S. HRG. 105–264

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 1998

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

ON

H.R. 2209/S. 1019

AN ACT MAKING APPROPRIATIONS FOR THE LEGISLATIVE BRANCH FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1998, AND FOR OTHER PURPOSES

Architect of the Capitol (except House items)
Capitol Police Board
Congressional Budget Office
General Accounting Office
Government Printing Office
Joint Committee on Printing
Joint Committee on Taxation
Joint Economic Committee
Library of Congress
Nondepartmental witnesses
Office of Compliance
U.S. Senate

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LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 1998

TUESDAY, MAY 6, 1997

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

The subcommittee met at 10:05 a.m., in room S–128, the Capitol, Hon. Robert F. Bennett (chairman) presiding.

Present: Senators Bennett and Dorgan.

JOINT COMMITTEE ON PRINTING

STATEMENT OF HON. JOHN W. WARNER, CHAIRMAN

ACCOMPANIED BY ERIC C. PETERSON, STAFF DIRECTOR

OPENING STATEMENT OF HON. ROBERT F. BENNETT

Senator BENNETT. The subcommittee will come to order. This is the first of four hearings that the Legislative Branch Subcommittee will hold on the budget request for the fiscal year 1998.

I am the new chairman of this subcommittee. I welcome the opportunity to participate in the oversight responsibilities of the committee as they pertain to the appropriations programs and activities of the legislative branch of our Government. I understand Senator Dorgan, who is the new ranking member, will be along shortly. I have been privileged to serve on this committee under the chairmanship of Senator Mack, and will do my best to carry on in his tradition.

We welcome Senator Warner here. He is chairman of the Joint Committee on Printing, and our first subject this morning is the budget request of the Joint Committee on Printing.

The request in fiscal 1998 is $804,000, which is a $27,000 increase from the 1997 level of $777,000. Senator Warner, we welcome you, and we will be happy to receive your testimony.

INTRODUCTION OF STAFF

Senator WARNER. I thank you very much, Mr. Chairman.

May I first introduce Col. Grayson Winterling, who is staff director of the Rules Committee, which has sort of ancillary responsibility, and Mr. Eric Peterson, who is the staff director of the Joint Committee on Printing. I will submit my entire statement for the record, Mr. Chairman, and cover some of the high points.

OPENING STATEMENT

The point I wish to make is under the leadership of Senator Stevens, my predecessor on the Rules Committee as chairman, we have been looking at title 44. Title 44 is an interesting piece of legislation. However, over a period of years there has been a creeping tendency on the part of a number of departments and agencies of the Federal Government to violate it.

Now, the degree to which it is violated, that is maybe lost in semantics, but I say there is certainly a technical violation. It is not good, honest Government employees trying to break the law, but for various reasons practices have grown up whereby the departments and agencies have made in-house printing facilities which now serve their needs and have not gone through the Government Printing Office, so I am continuing the work started by Senator Stevens on what we call title 44 reform.

LEGISLATIVE PROPOSAL TO REVISE TITLE 44

From a concept paper, a legislative proposal has been drafted, and that proposal has been the subject of one hearing before the Rules Committee, and there is another one planned here in a few days. Based on the recommendations received during these hearings and other comments submitted for the record, the staff of the Joint Committee on Printing in cooperation with the Senate Rules Committee will redraft the legislative proposal.

It is my hope to introduce a reform bill in a matter of months, and do it on a bipartisan basis. There is really no politics at all involved in this thing. It is just a question of what is the intent of the legislative branch and the executive branch to solve the problem. That problem is a constitutional one that is involved with the separation of powers. It stems from a 1983 Supreme Court decision in the case of the *Immigration and Naturalization Service* v. *Chadha*.

I mention that because it is quite well-known through Government circles, and everybody sort of looks the other way, but it is the responsibility of both the legislative and executive branches to solve this tough problem.

Now, the Justice Department Office of Legal Counsel wrote an opinion last year which construed the committee's involvement with the Government Printing Office to be the equivalent of exercising a legislative veto over the printing activities of executive branch agencies and thus a violation of the separation of powers doctrine.

In the face of that opinion, it is difficult for the committee to obtain executive branch compliance with title 44. Some executive branch agencies either are procuring printing without going through the GPO, or doing printing for other agencies, or doing theirs in-house, and a mix of all of the above.

