



ROUTING AND RECORD SHEET

ADS-5-7-SR

SUBJECT: Funding for the Agency Copier Management Program

FROM: Extention NO: DS&T-471-88 25X1
 DS&T/PRS/P&B DATE: 24 May 1988 25X1
 6E60 HQS

* Date *

TO: (Officer designation) rec'd fwd'd init Comments:

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DS&T-471-88
24 May 1988

MEMORANDUM FOR: Special Assistant/OD&E
Executive Officer/ORD
Chief, Management and Coordination Staff/OTS
Chief, Program Analysis Staff/OSO
Chief, Executive and Planning Staff/FBIS
Executive Officer/NPIC
Director, Management and Planning/OSP

FROM: 25X1
Chief, Program and Budget/DS&T

SUBJECT: Funding for the Agency Copier Management Program

1. In March 1988, the Office of Logistics presented to the Executive Director a study of the funding history of the Agency's copier management program. This study indicated that the budget growth for the copier program had not kept pace with the Agency's requirements, resulting in a backlog of requests that cannot be satisfied without additional funding. The Office of Logistics recommended that each Directorate be assessed according to existing and projected requests for the remainder of FY 1988. A copy of the study is attached for your information.

2. Also attached is the Office of Logistic's cost projection for active requests for upgrades to existing copiers and/or new copiers and future requests. The CURRENT COSTS column represents the monthly cost that is presently funded in OL's budget for copier upgrades, the PROJECTED COSTS column represents the projected monthly cost for existing and new copiers. Taking the difference between the current monthly and projected cost for the remaining four months of the fiscal year, the Office of Logistics proposes that \$36,316.00 is required from the S&T to fund existing requests and by analyzing historical data an additional \$11,344.00 may be required to cover future requests for the fiscal year (June through September).

 25X1

SUBJECT: Funding for the Agency Copier Management Program

Distribution:

1 - each addressee

1 - each DS&T/BO

1 - DS&T/PRS/P&B

25X1

1 - DS&T/P&B [redacted]

1 - DS&T/PRS/Chrono

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1 - DS&T/LOGS [redacted]

1 - DS&T/Registry

DS&T/PRS/P&B [redacted]

25X1

7 March 1988

MEMORANDUM FOR: Executive Director

VIA: Deputy Director for Administration
ComptrollerFROM: Director of Logistics

SUBJECT: Funding for the Agency Copier Management Program

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BACK

1. Attached is a copy of a staff study prepared by the Printing and Photography Division (P&PD), OL, detailing the funding history of the Agency Copier Management Program (CMP). This study indicates that the annual budget growth for CMP has not kept pace with the growth rate of Agency copier requirements, resulting in a backlog of legitimate copier requests that cannot be satisfied without an adjustment to the FY-1988 CMP budget base. The study also contains a recommendation for the establishment of an annual program, beginning in FY 1988, to replace copiers after five years' service, which is in accordance with industry guidelines for the useful life expectancy of copiers.

2. The data presented in this study and the concerns raised are valid. As of 1 March 1988, the FY-1988 CMP budget of \$2.6 million is 96 percent obligated, leaving only \$100,000 to satisfy an existing backlog of 130 valid copier requests. This amount is clearly inadequate. It must be noted that we are less than six months into the current fiscal year, and additional requests will be forthcoming. A correction to the CMP budget must be made immediately, or it will cease to be an effective vehicle for management and acquisition of copiers for the Agency.

3. It is recommended that the FY 1988 base budget for Copier Management be increased by \$1.2 million in order to satisfy existing copier requests, projected copier requests for the remainder of FY 1988, and initiate a copier replacement program. This funding should be obtained by assessing each directorate an amount to fund for both its existing and projected requests for FY 1988 and an additional amount to establish a replacement program proportional to that directorate's current CMP budget utilization. The total amount required from each directorate is as follows: DO - \$246,155; DS&T - \$293,885; DA - \$252,280; DI - \$311,440; DCI - \$96,240. These funds, totaling \$1.2 million, should be transferred to the CMP base budget, FAN 1144.

