

# LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2012

THURSDAY, MARCH 31, 2011

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 2:31 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Ben Nelson (chairman) presiding.  
Present: Senator Nelson.

## LIBRARY OF CONGRESS

STATEMENT OF HON. JAMES H. BILLINGTON, LIBRARIAN OF CONGRESS

### ACCOMPANIED BY:

**ROBERT DIZARD JR., CHIEF OF STAFF**

**DANIEL P. MULHOLLAN, DIRECTOR, CONGRESSIONAL RESEARCH SERVICE**

**MARIA PALLANTE, ACTING REGISTER OF COPYRIGHTS, COPYRIGHT OFFICE**

### OPENING STATEMENT OF SENATOR BEN NELSON

Senator NELSON. The subcommittee will come to order.

Good afternoon, everyone, and welcome.

We meet this afternoon to take the testimony on the fiscal year 2012 budget request for the Library of Congress (LOC) and the Open World Leadership Center (OWLC).

Senator Hoeven may be able to join us later, but he asked that we go ahead and proceed. And I hope to be joined by maybe one or the other of the other members of the subcommittee this afternoon as well.

I want to welcome our witnesses today—Dr. James Billington, the Librarian of Congress and Ambassador John O’Keefe, Executive Director of the OWLC. It’s always good to have you gentlemen here, and we look forward to hearing from you. It would be helpful if you could keep your statements brief, about 5 minutes, and we’ll accept the rest of your testimony for the record.

One thing we established at our first two hearings, and I think it bears repeating, is that we’re in no position to entertain increases to the legislative branch budget this year. As you know, the fiscal year 2011 appropriations process has proven to be quite a challenge, as we find ourselves more than half the way through the fiscal year without a bill. And I don’t imagine fiscal year 2012 is going to be an easy task for us, or an easy year for us, either. We’re

looking for your guidance in helping us to address your agencies' needs in 2012, but this is not the year for the "nice to haves". Senator Hoeven and I have looked forward to working with you in this regard, and we hope that we can create a partnership.

Dr. Billington, I want to welcome you and your Chief of Staff, Robert Dizard Jr. On behalf of the subcommittee I want to thank you for your service as the Librarian of Congress for the last 23 years. Your service in this capacity is highly commendable, and is greatly appreciated.

#### ACKNOWLEDGEMENT OF DAN MULHOLLAN

I also want to take a moment to acknowledge Dan Mulhollan, Director of the Congressional Research Service (CRS), who's retiring this week—or next—after 42 years of service to the Congress. Dan joined the LOC in 1969 and has served as the Director of CRS since 1994. Prior to that he led CRS' efforts on issues such as the Watergate hearings, and a number of congressional reform efforts before becoming chief of CRS' Government Division in 1991.

On behalf of this subcommittee I want to thank Dan for his invaluable service to the Congress, and to wish him all the best in his future endeavors.

And I know that Dr. Billington is going to get that very last minute out of you before you leave. Please stand.

Let's recognize Dan. Thank you.

The LOC's fiscal year 2012 request totals \$660.7 million, an increase of \$23.3 million, or 3.6 percent more than the fiscal year 2010 enacted level. I understand that part of this increase is for information technology (IT) security enhancements totaling \$2.75 million, and five additional full-time equivalents (FTEs) for LOC.

You're also requesting an increase of \$4.6 million and 17 additional FTEs for CRS.

I also want to welcome Ambassador O'Keefe of the OWLC. Your budget request totals \$12.6 million, an increase of \$600,000, or 5 percent more than the current year. I strongly support the work of OWLC, and look forward to hearing your testimony, as well.

Now we'll turn to Dr. Billington for his opening statement, followed by Ambassador O'Keefe.

#### SUMMARY STATEMENT OF HON. JAMES H. BILLINGTON

Dr. BILLINGTON. Thank you very much, Mr. Chairman. And thank you for recognizing Dan Mulhollan's extraordinary record of leadership.

I should also point to one other person who hasn't appeared before—the Acting Register of Copyrights, Maria Pallante, who is here and is doing a wonderful job, as we look for new permanent leadership in both CRS and the Copyright Office.

Mr. Chairman, the Congress of the United States has been the greatest patron of a library in the history of the world. All of us at LOC are deeply grateful that for the last 211 years the Congress has created, sustained, and instructed its library through good times and bad. Thanks to the Congress, this institution has become, first of all, the world's largest collection of knowledge in almost all languages and formats; second, the closest thing we have to a mint record of American private sector creativity; and, third,

the leading American public institution in both preserving information on the Internet and sharing collections online.

LOC embodies key ideals on which this Nation was founded—the rights of a free people to have unfettered access to the world’s knowledge, to the record of our citizens’ creativity, as well as material incentives for innovation. In this information age, what LOC is doing and can do for the United States of America is more important than ever. Our budget request for fiscal year 2012, Mr. Chairman, is designed to maximize our contribution to America and minimize the cost.

Serving the Congress is LOC’s top priority. And of course, CRS has—for almost a century—embodied the distinctive American ideal of a knowledge-based democracy. CRS serves the Congress exclusively, providing objective nonpartisan information and analysis for the first branch of Government, which also makes extensive use of our law library.

In this time of rapid global change, both America’s international economic competitiveness and our national security depend increasingly on knowledge and information drawn from every part of the globe. And that’s precisely what you have in LOC—it’s the mother lode of the Nation’s strategic information reserve, increasingly essential for the successful work of the Congress and other Government agencies. Even as we speak, our Cairo office is systematically sending us the pictures, pamphlets, and social messaging of the current uprisings in the Middle East.

LOC is making a unique contribution to education throughout America, and currently delivering—free of charge on the Internet—24.5 million items, mostly primary documents of American history and culture. We have also now begun to include in our widely used Web services similarly unique documents with expert comment from other world cultures, with authoritative commentary in seven languages, working with many of our 120 partner institutions from all over the United States and the world. We’re also working with more than 185 other U.S. partners from 44 States and 37 other national libraries in our congressionally mandated program for digital preservation.

Almost all LOC programs provide one-of-a-kind national resources and services, services that no one else in either our public or private sectors arguably can reasonably be expected to replicate if we were to stop doing them.

#### ADDRESSING FISCAL CHALLENGES

Mr. Chairman, we want to address responsibly, at the same time, the massive fiscal challenges posed by the Federal deficit. For a number of years now, we’ve been submitting constrained budgets for which the committees have commended us. And, if we set aside the normal inflationary pay and price level increases that all Government agencies request, our 2012 budget request would include less than 1 percent for our only two program increases in CRS and cybersecurity.

Even under a best-case budget outlook, funding at the fiscal year 2010 level for both fiscal years 2011 and 2012 would result in an effective budget cut of more than \$31 million, or 4.8 percent against the fiscal year 2010 base. This alone would require sub-

stantial program and staff sacrifices. And some of the reduction scenarios currently being proposed could cut to the bone and require us to take steps that not even past wars and depressions have forced the LOC to consider in its 211-year history.

If faced with major cuts, we would have to ask ourselves where we should cut the core programs. In our de-acidification of brittle books and manuscripts that will then become unusable? In our cataloging and standards services for the Nation, that will increase the burden on already strained local and State libraries? In providing fewer books and magazine titles free to 800,000 blind and physically handicapped Americans, who generally read much more than sighted people?

If we cut back our public services significantly, Mr. Chairman, we would reluctantly also have to consider furloughing or cutting back on personnel. Our dedicated, experienced, and multitalented staff account for 63 percent of LOC's overall budget, and 89 percent of CRS'. LOC is now doing far more work than in 1992, but with 1,076 fewer people on our staff, and half of those reductions have occurred just in the last 5 years.

#### PREPARED STATEMENTS

In conclusion, I should say we are also critically dependent on sustaining the successful collections storage program at Fort Meade and ask for your approval of funds for construction of Module 5, which is included in the Architect of the Capitol's budget.

America's oldest Federal cultural institution, Mr. Chairman, has become part of the infrastructure for innovative American leadership in the information age.

I thank you again for your historic support of the LOC, and for your consideration of our fiscal year 2012 request.

[The statements follows:]

#### PREPARED STATEMENT OF DR. JAMES H. BILLINGTON

Mr. Chairman, Senator Hoeven, and members of the subcommittee: I am pleased to present the Library of Congress' (LOC) fiscal 2012 budget request.

The Congress of the United States has been the greatest patron of a library in the history of the world. Mr. Chairman, all of us at LOC are deeply grateful for the Congress's support over the last 211 years.

What the Congress created, sustained, and instructed its library to undertake through good times and bad has made this institution into—

- the world's largest collection of knowledge in almost all languages and formats;
- the closest thing to a mint record of American private sector creativity and innovation; and
- the leading American public institution in both capturing transient information on the Internet and sharing our collections online.

In presenting our budget request for fiscal 2012, Mr. Chairman, I propose to answer three big questions that we have asked of ourselves—and that you might well wish to ask of us at this time of so many pressing national concerns: What does LOC do that is important for the United States of America?

LOC embodies key ideals on which this Nation was founded:

- the right of a free people to have unfettered access to knowledge;
- the necessity for a productive people to have material incentives for innovation;
- and
- the need to preserve the record of our citizens' creativity.

Serving the Congress is LOC's top priority. LOC's Congressional Research Service (CRS) has—for almost a century—embodied the distinctive American ideal of a knowledge-based democracy. CRS serves the Congress exclusively. And LOC's law library also provides objective nonpartisan information and analysis to the first branch of Government.

Never have the core activities of LOC been more important to America than now in the information age. Both our international economic competitiveness and our national security depend increasingly on knowledge and information drawn from every part of the globe. LOC is the mother lode of the Nation's strategic information reserve for the work of the Congress and other Government agencies. Even as we speak, our Cairo office is systematically sending us the pictures, pamphlets, and social messaging of the current uprisings in the Middle East.

LOC is making a unique and original contribution to the all-important crisis in K-12 education throughout America with its authoritative Internet outreach. We are delivering more than 20 million items free of charge, most of which are primary documents of American history and culture. We have also now begun to include in our widely used Web services similarly unique documents from other world cultures—drawing from our own collections and from many of our 135 partner institutions from all over the United States and the world. We are also working with 167 other U.S. partners on our congressionally mandated program for digital preservation.

A second—and crucial—question at this time is: Have we responsibly addressed the massive fiscal challenges posed by the Federal deficit, about which the Congress is understandably concerned?

For a number of years now, we have been submitting constrained budgets. If we set aside the normal inflationary pay and price level increases that all agencies request, LOC in the last 4 years has asked for program increases averaging only 2.3 percent of the base budget. The committees have commended these modest requests.

In fiscal 2012, LOC requests funding to meet a critical need to expand incident handling and response capacity to keep pace with the evolving IT security threat landscape. The enhancements include expanding the incident handling and response function to 24 hours a day, 7 days a week, 365 days a year. The enhancements also include advanced security incident and event monitoring, net flow analysis, and other systems and processes commonly used across other Government agencies.

LOC also requests funding and 17 full-time equivalents for CRS, first requested in fiscal 2011, to broaden its expertise and strengthen analytical capacity in the areas of science and technology, healthcare, financial economics and accounting, and social policy related to employment, immigration, and the workforce. This funding will enable CRS to provide enhanced multidisciplinary analysis on complex and emerging policy issues before the Congress. Additional analytical capacity will also give CRS the long-term flexibility to adapt to rapidly changing issues and debates in these critical areas.

These two program requests represent less than 1 percent of the fiscal 2011 continuing resolution base. The great bulk (77 percent) of our overall 3.45 percent requested increase is for the mandatory pay and price level increases of \$18 million.

LOC programs are not “nice to have”. Almost all provide one-of-a-kind national resources and services that no one else in either our public or private sectors can reasonably be expected to replicate.

Even under a best-case budget outlook, funding at the fiscal 2010 level for both fiscal 2011 and 2012 would result in an effective budget cut of more than \$31 million, or 4.8 percent, against the fiscal 2010 base. This alone would require substantial program and staff sacrifices. And some of the reduction scenarios currently being proposed could cut to the bone and require us to take steps that not even past wars and depressions have forced us to consider in LOC's 211-year history. This possibility leads to a final question.

How would we handle major budget cuts?