As I say, at the moment I describe these practices as a technical violation of title 44.

Now, the question before the Rules Committee is whether these are violations costing the taxpayers added dollars? Are they costing the taxpayers a reduced accessibility to a lot of the information created by the Government?

So I just urge the committee to approve this budget. Hopefully, we will answer these questions this year, Mr. Chairman. I am determined to do so. I view this budget as in the public interest because it funds the committee that must resolve this public policy question between the legislative and executive branches. It cannot go on.

PREPARED STATEMENT

So with that, I will just submit the balance of my testimony and I will be happy to respond to your questions, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF SENATOR JOHN WARNER

Mr. Chairman, Members of the Committee. I appreciate the opportunity to appear before you today on behalf of the Joint Committee on Printing, and its budget request of $804,000 for fiscal year 1998. Rather than reiterate the testimony I provided the House Legislative Branch Appropriations Subcommittee in February, I will give you an update on the Joint Committee's initiative to reform Title 44.

TITLE 44 REFORM

The Joint Committee on Printing has adopted by consensus a concept paper on Title 44 reform. From this concept paper a legislative proposal has been drafted. That proposal has been the subject of one hearing before the Senate Rules Committee. A second hearing is planned for May 8th. Based on the recommendations received during these hearings, and other comments submitted for the record, the staff of the Joint Committee on Printing, in cooperation with the Senate Rules Committee, will redraft the proposal for submission as a bill. It is my hope to be able to introduce a reform bill this spring on a bicameral, and bipartisan basis with the support and participation of the Administration. The legislation will address two key policy issues.

The first is the constitutional separation of powers issue which stems from the 1983 Supreme Court decision in the case of the *Immigration and Naturalization Service* v. *Chadha*. Those of you familiar with the Joint Committee on Printing know that the Committee acts like a board of directors over the operations and activities of the Government Printing Office. The Justice Department's Office of Legal Counsel wrote an opinion last year which construed the Committee's involvement with the Government Printing Office to be the equivalent of exercising a legislative veto over the printing activities of Executive Branch agencies, and thus a violation of the Separation of Powers doctrine. In the face of that opinion it is difficult for the Committee to obtain Executive Branch compliance with Title 44. Some Executive Branch agencies either are procuring printing without going through GPO, or doing printing for other agencies. Both of these practices are a violation of Title 44, and are costly to the American taxpayer.

The second key issue is to ensure that Title 44 provides for permanent public access to government information and publications. Because agencies in all three branches of the Federal government are violating the procurement provisions of Title 44, they are also violating the public access provisions as well. Government information produced at taxpayer expense must go to the Federal Depository Library Program.

I want to make clear at the outset that this proposal is only a starting point. Therefore, it is premature to suggest that any of its provisions reflect how the bill ultimately will be drafted. The Committee will work closely with this Subcommittee to ensure that all appropriate budgetary considerations are made, and that you have appropriate opportunity to comment and prepare for whatever changes the bill ultimately authorizes.

Mr. Chairman, my colleague Mr. Ford has a statement he wishes entered in the record.

I thank the Committee for its attention.

COSTS RELATING TO TITLE 44 VIOLATIONS

Senator BENNETT. Thank you.

May I ask if you have any kind of sense on the issue of cost with respect to these technical violations of title 44 that you referred to?

Senator WARNER. So far as I know, we have not got any costs.

Mr. PETERSON. We do not have any firm, reliable data. The Government Printing Office estimates the Government spends approximately $1.2 billion a year, and of that amount about $494 million does not flow through the GPO.

Senator BENNETT. But do they have any general sense that, in fact, this is costing more, or that there are savings and that the only issue is a turf issue, and I understand the Rules Committee has not completed its work, but do you have any sense on this?

Mr. PETERSON. The general sense we have is that again, based upon GPO's analysis of this matter, that those printing costs could probably be reduced by about 25 percent overall.

Senator BENNETT. So if that number is right, that would be roughly $100 million.

Mr. PETERSON. The savings would be approximately $300 million. The total cost would come to $900 million.

Senator BENNETT. It would be one-quarter of that which is not being done by GPO, and that's only $400 million.

Mr. PETERSON. No; one-quarter of the Government's total printing cost, $300 million.

