

## City schools waste money on copies, study finds

■ **\$4-million loss?**  
'That money should be going to kids.'

By Scott Bowles  
and Ron Russell

THE DETROIT NEWS

The Detroit school system is wasting millions of dollars on high-tech copiers too advanced and expensive for its needs, according to a New York attorney hired by the district to review its spending.

The district is paying an estimated 5.3 cents per page, compared with 1.5 cents in the Atlanta public schools — or even 3 cents or less per page at Kinko's Copies on the same block as the Detroit schools' headquarters.

Detroit may have lost up to \$4 million in the last four years on unnecessary equipment from the Xerox Corp., said management consultant Matthew R. Smith, who began working on the problem last fall with Detroit schools Deputy Supt. Walter Jones.

Xerox aggressively marketed advanced machinery to officials unfamiliar with copying equipment and the billing process, Smith charged.

Xerox refused to comment Tuesday.

School officials conceded Tuesday the district may have purchased or leased some unnecessary equipment, but they said it is uncertain how much money was wasted. They also say they may be at fault and that they have ordered a yearlong study.

"We may have a couple of situations where volumes for certain machines did not live up to expected levels," Jones said.

"We are not intimating any collusion or attempt to defraud the school district. The bottom line is we want to be as efficient as possible."

Smith, a former Xerox employee, said Detroit spends up to five times the rate of similar school districts nationwide.

"They bought top-of-the-line copiers capable of doing 300,000 copies a month," Smith said. "Instead, they're only making 2,000 or 3,000 copies a month. It's a multimillion

## Copy: Schools may pay too much for photocopies

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dollar fraud. That money should be going to kids."

Smith, whose findings in New York sparked a similar probe by that district's Office of Special Investigations, said he was brought to Detroit to study copy fees over a three-month period.

He estimated Detroit spent more than \$1 million for 20.3 million copies — or 5.3 cents a page. Most of the copiers involved were Xerox model 1090, 44 of which were leased for about \$2,000 a month. The contract with Xerox is for five years.

Atlanta's school system spends about 1.5 cents a page, said Ted Makarewicz, district director of purchasing. He estimated the district makes 40 million copies a year.

Smith said the Detroit district could have saved millions by leasing less advanced machines more suited to its photocopying needs.

"They bought print-shop quality machines for routine duplications. That's overkill," Smith said. "It would have been cheaper just to send their stuff to a print shop."

"It's like you have 10 miles to drive to work every day, and you're choosing between leasing a Lexus and an Escort. Detroit chose the Lexus."

But Jones questioned Smith's methodology and cost estimates.

"There is reason to believe the actual cost is less than 5 cents (a page), but it's difficult to say without looking at a year's worth of invoices," Jones said. "I don't think it is a pervasive problem. There is no move to kick Xerox out of the school district."

He said any excess capacity would be the district's mistake — not Xerox's.

But Smith said the district is not at fault, contending that Xerox took advantage of officials by selling them equipment with copying capacity beyond their needs.

He has submitted a proposal to the district administration to recoup between \$3 million and \$4 million by filing an asset recovery motion against Xerox, alleging it overcharged the district over four years.

Officials said they have not decided on the proposal, pending a more complete study.

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February 3, 1993

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"They bought top-of-the-line copiers capable of doing 300,000 copies a month," Smith said. "Instead, they're only making 2,000 or 3,000 copies a month. It's a multimillion dollar fraud. That money should be going to kids."

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