

WEST VIRGINIA LEGISLATURE
Legislative Post Audit Division

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Denny Rhodes
Director

May 19, 2016

The Honorable William P. Cole, III, President
West Virginia State Senate
Post Audits Sub-Committee, Co-Chair
Building 1, Room 229M
State Capitol Complex
Charleston, West Virginia 25305

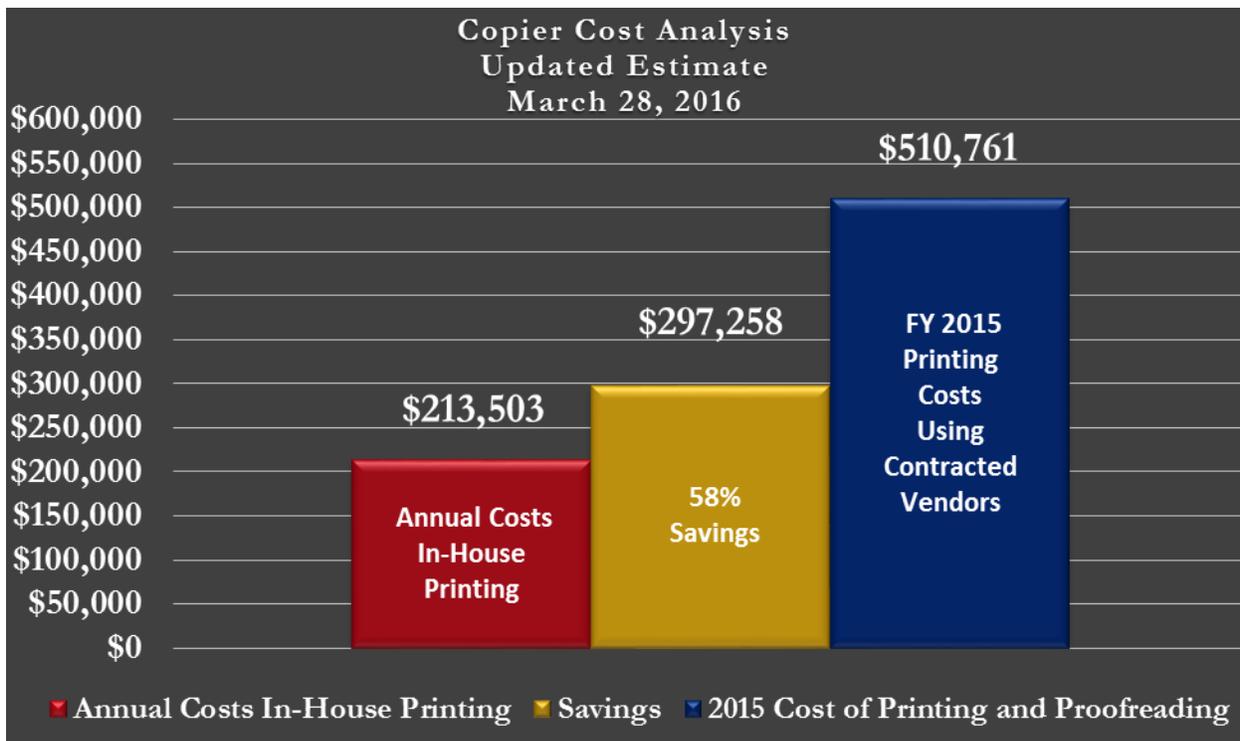
The Honorable Tim Armstead, Speaker
West Virginia House of Delegates
Post Audits Sub-Committee, Co-Chair
Building 1, Room 228M
State Capitol Complex
Charleston, West Virginia 25305

Dear Mr. President and Mr. Speaker:

Until the most recent Legislative session nearly all the Legislative printing was performed by outside vendors. Each Legislative branch had its own contract with two separate vendors to meet their needs for printing bills, bill histories, Senate and House journals, calendars, House and Senate indexes and other miscellaneous items. Although the possibility of performing these Legislative functions in-house had been considered for several years, the conversion to printing in-house was not implemented until November 30, 2015. This transition has proved to be successful both in terms of money saved and efficiencies gained.

Annual Savings of Approximately \$300,000

In the early stages of the decision-making process a cost benefit analysis was prepared by the Legislative Post Audit Division as one tool in determining the financial feasibility of converting to in-house printing. As many familiar with the costs involved in securing the Legislative printing needs had predicted, the analysis showed that adapting to in-house printing would result in significant savings for the Legislature. The graph that follows reflects the results of the most recent cost analysis.



The blue bar on the right side of the graph depicts the actual costs incurred by the Senate and House for Fiscal Year 2015 when the bulk of the printing was performed by outside vendors. Some contracted print jobs such as bound journals, special print letterhead and business cards will continue to be obtained from outside vendors and therefore were not included in our 2015 calculated costs. After these items were removed, the total costs for the remaining items totaled \$510,761 for the fiscal year.

The red bar on the left side of the graph shows the annualized costs for in-house printing. The annualized costs primarily consist of actual costs such as copier lease costs and the copier operator salary as well as the projected annual costs of copier paper and employee benefits costs for the copier operator. We calculated the annual costs for in-house to be \$213,503.