We would have to ask ourselves where among the many services that we uniquely perform we should reduce funding: In our deacidification of brittle books and manuscripts that will then become unusable? In our cataloging and standards service that will increase the burden on already strained local and State libraries? In providing fewer books and magazine titles free to 800,000 blind and physically handicapped Americans who generally read much more than sighted people?

Even if we cut back our public services significantly, we would reluctantly also have to consider furloughing or cutting back on personnel. Our dedicated, experienced, and multi-talented staff accounts for 63 percent of LOC's overall budget, and 89 percent of CRS'. LOC is now doing far more work than in 1992, but with 1,076 fewer people on the staff. Half of those reductions have occurred just in the last 5 years.

We are also critically dependent on sustaining the successful collections storage program at Fort Meade and ask for your approval of funds for construction of Module 5—included in the Architect of the Capitol budget.

Mr. Chairman, Senator Hoeven, and members of the subcommittee, America's oldest Federal cultural institution has become part of the innovative infrastructure of

America in the information age. I thank you again for your support of LOC and for your consideration of our fiscal 2012 request.

---

PREPARED STATEMENT OF DANIEL P. MULHOLLAN, DIRECTOR, CONGRESSIONAL  
RESEARCH SERVICE

Mr. Chairman, Senator Hoeven, and members of the subcommittee: Thank you for the opportunity to present the fiscal year 2012 budget request for the Congressional Research Service (CRS). In addition to presenting our budget request and describing some of the support we have provided the Congress over the past year, I would also like to describe how CRS' mission of being a pooled resource shared by the entire Congress enables it to provide the information and analysis necessary for the Congress to perform its legislative and oversight functions in an efficient and economical manner.

CRS: POOLED STAFF FOR THE CONGRESS

CRS has always viewed itself as an extension of congressional staff, a pooled resource that is available to all of the Congress. The range of its expertise and the disciplines that make up the informational and analytical capacity of CRS were intended to relieve Member and committee offices of the need to hire their own specialized experts to cover the many issues they confront on a daily basis. This was a primary rationale for the enhancement of CRS in the Legislative Reorganization Act of 1970.

In that act, among other institutional changes, the Congress increased our permanent staff and the CRS was reconstituted from the Legislative Reference Service and established as a cost-effective shared resource available to every Member regardless of seniority, party or position, and to every committee. The House Committee on Rules Report on the 1970 act emphasized the importance of having such a nonpartisan resource accessible to all when it wrote that a shared staff would:

“Insure the equal availability of information to both Houses of Congress; insulate the analytical phase of program review and policy analysis from political biases and therefore produce a more credible and objective product and more easily develop common frames of reference and analytical techniques that would make such analyses more useful and meaningful to all committees.”

The Rules Committee went on to stress the efficiency of such a shared research staff:

“Finally, the pooling principle underlying supplementary staffs makes them inherently more economical and efficient than dispersed staffs, for they can more easily reallocate resources as changing conditions and congressional needs warrant.”

CRS was referred to as a “research pool” by the Senate Committee on Government Operations in describing a predecessor version of the 1970 Legislative Reorganization Act.

The House Committee's reference to CRS' ability to “develop common frames of reference and analytical techniques that would make such analyses more useful and meaningful to all committees” points to important hallmarks of CRS' work, namely its experts' familiarity with how issues are positioned in the legislative context, their knowledge of how the Congress and the law work and their insights into the decisionmaking processes of the executive agencies that implement the law. This, combined with institutional memory developed over years of working with Members and committees, make for a potent resource available nowhere else.

We, of course, are prepared to do our part to achieve savings and contribute to the goal of efficient legislative branch operations. I feel that our request for additional staff in certain specialized areas is consistent with the vision of a CRS that efficiently serves all of the Congress. It is staff that can be shared with all Members and committees.

We also plan to leverage web tools and client and management information systems to enable more focused and responsive support. In difficult budget times, CRS offers a model that achieves economies and savings and at the same time provides the expertise and resources the Congress needs to legislate in an informed manner and to effectively oversee the operations of Government.

## SUPPORT FOR THE CONGRESS

Highlights of the last session of the 111th Congress and CRS' preparations for the 112th Congress illustrate how CRS can bring to bear the breadth and depth of its expertise to provide continuing legislative assistance to Members and committees.

Before the postelection session of the 111th Congress ended, CRS was planning for the 112th by identifying the issues that were likely to be on the legislative agenda, forming multidisciplinary teams around these current legislative issues, preparing and updating reports and positioning itself to help Members and committees more clearly understand the problems facing them and the country and identify and analyze options for dealing with them. We cluster this work around a current legislative issues framework which is an organizing principle for our collaborative work across the CRS and a primary means by which we present this work on our Web site.

More than 160 issues were identified and, shortly after the 112th Congress convened, we had populated our Web site with relevant products and prepared overview issue statements for each of the issues. That array of analysis and information provides all Members access to the best thinking of CRS analysts and information professionals on the issues that are currently or likely to appear on the legislative agenda. The analysis and information are available to all. But just as important, if not more so, this body of work enables direct access to our experts, whose names, phone numbers and e-mail addresses appear on all of our reports. These experts stand ready to consult with Members and congressional staff, prepare tailored analyses of specific questions, and to regularly update their reports to reflect where issues are currently positioned in the legislative process.

This anticipatory legislative planning work spanned several months and resulted in CRS being well placed to provide products and services to the incoming 112th Congress. However, as we all know, even the best planning cannot anticipate all issues that may suddenly confront the Congress. CRS has the analytical flexibility to address quickly emerging issues. For example, when the earthquake and tsunami struck Japan, CRS had reports on earthquakes, tsunamis, and relief efforts on its Web site within 24 hours. When security of nuclear plants quickly became an issue, CRS' body of work on nuclear energy and security was available and new reports, building on these previous reports, were added to provide the Congress with a full perspective on the crisis in Japan.

In another example, the ousting of the President of Tunisia quickly fanned unrest in Egypt and other countries in the Middle East. As pressure mounted on President Mubarak to leave office, we quickly updated our reports on Egypt and other countries such as Bahrain, Yemen, and Libya that were experiencing popular uprisings and highlighted that body of work on the home page of our Web site. We also reorganized our current legislative issues framework for the Middle East to focus on the unrest that was engulfing the region. In addition to products focused on specific countries, analyses also treated the impact of the unrest on oil supplies, the security posture of the United States and the legal, military, and economic impacts of a no-fly zone over Libya. And, of course, our Middle East experts conducted numerous briefings and prepared tailored analyses of questions raised by the turmoil.

The explosion of the Deepwater Horizon oil rig and its sinking in the Gulf of Mexico in April 2010 was another event that required CRS to mobilize its resources quickly. We prepared analyses of the implications of the spill and also posted new research resources on our Web site with links to news, relevant legislation, hearings in both chambers, and an oil spill events time line. CRS developed timely research and analytical support at every stage of the ensuing legislative process, including numerous hearings and development of legislative proposals. CRS specialists—with economic, scientific, and legal expertise—provided expert witnesses at hearings and collaborated with lawmakers on many aspects of Federal jurisdiction over Outer Continental Shelf resources, fisheries, worker safety, emergency response, insurance, and—after the well was capped—the use of moneys from the Oil Spill Liability Trust Fund for the Federal spill response and implications of the deepwater drilling moratorium.

This confluence of our regular legislative planning work and the mobilization of our expertise in response to breaking events demonstrates how CRS can pool its resources and stand ready to serve the long- and short-term needs of the Congress. These first few months of the 112th Congress have underscored the contributions CRS can make to the policy debates in the Congress. CRS places the array of issues that the Congress is likely to face in a framework that is accessible and that discusses those issues in the legislative context in which they will be debated. And the CRS can respond quickly to events that can overtake the legislative agenda and de-

mand the attention of the Congress and the country with focused analyses and ready availability of experts from all disciplines.

I must also note another important aspect of our support of the Congress—our congressional operations work. We maintain a large body of reports and information on the procedures and operations of the Congress and these will soon be better integrated into our Web site offerings to make them more accessible. Our expertise on congressional procedure is unparalleled and we make that expertise available not only through reports and tailored work by legislative procedure analysts but also through an extensive education program of seminars on all aspects of the legislative process. We were able to bring this expertise to bear to assist the Senate in the confirmation process for Associate Justice Kagan and the impeachment proceedings against Federal District Judge Porteous, which resulted in his conviction and removal from office in December 2010.

A number of high-profile events in the last session of the 111th Congress also demonstrate the breadth and depth of the support CRS provides to the Congress. 2010 saw enactment of major financial regulatory and healthcare legislation. With respect to the latter, CRS supported the Congress throughout the legislative process, including detailed analyses of proposals and numerous briefings and programs. CRS experts addressed such complex issues as the implications of changes in dependency coverage, establishment of State high-risk pools for individuals with pre-existing health conditions, the creation of small business health insurance tax credits, and also explored legal and policy issues associated with mandating that individuals purchase health insurance. After passage of the law, CRS prepared analyses of the numerous new entities created by the law as well as the steps needed to be taken in the rule-making process. Our attorneys have also tracked the continuing litigation over the validity of the law and analyzed the court decisions as they have been issued.

With respect to the Dodd-Frank Wall Street Reform and Consumer Protection Act, lawmakers relied on CRS testimony, numerous reports and memoranda, personal consultations, programs and authoritative comparisons of legislative provisions contained in the House and Senate versions of the legislation. Our experts also supported congressional committees in overseeing the \$700 billion Troubled Asset Relief Program (TARP) and examined other Federal assistance given to large financial institutions by the Federal Reserve.

CRS analysis also addressed efforts in the last Congress to promote job creation and increase employment in the wake of the economic crisis and recession. Because of the severity of the recession and the subsequent slow pace of economic recovery, the Congress sought analysis and information on the relative depth of the recent recession compared to past recessions and on programs and policies that have the potential of helping unemployed workers secure work. CRS analyzed employment trends before and after the end of previous recessions, long-term unemployment and recessions, countercyclical job creation programs, the employment effects of infrastructure spending, and training programs available for unemployed workers.

CRS provided support regarding numerous foreign policy issues in 2010, including the wars in Afghanistan and Iraq, United States-Pakistan relations, the Greek and European debt crises, trade issues with China, and Iran and North Korean sanctions. CRS experts also provided insight to the Congress as it began to explore the emerging areas of cyber security and other cyber operations, including the relationship between information operations and cyber warfare.

Immigration reform re-emerged in 2010 and CRS was asked to assess various reform proposals as well as to analyze the actions that States were taking with respect to immigrants and border security. Tax experts analyzed the impact of various tax proposals including extending prior years' tax cuts. Military detainees, campaign finance, and gun control continued to be of congressional interest, the debates being influenced by recent court decisions. CRS attorneys and policy experts collaborated on analyses of these issues.

The foregoing are examples of the degree of involvement of CRS in the legislative and oversight work of the last Congress as well as during the initial months of this Congress. The collaboration among multidisciplinary experts, the breadth of issue coverage, the ability to respond in the face of breaking events and the close proximity of CRS to the Congress all combine to enable CRS to serve efficiently as a shared staff and a pooled resource to be drawn upon by all offices and committees of the Congress.

#### CUSTOMER SATISFACTION

I noted in my testimony last year, that the CRS, at the direction of the conference on the legislative branch appropriations bill, contracted with LMI, a not-for-profit



strategic consulting firm, to independently evaluate CRS' current staffing models and procedures to determine how effectively we are meeting our statutory mandate. LMI conducted Member and staff surveys and interviews, reported on best practices for research organizations geared to ensuring responsiveness to client needs, and assessed communication channels that would ensure that CRS remains aligned with the work of the Congress and the needs of its clients.

LMI found a high degree of satisfaction with CRS products and services and found us to be a reliable, timely and authoritative source of expertise for the entire range of congressional clients. We are addressing areas in which LMI recommended improvements based on the feedback it obtained, including examining our product line, improving our Web site and options to ensure that CRS availability is aligned with the operations of congressional staff. It was gratifying to receive the confirmation that we are doing a good job of serving the Congress. However, there is always room for improvement and it is all the more imperative in these challenging budget times that we remain the most efficient and cost-effective resource for the Congress that we can be.