All Portions Secret

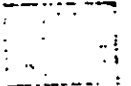
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OL 11015-88

SECRET



SUBJECT: Funding for the Agency Copier Management Program

4. It is hoped that this additional funding can be accomplished in a timely manner, as CMP is currently unable to fill any new requests.



25X1

Attachment

CONCUR:

[Signature]
Deputy Director for Administration

18 MAR 1988

Date

25X1

Comptroller

Date

APPROVED:

Executive Director

Date

OL/P&PD: [Redacted] (7 Mar 88)

25X1

Distribution:

- Orig - Addressee, w/att (Return original to OL/P&PD Official)
- 1 - Executive Registry, w/att
- 1 - Comptroller, w/att
- 2 - DDA, w/att
- 1 - OL Files, w/att
- 1 - OL/P&PD Chrono, w/att

I. Purpose of This Study

This study was undertaken at the request of the Director of Logistics to detail the history of funding for the Agency Copier Management Program (CMP).

II. Statement of the Problem

Since its inception in 1981, the CMP has been funded at levels sufficient to satisfy only the existing contracts and provide a small amount of growth in new copier placements. Also, there has been no funds established to cover the cost of replacing any of the older, worn-out, copiers. Prior to FY-86, the CMP existed as a line item in the Office of Logistics, Printing and Photography Division's (OL/P&PD) budget. Shortfalls in the CMP were covered by funds from the P&PD budget. In FY-1986, CMP was given its own FAN and operating budget. Since this time, a backlog of over 130 copier requests has developed due to an imbalance between CMP's annual budget and the Agency's copier requirements.

III. Discussion

A. The CMP was established in FY-81, and in FY-82 its first budget was funded in P&PD's FAN 1141. These funds came from contributions from each Directorate based on each Directorate's FY-81 copier expenditures. At this time it was determined by the Office of the Comptroller that because of unpredictable changes in copier expenditures resulting from this new program, adjustments would have to be made to the CMP budget as needed. The ambition of a copier management program such as this is to reduce unnecessary spending by placing the management of the acquisition and maintenance of the Agency's copier requirements under one office. Because of the unpredictable changes in both budgetary requirements and copier requirements, the budget for the CMP is now in need of an adjustment.

B. Because of the similarities between copier/reprographic and large-scale printing technologies, P&PD was charged with the management of this program and its corresponding budget. The CMP's initial budget in FY-82 came from funding obtained through contributions from each Directorate amounting to \$1.5 million. Thereafter, to insure that the CMP would have sole authority for all copier placements, funding came from P&PD's budget. During the period 1982 through 1986 funding continued to come through P&PD's FAN on an "as needed" basis. While this is actually "funding to meet the demand", it sufficed during the early program years, at a

time when the program was seeking to streamline and reorganize existing decentralized copier acquisition procedures. At the same time, overall Agency expansion created unprecedented growth levels in copier requirements. As a consequence, no base line funding or replacement funding costs were firmly established. Thus, when the budget for CMP was separated from P&PD and CMP's FAN 1144 was established in FY-86, the funding was based on dollar amounts that P&PD had allocated to this function which had been based on minimal funds needed to accommodate existing contracts. This placed the CMP baseline funds at an absolute minimum level making it insufficient to meet any additional growth in Agency copier requirements. During FY-86, the financial constraints imposed by the Graham-Rudman-Hollings bill meant that additional funding would not be available to increase the CMP budget base, and a freeze was placed on the acquisition of copiers. As a result of the freeze, CMP was faced with a backlog of about 70 requests for copiers when FY-87 began. The FY-87 CMP budget of \$2.5 million was again sufficient to fund existing contracts and very few additional requests that year, but did not appreciably address the backlog. In fact, new copier requests received during FY-87 increased the backlog to about 130 requests at the beginning of FY-88.