Senator WARNER. Let me describe to the chairman an example quite apart from the dollars, and I will not mention the agency's name, but it is a clearly documented case.

The agency has employees whose salary is paid by the taxpayer. They do a body of research. That body of research is incorporated into a very important written report. This agency then sends that written report to a private sector company which publishes that report, and sells that report.

Now, the taxpayer does not have access to that report unless he or she goes out and buys a copy of the private sector-produced journal, and we think that is wrong. That is basically what we are trying to fix.

Now, that cannot be extrapolated into dollars and cents, but that is probably the more serious problem, as I see it.

GPO'S REVOLVING FUND

Senator BENNETT. OK. You testified on the House side that the GPO's revolving fund is at a dangerously low level. Can you give us, either now or for the record, what the balances of that revolving fund are?

Senator WARNER. I do not have that figure.

Mr. PETERSON. We can provide that for the record.

[The information follows:]

GPO's cash balances in the revolving fund fluctuate every day and the amount the Agency has on-hand depends on a number of variables. Because GPO spends approximately $3 million every working day, a $30 million cash reserve would fund their operations for just 10 days, which in the past, has resulted in very low cash balances. GPO reported the following cash balances as of September 30 for the last three fiscal years: Fiscal year 1994, $64 million; fiscal year 1995, $36 million; and fiscal year 1996, $46 million.

My testimony before the House Legislative Branch Appropriations Subcommittee wherein I spoke of the low level of financial reserves in the revolving fund, was made in reference to the funding of a study GPO was directed to conduct to determine if cost effective opportunities exist to privatize certain Congressional publica-

tions. My point was that GPO would have to fund the study out of its financial reserves even when they have been struggling for several years to achieve a break-even financial status in their operations. If GPO were required to spend an estimated $600,000 for a private consultant, it would result in an increase in their operating expenses and make it even more difficult to achieve a break-even status.

CONGRESSIONAL PRINTING AND BINDING APPROPRIATION

Senator BENNETT. The House, as I understand, is irritated that excess money given by Congress for congressional printing and binding each year gets transferred to the revolving fund and then used to pay salaries, and overtime—now, the GPO clearly has the authority to do this, but the House believes that the money is used to offset the cost of executive branch funding.

We have submitted questions to the GPO to flesh this out. Do you have any preliminary understanding about this, or any comment about it at this point?

Senator WARNER. I do not.

Mr. PETERSON. Mr. Chairman, the GPO cannot utilize any of the appropriations unless there is work against which the GPO can bill. There is a period of time in which the money sits in the revolving fund, and if it is not expended for printing ordered by the Congress it eventually is returned to the Treasury.

I believe that the perception is a misperception.

JCP BUDGET INCREASE

Senator BENNETT. As I understand it, the increase you have asked for is entirely due to COLA's.

Senator WARNER. That is correct. It is civilian salaries.

I might mention to the Chair it is this Senator's intention to explore the need for this committee altogether if we can do a proper job of title 44 reform. I am fortunate to have Mr. Peterson, with whom I have had a long professional association over many years in many different capacities, and he has devoted 5 days each week of his life to studying this issue, and he is an authority on it.

Senator BENNETT. If Congress were to abolish the Joint Committee, would we save the full $804,000?

Senator WARNER. Well, I would assume some added responsibilities might go to the Rules Committee, but I would hope the current budget of the Rules Committee could absorb that.

Senator BENNETT. Thank you very much.

PREPARED STATEMENT OF SENATOR FORD

Senator WARNER. We thank the Chair very much for this opportunity, and forgive me for a raspy voice, and we have a statement here by the distinguished Senator from Kentucky, Mr. Ford, who is the ranking member of the Rules Committee, and I think it reflects the coordination with what I have said, and it is very short. Thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR WENDELL H. FORD

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to make my position known.

I support the $804,000 request of Chairman John Warner to operate the Joint Committee on Printing for fiscal year 1998. As a former Chairman of this Commit-

tee I believe the funding is minimal to carry out the statutory requirements assigned to this group.

Chairman Warner tells us he intends to vigorously enforce Title 44 as long as it remains the law of the land. In my two terms as Chairman, JCP pursued that course. The savings were remarkable. We were able to show cost avoidance and expense containment throughout the government worth well over $50 million in each of my four years. With the Committee's attention diverted over the past two years, I am sure Chairman Warner will now find savings a plenty in the Executive Branch.