#### FISCAL YEAR 2012 BUDGET REQUEST

The CRS budget request for fiscal year 2012 is \$117.1 million, with almost 90 percent devoted to pay and benefits for our staff. CRS continues to operate at its lowest staff level in more than three decades, and the small percentage of nonpay expenditures is limited to basic operational needs. The requested program increase will obtain additional specialized technical skills and policy expertise to expand the capabilities of CRS and meet the growing policy demands placed upon the Congress.

An internal review of our capabilities to analyze the rapidly evolving and increasingly complex challenges facing the Congress identified gaps in the specialized skills needed for comprehensive multidisciplinary analyses and assessments. This budget request includes \$2.7 million for 17 full-time equivalents (FTEs) needed to address these concerns. This will strengthen research capabilities in science, engineering and technology and the broader expertise in these areas will enable CRS to respond more readily to rapidly changing science and technology policy debates. The economic crisis and the major financial regulatory legislation enacted in its aftermath require additional CRS expertise in financial accounting, consumer protection and financial sector regulation in order to effectively support the Congress' legislative and oversight work in these areas. Additional expertise is also needed to support multidisciplinary research on policy options in the wake of the enactment of healthcare reform legislation as well as analysis of the potential effects of proposed changes in the organization, financing and delivery of healthcare services. Finally, CRS is asking for additional positions to address the many complex issues pertaining to employment, immigration, the workforce and the economic well-being of U.S. residents.

#### CONCLUSION

This budget request identifies resources that I feel are needed for CRS to provide the full scope of information and analysis that is relevant to the work of the Congress. CRS developed this spending plan to ensure that returns justified the investment while cognizant of the difficult budget climate. My colleagues and I are committed to continually examine every activity and program for efficiencies and reduce or eliminate costs where possible while fulfilling our mission. We are proud of our unique role as a pooled staff resource for nonpartisan, confidential, authoritative, and objective analysis for the Congress.

I want to thank you for your support and the support the CRS has received over the years that has made it into the institution it is today. This will be the final time I will submit testimony before the subcommittee. After 17 years as Director and 42 years with the Congressional Research Service, I am retiring from congressional service in April. It has been an honor and privilege to have served in a variety of capacities in CRS, an organization that I believe is critical to maintaining an informed national legislature.

Thank you.

---

PREPARED STATEMENT OF MARIA A. PALLANTE, ACTING REGISTER OF COPYRIGHTS

Mr. Chairman Nelson, Senator Hoeven, and members of the subcommittee: Thank you for the opportunity to present the fiscal 2012 budget request of the U.S. Copyright Office.

We deeply respect the commitment of the Congress to address the Federal deficit and Government spending, and we appreciate your consideration of our budgetary needs. Indeed, our talented and hardworking employees have always carried out the work of the Copyright Office with a sense of purpose and are fully prepared to share in the burden of these austere times. We are not seeking additional full-time equivalents (FTEs) or funding for new projects at this time. However, we do wish to ensure that our existing staff is compensated competitively so that we may maintain a highly skilled and motivated workforce at a time when copyright law is increasingly complex and the Office's services are increasingly technical and in demand. Specifically, our requests are as follows:

- A 1.7 percent increase (\$0.843 million) more than fiscal year 2011 to support mandatory pay-related and price-level increases affecting administration of the Office's core business systems and public services; and
- A 1.7 percent increase (\$0.095 million) more than fiscal year 2011 in offsetting collection authority of the Copyright Licensing Division to support mandatory pay-related and price-level increases affecting the administration of the Office's licensing functions.

#### PROGRAM OVERVIEW

The U.S. Copyright Office has been part of the Library of Congress (LOC) since 1870. The Office administers the copyright law of the United States, which traces its roots to the Constitution. Principal functions of the Office include administration of the national copyright registration and recordation systems and the mandatory deposit provisions for published works. Each year, the Office acquires hundreds of thousands of books, films, sound recordings, and other creative works of authorship to LOC's national collection. In fiscal 2010, the Office transferred 814,243 copies to LOC at a value of approximately \$33 million.

The Office also administers the compulsory and statutory license provisions of the Copyright Act, including licenses for satellite and cable transmissions. The Licensing Division is responsible for collecting and investing royalty fees for later distribution to copyright owners, examining related documentation, and recording certain licensing documents.

In terms of the larger U.S. economy, many authors, composers, book and software publishers, film and television producers, and creators of musical works depend on the registration system to help them enforce against copyright infringement. Based on a study released in 2009,<sup>1</sup> these core sectors—whose primary purpose is to produce and distribute creative works—account for more than 6 percent of the U.S. domestic gross product, or \$889 billion (reflecting 2007 data, the most recent year for which data are available). The core copyright industries also employed 5.6 million workers (4.05 percent of U.S. workers), and that number doubles to more than 11.7 million people (8.5 percent of the U.S. workforce) when the workers that help and support the distribution of these works are added into the equation. The Office facilitates transactions in the marketplace by assisting users of content to track the ownership of copyrighted content and the transfers and licenses of the exclusive rights afforded by law.

The Office has a dedicated team of legal and policy experts who advise the Congress on domestic and international policy activities (for example, on legislation) and who also provide assistance and information to the judiciary and executive branch agencies (for example, on litigation of interest to the United States or on matters of bilateral or plurilateral trade). These duties are prescribed in chapter seven of the copyright law (17 U.S.C. § 701).

The Copyright Office is currently in a period of transition, following the retirement of Marybeth Peters on December 31, 2010, who directed the staff and functions for 16 years. As the Acting Register, I, along with LOC's Chief of Staff, have spent many weeks speaking with a broad spectrum of stakeholders in the copyright community, from book publishers to the technology sector, discussing with them the issues that are or should be priorities of the Office in the coming years.

I have also been meeting with the managers and staff of the Copyright Office, individually or in small groups, to assess the views of those who work here and administer our public services, and to help set a path for our future business and the workplace environment of our employees. This assessment is still under way, but has already proved to be quite helpful to the Librarian and to me and should prove invaluable to the next Register, once appointed.

<sup>1</sup> Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2003–2007 Report*, prepared by Economists, Inc. for the International Intellectual Property Alliance (2009).

## PROGRAM FUNDING

Funding for the Office derives from two sources—user fees and appropriations. More than 60 percent of the Office’s budget is collected from fees paid for copyright registration, document recordation, and related services. The remaining operating budget covers the policy, legal, adjudicatory, and support operations. To ensure that fees represent current costs and market conditions, the Office undertakes a triennial fee study, the most recent of which was published in fiscal 2009 with another planned for fiscal 2012. The Office’s fiscal 2011 budget request was approximately \$55.5 million, approximately \$34 million of which was funded by Office revenues.

## REGISTRATION OF COPYRIGHT CLAIMS

The Copyright Office has made tremendous progress in the past year in reducing the backlog of claims that occurred with the transition to an electronic registration system. In fiscal 2012, we will continue our efforts to improve operational efficiencies in the electronic registration system, including our continued efforts to decrease processing times for registration and recordation filings. Today, the system allows claimants to file registration applications online and, in many cases, to upload a digital copy of the work to fulfill the deposit requirement.

Since they were made available in July 2008, electronic filings quickly displaced the use of paper applications. To date in fiscal 2011, electronic filings constitute more than 80 percent of all claims received. The Copyright Office typically handles more than 500,000 copyright claims each year, representing well more than 1 million works. In fiscal 2010, the Office received 522,796 claims to copyright, and closed 682,148, of which it registered 636,527 claims. The Office answered almost 316,000 nonfee information and reference inquiries and served a substantial number of visitors to the Public Information Office and the Copyright Public Records Reading Room.

In building the electronic system, the Office experienced a backlog of claims that was not unexpected given the major work process changes, temporary staff relocations, system testing and servicing, and widespread workforce training. The backlog peaked in 2009, but with support from LOC, the Office has reduced the backlog by hundreds of thousands of claims to around 167,000 as of this writing, while at the same time processing new claims at an average rate of 10,000 a week. We expect that our work on hand will fall to 150,000 claims within the next several weeks—an achievement that speaks to the dedication of our employees.

One issue we will continue to explore going forward is what might constitute a reasonable amount of work on hand for purposes of assessing operational success. Because the electronic filing system allows for hybrid submissions (where the application and fee, submitted online, are followed up by a hardcopy deposit mailed separately), and because some claims require the Office to further correspond with the applicant, the Office will always have categories of work that cannot be immediately processed. These claims (presently about 95,000) do not contribute to a backlog but are in fact an anticipated and routine part of the Office’s business operations.

The Office is also cognizant of the need for quality assurance. While we are constantly exploring ways to improve our speed and efficiency, we remain mindful of our obligation to ensure the integrity of the registration records that we create and maintain. Fast processing times, although virtuous, cannot come at the expense of the accuracy and completeness of our public records.

## COPYRIGHT RECORDS DIGITIZATION PROJECT

We continue to make progress in our multi-year project to digitize the millions of disparate pre-1977 copyright records, many of which represent works still protected by copyright law. (Records for post-1977 registrations are already available online.) This project is of utmost historic importance, as there is no complete back up of such records for preservation or security purposes. It is also of critical importance to our mission as an office of public record, making it easier for persons to locate copyright owners, analyze copyright term, and facilitate licensing. The records include registration information, assignments of copyrights, and licensing documentation going back to the beginning of the Copyright Office and may well implicate works published before the Civil War.

In terms of legal relevance, the Office is prioritizing records for works published between 1923 and 1977, as in many instances, the copyright in such works has not yet expired. We plan to complete up to 50 percent of the card catalog records from this era by the end of fiscal 2012. In so doing, we will continue to test imaging quality, clarity, create searchable metadata, and plan for cross-referencing of the imaged records.

## LICENSING DIVISION RE-ENGINEERING

Business re-engineering efforts for the Licensing Division began in fiscal 2011. Thus far, the Office has completed an operational baseline, consulted with external stakeholders, and begun benchmarking exercises against entities with similar functions. The goals of this re-engineering effort are to:

- decrease processing times for statements of account by 30 percent or more;
- implement an online filing process; and
- improve public access to Office records.

In fiscal year 2010, the Licensing Division collected more than \$274 million in royalties from cable and satellite companies subject to statutory licenses, accrued more than \$4.3 million in interest on royalties for the copyright owners, and distributed more than \$249 million to copyright owners. As part of our fiscal 2011 budget request, we sought an additional one-time authorization of \$500,000 to cover any unforeseen re-engineering expenses. As always, any funds not expended will be returned to the royalty pools.

In fiscal year 2012, the Licensing Division will continue to collect and distribute royalty fees and examine licensing documentation. It also will implement and refine its new processes and technology systems. It will test systems for online cable licensing and expects to implement an electronic version of its more complex statements of account, which currently take up to 14 months to process and which are typically of most interest to users. The Licensing Division will soon solicit proposals to develop the technical infrastructure required by re-engineering.

As mentioned below, we are preparing, and will deliver to the Congress, a report on market alternatives to statutory licensing, due in August 2011. The Office stands ready to assist and advise the Congress with consideration of that report and to modify its operations should the Congress enact any changes to current law.

## ELECTRONIC SERIALS PROJECT

As more and more journals, magazines, and newspapers are “born digital”, the Copyright Office is leading a LOC-wide effort to study, identify, obtain, and manage serials that publishers supply to us in electronic formats (eSerials). Although the project currently focuses on the mandatory deposit provisions under the law (i.e., the provisions requiring publishers to deposit copies of certain works with the LOC within 3 months of publication), it serves as a test bed for the intake of works by LOC through other mechanisms, including the registration system. The Copyright Office administers the mandatory deposit provisions of the law and is currently working with other LOC service units to develop an agencywide accommodation for eSerials. We expect the initial phase of that project to be completed in September 2011.

## LEGAL AND POLICY ACTIVITIES

The Office is never without complex work on the domestic and international policy fronts.

*Online Piracy*

Throughout the past several weeks, the Office has been conducting meetings with a wide spectrum of stakeholders in order to explore the current state of online infringement of copyright law and sale of counterfeit goods via so-called “rogue websites” and possible mechanisms by which to combat such piracy and widespread counterfeiting. The Judiciary Committees of both the House and Senate of the 112th Congress are focused on this issue. On March 14, I testified on the issue before the House Subcommittee on Intellectual Property, Competition, and the Internet (testimony may be accessed at [http://judiciary.house.gov/hearings/hear\\_03142011.html](http://judiciary.house.gov/hearings/hear_03142011.html)). We will be working very closely in support of the both the Senate and House as the Committees deliberate further and prepare legislative text.

