National Service Center for Environmental Publications in Blue Ash, Ohio. OARM agrees that the agency needs to further evaluate the publications storage requirements. However, we are unable to reconcile how the OIG concludes that the EPA spends \$1.5 million to store publications. According to our records, the agency spends \$1.0 million annually for the management of the publication center and the lease of the warehouse. For FY14, the cost is comprised of \$690,749 for the Lockheed Martin contract for operating the publications distribution center and \$330,828 for the leased space to house the center.

The NSCEP distribution center is an efficient, well managed program which supports the agency's mission of providing public access to information and facilitates public participation in environmental protection. By consolidating this service for the agency, it reduces duplicative space needs, contract costs and FTE to centrally manage the function for the program offices. Additionally, savings are realized by the agency for bulk printing and shipping of documents. The program offices achieve savings by printing their documents in large quantities commonly referred to as "bulk printing" through the Government Printing Office to reduce the price per page. In this way, significant savings are realized versus printing documents using "just in time" printing (Attachment 1). NSCEP determines the lowest shipping cost through market analysis and orders are combined when possible to take advantage of lower bulk rate shipping prices (Attachment 2).

The following are the agency's proactive actions taken to address issues raised in this report.

Issue 1: The NSCEP filled the warehouse with a considerable amount of printed material.

On January 16, 2014, OARM participated in a conference call with the OIG to respond to the draft findings and recommendations in Project #OA-FY13-0248, "Management and Disposal of Underutilized Personal Property Stored in Warehouse/Storage Space." This report addressed property management issues primarily, but recommended that the agency "adopt new technologies, concepts (e.g.

“just in time” order concepts) and strategies that would generate inventory efficiencies in terms of storage, shipment, quick response and filling orders that reduce inventory levels and lower costs.”

OARM began researching the feasibility of “just in time” printing/ordering by contacting the Government Printing Office. Federal agencies are required to use GPO for their printing services with some exceptions, and they offer a “just in time” service called Government Printing Office Express. Title 44 of the United States Code constitutes the broad legal framework for Government publishing. Title 44 deals with the authority of the Joint Committee on Printing of the Congress of the United States and GPO. The Joint Committee on Printing issued the “Government Printing and Binding Regulations,” a document whose directives govern the procurement and distribution of all Government printing (Section 103, Title 44). With two exceptions, all printing, binding and blank book work for the Government is to be done at the GPO. The exceptions are: (1) classes of work that the JCP considers to be urgent or necessary to have done elsewhere, and (2) printing in JCP-authorized departmental printing plants operated or procured by an executive agency, with JCP approval (Section 501, Title 44). Examples of EPA’s exceptions are: (1) printing done by EPA’s JCP-approved, in-house printing plant that is located in Washington, DC; and (2) using the JCP-approved waiver for publishing articles in scientific journals.

OARM obtained cost comparisons for GPO printing and GPO Express “just in time”. The GPO Express Manager explained that GPO Express is typically used for small jobs of a minimal quantity that must be printed and delivered quickly-and would not meet some of our agency’s requirements (recyclable paper, binding, volume, etc.). In 2001, EPA’s Deputy Administrator issued guidelines for paper standards for EPA’s publications. These standards required the use of paper that has a recycled content of 100% recycled materials containing a minimum of 50% post-consumer fibers, processed chlorine free, and the use of vegetable-based inks. The GPO Express print-on-demand contract does not include this type of paper. The equipment used for printing under this contract is “copier-type” equipment which uses toner and not vegetable-based ink. Also, the binding on this contract calls for “black-tape binding,” which cannot bind a document containing more than 200 pages; EPA prints numerous books containing more than 200 pages. Since EPA’s distribution needs often require printing several thousand copies of a document, using a “just in time” contract such as the GPO Express is not feasible or economical.

We selected two documents from Energy Star and the Office of Water that are in high demand and obtained cost estimates for standard GPO printing where GPO solicits one-time bids for a particular job and makes the award to the lowest bidder, and GPO Express printing. The cost savings for standard printing of these two documents versus just in time exceeded \$3.5 million dollars (Attachment 1). This information was shared during the monthly conference call with the OIG team on January 16, 2014, provided to them in writing on January 21, 2014, and discussed during a meeting with OARM and the OIG on January 29, 2014. OARM offered to arrange a teleconference with GPO, the OIG and OARM to discuss the costs for printing; however, the OIG declined the offer.

NSCEP is a dynamic operation. Attachment 3 provides a history and more information about the center. The product inventory changes almost daily as orders are shipped to requestors, new products are added to the on-line catalog of hard copy publications, and superseded products are recycled. The inventory included in the early warning report is a snapshot for that date; the inventory could fluctuate based on requests for printed materials. Natural disasters, new health warnings and environmental conditions can spur increased requests for information produced by our agency, and it is difficult to anticipate what may be needed and when.

