

Declassified in Part - Sanitized Copy Approved for Release 2013/07/30 :
CIA-RDP12-00036R000100040027-8

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NOTE FOR FILE

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On this date the DC/P&PD received a call from [redacted]
OL/P&PS, asking for correspondence on FBIS (specifically,
the Daily Report). OL/P&PS is responding to a directive
concerning the Government contracting work out versus
in-house. The attached information was handcarried to
[redacted] on 17 August 1976.

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Revised by OL for 5/11/74
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3-6
x Budget 75

ADDITIONAL POSITION AUTHORIZATION AND FUNDS
FY 1975 AND FY 1976
FOR OL UNPROGRAMMED PRINTING SUPPORT TO
FBIS DAILY REPORT

1. The Office of Logistics (OL) requires an increase of [redacted] and supplemental FY 1975 and FY 1976 funds to enable continued support to the production of the FBIS Daily Report. 25X1

2. POSITIONS + 7

a. Authorization to OL for FY 1975 positions and for FY 1976 OMB budget estimates eliminated [redacted] positions in the Printing Services Division (PSD) that were dedicated to the unclassified Daily Report of FBIS. This action was based on the intention to relieve PSD of responsibility for printing the Daily Report and to have the function performed under contract with the Government Procurement Office or with a commercial printing firm. 25X1

Printing
b. After the beginning of FY 1975, the decision was reached to cancel plans for external contracting and to retain in PSD continued responsibility for printing the Daily Report. Rough estimates for contracting out were obtained, however, and these were in the neighborhood of [redacted]. 25X1

c. The Director of Logistics explored with the Director, FBIS, the possibility of identifying positions surplus to the needs of FBIS with transfer to OL for restoration of position authorization to PSD. The D/FBIS, under date of 6 November 1974, advised:

"... FBIS cannot help with staff positions and a recheck confirms that we no longer have contract positions to offer--those we had were cut this fiscal year."

D/L Distribution:

- Orig & 1 - DD/A (via courier 8 Nov 74)
- 1 - OL/EO/B&FB
- ① - OL/PSD

[redacted] 25X1

OL/EO/B&FB [redacted] (8 Nov 74)

CONFIDENTIAL

25X1

3. FY 1975 FUNDS



25X1

a. Although without FY 1975 position authorization, PSD has retained the personnel for uninterrupted printing support for the Daily Report; this has contributed to the current overceiling position of OL and to the projected deficit in funds for personal services.

b. Funds for personal services costs in the FY 1975 OL Operating Budget are only sufficient to meet salaries and benefits of personnel under the authorized ceiling. Funds are not available for salaries and benefits of overstrength personnel.

c. Supplemental funds for personal services costs in FY 1975

[redacted] at the current rates of pay. (See attachment for detailed statement of fund requirements.)

25X1
25X1

4. EQUIPMENT

a. In June 1974, FBIS contracted for development of automated production of the FBIS Daily Report via RAPID (radio and press information dissemination). This system will make available the entire text of the publication (180,000 ^{words} daily) in digital form. A stipulation of the contract requires the system to permit photocomposition. Delivery of the initial RAPID system components to FBIS is scheduled for 1 February 1975 with final cutover slated for 1 August 1975.

b. The estimated cost for procurement of a photocomposer is \$160,000, for which the OL FY 1975 Office Operating Budget makes no provision. Early decision on source of funds for procurement of the photocomposer is mandatory. The photocomposer to be used by PSD must be identified to the RAPID contractor as soon as possible for purpose of software planning and interfacing. The manufacturer advises that delivery time is 90 to 120 days after the order is received. To meet the 1 April 1975 target date required to insure adequate time for testing, installation, and training, the order will have to be placed on or about 1 December 1974.

5. FY 1976 FUNDS



25X1

Salaries and benefits for



25X1

Page Denied

28 December 1973

MEMORANDUM FOR THE RECORD

SUBJECT: Printing of the FBIS Unclassified Publications

1. The Chief, Printing Services Division (C/PSD), met with the Director, Foreign Broadcast Information Service (D/FBIS), on 19 December 1973 to discuss possible savings in positions and/or funds by divesting the Agency of the responsibility for printing FBIS unclassified publications. This was recommended to the DCI by the DD/MAS (no documentation available).