*Technical Clarifications*

At the end of fiscal 2010, the Office advised the Judiciary Committees of the need for legislation amending certain provisions of the Copyright Act to clarify the law, permit the Office to perform certain functions more efficiently by relying on electronic resources, and make technical corrections. The Copyright Cleanup, Clarifications, and Correction Act of 2010, based upon the Office’s recommendations, was signed into law on December 9, 2010.

*Termination of Transfers and Licenses by Authors*

During fiscal 2011, the Office provided the Congress with an analysis of the situation with respect to so-called “gap grants” under the termination provisions of title

17; specifically, the analysis concerned grants entered into before January 1, 1978 for works that were not created until January 1, 1978 or later and discussed certain possible clarifications. The Office led an extensive public consultation process that included holding a public comment process on its preliminary proposals related to the outcome of the report, as well as a related regulatory process for which it expects to issue a final rule in fiscal 2012. The law requires that authors record the notices they serve on licensees with the Copyright Office (pursuant to certain deadlines) as a condition of termination.

#### *Digital Millennium Copyright Act (DMCA)*

In fiscal 2010, the Office concluded its fourth rulemaking on exemptions from the prohibition on circumvention of technological measures that control access to copyrighted works, as provided in 17 U.S.C. § 1201. The law requires that every 3 years the Copyright Office make recommendations to the Librarian of Congress regarding works that should be exempt from the statutory prohibition on the circumvention of access control mechanisms, provided the circumvention takes place in order to engage in noninfringing uses of copyrighted works.

In the most recent iteration issued in July 2010, the Librarian announced six classes of works that are entitled to exemption. Notable exemptions include motion pictures on DVD, if the circumvention takes place for purposes of using short portions for the purpose of criticism or comment; software on mobile phones if circumvention is performed for the purpose of making the phone interoperable with other applications; and literary works distributed in eBook format for the benefit of the blind and visually impaired, provided that existing eBook versions of the title prevent access to the “read-aloud” function or to screen readers.

Other recent regulatory actions would allow the LOC to demand the electronic deposit of published works available only online and allow the Copyright Office to accommodate an online submission of applications for group registrations involving photographs.

#### *Report on Statutory Licenses*

The Copyright Office worked closely with the staff of the House and Senate Judiciary Committees as well as the Congressional Budget Office in addressing issues relating to passage of the Satellite Television Extension and Localism Act, which reauthorized the statutory license for satellite carriers to carry certain over-the-air broadcast signals. In that legislation, the Congress assigned the Copyright Office the task of preparing a comprehensive report to identify and explore marketplace alternatives to the statutory licenses in the law that allow for retransmission of over-the-air broadcast signals. To date, we have held a number of meetings with stakeholders and published a notice of inquiry seeking public comments. We expect to submit our report by the August 29, 2011 deadline. This is a significant study because, although the Congress has asked us on several occasions to study the cable and satellite statutory licenses for television programming, and we have on several occasions recommended the eventual phasing out of the those studies, this marks the first time the Congress has expressly asked us to make recommendations on how to phase out those licenses

#### *Report on Pre-1972 Sound Recordings*

The Office is also in the midst of its study on the copyright treatment of pre-1972 sound recordings, which was mandated in the Omnibus Appropriations Act of 2009. Specifically, the Office has been directed to study the desirability of, and means for, bringing sound recordings fixed before February 15, 1972, into the Federal statutory copyright regime. Currently, State law governs such pre-1972 sound recordings, which in many cases is not well defined. Federal copyright law allows States to protect these pre-1972 sound recordings until February 15, 2067. Although behind schedule for this report, the Office began its preparatory work last year, including publishing a notice of inquiry for which we have received more than 50 comments thus far. We will follow up in the spring of 2011 with hearings or roundtables, and expects to prepare its analysis and recommendations in the summer and fall. We are grateful for the subcommittee’s agreement to extend the deadline for our report from March 11, 2011 to December 31, 2011.

#### *Litigation*

As in previous years, the Office assisted the Justice Department in a number of court cases involving copyright issues, including the preparation of an amicus brief filed with the Supreme Court in *Costco Wholesale Corp. v. Omega S.A.*, a case concerning the first sale doctrine and the exclusive importation right that was affirmed by an equally divided court; and *Golan v. Holder*, a defense against a constitutional

challenge to the “copyright restoration” provision of the Uruguay Round Agreements Act.

The Office continued to spend significant time evaluating the legal and business implications of the ongoing Google book search litigation and proposed settlement agreement, including the broader implications of the proposed settlement on the mass digitization of books and the treatment of “orphan” works—works for which rights holders are unknown or cannot be located. The Department of Justice filed two statements of interest with the court on which the Copyright Office provided significant advice.<sup>2</sup> The former Register of Copyrights, Marybeth Peters, also testified before House Judiciary Committee on the matter in 2009 about copyright concerns. On March 22, 2011, Judge Chin denied the parties’ motion for approval of the proposed settlement, consistent with the recommendation of the U.S. Government. The Office is pleased with the court’s opinion and will continue to monitor the progress of the case in anticipation of likely appeals. It will also continue to work with congressional committees, the parties and other stakeholders on policy issues raised by the case that are better suited to the Congress than the courts.

*Accessible Works for the Blind and Individuals With Print Disabilities*

Copyright Office attorneys continued to spend considerable time in fiscal 2011 examining the ways in which the United States provides copyrighted works in accessible formats to the blind, visually impaired and print-disabled, as well as similar issues involving cross-border access to copyrighted works in the context of national exceptions for the blind, visually impaired, and print-disabled and international copyright treaty obligations. The Office has worked diligently with other U.S. Government agencies in preparing for and attending meetings of the World Intellectual Property Organization’s (WIPO) Standing Committee on Copyright and Related Rights, which has this issue on its agenda.

In fiscal year 2010, in partnership with WIPO, we organized and hosted a week-long training for developing countries and countries in transition, the focus of which was accessibility and standard for protection under copyright laws worldwide. The Office is currently working with LOC’s National Library Service for the Blind, as well as with advocates for the blind and other stakeholders, to explore ways to improve standards, resources and responsible cross border movement of works in accessible formats, including through participation in a voluntary WIPO Stakeholders’ Platform pilot project for the cross-border transfer of accessible works.

Both LOC and the Office are working with the Department of Education and other Federal Government agencies as part of a statutorily mandated commission on issues involving access to copyright works for the visually impaired in the context of higher education. I am the chairperson of the legal subcommittee of the Commission, which will deliver a report to the Congress before the end of fiscal 2012.

*Anti-Piracy and Other International Developments*

Finally, the Copyright Office continues to play an important role in intergovernmental negotiations and international discussions of copyright law and policy, including the importance of antipiracy efforts and the proper framework for exceptions and limitations. We continue our long-standing tradition of participating in important WIPO meetings that addressed copyright issues (including the Standing Committee on Copyright and Related Rights), working with other Government leaders and copyright offices from around the world.

The Office also continues its significant role in assisting Federal Government agencies with many multilateral, regional, and bilateral negotiations and served on many U.S. delegations, including negotiations regarding the Anti-Counterfeiting Trade Agreement, the proposed Trans Pacific Partnership, and the Joint Commission on Commerce and Trade with China in addition to negotiations and meetings relating to the implementation of intellectual property provisions of existing Free Trade Agreements and Trade Promotion Agreements. We participated on the inter-agency committee charged with preparing the annual special 301 report issued by the United States Trade Representative.

Our day-to-day international work involved reviewing and commenting on the national copyright laws and proposed amendments from numerous countries, either as part of the World Trade Organization accession or trade policy review proceedings or based on requests by other U.S. or foreign entities. One goal of these reviews was to ensure that copyright laws around the world meet binding treaty obligations and

<sup>2</sup>See Statement of Interest of the United States of America Regarding Proposed Class Settlement (September 18, 2009) and the Statement of Interest of the United States of America Regarding Proposed Amended Settlement Agreement (February 4, 2010), both available at <http://www.justice.gov/atr/cases/authorsguild.htm>.

provide effective copyright enforcement mechanisms. Over the past year, we reviewed the copyright laws or proposed revisions in at least 23 countries, and participated in bilateral negotiations and consultations that covered these themes and more with at least 18 countries.

The Office requested funds in fiscal 2011 to organize and host another international copyright training for developing countries, the intended focus of which is collective licensing and other innovative means of making copyrighted works available in the marketplace.

#### CONCLUSION

Mr. Chairman, I want to thank you for your consideration of our budget request today and for the subcommittee's past support of the U.S. Copyright Office. Thank you in particular for considering the funding we require to sustain a first-rate staff and meet necessary expenses, enabling us to perform our core duties under the law.

Senator NELSON. Thank you.  
Ambassador O'Keefe.

#### **STATEMENT OF AMBASSADOR JOHN O'KEEFE, EXECUTIVE DIRECTOR, OPEN WORLD LEADERSHIP CENTER**

Ambassador O'KEEFE. Thank you Senator.

Mr. Chairman, thank you for the opportunity to testify on the OWLC's fiscal year 2012 budget request.

As a unique congressional center and resource, the OWLC strengthens ties with a region of the world that contains not only the world's largest gas reserves, but also one of the largest stockpiles of nuclear weapons. Our program enlists civic-minded people in communities throughout the United States who show our delegates how democracy really works. We recognize their devotion and commitment.

I would like to pause at this moment to honor Judge John M. Roll of Tucson, who had hosted 38 judges and other legal professionals from Russia and Ukraine for us since 2002, and Gabe Zimmerman of Representative Giffords' staff, who was so welcoming to so many of our participants. We mourn their passing.

#### EFFECTIVENESS OF OWLC

Entering a new decade of programs, the OWLC continues to identify leaders of tomorrow from Eurasia, introduce them to U.S. democratic values, connect them to counterparts throughout America, and provide resources for partnerships. Four new members of the Senate met with OWLC delegates prior to entering the 112th Congress, including Senator Hoeven when he was Governor.

As an example of the power of those meetings, a Kyrgyz parliamentarian, hosted by Montana State senators in 2007, said after last year's revolution, "I can say that I am the father of the judiciary bloc in the new constitution. My experience from the Open World program helped in revising the constitution, using the basic principles and concepts that work in the U.S."

#### INVESTMENT FOR THE CONGRESS AND ASSET FOR CONSTITUENTS

Looking forward, the new strategic plan builds on the quality of programs and our influential alumni network to reach out to a greater number of young leaders. We now see the Russian Government starting to build unprecedented reverse programs, bringing university student body presidents of America to Russia, inspired by and modeled after the OWLC program.

We keep costs low and quality high. Every grant contains cost-shared elements, and more than 75 percent of our appropriation is spent in the American economy every year. At the requested level of \$12.6 million, we can fulfill the board-mandated goals.

PREPARED STATEMENT

The OWLC offers an extraordinary investment in the future of U.S. relations with the program countries. Thousands of American host volunteers are making the world safer, more prosperous, and more open by demonstrating our own democracy in action, and by developing community partnerships. Their devotion and energy, combined with the renown of the legislative branch, makes this program a nationwide asset for Members of Congress and their constituents.

Thank you, Sir.  
[The statement follows:]

PREPARED STATEMENT OF AMBASSADOR JOHN O'KEEFE

Mr. Chairman, Senator Hoeven, and members of the subcommittee, I am pleased to submit testimony on the Open World Leadership Center's (OWLC) budget request for fiscal year 2012. The OWLC, of which I am the Executive Director, is a unique resource that links the Congress and its constituents to the strategically important regions of Eurasia that contain not only the world's largest gas reserves, but also one of the largest stockpiles of nuclear weapons. In this capacity, the OWLC administers the OWLC program that allows community leaders throughout America to discuss issues ranging from nonproliferation to rule of law in face-to-face settings with emerging young, professional counterparts from Eurasia to develop projects and partnerships. In the past 11 years, OWLC grants have enabled some 6,500 American families in almost 2,000 communities around the country to host program participants.

