

# MANAGEMENT MEMO

<b>SUBJECT:</b> <b>STATE AGENCY PRINTING OPERATIONS</b>	NUMBER: MM 19-03
REFERENCES: GOVERNMENT CODES 11000, 14850, & 19130; SAM SECTIONS 8752 & 8752.1; MANAGEMENT MEMO 07-06; DEPRECIATION FOR CENTRAL SERVICE AGENCIES	DATE ISSUED: MAY 24, 2019  EXPIRES: UNTIL RESCINDED OR INCORPORATED INTO SAM  ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

**Summary**

This Management Memo provides direction to all state agencies with regard to the use of Office of State Publishing (OSP) services and the operation of state agency printing operations (also known as “in-plants”). Specifically, this memo reiterates that all state agencies are required to use OSP services; revises the process by which agencies can receive an exemption from OSP; and, provides guidance as to the services that in-plants can provide. It also establishes a process that requires state agencies to receive approval from the State Printer prior to the acquisition of printing equipment, and implements an annual reporting requirement on in-plant operations.

**Purpose**

This Management Memo announces a set of policies to ensure that state printing operations are fiscally responsible and not unnecessarily duplicative. Pursuant to Government Code 14850, OSP has exclusive jurisdiction over all state printing and binding, subject to very limited statutory exceptions. The policies included in this Management Memo will enable the State Printer to ensure that all state printing is conducted efficiently, cost-effectively, and transparently.

**Policy Overview**

- 1) **Use of OSP Services:** State agencies must procure printing services through OSP unless OSP authorizes the customer agency to procure printing services through an in-plant, the California Prison Industry Authority (as enabled under Penal Code Section 2807), or a private sector printer.
- 2) **State Agency In-Plant Printing Operations:** In-plants shall only produce print work for their own agency unless otherwise authorized by OSP. Before OSP will provide an exemption for the in-plant to produce print work for another state agency, the in-plant must establish cost recovery rates and have the rates and services list approved by the State Printer.
- 3) **Printing Equipment Acquisitions:** No state agency may acquire printing equipment, where a piece of equipment is valued in excess of \$50,000, without prior approval from the State Printer.
- 4) **Annual Printing Operations Report:** Agencies shall provide an annual report detailing their printing operations to the State Printer at the conclusion of each year.

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**Definitions**

**Agency**

Pursuant to Government Code 11000, includes every state office, department, division, bureau, board or commission.

**Printing Equipment**

Equipment used for the production or distribution of printed materials, including, but not limited to, offset printing, digital printing, or bindery equipment.

**State Agency In-Plant Printing Operation (“In-Plant”)<sup>1</sup>**

Any state agency which: 1) owns and/or operates one or more pieces of printing equipment, where a piece of equipment is valued at \$50,000 or more at the time of acquisition; 2) employs one or more dedicated personnel under a printing trade classification (Bargaining Unit 14); and, 3) is not under the direct control of the State Printer. In-plants have also been referred to as “in-house printing and reproduction facilities” or “reproductive units.”

**Cost Recovery**

Pursuant to SAM Section 8752, the recovery of the full cost of goods and services provided to others, including all costs attributable directly to the activity, plus a fair share of indirect costs which can be ascribed reasonably to the good or service provided.

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**Policy #1:  
Use of OSP  
Services**

State agencies must procure printing services through OSP unless OSP authorizes the customer agency to procure printing services from an in-plant, the California Prison Industry Authority (as enabled under Penal Code Section 2807), or a private sector printer.

To request an exemption from the use of OSP services, the customer agency must submit a Printing Services Exemption Request (PSER) to their OSP customer service representative. The customer agency must allow OSP sufficient time to review the PSER, based on the scope and quantity of the print work, no fewer than 30 calendar days before the project due date identified on the PSER. (OSP may alter the deadline if an exemption is necessitated by extraordinary circumstances outside an agency’s control, such as a response to a natural disaster.)

OSP grants exemptions when it is not feasible for OSP to perform the work due to production or equipment constraints or when OSP determines that the work could be more efficiently performed by an in-plant. The use of a private sector printer must be justified by the agency under the provisions of Government Code 19130. No interagency agreement for printing services or printing services contract may be executed without an OSP-approved PSER. Invoices for printing services submitted to the State Controller’s Office (SCO) without an OSP-approved PSER will not be processed.

Additional information on this policy can be found in SAM Sections 2800(B); 2811; and 2812. Electronic copies of the PSER are available on OSP’s website at: <https://www.dgs.ca.gov/OSP/Forms>.

