

Printing Services Task Force Recommendations

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Charge and Background

The Printing Services Task Force is one of eight task forces assembled by President Bell to review the operations of selected campus areas for possible changes that could result in overall cost savings to the university. Along with identifying potential savings, the Printing Services Task Force was charged with identifying the service ramifications associated with the savings and the potential future site of Printing Services' operations. The committee was asked to assess the printing situation from a "30,000 foot viewpoint", so while the task force tried to be as accurate as possible with the financial data, the attachments make liberal use of estimates when presenting non-historical figures. Because this report deals with forecasted numbers, which by their nature are expected to fluctuate given currently unknown variables such as economic conditions and possible budget reductions in departments that use printing services, the reader is put on notice that future costs and savings presented in the report and on the attachments are only predictions.

The task force examined Printing Services' budgets from 2005 through January 2009, off-campus printing by job for 2008, and off-campus printing by vendors for 2008. Members of the task force spoke to departmental representatives that used off-campus and on-campus printing and a representative of the company that carries the copier contract. On-campus departments have gone to off-campus printers in large part because on-campus printing does not have the equipment to print what they need, because they feel the off-campus printers provide a higher quality product, and occasionally departments need a product printed quicker than on-campus printing can do it. Departments that use on-campus printing do so because of convenience issues such as quick turnaround on many jobs or free delivery, cost savings on some types of jobs, or the desire to keep confidential material from going off campus.

Options Considered

The task force narrowed its discussions to three options:

Option 1 – Printing Services becomes a centrally located copy, fax, scan, pack, and ship unit that coordinates all campus printing and copying.

Option 2 – Printing Services remains as configured and coordinates all campus printing and copying.

Option 3 – Printing Services is shut down, and all printing services are performed by off-campus printers. The printing and copier contracts are coordinated by the Director of Printing Services and Post Office.

Two attachments presenting financial information were prepared to help evaluate the options. Attachment 1 is a historical look at Printing Services' expenses versus their revenues from 2005 through 2008 and projects 2009 results based on activity to date. This attachment also shows the potential loss and anticipated loss for 2008 and 2009 respectively if offset by 1) the half of the Director of Printing Services and Post Office's salary that would still have to be paid by the Post Office if the Printing Services Department was eliminated and 2) income from the jobs that on-campus Printing Services had the capability to print if departments had not chosen to take the job off campus for various reasons. This attachment also details the actual operating costs without salaries and benefits as compared to the revenue generated by Printing Services for 2005 through 2009 projected.

Attachment 2 is a spreadsheet that compares the dollars that the task force predicts would be going off campus annually from all on-campus constituencies for printing for each of the three options considered. This spreadsheet also shows the actual outflow of printing dollars for 2008 and provides three other scenarios of what the outflows could possibly have been given certain changes.

Recommendation

After examination of the possible financial results and discussion of the service implications associated with each option, the task force recommends Option 1, which entails Printing Services becoming a centrally located copy, fax, scan, pack, and ship unit. This option costs less than having Printing Services remain as currently configured (Option 2) while providing services to departments, students, and staff that could not be provided if all on-campus printing were eliminated (Option 3). This option is explained more completely on page 4.

All three options have two common elements that are important in containing printing and copying costs on campus. The first is bidding an exclusive contract for almost all off-campus printing, and the second is having copier usage, placement, and contract monitoring coordinated by one individual. The task force proposes that monitoring and coordinating the copier and off-campus printing contracts be

done by the current Director of Printing Services and Post Office as this position is knowledgeable about both elements and remains in all three options explored by the task force.

One contract for all off-campus printing should provide savings to every department that uses off-campus printing and save Purchasing and individual departments the time and effort associated with bidding multiple contracts for individual jobs. Given the current economic environment, off-campus printers may be willing to provide significant discounts to obtain the lion's share of TTU's off-campus printing jobs, which amounted to approximately \$270,000 for 2008 and is on track to be about \$205,000 for the current fiscal year.

The second common element to all three options considered by the task force is that copier usage, placement, and contract monitoring be undertaken by the Director of Printing Services and Post Office. Currently, the university has 136 copiers on campus in various departments for a total cost of approximately \$165,000 to \$172,800 per year. Each copier costs departments between \$37 and several hundred dollars a month for a range of 5,000 to 115,000 copies. Per information provided to Purchasing from Oce Imagistics (the current contract holder), TTU is currently paying \$.0058 per copy. Even though Oce Imagistics has not provided TTU with the usage for each machine, it would appear that where feasible, savings could be realized by replacing a number of smaller volume copiers in offices in the same vicinity with a larger volume machine in a common area. If a fourth of the machines could be replaced in this manner, the university could possibly save approximately \$42,000 per year. A single individual monitoring this contract would be in a position to assess the logistics and feasibility of reducing the number of copiers.