Since its inception, the OWLC has awarded grants for overseeing our U.S. exchanges to 61 organizations headquartered in 25 different States and the District of Columbia. These grantee organizations host delegations themselves or award subgrants to local host organizations. By 2011, well more than 700 local host organizations—including Rotary clubs and other service organizations, sister-city associations, international visitor councils, universities and community colleges, and other nonprofits in all 50 States and the District of Columbia—had conducted OWLC exchanges.

More than 75 percent of OWLC's fiscal year 2010 appropriated funds were expended on U.S. goods and services through contracts and grants—much of it at the local community level. American volunteers in 49 States and the District of Columbia home hosted OWLC participants in calendar year 2010, contributing a large portion of the estimated \$1.9 million given to the program through cost shares.

Nearly 17,000 emerging leaders from Russia, Ukraine, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Lithuania, and Uzbekistan have participated in OWLC. Earlier this month, our inaugural delegation of women-as-leaders from Armenia will travel to Des Moines, Iowa. While all the countries where OWLC is active are strategically important to the interests of the U.S. Government, they are also areas of growing economies where opportunities for foreign investment and trade increase yearly.

With the requested funding level of \$12.6 million, the OWLC will be able to continue its support of the Congress in inter-parliamentary and other legislative activities and bring 1,300 or more participants to communities throughout the United States in 2012. Actual allocations of participant slots to individual countries will be based on the board of trustees recommendations and consultations with the subcommittee and the U.S. Embassies in these countries. The requested funding will allow us to fulfill the board-mandated strategic plan to expand into Uzbekistan and Belarus, to meet our continuing plan to intensify legislator to legislator programs, and to reach the rising new generation in Russia and elsewhere who remember the Cold War as a fading memory, if at all.

OWLC will facilitate existing projects and partnerships among hundreds of American civic organizations, numerous communities, and thousands of participating constituents and the regional parliamentarians and other leaders from OWLC countries



hosted here. We ask for an increase of \$600,000 to begin our Board of Trustees-approved expansion into Belarus, and to resume our Uzbek program suspended in 2005.

Major categories of requested funding for a total of \$12.6 million are:

- Program expenses (\$0.5 million); and
- Operating expenses (\$0.9 million)
- Contract (\$7.2 million—awarded to U.S.-based entities) that include:
  - Coordinating the delegate nomination and vetting process;
  - Obtaining visas and other travel documents;
  - Arranging and paying for air travel; and
  - Coordinating with grantees and placing delegates.
- Grants (\$4 million—awarded to U.S. host organizations) that include:
  - Professional programming for delegates;
  - Meals outside of those provided by home hosts;
  - Community activities;
  - Professional interpretation; and
  - Administrative support.

#### OWLC AND THE CONGRESS

As a U.S. legislative branch entity, the OWLC actively supports the foreign relations efforts of the Congress by linking our delegates to members and to experienced and enthusiastic constituents throughout the United States who are engaged in projects and programs in OWLC countries. The OWLC program routinely involves members in its hosting activities with more than 50 percent of delegates meeting with Members of Congress or their staff representatives last year.

The OWLC also regularly consults with the Commission on Security and Cooperation in Europe; the Congressional Georgia Caucus; the Congressional Ukrainian Caucus; the Russia Caucus; the Congressional Azerbaijan Caucus; the Congressional Caucus on Central Asia; the Friends of Kazakhstan Caucus; other congressional entities; and individual Members with specific interests in OWLC countries or thematic areas.

“In December 2010, Senator Olympia Snowe of Maine gave a delegation of legislators from the Chechen Republic a joint resolution encouraging the peace process, a return to civil society and international cooperation, and signed by 200 representatives in the legislature of the State of Maine. The resolution reflects the State of Maine’s support for stability and engagement in the region. The Senator had tried unsuccessfully to deliver the resolution via the Russian Embassy in Washington several times since 2008, so was pleased to be able to pass it on to the Chechen group.

Last March, Representative Peter Roskam greeted education officials from the Republic of Georgia in the home of their host, George Palamattam, on their first day in Chicago. Representative Roskam surprised and delighted the delegates and host families present with the news that as a student he had visited Georgia. The discussion that followed covered a variety of topics that was very informational and educational for the Congressman, the host families, and everyone else who was present.

Last month, Senator Bernie Sanders, Representative Robert Aderholt, Representative Dana Rohrabacher, Representative Robert J. Wittman, and Representative Dennis Kucinich met with two members of the Russian Federation lower house of parliament (Duma) on their first visit to the United States. They discussed topics related to education, labor, employment and parliamentary ties. The Russians also met with Maryland State Assembly members, State Department officials, foreign policy experts, and students and faculty of Georgetown University and the University of Maryland.”

Members of Congress and their staffs also provide OWLC delegates with invaluable firsthand information on the U.S. legislative process, constituent relations, and other aspects of the U.S. Government in face-to-face meetings that forcefully demonstrate how accessible the offices of elected officials can and should be. It is a message not lost on OWLC participants, who come from a part of the world where such openness is still the exception rather than the rule and where constituent services are nonexistent or diminishing.

OWLC’s board-approved strategic plan for 2012–2015 emphasizes increasing the OWLC’s legislative activities and focus. One of the key goals is to serve Members of Congress by becoming a recognized resource that connects them to emerging leaders of participating countries. Currently, we have scheduled five delegations of Parliamentarians from Kazakhstan, Kyrgyzstan (2), Moldova, and Russia and are planning three more from Azerbaijan, Georgia, and Ukraine. Furthermore, OWLC is able to link Members traveling to OWLC countries with alumni who can offer an

unfiltered view of the issues of interest to United States. To this end, OWLC will seek to increase the number of legislator participants from program countries and meetings with U.S. legislators; broaden the legislative component of local host programs; and partner more effectively with U.S. organizations that will increase OWLC's effectiveness in serving members.

#### RECENT PROGRAM HIGHLIGHTS AND RESULTS

In 2010, OWLC continued to focus on hosting in themes of interest to the Congress and of transnational impact, including human-trafficking prevention, government and court transparency, nonproliferation, and environmental protection. OWLC also sponsors hosting that promote economic and civic partnerships between American communities or States and their counterparts abroad.

##### *Kyrgyzstan*

Erkin Alymbekov participated in the OWLC program as a member of the first delegation of parliamentarians from Kyrgyzstan in June 2007, when he was Vice-Speaker of the Kyrgyz Parliament. He was hosted in Montana on a program focusing on accountable governance, and the following year he hosted Carol Williams, president of the Montana State Senate, when she visited Kyrgyzstan. Following a revolution in Kyrgyzstan and the ouster of President Bakiev in April 2010, he was tasked by interim President Roza Otunbayeva to be one of the co-authors of the draft of the new constitution. Mr. Alymbekov later stated that his OWLC experience and a copy of the Montana constitution helped him in revising his country's own using the basic principles and concepts that work in the United States. Passed by a referendum held in June 2010, the new constitution shifted many powers from the executive branch to that of the legislature, enabling Kyrgyzstan to become the first parliamentary democracy in Central Asia.

##### *Georgia*

Attorney John Hall, of Atlanta, Georgia, first hosted OWLC delegates from the Republic of Georgia in 2007. After hosting several such delegations, he developed an interest in the region as well as a network that led to his becoming the Honorary Consul General of the Republic of Georgia in 2009 and the opening of his firm's business in Tbilisi last year. In regard to OWLC's role in this, he stated:

"As a direct result of this program and the continued relationships (we have hosted eight additional OWLC delegations since February 2007, we have become leaders of the Atlanta Tbilisi Sister City Program, [have] partnered with U.S. Department of Commerce to put on two economic forums, helped coordinate the visit of five Members of Congress to Tbilisi, [and] arranged an American development company to start a project in Georgia. This and many other activities are a direct result of Open World's Congressional exchange program. I urge the Congress to keep this valuable program together and would welcome the opportunity to show Members the many different facets of, and opportunities in, the Republic of Georgia."

##### *Moldova*

Before March 2010, Moldovan mayors and local legislators belonged to different regional associations in Moldova. After their visit on the OWLC program, and with the support of an organization active in local reforms, these alumni decided to form the Congress of Local Authorities of Moldova (CALM), uniting all four regional associations. The Congress plans to create a strategy for decentralization, provide counsel to local governments, lobby on behalf of local governments, support local social and economic development, and increase the effectiveness of public procurement. Nine OWLC alumni are on the association's governing board, including the association's president, Tatiana Badan. There are currently 300 members in the Congress of Local Authorities of Moldova and 63 of them are on the governing board representing 29 regions.

U.S. Ambassador to Moldova Asif Chaudhry highlighted this result in a letter to OWLC Executive Director John O'Keefe, stating that "Open World directly supports key U.S. policy priorities in Moldova and the region" and that he applauds "Open World's focus on building partnerships between Moldovan and American people and institutions." (letter of February 17, 2011).

##### *Russia*

OWLC alumnus and former ship navigator Eduard Perepelkin became a crusader for Russia's "street" children. Perepelkin's 2008 OWLC visit, which included an inspiring session at the National Center for Missing and Exploited Children, made

him even more determined. On his return home, he did what is still, in post-Soviet Russia, the unthinkable—he strode uninvited into the mayor’s office and persuaded him to increase funding for youth services. In July 2010, Perepelkin was back in Washington, the site of his 2008 OWLC visit, for a meeting of the U.S.-Russia Bilateral Presidential Commission’s Working Group on Civil Society. And now that Perepelkin’s efforts have caught the attention of national officials, this former ship navigator hopes to help his country steer many more children away from the streets.

One of the hallmarks of the OWLC program is the multiplier effect and impact on both the hosting community in America and that of the participants. From the get-go and throughout the program participants understand that, in many ways, the program only really begins once they return to their countries of origin to bring about partnerships and joint projects. One such example is a \$150,000 grant from the Bristol-Myers Squibb Foundation to an OWLC partner that will allow nurses in La Crosse, Wisconsin, and Balakovo, Russia, to work together on cancer prevention and treatment. OWLC alumni will participate in education programs with nursing faculty from Gunderson Lutheran Health System and will apply their new knowledge and skills at the Balakovo Secondary Medical School for nurses. At the end of the 2-year project, it is anticipated that OWLC alumni will have trained approximately 500 nurses in state-of-the-art cancer care.

#### *Ukraine*

Olena Sichkar, Deputy Head of State Social Services for Family, Children and Youth, met with John Picarelli, Social Science Analyst, Member of the U.S. Government Special Policy Operating Group on Trafficking and Carson Osberg, Case Manager, Counter-Trafficking Unit of the International Organization for Migration (IOM). On March 18, 2010, Mrs. Sichkar’s agency and the IOM signed an indefinite-term partnership agreement. This partnership is focused on joint project work and organizing seminars, conferences, and study programs to prevent international human trafficking and to inform the Ukrainian population about this serious social issue.

#### OWLC’S 2011 ACTIVITIES AND PLANS FOR 2012

For 2011, OWLC continues to host in thematic areas that advance U.S. national interests in general, and congressional interests in particular, and that generate concrete results while strengthening the ties between American communities and their partners abroad.

In 2011, the OWLC will host additional members of the legislative branches of current OWLC countries—especially legislators from Central Asia and the caucasus, based on congressional interest. In February 2011, the OWLC hosted seven groups of Russian legislators and an additional delegation of State Duma (House) members. The following month, we brought five groups of Ukrainian regional legislators. And in the fall, we are bringing a dynamic group of Ukrainian women leaders through contacts developed by Representative Marcy Kaptur. By the end of 2011, we will have brought more than 100 regional and Federal legislators from Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, and Ukraine.

OWLC is becoming an increasingly recognized resource for American citizens engaged in citizen diplomacy. Earlier this month, former Congressman James Symington worked with OWLC alumni to organize an art exhibit in Moscow focused on Abraham Lincoln and the Czar Liberator, Alexander II. Congressman James Moran hosted an art exhibit in the Rayburn House Office Building featuring artworks by Russian orphans in collaboration with civil society leaders based in his Congressional District who approached OWLC for guidance. Up to 60 United States university student body presidents will have visited Russia by December 2011 in a Russian Government sponsored exchange program that is both informed and inspired by the OWLC model. Senate Majority Leader Harry Reid, Senator Roger Wicker, Senator Bill Nelson, and Senator Bernie Sanders were some of the Members of Congress who nominated student body presidents for this exchange.