The NSCEP distribution center provides more services than “storing and caring for stock”. The distribution center function covered by the contract includes but is not limited to the services below. The FY 2014 costs are \$690,749.

- World-wide dissemination of EPA publications
- Quality control of inbound publications to ensure compliance to printing specifications
- Inventory tracking system provides real time inventory levels to program offices; program offices can log in and see their daily inventory levels down to the document level
- Orders are processed and shipped within 72 hours
- Rate shop for best shipping costs for program offices including express shipments for conferences
- Provide bulk/indicia mailing services to reduce shipping costs

The other services listed below are separate from the distribution center, and the costs associated with them under the contract for FY 2014 is \$399,370.

- Toll-free number for ordering publications
- Online ordering for publications
- Assigns EPA publication numbers for all agency documents
- Scans/digitizes EPA publications for uploading to the NSCEP website
- Provides automated notifications to program offices when items are out of stock, received at the warehouse or inventory is low
- Showcases EPA educational publications such as “Dusty the Asthma Triggers”, “Join the Lorax Activity book” and “Guidelines for the Preparation and Professional Development of Environmental Education” at the bi-annual National Science Teachers Association conference; NSCEP also supports the Water Environment Federation’s Annual Technical Exhibition and Conference, shipping their exhibit consisting of five large crates, and published materials such as “ORD/National Risk Management Research Lab”
- Analyses and recommendations for recycling superseded materials
- Supports major annual EPA events such as Radon Month, Asthma Month, and Earth Day by compiling documents for the program offices for distribution at the events

Issue 2: The NSCEP needs to improve implementation of plans to reduce inventory.

A distinction should be made about the role of OARM and that of the program office clients. NSCEP is managed by OARM via a contract with Lockheed Martin. The NSCEP project officer works with the contract staff to provide monthly document distribution and inventory reports. These reports contain information such as current document levels, shipping distribution reports by state, product requestor by type (education, regulatory, general public, government etc.), top ten requested items and recycling information for review by the client program offices. The project officer conducts monthly visits to the distribution center to review its operations.

OARM is currently developing an approach for an improved inventory management process. The process will help the program offices determine initial and reprint volumes based on shipment levels of similar items which will more effectively control inventory levels. The program offices are responsible for development of products, obtaining the necessary clearance for the products and having the products printed or produced. With assistance from an EPA printing officer, the program offices determine how the product will be used and the volume needed. The program offices also prepare the purchase

requisition and fund all production costs. The inventory for these documents may be shipped to NSCEP for inclusion in the inventory system and distributed to the public or local, state and government agencies upon their request. The program offices determine if additional products should be printed and shipped to NSCEP for distribution

Although inventory reports have been available to the program offices via a link to the NSCEP site, beginning on June 25, 2013, OARM's NSCEP project officer began sending each point of contact the inventory reports for their office and list of items that had not shipped nor had orders placed against them within the last 18 months. The program offices were asked to respond indicating which items could be recycled and contact continued until responses were received from all offices. As a result of these efforts, for the period of June through October 2013, 1,861,772 items were recycled. Recycling of paper products is at no cost to the government, and the EPA receives a refund for the recycled products. For the period June 2013 through January 2014, the EPA received a refund totaling \$2,511.

Additionally, OARM issued a standard operating procedure on July 22, 2013, for NSCEP inventory management outlining the procedures for recycling superseded or unused materials. The SOP states that publications not shipped within the last 18 months will require division director approval to maintain the stock. The SOP was provided to the OIG on December 9, 2013.

On January 24, 2014, OARM's Principal Deputy Assistant Administrator sent a memo to the Deputy Assistant Administrators seeking their assistance to ensure that NSCEP maintains the most current publications necessary to fulfill public informational needs. This memo was provided to the OIG on January 30, 2014.

Actions Taken

OARM has completed or will complete additional actions to assess the NSCEP program. In early FY13, OARM took steps to reduce the cost of the Lockheed Martin contract that supports the NSCEP distribution center. The contract costs were reduced by \$200,000 per option year by reducing the call center hours, eliminating the Spanish-speaking assistant and changing the service level agreements.

If you have any questions on this response and the related attachments, please contact Rick Carter, Director, Office of Administration and Resources Management-Cincinnati, at (513) 569-7910.

Attachments

1. Cost Estimates – GPO Printing and GPO Express
2. Shipping Costs – Estimates
3. National Center for Environmental Publications

cc: Nanci Gelb
Rick Carter
Vique Caro
John Showman
Steve Blankenship
Brandon McDowell
Debra Lang
Marian Cooper