2. Four alternatives for FBIS printing were discussed in some depth:

- a. Continue printing in PSD.
- b. Continue printing in PSD, but use contract employees.
- c. Request that GPO assume responsibility. *or contractors*
- d. Transfer responsibility to JPRS.

Mr. Paterson, D/FBIS, is going to the DD/I with these alternatives and the recommendation that the printing continue in PSD. This recommendation coincides with the view of PSD.

3. Alternative 2.a. above has several good points, extending even to eventual cost savings:

- PSD is totally familiar with the operation and is delivering an acceptable product on a timely basis.
- PSD and FBIS have for some time been in an almost symbiotic relationship in the development of automation plans for FBIS. These plans, including the last two contracts for system design and evaluation, call for photocomposition of the Gallies by PSD either coincidental with the automation in FBIS or following shortly thereafter.
- Automation in FBIS [redacted]

[redacted] has now reached another critical

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OL 3 707

SUBJECT: Printing of the FBIS Unclassified Publications

stage calling for RPO's for system development. A vital element of the development will be early-on decisions regarding printing, i.e., photo-composition, and close liaison between FBIS, PSD and the chosen contractor. Disruption of these relationships could result in long delays in implementation.

- Photocomposition will reduce paper consumption by PSD by 91 tons per year at a cost savings of \$52,000. (Paper costs for the FBIS have increased 46% over the past year.) Initial estimates indicate that first-year costs (FY 75) for photocomposition would show an increase of \$112,800 over the present system, but that an annual cost avoidance every year thereafter would be \$42,200. The initial cost increases will be largely for hardware. In addition, the benefits of photocomposing for FBIS extend to other Agency applications which individually might not justify major expenditures for equipment.
- Equipment has been purchased (collator @ \$19,180), renovations completed, and plans are well along for the move of the printing activity into the Main Plant of PSD from the General Printing Plant, PSD.
- Computer Output Microfilm (COM) equipment now in OJCS will be moved in January 1974 to PSD where, amongst other things, it will be used to produce microfiche copies of the FBIS, when machine language is available, as a supplement or alternative to hard copy distribution of the FBIS publications.
- There is an added advantage to FBIS in that changes and special books can be implemented with relative ease working with PSD.


4. Alternative 2.b. above can be discarded in terms of cost savings, i.e., a simple conversion of career to contract employees with no change in salaries, equipment and supplies. Most of the advantages cited above for continuation of the printing in PSD would be realized, although difficulties might be encountered in conversion to photocomposition due to the skills required.

SUBJECT: Printing of the FBIS Unclassified Publications

5. Alternative 2.d. can also be discounted in terms of cost savings, since the employees involved would be converted to a contract status similar to that employed in JPRS. Arguments against this alternative include the fact that JPRS personnel are totally unfamiliar with the requirements, existing and planned, and would not be able to provide a smooth transition during the upcoming period of technological change.

6. Alternative 2.c. (transfer to GPO) would, of course, require Agency reimbursement regardless of whether the job were done internally or sent out on contract. The Deputy Public Printer has let us know informally that GPO would almost certainly farm the job out. Out-of-pocket costs to the Agency would be far in excess of the FY 75 estimated cost of \$350,000. There are serious questions regarding involvement in contract negotiations, an almost open ended affair due to spiralling paper costs, and whether a contractor would even bid on the job without being sure that the profit margin would be commensurate with the risks. Most of the advantages cited under paragraph 3 above would be lost, the complexities of FBIS and FBIS contractors working with yet another contractor through GPO would be horrendous. The advantage of this alternative is the elimination of positions in the Agency at some considerable additional cost to the taxpayer.

7. In summary, retention of responsibility for printing FBIS publications in PSD, assuming that FBIS plans for automation proceed and that PSD has a commitment to work with them in developing a printing subsystem requiring photocomposition, is the most cost-effective alternative available at this time. A more detailed plan for photocomposition is in the works in PSD, and a commitment has been made to FBIS to provide technical personnel for both detailing specifications for the RPQ and subsequent liaison with a chosen contractor.


 Acting Chief
 Printing Services Division, OL

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cc: D/FBIS

ADMINISTRATIVE - INTERNAL USE ONLY

Mr. Michael J. Malanick

Room 1206, Ames Building

Mike -

Here are copies of background papers which may be of help to your draft, if you don't already have them. As I said yesterday, FBIS cannot help with staff positions and a recheck confirms that we no longer have contract positions to offer--those we had were cut this fiscal year. We have taken severe cuts in the past couple of years. This is a problem Brownman created and the DCI may be the only one who can correct it.