OWLC, through private funding, will continue to develop its more than 16,500-person alumni network by holding forums and workshops and making use of contemporary technology provided by such services as Skype and social networking sites in the official languages of OWLC countries. This alumni network plays a major role in maintaining program momentum and vibrancy by helping to identify new emerging leaders who might participate in OWLC. Alumni are also central to furthering projects and partnerships that demand regular and effective communication. One very important group that exemplifies this trait is the 100-strong participants of the OWLC nonproliferation program from the last 2 years who will be convening in May. The communications technology that OWLC has set up enables

these relationships to thrive in a cost-effective manner during these times of budgetary constraints.

#### CONCLUSION

OWLC offers an extraordinary “bang for the buck” in terms of efficiency, cost-effectiveness, value, and an investment in the future U.S. relations with the countries where the program operates. OWLC boasts an overhead rate of about 7 percent, every grant contains cost-shared elements, and more than 75 percent of our appropriation is plowed back into the American economy every year.

In the future, there will be in-depth program changes that will increase congressional involvement in OWLC and will increase support to the constituent hosts who have established programs and partnerships in OWLC countries. With funding at the requested level of \$12.6 million, Americans in hundreds of Congressional Districts throughout the United States will engage up-and-coming Eurasian political and civic leaders—such as parliamentarians, environmentalists, and anti-human trafficking activists—in projects and ongoing partnerships. Americans will, once again, open their doors and give generously to help sustain this successful congressional program that focuses on a region of profound interest to U.S. foreign policy. To that end, the subcommittee’s interest and support have been essential ingredients in OWLC’s success.

#### IMPACT OF FISCAL YEAR 2011 CONTINUING RESOLUTION

Senator NELSON. Thank you.

The first question that I’d like to ask is regarding the impact of funding the ongoing resolution at the fiscal year 2010 enacted level.

I think that it’s important to point out that every agency of Government is going to be faced with the problem of how to continue to operate during the next 6 months. If we’re able to get a continuing resolution for even that period of time in the next few days, what will the impact be for cuts along the way?

In your testimony, Dr. Billington, you alluded to the implications. But could you give us a little bit more on the specific impact of how mid-term cuts affect the operations of LOC?

Of course, it’s dependent of how much the cut is, but what would the implication be?

Dr. BILLINGTON. For the remainder of this current year?

Senator NELSON. Yes, for the current year, and then we’ll talk about next year, fiscal year 2012.

Dr. BILLINGTON. Well, I’m not sure what the exact number would be. We calculated what it would be if it were sustained through the following year as well. But, the impact would be substantial because, as I pointed out, we are doing much more with much less.

There are really only two areas where we could, or we can make significant cuts, in an institution where 70 percent of all of our major areas of appropriation are in personnel. All of the program areas—I could go over them with you—are unique and it would not be likely, and probably almost impossible, for anybody else to replicate these programs if we were to stop doing them. So, we might have to make some cuts in programs.

I don’t know if it would be in the remaining months of this fiscal year, but it wouldn’t be very far after that that we’d have to consider scaling services back. You can’t really cut these programs very heavily, without experiencing some damage since we’ve been basically operating with almost no increase for the last 4 years, only a 2 percent programmatic increase. So, we would have to start examining which of these programs we would do away with or significantly reduce. I have examined three of the larger appropriations and am aware of how difficult this would be.

Maybe Mr. Dizard, who's been occupied with this in a little more detail would like to comment.

Mr. DIZARD. Sure, I can do that. I'd be happy to.

Mr. Chairman, for this fiscal year, if you get into a 3 percent range, then we're talking probably hiring freezes, as well as reducing our contracts for equipment, custodial service, some of our IT planned investments, and security equipment. And we would probably be looking at 3 or 4 days of furloughs across LOC. And as you get beyond that, if you wanted to go into 5 percent cuts, as Dr. Billington mentioned, in 6 months, with very limited ability to deal with personnel, our recourse would be just to increase the amount of furloughs as we reach towards October 1—if we're just talking this fiscal year.

#### PERMANENT DAMAGE OF REDUCING ACQUISITIONS

Senator NELSON. Dr. Billington, you mentioned that if you have subscriptions and you stop them for 1 year, it's not as though you lost 12 volumes, or, 12 issues, but it's an even bigger impact than that.

Dr. BILLINGTON. Yes. The fundamental core things that LOC has to do are to acquire, preserve, and make accessible the world's knowledge and America's creativity.

The price of all of these things tend to go up and up. We keep reviewing our policies in all of these areas. But if you're going to have the kind of universal collection that we have historically acquired, beginning with Jefferson's old library, which was in 16 languages—and now we've collected in 470 languages; if you're going to continue that, you simply can't miss a year, because then you have to acquire double the amount the following year. And besides, what you miss will probably not be attainable, except in the year in which it is published.

We purchase about 1 million items a year, and more than twice that amount comes to LOC through gift exchange, copyright deposit, cataloging in publication, and other sources. We receive about 22,000 items a day, of which we only keep 10,000. But, if you stop a year's subscription of a crucial scientific or important magazine—and, you know, it's hard to know what's going to be the most important—if you stop it, you aren't diminishing the value of it by just one hundredth. You're diminishing it about in half—particularly in areas that serve the fast-moving needs of the Congress and of the Government. And so, you can't ever make up a lost period. You have to either sustain the acquisition process, or change the nature of your mission.

And preserving that mission is also affected in large part by the personnel ceiling. Collecting requires this degree of universality. The collections are an enormous asset. We call it the strategic information reserve of the United States. And the differential between what LOC collects and makes accessible, and what other research libraries in America do, is increasing, because the strain on public libraries and university-based libraries is very great, even on other national libraries.

So, the uniqueness of LOC's collections and making them more accessible, more useful to the Congress and our country are of paramount importance in an age when balance of trade and the

economic productivity depends more and more on knowledge of what's going on all over the world.

You can't let the collections go for a year without producing an irreversible slippage and decline into becoming more a museum of the book than a dynamic of a creative culture that has invented most of our current information technology and has the most envied higher research capabilities in the world. Physical preservation is another thing. We're a throw-away society. We don't realize that almost every medium on which knowledge and creativity is recorded, is highly perishable.

#### BROAD SCOPE OF THE LOC MISSION

So, all of that is the essential mission that we have to perform, not for LOC, but for the United States of America. And if it can't be sustained, that represents a fundamental mission failure, and puts a greater limitation on the way America will be able to answer—and the Congress in particular—with firm, objective, factually based knowledge and information and analysis of what is going on in the world, and even within our own country.

So, I think it's expensive, but it is something that is unique in human history. It's a great American accomplishment.

I think, Mr. Chairman, I'm the only person who, when he signs for an acquisition for LOC, I don't sign for LOC. I sign for the United States of America. And the idea that legislation has to be based on knowledge that goes right back to the nature of the Founding Fathers, and putting this whole experiment in democracy and the creative society together.

#### IMPACT OF PERSONNEL CUTS

So, it's really kind of a noble mission. And then we get into the question of cuts, major cuts, and then you're talking personnel. And when we're talking personnel, you're dealing with a wide variety of talents—a diversity of backgrounds, talents. Very much of what LOC staff does is one-of-a-kind work that really isn't being done anywhere else to the same degree.

So, it's a very difficult thing to avoid. But once you cut back into the bone of the mission programs—that's what we're talking about, that's where all the appropriated money, practically all of it goes—then you're cutting back, on our fundamental mission.

One of my instructions consistently has been—and I have great consensus among all our top managers on this—that LOC shouldn't do anything that anybody else is doing as well or better. But we have to do things that represent the public good and address the objective needs of the United States. So, if we stop doing something or severely curtail it to make significant, major reductions, we will jeopardize, really, our fundamental mission. We're now integrating more of the digital collections so that we're able to knowledge-navigate and provide access to an expanded range of knowledge in the digital world, as well as the analog.

If you get into the area of cutting personnel, we have very little flexibility to deal with this. For instance, our average term of service for personnel is 16 years. The average age of personnel is 49. So, we have a lot of expert knowledge banked at LOC. We're start-

ing a mentoring program so that they can pass their one-of-a-kind knowledge on to successors.

A lot of the people who are keeping us at the forefront of the digital revolution are young and recent hires. So, the point is, if you start cutting into the personnel, which is the bulk of our budget, you are going to lose people prematurely, on whom we're in many cases the most dependent.

#### LIMITED FLEXIBILITY TO ABSORB CUTS

I think if you put it to our staff, they understand the budgetary pressures. But I cannot suggest to the staff that we all take a salary cut, for instance, everybody take a little percentage to absorb it equitably, because there are legal requirements that prevent me from doing that. So, there's very little managerial flexibility.

We would probably be talking, in terms of cuts, about furloughs. But even that gets to be a serious and difficult thing to manage. So, we don't really have the kind of flexibility to absorb substantial reductions and sustain the mission in a dynamic, changing world.

I don't think our mission calls for infinite, continued expansion. We've only been asking for a little, about a 2 percent annual increase over the last 4 years for anything other than inflation, in anticipation that there was going to be a need for constrained budgets. We have a whole new management agenda which is calling for greater synergies, much more coming together, regulating IT investment—there's a special committee for that, and there's another special committee that Mr. Dizard is chairing, to bring the digital people together with the analog people, with the traditional books and materials.

This is a pioneering institution that has already demonstrated that we can do more with less, that is getting very deep into the muscle, and we risk getting down to the bone.

Senator NELSON. Well, clearly, cutting mid-term has ramifications that could be draconian.

#### MINIMAL INCREASE IN FISCAL 2012 REQUEST

Now, in looking at fiscal year 2012, which provides for minimal growth. Is there a way that some of LOC's priorities that are already being deferred, as a result of the need to tighten our belts, can continue to be deferred in an effort to help us reduce the budgetary request for that fiscal year?

Dr. BILLINGTON. Well, maybe.

Senator NELSON. I'm sorry, if I am not being clear in what I'm trying to find?

Dr. BILLINGTON. Yes.

Senator NELSON. You must have deferred something to hold the budget down to the level that you have.

Dr. BILLINGTON. Right.

Senator NELSON. Is it possible that there are some other things that could be held back, pushed into the future, to address a lower request for 2012?

Mr. DIZARD. We went through the process for fiscal year 2012, and as you recognized, there were many things that were deferred that we did not ask for. We did feel we needed to highlight the need for additional expertise in CRS and our IT security needs.

I think, as Dr. Billington mentioned, and I mentioned before, our options really are going to be to limit hiring, next year. That has to be our first option.

If we start to get into decreasing our acquisitions, tightening our collections policies or restricting them, then we are changing the fundamental nature of the institution.

The other area where, that's nonpersonnel, that's of significance, is preservation. And, if you delay there, you're having an impact way into the future as well.

So, I think we generally would restrict some of our contracting. But the immediate recourse would probably have to be shrinking staff, and not hiring, and reducing staff through attrition, or even considering early outs or buy-outs, or the like. I think that's where we would have to go initially.

#### OPPORTUNITIES TO DEFER REQUIREMENTS

Dr. BILLINGTON. We have, in fact, Mr. Chairman, for instance, deferred one very significant need. We're 9 years behind in the schedule for storage modules at Fort Meade for this immense collection that we're custodians of. Items stored at Fort Meade have a 100 percent retrieval rate. Retrieval from the shelves is robotic, it's extremely efficient. But what we agreed to do is to string it out so that the cost would go over 2 years, rather than the first one. And we can do some things like that, but there are not that many, because we're operating on four consecutive very stringent budgets, where we've consistently been exercising this kind of restraint.

So, yes, we'll have to take a hard look at all options to cut back in ways that don't affect programs. Both CRS and the Copyright Office have defined missions and clientele that they must serve. And they, like other parts of LOC, have suffered considerable personnel losses over recent years.

#### CRS REQUEST

The one programmatic increase that we've requested for CRS is not really an increase. It is to bring them up to where they once were and it's to enable them to address a whole new set of technical, scientific, and financial questions, accounting, all manner of scientific and technical problems that are arising in the world, to get CRS able to do what you need.

It is not really an increase in the sense that it is meant to get to where CRS was. It's just to meet that distinct requirement of our client, the Congress.