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<sup>1</sup> Does not include printing operations enabled under Penal Code Section 2807

**Policy #2:  
In-Plant  
Operations**

In-plants shall only produce work for their own agency, unless otherwise authorized by OSP. Before OSP will authorize an exemption for the in-plant to produce print work for another state agency, the in-plant must establish cost recovery rates and have its rates and services lists approved by the State Printer. In-plants should use the Rate Development Spreadsheet (RDS) in developing their rates, and must establish a cost recovery rate for each piece of printing equipment operated to ensure that the printing operation is adequately recovering its costs. In-plants that are not providing services to other agencies are not required to establish rates

Once the in-plant receives authorization from OSP to provide printing services to customer agencies, it may do so in specific cases only when authorized by OSP through the use of an OSP-approved Printing Services Exemption Request (PSER). In-plants may not submit a PSER on behalf of another agency.

Additional information on this policy can be found in SAM Section 2875. Electronic copies of the RDS and RDS Instructions are available on OSP's website at <https://www.dgs.ca.gov/OSP/Resources/Page-Content/Office-of-State-Publishing-Resources-List-Folder/In-plant-operations>.

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**Policy #3:  
Printing  
Equipment  
Acquisitions**

No state agency may acquire printing equipment, where a piece of equipment is valued in excess of \$50,000, without prior approval from the State Printer.<sup>2</sup> Agencies seeking to acquire new or replacement printing equipment are required to submit a Printing Equipment Acquisition Request (PEAR) to OSP for approval. When submitting a PEAR, the agency must include a complete Recovery of Investment Template (RIT), a five-year fiscal analysis that will help to demonstrate whether the acquisition of the equipment is cost-effective.

Electronic copies of the PEAR, the RIT, and supporting documentation (as needed) must be submitted by the agency's Deputy Administrative Director to the Statewide In-Plant Operations Manager for review no less than ninety (90) days prior to the anticipated solicitation date. If the agency intends to use DGS' Procurement Division's one-time acquisition services prior to the end of the fiscal year, the PEAR must be received by the Statewide In-Plant Operations Manager no later than the first business day in February.

The State Printer may approve the PEAR as written, provide conditional approval through the recommendation of alternative equipment, or reject the PEAR with explanation. When PEAR approval is received, the submitting agency will be required to provide the PEAR to: 1) the DGS Procurement Division (if one-time acquisition services are required); 2) the DGS Office of Legal Services (OLS) (if OLS contract review is required); and, 3) the State Controller's Office (SCO) (included with the invoice for processing of payment). Non-compliance with the PEAR approval process may result in non-approval of the contract and non-payment of invoices.

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<sup>2</sup> Does not affect typical office copying functions performed on equipment valued at less than \$50,000 at time of acquisition (per piece of equipment)

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Additional information on this policy can be found in SAM Section 2876. Electronic copies of the PEAR, the RIT, and RIT Instructions are available on OSP's website at <https://www.dgs.ca.gov/OSP/Resources/Page-Content/Office-of-State-Publishing-Resources-List-Folder/In-plant-operations>.

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**Policy #4:  
Annual Printing  
Operations  
Report**

State agencies that operate in-plants are required to provide an annual report detailing their printing operations to the State Printer. The agencies must submit a complete In-Plant Printing Operations Report (IPPOR) to the State Printer by January 1, 2020, and each year thereafter.

The agency must have a current IPPOR on file before OSP will approve a PSER authorizing the agency's in-plant to perform work for a customer agency or before the State Printer will review the agency's PEAR requesting new or replacement printing equipment.

Additional information on this policy can be found in SAM Section 2875(F). Electronic copies of the IPPOR and IPPOR Instructions are available on OSP's website at <https://www.dgs.ca.gov/OSP/Resources/Page-Content/Office-of-State-Publishing-Resources-List-Folder/In-plant-operations>.

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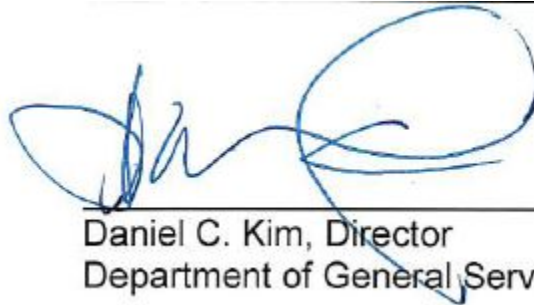
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**Signature**



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Daniel C. Kim, Director  
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