Don P.



Director, Foreign Broadcast Information Service
6 Nov 74

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ADMINISTRATIVE - INTERNAL USE ONLY

86 APR 1974

STAT

MEMORANDUM FOR: Associate Deputy Director for Intelligence

THROUGH:
DDI Management Staff

SUBJECT: Printing of the DAILY REPORT

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Attached are recent memoranda by D/FBIS and A/C Printing Services Division, CI on the question of contracting out the printing of the DAILY REPORT. The position of FBIS and PSD remains unchanged. We believe that contract printing of the DAILY REPORT is not a cost-effective proposition, for the following reasons:

Cost

Getting the job done outside the Agency would save PSD 9 positions at subprofessional salary levels. If the job were done in-house at GPO, it would require an equal (more likely greater) number of additional employees at GPO, with a zero net saving of positions to the Government.

If, as is likely, GPO subcontracted the job out, PSD feels that out-of-pocket costs to the Agency would increase, not decrease.

Effectiveness

DAILY REPORT and PSD operations have evolved into a finely adjusted match of requirements and capabilities. PSD printing of the DAILY REPORT is 100% reliable. A publication deadline has never been missed. It is hard to imagine the private printing industry maintaining this record.

ADMINISTRATIVE - INTERNAL USE ONLY

PSD printing and distribution of the DAILY REPORT is timely. The books are on their way to consumers and reach many of them the morning after they leave FBIS. Even so, some consumers complain about the delay in receipt of the books -- a delay introduced by internal distribution problems in their own agencies. Without expensive contractual guarantees, contract printing would likely introduce further delays.

PSD response is highly flexible. DAILY REPORT supplements, the need for which is frequent but often unpredictable, are accommodated easily by PSD. We doubt if a contractor would be as flexible unless we paid heavily for this additional service.

Side Effects

The success of the DAILY REPORT automation project depends in large measure on close coordination of planning and implementation between FBIS and the printer. FBIS has this relationship with PSD. The automation plan is, in effect, a joint plan. The complexities of an FBIS automation contractor dealing with a printing contractor through another contractor (GPO) are horrendous to contemplate. Serious delays in the automation project would follow inevitably.

Moreover, unless the printer were able to assure photocomposition of the DAILY REPORT, as contemplated in the FBIS/PSD plan, the significant cost savings from reduced paper requirements deriving from photocomposition would be lost. PSD believes we would have difficulty finding a printer who could offer photocomposition. It is our understanding that GPO would not offer photocomposition.

Administrative Difficulties

The difficulty of dealing with the printer through the GPO, and the not yet fully defined requirements of an automated DAILY REPORT would involve the Agency in open-ended renegotiation of the contract with the printer.

[Redacted]

Deputy Director

Foreign Broadcast Information Service

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Distribution:

- Original & 1 - Addressee
- 2 - O/Dir
- ③ - RMS [Redacted] -2-
- 1 - FBIS Exec Registry

STAT

STAT

21 December 1973

MEMORANDUM FOR: Associate Deputy Director for Intelligence

SUBJECT : Possible PSD Cut Affecting Daily Report

[redacted] Chief, Printing Services Division, came to see me 19 December as you arranged.

2. [redacted] said he had been asked to come up with [redacted] to be cut in FY 1975, the emphasis being on "programs". The only PSD program he could identify with [redacted] was printing of the FBIS Daily Report. At the same time he identified [redacted] "across the board" and recommended they be cut, instead of the Daily Report which actually involves [redacted] considering Daily Report supplements and addressing. [redacted] believes it was the DDM&S who decided on the Daily Report cut, because this is unclassified work (which to some people makes it less important).

3. The Daily Report function involves printing, collating, binding, stuffing envelopes, addressing, and bagging. Agency couriers pick up and distribute the Daily Reports, and [redacted] has no idea how the courier system or staffing would be affected. NTIS picks up the books addressed to it at PSD. PSD microfilming of the Daily Report for archives, etc. would not be affected.