#### INFRASTRUCTURE FOR THE INFORMATION AGE

Anyhow, we certainly want to be as cooperative as we can. But the mission is providing essential infrastructure in the information age to the company that generates the knowledge and information but is not able to preserve it or make it as accessible as it should be to as many people as it should be. It's such an important mission for the United States, when you consider the different audiences that depend on the services that we provide—including the networks.



As you can see, the partnerships that we're establishing—and we hope to establish more—depend on our leadership, because ours is the responsibility to determine what's important for the Nation, and then to work with others. And so, much of what we do is shared, it is assembling and enabling others to add to what we do, rather than try to start up and do it all themselves.

Senator NELSON. Well, if we turn to CRS, your request for an additional 17 FTEs, does it take 17 people to replace Dan? Is it possible that some of that hiring could extend over a longer period of time, or are you experiencing the same thing that the Congressional Budget Office (CBO) and Government Accountability Office (GAO) are experiencing, and that is more requests from the Congress for more reports? And that puts the pressure on. We're our own worst enemy in that regard. We want more information, but we want to pay less for it. So, I do understand the squeeze that it creates. But is it possible to extend that hiring over a longer period of time, or with attrition?

What I'm looking for is some way, not with the current resolution, but with fiscal year 2012, to reduce some of the expenses that are projected and put them into next year's budget. As you said, you've been through 4 very tight years budget-wise, and so it's not as easy as it may seem, but we are going to be under an awful lot of pressure to hold the line in the legislative branch, and so I'm looking for help.

Dr. BILLINGTON. Well, I would stress that this was very carefully reviewed by the entire executive committee. But I think we ought to let—

Senator NELSON. Sure.

Dr. BILLINGTON [continuing].—Mr. Mulhollan speak to this. But let me just stress that this was the only, real programmatic increase.

Senator NELSON. I know.

Dr. BILLINGTON. The cybersecurity request was virtually a mandate, to cover the communications and so forth. But this is something that was very carefully weighed by the executive committee. It's his baby, so let him speak.

Mr. MULHOLLAN. Yes. My baby.

#### SPECIFICS OF CRS REQUEST

Actually, this is a stretched out request. Because we asked for 34 FTE over 2 years. The subcommittee said it was not able to fund additional FTE in fiscal year 2011 due to budgetary constraints. We asked for 17 last fiscal year, and 17 for this fiscal year. The reason is, back in 2008 we were at 705 FTEs. We're now at 675 and we're going down.

Both our sister agencies, the CBO and GAO, they're facing the same problem, because you're facing the same problem. It's probably trite to say, but after 40 years of looking at it, I honestly believe the problems are inherently more complex. You can't raise an issue without international, constitutional, environmental, as well as economic impacts, so in this global economy you're looking at the end of a period where issues heretofore could have been more confined. Dodd-Frank is an incredible example of how trying to get our financial house in order has impacts in Europe, Canada, and else-

where, as well as Asia. That's why, for instance, in the financial accounting and auditing capacity, we found ourselves wanting.

We do our best to present to you a faculty of expertise. For instance, on carbon capture and sequestration, we have a geological engineering capacity to take a look at that, independent of any advocacy, so you can trust the assessment. And our statute calls for anticipating the consequences of alternative provisions. So, it is our best judgment in asking for these positions—these are competencies we're not going to just need now, but for the next decade. And this was a lot of work.

Certainly, if we extend it for 2 years we can extend it for 4 years. My only cry of the heart, is that these problems don't wait. In the last months we've had to call upon, again, geologists for earthquake issues—what are the earthquake predictions in the United States? We've had to look at the question of nuclear safety. We just have a report out on nuclear safety and the vulnerabilities across the United States on earthquakes.

We have looked at the history of no-fly zones in Bosnia and Iraq—what are the consequences internationally? What are the costs? We have an excellent piece out on the *Odyssey Dawn*. We are the only institution I think that has the institutional memory of war power resolution and Presidential compliance.

That capacity that you have invested in at CRS, to be perfectly frank, is even more important when you're reducing Senate staff and appropriation staff, because since 1970 CRS has been a shared pool of expertise. That was the notion. You can be more cost effective having an expert available to one side of the aisle and the other side of the aisle, and to both Chambers. And I think that's proven to be the case. But we could draw that out further, yes, Sir.

Senator NELSON. Thank you.

#### BROAD PERSPECTIVE OF MULTIPLE DISCIPLINES

Dr. BILLINGTON. I'd like to add one other thing that I think that they've done that's quite extraordinary. Speaking from a background as a one-time university professor and veteran of a number of faculty discussions, it's very difficult in highly compartmentalized, discipline-oriented universities to get the perspectives of different disciplines focused on a problem. And I think the organization of CRS, which gets teams working in response to the problem, and getting different perspectives is the only way to go, because we're learning more and more, as you see, now events, for instance, in the Middle East, where the events have all kinds of aspects that are very different from just economics, or just politics, or just military. There are tumultuous changes and things going on. And you're better able to deal with them if you have people in different disciplines working together to answer whatever the question is that is on the Congress' mind.

So, I think that getting these specialized personnel is not just so that you get a little more exotic detail. It's a question of getting different—something which does not happen enough in our society—getting different disciplines and different approaches to talk to each other, to answer a question that is right on your mind in the Congress.

Senator NELSON. Thank you.

## OPEN WORLD STRATEGIC PLAN OBJECTIVES AND COSTS

Ambassador O'Keefe, I noticed in seeking a \$600,000 increase for fiscal year 2012, it would be to initiate an expansion into Armenia, Belarus, and Uzbekistan. Can you give us some idea of what, how that \$600,000 would be used specifically? Will there be any kind of actual exchanges with these countries in fiscal year 2012, or will this be simply the start-up cost to set up an exchange at some point in the future?

Ambassador O'KEEFE. Sir, this is all going into exchanges. We already have the backbone and infrastructure, and I've discussed this with the charge d'affaires in Uzbekistan, which I think is the most important of the three countries, and also with Ambassador Yovanovitch in Armenia.

So, if we were to begin the programs, the costs would be about what we have per participant. There are no real start-up costs.

Also, for a place like Armenia and Belarus, we might be able to actually have a lower cost, since we would have Embassy personnel do more of the work as their cost share. We're starting with that model. It gives us more bang for the buck.

## RAMIFICATIONS OF FUNDING AT FISCAL YEAR 2010 LEVEL

Senator NELSON. As we all are aware of the fiscal constrains, if additional funding isn't provided and if you're funded at the fiscal year 2010 enacted level, what would it take within your budget to absorb that kind of a budget cut?

Ambassador O'KEEFE. Yes, Sir. We've looked at that, and, just as a first principle, we want to preserve the momentum of the numbers of people coming. It makes a big difference for alumni networks, for quality of nominations and, frankly, quality of programming.

Also, by preserving those numbers we don't reduce the grants to the communities, and these are community colleges, service clubs, rotaries, and lots of different community organizations. We did 700 communities last year.

So, our going, in principle, is not to diminish that, and if we do so then, as a last resort. So, it means that you give up somewhat on quality in terms of oversight. We do like to be able to monitor a certain number of programs per year—especially programs where we get the reports that they're not as good as the other ones. And you do that by actually observing how it's done. We give up a little bit of quality on that.

The other approach, and the one that we would take, is we'd have to look at our staffing, and we'd have to look at travel and other things. At the end of the day, if we can't absorb rising costs of transportation, hotels and other things, we would reduce numbers. That's a last resort.

## IN-KIND GIVING AND SUPPORT

Senator NELSON. You've done an outstanding job in leveraging nonappropriated funds over the last several years. I think it's \$1.7 million in donated goods and services from hosts and grantees in 2009, and as your testimony indicates that this level is estimated to be even higher in 2010, at \$1.9 million.

Has the sluggish economy hampered your efforts to leverage more nonappropriated funds, or are you able to continue to do just about what you would expect to do?

Ambassador O'KEEFE. It's odd. I think we must be counter-cyclical, because we still have this great demand from communities to host about twice what we can sustain. And they continue to be generous, even in these difficult circumstances. So, I am so impressed by the dedication of the communities that are welcoming all of the delegates, and their willingness to continue to do the home hosting, to pick up the meals, and other things.

Senator NELSON. Do you see the opportunity, then to be able to continue to grow at the same level that you've enjoyed in the last couple of years?

Ambassador O'KEEFE. I think that there's, frankly, an absorptive capacity. And so, I think that number may remain the same.

What we are looking at now is partnering with other organizations that would put up the money for airfare, putting up the money for, perhaps, part of the programming in the United States. Organizations that already bring people to the United States. And then, for about one-third of the cost that we ordinarily would have, take their delegates and give them a 4- or 5-day OWLC experience.

Senator NELSON. If we increased those efforts, would it help you make up that \$600,000 difference?

Ambassador O'KEEFE. I hope so. But I can't guarantee anything, Senator.

Senator NELSON. I appreciate that.

Well, I've asked a number of questions. Is there any question that I haven't asked that I should have?

Well, if not, I appreciate very much your candor. Obviously, we're in this together. We want to find a way to make it work for, as Dr. Billington says, the United States of America. It's about more than just us. It's about our country.

And we understand the importance of LOC as a part of this overall institution we call our country.

Thank you so very, very much for being here. We hear what you're saying. We clearly empathize with it. We understand what the consequences are if cuts are not made in an appropriate and responsive way.

One thing that I've found not just in this position, but also as Governor is that the more I knew about a program, the harder it was to cut.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator NELSON. So, you have given me a lot of information to make it even harder to think about cutting.

Thank you very much.

Dr. BILLINGTON. Thank you, Mr. Chairman, very, very much. We're willing to work with you on these difficult problems. Thank you so much.

[The following questions were not asked at the hearing, but were submitted to the agencies for response subsequent to the hearing:]

## QUESTIONS SUBMITTED TO DR. JAMES H. BILLINGTON

## QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

## IMPACT OF REDUCED FUNDING

*Question.* The Library of Congress's (LOC) fiscal year 2012 appropriations request is \$666.7 million, an increase of \$23.4 million, or 3.6 percent, more than the fiscal year 2010 enacted level. Unfortunately for all of us, the Congress is still negotiating the end game for the fiscal year 2011 budget, and as you are well aware we are contemplating how much to reduce your funding from the current level, not how much to increase it. Please provide the subcommittee with the impact of a 5 percent and a 10 percent reduction to LOC's total 2010 appropriation.

*Answer.* A 5 percent reduction to the fiscal 2010 base appropriation level—a fiscal 2011 funding level of \$650.1 million—would require that LOC freeze hiring, freeze travel and training, substantially reduce all contracts, grants, and general purchases, and implement a staff furlough of 11 days. Fiscal year 2011 funding level at 10 percent below the fiscal 2010 budget—or \$613.5 million—would require all of those cuts plus an additional 11-day staff furlough (total furlough of 22 days).

## FORT MEADE MODULE 5

Dr. Billington, you mentioned that one of the top-priority projects for LOC in fiscal year 2012 is \$8.88 million for Collection Storage Module 5 (phase I of II) at Fort Meade, to expand the storage capacity for LOC's collections. I note that LOC's request of \$666.7 million, which is an increase of \$23.4 million, or 3.6 percent, more than the fiscal year 2010 enacted level and the fiscal year 2011 current funding level, does not include the \$67.9 million requested in the Architect of the Capitol's (AOC) budget for the "Library Buildings and Grounds" account. The subcommittee is not in a position this year to be able to fully fund all of these increases, and we must balance LOC's requests with AOC's requests and each of the other agencies funded in the legislative branch bill.

*Question.* In order to fund the \$8.88 million for Collection Storage Module 5 at Fort Meade, would LOC be willing to forgo other increases in its fiscal year 2012 budget request (not AOC's requests) to offset the cost of the storage module?

*Answer.* LOC focused its priorities and limited the fiscal 2012 budget request to the most critical and timely needs. Aside from mandatory pay and price-level adjustments, LOC's 3.6 percent increase represented funding requests for a mandatory information technology (IT) security initiative and for expanded research expertise that would enable the Congressional Research Service to better respond to the research and analysis needs of the Congress.

The \$8.88 million request to fund the Collection Storage Module 5 at Fort Meade was included in AOC's budget. LOC partnered with AOC to both prioritize the projects and initiatives that were included in AOC's budget and to formulate a phased approach to funding the Collection Storage Module 5 project so as make this major capital investment as economically viable as possible for the legislative branch budget.