Analysis of Options

Option 1 – Printing Services becomes a centrally located copy, fax, scan, pack, and ship unit that coordinates all campus printing and copying.

Major Points

1. The University Center Post Office would be renovated to accommodate a one-stop copy, fax, scan, pack, and ship center, housing the copier(s), fax machine, and inventory needed to provide the services. The necessary renovation was previously discussed with Facilities and estimated to cost approximately \$10,000.
2. An education program would be undertaken to inform students, staff, and departments about the expanded copy, fax, scan, pack, ship, and receiving services and new location.
3. Existing Printing Services personnel would run the operation, with student help being used to fill in any gaps.
4. No new equipment would be required. The current copier would need to be upgraded to handle the increased volume.
5. Usable printing equipment and certain personnel would ultimately be housed in the new Prescott Middle School Building.
6. Larger, bulk inventory could remain in Printing Services' current location.
7. Printing Services would monitor the copier contract campus-wide.
8. Printing Services would coordinate all on-campus and off-campus printing, dealing directly with the winner of the off-campus printing contract.
9. Printing Services would provide delivery service for off-campus jobs as they currently do for on-campus jobs.

Advantages

1. This centrally located unit could provide copy, fax, scan, pack, and ship services that are currently not conveniently available on campus to students and staff.
2. This facility could accept FedEx and UPS packages on students' behalf. Currently the Post Office cannot accept these deliveries.
3. By providing free delivery with the electric car, it would save driving, pickup, and parking issues for departments.
4. On-campus printing would help maintain the university's identity by monitoring proper usage of TTU's logo/trademark/branding items.
5. Copy, fax, pack, and ship operations would provide new revenues to the unit that should cover the additional inventory needed and add to the unit's bottom line.
6. Student workers could be used during peak times.
7. Sensitive items could continue to be printed on campus, helping maintain confidentiality of TTU information.
8. Existing Printing Services employees would keep their jobs.
9. Being located in the University Center would be more convenient for most users than their current location.
10. There could possibly be contract savings by having FedEx and UPS picking up and dropping off at one central point.
11. Quick turnaround would be available on some jobs.
12. This option costs less than Option 2. (See Attachment 2)

Disadvantages

1. There would be an immediate need for money to renovate the Post Office.
2. Additional revenues and costs are uncertain.
3. Renovating and providing new services at a time when other campus units are reducing personnel and services could create a negative public perception.

Option 2 - Printing Services remains as configured and coordinates all campus printing and copying.

Major Points

1. Usable printing equipment and certain personnel could ultimately be housed in the new Prescott Middle School Building.
2. Larger, bulk inventory could remain in Printing Services' current location.
3. An education program informing students, staff, and departments would be undertaken to inform the campus about the potential dollar and time savings available through on-campus printing and delivery services.
4. Staffing would remain as currently configured.
5. Printing Services would monitor the copier contract campus-wide.
6. Printing Services would coordinate all on-campus and off-campus printing, dealing directly with the winner of the off-campus printing contract.

Advantages

1. On-campus printing would help maintain the university's identity by monitoring proper usage of TTU's logo/trademark/branding items.
2. Quick turnaround would be available on some jobs.
3. Sensitive items could continue to be printed on campus, helping maintain confidentiality.
4. Existing Printing Services employees would keep their jobs at a relatively low ultimate cost.
5. Printing Services would continue to provide delivery for on-campus jobs, saving departments time and mileage.
6. On-campus printing would cost the departments less on many jobs.

Disadvantages

1. This would be the most expensive option. (See Attachment 2)
2. Without a major overhaul of equipment, on-campus Printing Services will continue to lose more work to off-campus printers because of quality and cost issues.

Option 3 - Printing Services is shut down, and all printing services are performed by off-campus printers. The printing and copier contracts are coordinated by the Director of Printing Services and Post Office.

Major Points

1. The Printing Services and Post Office Director would monitor the copier contract campus-wide.
2. The Printing Services and Post Office Director would coordinate the off-campus printing contract.
3. Existing Printing Service employees would be placed in other vacant campus positions or laid off.
4. Existing printing equipment and inventory would be disposed of.
5. The campus would be familiarized with the terms and services of the off-campus printing contract.

Advantages

1. Immediate cost savings with the elimination of the Printing Services budget. (See Attachment 1)
2. Existing Printing Services R & R could be available for other areas of campus. (See Attachment 2)
3. There's a possibility that off-campus printers bidding for the university contract would offer better discounts because of the higher volume created by shutting down on-campus printing.