4. Daily Report automation is a primary concern since both FBIS and PSD are planning for it. The proposed FBIS system will produce a computer tape which can be used to drive automatic mat-producing printers or a photocomposer. The latter option is preferred by FBIS because it will provide the best printing match for the FBIS automated system, (this was recently confirmed by [redacted] a private consultant and leading authority in the publication field), because it can be cost justified in 4 to 5 years on projected paper savings alone, and because it will save at least four FBIS contract positions. This capability would also provide PSD with added capacity for other Agency work. Arlo estimates that PSD conversion from impact printing to photocomposing will require the same number of people though some tasks will be different. PSD could not justify new photocomposing equipment (Photon 7000) without the Daily Report work.

ADMINISTRATIVE -- INTERNAL USE ONLY

5. Transfer of the Daily Report printing to the Government Printing Office raises several problems. [] says the main plant has photo-composing equipment, but it is almost certain they would not be willing to take on the job. Even if they were, it is unlikely they could meet our deadlines and other requirements. STAT

6. GPO has a branch operation at the Navy Yard, near NPIC, but [] doubts they would be willing to saddle themselves with a daily printing job of such magnitude (500 pages a day divided into seven books totaling 6,000 copies, for 475,000 impressions daily). The possibility of their printing the Daily Report was discussed with them some 10 years ago, according to [] but they wanted nothing to do with it. Personnel have changed, but [] doubts the new people would be interested either. PSD could make the equipment available to them. Photocomposing would be out of the question. We would have to pay for the service. Whether the GPO would consider doing our work, be able to meet our requirements on deadlines and reliability, and charge an acceptable fee would have to be determined in direct discussion with them. STAT

7. [] thinks we would have a difficult time finding a private contractor who could provide photocomposition, but he expects we could find a contractor who could meet our other requirements. He is sure it would cost the Agency a great deal. STAT

8. I asked [] if anyone in the DDM&S had considered converting 8 PSD staff positions to contract to meet the problem? I know this is distasteful and against the tide, but Daily Report work is unclassified (if that makes any difference) and contract positions would not be unsuitable for the type of work performed. [] said this had not been considered and thought it should be brought up. STAT

9. I also told [] another option might be to transfer PSD Daily Report functions, equipment and personnel (on contract) to JPRS, which already prints all JPRS publications. We currently have 10 contract employees printing JPRS publications. [] saw no objection to this, though we both conceded that it is simply moving Agency resources from one pocket to another. We saw an advantage in that experienced PSD personnel would not have to be separated. This would also give FBIS direct management control over Daily Report printing (and all the management headaches that go with it). There is question whether we could justify photocomposition since the equipment would not be available for other Agency work as it would in PSD, though Daily Report paper savings would be just as great. All in all JPRS printing is not an attractive option to FBIS. STAT

10. FBIS would strongly prefer to depend on PSD for Daily Report printing under present arrangements and as is being planned in connection with automation, including PSD photocomposition. PSD is familiar with our needs, meets our requirements, and has the staffing flexibility to deal with Daily Report supplements and ad hoc reports which require special handling. There have been 46 supplements so far this year, including such items as text of Brezhnev's important World Peace Congress speech on 26 October. Our expectation is that any alternative to PSD would in the end cost the Agency more and provide less in the way of quality service.

11. The Daily Report remains the principal vehicle for dissemination, storage and retrieval of current radio and press information. It contributes heavily to finished intelligence, supports operations, and is used by a wide range of consumers in State, Defense, the NSC Staff and the foreign affairs community in general. Timeliness is essential.

12. While we are not in a position to work up the alternative costs which would flow from a PSD cutback, it would seem impossible in a "one-agency" mode to justify the cost-effectiveness of the DDM&S action. The DDM&S must back off or delay any final decision until a complete cost analysis can be done. We do not see how the support service, on its own, can shift a heavy financial burden to another part of the Agency in the name of economy.

13. If the DDM&S is unwilling to back down and use the 8 staff positions Brady has already identified elsewhere, we propose that it be asked to consider conversion of 8 staff PSD positions to contract (taken from the FBIS contract ceiling if necessary). Failing this, we will need your permission to explore the other options--GPO, contract, or JPRS--together with (who will be on leave until 7 January). STAT

14. An early settlement of the general question is desirable so we may take any new arrangements into account in drafting our automation RFP for solicitation of bids, currently in draft, and in our FY 75 and following budgets. STAT

DON H. PETERSON
Director

Foreign Broadcast Information Service