Given the careful deliberations LOC went through to formulate the fiscal year 2012 budget request, LOC is not in a position to forego other requested increases to fund the \$8.88 million for Collection Storage Module 5. However, LOC is committed to working with the subcommittee to determine the most-efficient approach to fund critical needs, just as we worked diligently with your subcommittee staff to assess priorities and evaluate trade-offs in this year's (fiscal year 2011) budget process.

*Question.* What exactly will the \$8.88 million provide with regard to Collection Storage Module 5? Will all of this funding be obligated in fiscal year 2012?

*Answer.* The benefit of the two-phased construction approach is to distribute the total cost of construction over 2 fiscal years, and to allow for the construction of a complete and usable facility, following each phase. This approach also allows for the funding to be provided in consecutive fiscal years, which would provide for the completion of the final project phase, without delay or interruption.

Under the two-phased construction approach, the \$8.88 million investment of phase I would complete all site infrastructure, building structure, overhead fire suppression sprinklers, lighting, and the basic building systems of heating and ventilation. This would allow for temporary storage of boxed or palletized library materials and unprocessed collections up to a height of 12 feet. The estimate for phase I does not include the cost of high-bay shelving, pallet racking, or climate control for the preservation-quality environment needed for permanent collections storage. It is estimated the construction period would be 2 years.

*Question.* For phase I of II, \$8.89 million is requested—do you know yet how much funding will be required to complete phase II?

*Answer.* Approximately 90 percent of the funding requested for phase I would be obligated in fiscal year 2012. The remainder would be utilized in fiscal year 2013 to accommodate construction contingency, construction administration, and related testing and commissioning activity.

AOC cost estimate for phase II is \$9.58 million. This investment includes customized high-bay collection storage shelving up to 32 feet with integrated fire suppression systems, and a specialized climate control system for permanent collections' preservation. AOC estimates the total project cost of Collection Storage Module 5 (phase I and II) in the amount of \$18.46 million.

#### IT SECURITY FUNDING

*Question.* LOC is requesting \$2.75 million and five additional full-time equivalents within the Office of Strategic Initiatives to expand LOC's information security incident handling and response function.

If the subcommittee is able to provide the requested increase of \$2.75 million, how is that funding to be allocated?

*Answer.* The requested \$2.75 million will enhance our security incident handling and response function. This enhancement, resulting from discussions with the House and Senate regarding assuring confidentiality of LOC research provided to Members, will provide protections similar to the House and Senate.

The funding will pay for security staff, contractor support, and security tools.

#### IMPACT OF NOT FUNDING IT SECURITY

*Question.* If the subcommittee is unable to provide this increase, what is the impact to LOC?

*Answer.* Lack of funding for this security enhancement effort will likely result in delays in the detection of threats, and delays in the response to security incidents, including the investigation and remediation of cybersecurity events at LOC. This could cause information to be compromised and pose a risk to LOC and agencies with which LOC interacts.

#### CONTENT MANAGEMENT

*Question.* Security of electronic information is an important part of every Federal Government agency's daily operations—to try to prevent, or mitigate the effects of, the accidental or purposeful deletion or corruption of information stored electronically.

How would LOC know if any of its electronic information had been deleted or corrupted?

*Answer.* Long-term storage solutions have policy settings that include when to delete information from the systems based on events, age, etc. At LOC the long-term storage solution preservation policies are set to never delete. Currently, data integrity is checked when the file is ingested and when the file is migrated to newer solutions. (LOC migrates archive data, e.g., our digital collections, every 3–5 years as part of ensuring the data is not stored on obsolete technology. During this process, the data integrity is checked.)

LOC is also working on a plan to re-architect the content management of our digital collections. This will include separate data integrity check policies for the various collections.

#### RESTORING INFORMATION

*Question.* Does LOC have a plan for restoring information that has been deleted or corrupted?

*Answer.* LOC protects its data from loss by deletion or corruption by making multiple copies of the data in multiple locations. Even if information has been accidentally deleted from disk by a user or administrator and marked as deleted, the file is not physically deleted from the primary or secondary copy. It can be recovered. If data is deleted or corrupted on disk it can be retrieved and restored from the primary copy or the remote secondary copy. Business and Web data are backed up through scheduled processes using industry standard backup and recovery software. Partial and full backups are taken and a second copy is written to a remote cite. This data can be recovered using the backup and recovery software.

Long-term storage of preservation data is stored on magnetic tape. This data is ingested to a large disk cache where it goes through a workflow process and then

is written to tape and a second copy is written to a remote site. The data is stored in a manner that makes recall and use of this data fairly simple.

#### CONSOLIDATION OF DATA CENTER ASSETS

*Question.* According to a recently released GAO report entitled “Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue (the Duplication Report)”, “In recent years, as Federal agencies modernized their operations, put more of their services online, and increased their information security profiles, they have demanded more computing power and data storage resources. According to OMB, the number of Federal data centers grew from 432 in 1998 to more than 2,000 in 2010. These data centers often house similar types of equipment and provide similar processing and storage capabilities. These factors have led to concerns associated with the provision of redundant capabilities, the underutilization of resources, and the significant consumption of energy.”

In February 2010, the administration launched the Federal Data Center Consolidation initiative and issued guidance for Federal CIO Council agencies that called for agencies to inventory their data center assets, develop consolidation plans throughout fiscal year 2010, and integrate those plans into agency fiscal year 2012 budget submissions.

Is LOC working to reduce the size of its data center footprint?

Answer. Unlike most agencies LOC is in the business of collecting and preserving data for future generations. The amount of LOC data grows each year as more and more collection and preservation data is acquired and stored in LOC systems. LOC is continually planning and reworking the layout of the Data Center to maintain or shrink the footprint.

Wherever possible, LOC backs data up on tape rather than spinning disk, which uses more space and power. LOC also continually migrates data on tape to the latest (higher-density tape) technologies available. This allows LOC to grow collection and preservation data and maintain the same footprint in the data center.

In an effort to reduce LOC data center footprint to allow for future data storage growth, LOC has recently implemented a virtualization infrastructure. The key benefit of this infrastructure, as it relates to the question, is that centralizing and reducing the number of physical servers will reduce the required amount of power, air conditioning, and physical space allocations. LOC is also in the process of implementing new network switches in the primary data center (Madison Building.). Implementing these newer technology switches will reduce the overall number of data center switches from 10 to 2. This will further reduce the network infrastructure footprint in the data center.

Last, in an effort to optimize the data centers operational capabilities, LOC recently performed a study of all four LOC data centers. This study examined the current environment with regards to space allocation, power consumption and cooling capabilities. This information was used to project future space and environmental requirements based on current growth rates.

*Question.* How does LOC protect and backup its electronic data?

Answer. LOC protects its data by making multiple copies of the data in multiple locations. LOC uses different strategies according to the needs of the different categories of information:

*Business and Web Data.*—Business and Web data are backed up through scheduled processes using industry standard backup and recovery software. Partial and full backups are taken and a second copy is written to a remote site.

*Long-term Storage of Preservation Data.*—Currently, LOC takes in approximately 120 TB of preservation data a month. This will increase to approximately 200 TBs a month by the end of 2011. LOC has chosen to store this data on magnetic tape. Tape is a reliable, mature technology that has an error rate several magnitudes smaller than disk. It also has a very dense footprint and consumes very little power. This data is ingested to a large disk cache where it goes through a workflow process and then is written to tape and a second copy is written to a remote site. The data is stored in a manner that makes recall and use of this data fairly simple.

*Disk Replication and Disaster Recovery.*—To support Continuity of Operations Planning and disaster recovery, mission-critical application data is replicated on disk at a remote site. Bringing these applications on line at the remote site is performed according to a priority set by LOC leadership. For instance, one of the higher-priority applications is the Legislative Information Service (LIS). LIS data is replicated remotely and in the event of a disaster, the application and its data can be brought online within a matter of hours. This data is also protected by complete backup as well.

*Question.* What is LOC doing to take advantage of newer, more reliable, disk-based storage, and back-up technology which can drive down costs by reducing the overall data footprint at data centers?

*Answer.* LOC has built into its future technology plans a technology refresh that migrates data from older technology to newer, denser, and power-saving technology. Over the past 5–7 years LOC has moved from using disks that can store 100 GB of data per disk drive to storing data on disks that can store 2 TB of data per disk drive. This is a 20-fold increase in density for nearly the same power requirements. LOC continues to look at new disk technologies and assess their applicability to LOC needs.

Regarding back-up technology, LOC has adopted tape technology wherever possible. Disks are expensive and require more power and cooling than magnetic tapes. Magnetic tape technology provides a denser, less power-hungry, less error-prone, and less-expensive alternative to spinning disks. It has a known migration path and mature methods for assuring data integrity. LOC also has an audit program to assure quality of the media and hardware.

#### COST OF PROTECTING ELECTRONIC INFORMATION

*Question.* What are the costs associated with protecting LOC's electronic information? Please submit a breakdown to the subcommittee.

*Answer.* The initial cost associated with protecting LOC's electronic information is \$13.976 million. In addition, there is an annually recurring cost of \$5.48 million.

#### CLOUD COMPUTING

*Question.* The Federal CIO Council recently outlined a 25-point plan that puts in place a cloud-computing first strategy for all Federal IT. The plan boasts that cloud IT infrastructure creates the following benefits:

*Economical.*—Cloud computing is a pay-as-you-go approach to IT, in which a low initial investment is required to begin, and additional investment is needed only as system use increases.

*Flexible.*—IT departments that anticipate fluctuations in user demand no longer need to scramble for additional hardware and software. With cloud computing, they can add or subtract capacity quickly and easily.

*Fast.*—Cloud computing eliminates long procurement and certification processes, while providing a near-limitless selection of services.

Does LOC currently utilize, or plan to implement, a cloud-based IT infrastructure to operate and deliver programs to the public?

*Answer.* LOC is currently implementing a virtualized environment to provide cloud-based IT infrastructure that, while currently planned for internal use only, can be adapted to provide public service. Many of LOC's public facing services currently run on an internal cloud-based infrastructure using shared CPUs, memory, and storage. LOC runs two internal hosting environments, the Application Hosting Environment (AHE) and the Financial Hosting Environment (FHE). The FHE hosts sensitive systems and data. Examples includes the Momentum Financial Management System, Health Services Organization (HSO) Medical Information Management System (MIMS—sometimes referred to as Medgate, Medgate is the actual software name). The AHE hosts most of LOC's other applications.

#### CONSIDERED PROGRAMS FOR THE CLOUD

*Question.* Are there particular computer applications like email or other programs that LOC is considering moving to the cloud?

*Answer.* LOC is evaluating moving the current New Visitor Experience (NVE) and MyLOC.gov from a Hosted Environment to a Cloud Environment. The NLS/BPH is evaluating placing their Electronic Books on a cloud system to enhance downloading electronic books to West Coast States.

LOC is currently using the cloud to host the Global Legal Information Network (GLIN). Moreover, the OSI Digitization Projects System is a cloud application using an Application as a Service cloud offering from Appian.

We will continue to monitor the Federal agency guidance being developed by the Office of Management and Budget, National Institutes of Standards and Technology, and General Services Administration prior to broadly implementing any cloud computing initiatives.

#### SENSITIVE DATA CONTROLS

*Question.* What current controls do you have in place to ensure sensitive data is not being released to the public?



Answer. LOC's IT security policies are based on best practices, such as the NIST standards. Moreover, LOC uses best practices for technical controls using guides from Defense Information Systems Agency and the Center for Internet Security to secure servers, routers, switches, workstations, Web servers, and databases. LOC uses certification testing to ensure that security controls are in place before new systems go into production and continuous monitoring techniques to ensure that new vulnerabilities are addressed in a timely manner. As part of LOC's IT security process, information is evaluated to determine sensitivity and the security controls are based on the level of sensitivity. Systems with sensitive information are placed into a separate environment with more stringent security controls. Additionally, LOC is monitoring for unusual data traffic patterns that would indicate sensitive data being removed inappropriately from LOC.

SUBCOMMITTEE RECESS

Senator NELSON. This hearing is now concluded.

[Whereupon, at 3:21 p.m., Thursday, March 31, the hearing was concluded, and the subcommittee recessed, to reconvene subject to the call of the Chair.]