Disadvantages

1. Departments would have to drive off campus for all printing services, costing them more time and mileage.
2. Public Affairs would not be able to maintain as good control over the use of TTU's logo/trademark/branding items as they currently do.
3. Four Printing Service employees would lose their current jobs.
4. Sensitive information could no longer be printed on campus, threatening the confidentiality of TTU information.
5. An outside vendor would be less likely to know if something is wrong with a print job and less likely to check the jobs for accuracy (such as page numbers).
6. Rush jobs and special requests are less likely to be accommodated and could possibly cost more.
7. There is a possibility that off-campus bidders would go up on their charges over time because of a lack of competitive pressure from on-campus printing.

Printing Services Summary - Disregarding Benefits						
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	<u>2009</u> <u>Annualized</u>	<u>2009</u> <u>1/31/09</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenue 2-65002	163,190.54	95,194.48	200,547.77	201,204.78	224,851.14	229,674.44
Revenue 2-65003	25,749.82	15,020.73	17,515.38	20,347.30	32,364.58	22,657.11
Revenue	188,940.36	110,215.21	218,063.15	221,552.08	257,215.72	252,331.55
Printing Svc 2-65001**	282,130.00	162,817.35	284,752.15	266,312.08	349,085.49	362,340.75
Less Benefits	(74,440.00)	(43,423.33)	(71,475.00)	(67,256.00)	(85,615.00)	(81,987.68)
Printing R&R 7-73056	0.00	0.00	8,365.84	46,085.14	1,721.70	758.69
Expense	207,690.00	119,394.02	221,642.99	245,141.22	265,192.19	281,111.76
Net (loss)gain	(18,749.64)	(9,178.81)	(3,579.84)	(23,589.14)	(7,976.47)	(28,780.21)

ADD BACK ITEMS THAT ACTUALLY OR POTENTIALLY OFFSET LOSS

Continuation Items - Portion of Director's Salary currently born by Printing that would have to be paid out of another account if Printing were shut down

	<u>2009 Actual</u>	<u>2008 Actual</u>
Salaries	26,250.00	26,250.00
Net (Loss)/Gain	7,500.36	22,670.16

Outside Revenue coming back - Printing jobs that went off campus in 2008 that could have possibly been handled by Printing Services

	<u>2009 Projected</u>	<u>2008 Actual</u>
Chart T	14,460.00 Annualized Estimate	19,026.34
Chart F	4,313.00 Annualized Estimate	5,675.57
Pcard	981.00 Annualized Estimate	1,292.00
Net after adjusts	27,254.36	48,664.07

Revenue Versus Operating Expenses					
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	<u>2009 Projected</u>	<u>2008 Actual</u>	<u>2007 Actual</u>	<u>2006 Actual</u>	<u>2005 Actual</u>
Revenue	188,940.36	218,063.15	221,552.08	257,215.72	252,331.55
Operating (no salary or benefits)	68,320.00	85,186.76	89,625.32	104,597.89	97,496.67
Net	120,620.36	132,876.39	131,926.76	152,617.83	154,834.88

Total Dollars leaving the Institution for Printing Services - Disregarding Benefits

2008						
	To outside vendors	Leaves through regular account expenses 265001-no benefits included	R & R set aside annually - assume same spent as put back	Additional amount out through Post Office - for director's salary (no benefits)	Add back income to PS from outside sources	Total dollars leaving the institution for printing
Actual results for 2008	269588	221643	16000	0	-17515	489716
What 2008 would have been like if:						
Current situation vendor contract (assuming a contract could have saved 5%)	256108	221643	16000	0	-17515	476236
All off-campus without vendor contract (IDT's formerly spent w/ PS plus 5%)	269588 210574	0	0	26250		506412
All off-campus printing with vendor contract (IDT's formerly spent w/ PS no add'l 5%)	256109 200547	0	0	26250		482906

2009 Projected										
	To outside vendors	Leaves through regular account expenses 265001-less benefits	R & R set aside annually - assume same spent as put back	Additional amount out through Post Office - for director's salary (no benefits)	Add back income to PS from off campus clients using PS	Estimated revenue from copy & ship operations	Total Annual outflow	First year expense - Add back existing R&R 59,000 or add cost of renovation 10,000*	Possible savings from copier contract co-ordination	Total Annual outflow if copier savings realized
What 2009 could be like if:										
Option 1										
PS redesigned to be copy, pack & ship (assume limited printing & same personnel and coordination of off-campus contracts)	195647	203690	12000		-21893	-30000	359444	369444	-42000	317444
Option 2										
Current situation w/ vendor contract (current payout to outside down 24%;outside income to PS up 25% compared to 2008; vendor contract saves 5% on outside print)	195647	203690	12000	0	-21893		389444		-42000	347444
Option 3										
All off campus printing w/ vendor contract (formerly spent w/ PS by departments)	195647 154421	0	0	26250	0		376318	317318	-42000	334318
*one time saving or expense										