C. In order to address this backlog of over 130 copier requests, an increase of approximately \$500,000 will be required. The number of active requests for copiers, and the associated estimated cost to fill these requests is listed below by Directorate:

<u>DIRECTORATE</u>	<u>NUMBER OF REQUESTS</u>	<u>COSTS</u>
DO	27	\$102,625
DS&T	33	\$122,625
DA	28	\$105,250
DI	35	\$129,500
DCI	11	\$ 40,000
TOTAL PENDING REQUESTS	134	\$500,000

D. Based on the six-year history of the CMP, it is projected that an additional 61 requests will be received in FY-88 requiring additional funding in the amount of \$300,000.00. These projections are presented below:

<u>DIRECTORATE</u>	<u>NUMBER OF PROJECTED REQUESTS</u>	<u>PROJECTED COSTS</u>
DO	12	\$61,500
DS&T	15	\$73,500
DA	13	\$63,000
DI	16	\$78,000
DCI	5	\$24,000
Total Projected FY-88 Costs		\$300,000

E. Yet to be addressed in the CMP budget is the need for an ongoing equipment replacement program. A copier replacement program should have been started about five years after the initiation of the CMP, since the industry guideline for the life of a copier is estimated at five years. At the end of FY-87 the Agency copier population exceeded 500. Of these copiers 58 are well over five years old and have out-lived their usefulness to the Agency. By the end of FY-88 there will be an additional 138 copiers, or a total of 196 copiers that will be at least five years old and ready for replacement. This represents 40% of the Agency's fleet of copiers and suggests that 20% of the fleet, or approximately 100 copiers, should be replaced annually. At today's rate for rental and maintenance charges, an average of \$5,000 per copier would cover the cost of replacement. An additional \$500,000 per year will be required beginning in FY-88 in order to initiate a replacement program. Once a program such as this is initiated, it is anticipated that the copier population growth will stabilize due to a continual injection of new copiers upgrading the old out-dated copiers. Funding for a replacement program could be achieved by assessing directorates proportionally for their share of the cost of needed copiers as was done when the CMP was initially established.

Each Directorate's share in supporting this program is listed below. The percentages indicated are based on each Directorate's percentage of CMP budget use.

<u>DIRECTORATE</u>	<u>AVG PERCENTAGE</u>	<u>REPLACEMENT COST</u>
DO	20.5%	\$102,500
DS&T	24.5%	\$122,500
DA	21.0%	\$105,000
DI	26.0%	\$130,000
DCI	8.0%	\$ 40,000
		\$500,000

IV. Recommendation

Since consolidation in 1981, the CMP has been a viable and valuable program, saving considerable money and duplication of effort in copier acquisitions and support. It has been a cost effective and efficient program for maintaining the Agency's fleet of copiers. Benefits derived from consolidation include the reduction of the average cost per copier by approximately \$2500.00, and the reduction of the number of copier related contracts by nearly 800%. Prior to FY-81 copier related contracts numbered over 250. Due to consolidation, this number has been reduced to about 30 in FY-1988, saving many man-hours in administering, contract-writing, and negotiating. However, because of the high rate of growth in the Agency and the corresponding increase in copier requirements, the annual budget allocated to the CMP is grossly under-funded. The CMP budget for FY-88 is set at \$2.6 million. This amount will barely support the cost of maintaining the existing contracts and provides minimal funding (\$100,000.00) for new copiers. Of the existing 134 outstanding requests, only 20 can be addressed with the remaining \$100,000. In order to properly manage this Agency's requirement for office copying needs, it is estimated that an adjustment of 1.2 million dollars is required for CMP's budget for FY-88 and this amount should be included in the base each year. Of this amount \$700,000 would fund for existing requirements (\$500,000 for pending requests, \$300,000 for projected requests less \$100,000 FY-88 budget increase), and \$500,000 would be utilized for the first year's funding of an ongoing Agency copier replacement program. Initially, funds should be obtained by assessing each Directorate as indicated in this report until the CMP can adjust its budget base in FY 91.

Page Denied