As depicted by the gold bar in the center of the graph, the projected printing costs for fiscal years after 2015 will be reduced by about 58%, or approximately \$300,000. It is important to note the cost analysis does not just reflect a one-time cost savings, but a continuous cost savings every year over the previous method of using outside vendors for Legislative printing needs. Thus, the Legislature will continue to reap the benefits of this conversion to in-house printing. Assuming the Legislative demand for printing and the costs elements used in our analysis remain reasonably consistent, we project a five year cost savings of approximately \$1.5 million.

Gains in Efficiencies

Although harder to quantify, in-house printing has also proved to be much more efficient than using contracted printing services. There have been positive assessments from Senate Clerk Clark Barnes, House Clerk Steve Harrison and others in the Senate, the House and the Joint Committee regarding

improvements in the efficiency and timeliness of printing jobs completed during the 2016 Legislative session.

House Clerk Harrison remarked on the much improved turn-around time from print orders to completion of print jobs. He also noted that any needed corrections to print jobs are much easier to address with an in-house print staff that are readily accessible and exclusively beholden to the Legislature's needs. Clerk Harrison added that, even if the substantial savings had not been realized, the conversion to in-house printing would have been a worthwhile endeavor for the improved efficiencies alone.

The Assistant Clerk for the Senate commented on the "...shortened turnaround time from when a bill passed the Legislature to getting it proofread, printed and ready for signatures. In the past, this process could take one to three days using our contracted printer. With in-house printing, depending on what time of day the bill was passed (earlier the better), we could turn it around the same day or first thing the next morning."

The Deputy Clerk for the Senate stated the following regarding the conversion to in-house printing: "...I honestly do not see any difference in the quality of our Enrolled Bills being produced in-house and the quality of what we received in the past from the contracted printer. In fact, if anything, I would say the quality has improved. With in-house printing in general, we were able to on several occasions have bills re-printed (including Enrolled Bills) when mistakes were found. Usually the bills were back in our office within 30 minutes from start to finish. As with most businesses, time is money, especially with legislation moving as fast as it sometimes can. So to us, you couldn't put a high enough value on the move to in-house printing. I think overall, it was a resounding success and a good move on the part of the Legislature."

In addition, in-house printing has significantly reduced the amount of printed material produced. Due to the lead time from ordering to completion for printed items produced by contracted vendors, it was necessary for Legislative staff to err on the high side when estimating quantities so items would be available upon demand. With in-house printing, items can be printed at the time they are needed, thereby cutting waste and the need to store extra copies of items—many of which remained unneeded and were ultimately thrown away.

Implementation

Clerk Barnes was the initial catalyst in making the transition to in-house printing. Clerk Barnes first worked with the Governor's Office and the Attorney General's Office to ensure that no provisions of the West Virginia Constitution or the West Virginia Code would be violated by going to in-house printing. He then spearheaded the coalition of Senate, House, and Joint Committee staff who put in the time and effort after the 2015 Regular Session to get the Legislature ready to print in-house before the 2016 Regular Session.

Meetings were held during the spring months of 2015 with Clerk Barnes, Clerk Harrison and Legislative Manager/Legislative Auditor Aaron Allred, along with select employees of each of their staffs. The purpose of the meetings were to work through the logistics and assign responsibilities so as to ensure everything would be in place in order to meet the Legislative printing needs during the 2016 Legislative session. Beyond obtaining the copy/print machines themselves, there were many other issues to work through, including staffing considerations and securing the rather significant amount of space necessary to house two copier/printers and the required add-on attachments.

After considering the two alternatives of purchasing or leasing the print/copy equipment both in terms of costs and efficiency, it was decided that leasing the equipment would be preferable. A Request for Proposal for the lease of two copier/printers was drafted, edited and finalized, and then submitted to interested vendors. Bids were received and scored by the printer/copier bid evaluation team consisting of one employee from the Senate, one from the House and one from the Joint Committee. Xerox Corporation was ultimately awarded the contract for the copier/printers and the machines were delivered on November 30, 2015 in time to allow for testing, staffing and training prior to the commencement of the 2016 Regular Legislative Session.

Summary

The consensus of all involved in making the change from using outside vendors to in-house printing services is that it has been a success both in terms of cost savings and improved efficiencies. The approximate \$300,000 in savings in the first year alone, which is also projected as the continuous annual cost savings for printing in-house, highlights the financial benefit of the change. House and Senate staff are highly pleased with the results of the switch, noting several aspects beyond the cost savings that has helped them tremendously in fulfilling the needs of the Legislature during the 2016 Legislative Session. Given this is the first year of implementation, efficiency will likely improve as the staff operating the printers gain experience and users become more familiar with the automated process in place for submitting print jobs and the capabilities of the in-house printing function. For the reasons noted above, it is apparent the decision to transition to in-house printing has had very positive results for the Legislature.

Sincerely,

A handwritten signature in blue ink that reads "Denny Rhodes". The signature is written in a cursive style with a large initial "D".

Denny Rhodes