Our purpose was never to disrupt the process of government information distribution, but to the contrary, make it even more widely available to all segments of the population without financial discrimination. Chairman Warner is charting a similar course. I urge you to give him the funds he needs to succeed.

Senator BENNETT. We thank you, Mr. Chairman, for being here. If we have further questions, we will submit them to you and make them a part of the record, and, of course, Senator Ford's statement will be a part of the record.

Senator WARNER. I thank the Chair for conducting the hearing in his usual dignity and so forth. Thank you, Bob, very much.

JOINT ECONOMIC COMMITTEE

STATEMENT OF HON. JIM SAXTON, CHAIRMAN

ACCOMPANIED BY CHRISTOPHER FRENZE, EXECUTIVE DIRECTOR

OPENING STATEMENT

Senator BENNETT. We will now hear from the Joint Economic Committee. I know that is a sterling group, because I have the privilege of sitting on it. We appreciate Chairman Saxton's being here to defend the request for fiscal 1998.

Mr. Chairman, we will go directly to your testimony.

Mr. SAXTON. Thank you very much, Mr. Chairman. I appreciate being here this morning. This is my first opportunity to appear as the chairman of the Joint Economic Committee. Last year, as you know, Senator Mack was the chairman and I was the vice chairman.

Senator BENNETT. Senator Mack last year was chairman of this subcommittee, too, so we are both sitting in for Senator Mack. [Laughter.]

Mr. SAXTON. This is an exciting 2 years for me as chairman and, as you know, this chairmanship goes back and forth, and that is why Senator Mack was chairman last year, and next Congress it will move back to the Senate.

We have tried to identify an aggressive, assertive agenda for our research projects for the current term. We have decided that we wanted to concentrate on monetary policy, tax policy, spending policy, and regulatory policy, and there are some other things that from time to time we venture into, but those are the four main areas.

During the first several months of this year we have moved quickly to produce a series of what I believe are timely and high quality studies and reports on these issues along, as I said, with a couple of other things.

In February, for example, the Joint Economic Committee released reports on international monetary policy, the administration's education tax credit proposal, taxes and long-term economic growth, and the findings of the Advisory Council on Social Security.

Then in March we released reports on the structure of the Federal Reserve System and the welfare-to-work tax credit proposal, and we followed that in April with reports on the roots of the current economic expansion, which is quite an interesting report, incidentally, the benefits of auto choice insurance reform, which is one of the areas that we ventured off into because it is of quite high interest to the citizens of the country who pay higher auto insurance premiums, the efficiency of targeted tax policies such as those the President has recommended, which is the education tax credit initiative, and establishing also Federal Reserve inflation goals, an

extremely interesting subject on which we have spent a good deal of time.

As you may know, Mr. Chairman, from the Joint Economic Committee hearings that you attended, our country has a practice of targeting a number of economic goals through the Fed, and other modern-day countries have chosen to target just price stability, or inflation, and so the studies address that issue.

Then, in addition to the monthly hearings on employment conditions and the Consumer Price Index the Joint Economic Committee has also held hearings on the "Economic Report of the President," the President's budget submission, and the economic impact of the tax system.

Federal Reserve Chairman Greenspan's appearance before the Joint Economic Committee in March was widely viewed as telegraphing an imminent change in Federal Reserve policy just prior to the short-term interest rate increase.

So I appreciate the opportunity to be here this morning to let you know that we have been extremely active and productive, and I guess I would say an informative player in the budget process which is currently unfolding.

PREPARED STATEMENT

We appreciate you taking your time to take our testimony this morning, and we hope that inasmuch as we voluntary took a 25-percent reduction in our budget the year before last and held it steady without any increase last year, this request is also without an increase.

I am sorry, actually we took a $250,000 cut for fiscal 1997 as well.

[The statement follows:]

PREPARED STATEMENT OF JAMES SAXTON

Mr. Chairman and Members of the Subcommittee, it is a pleasure to present my strong support for the fiscal year 1998 appropriation of the Joint Economic Committee (JEC). As the new Chairman of the JEC, I anticipate a productive two years of hearings, studies and reports on the important economic challenges facing our country.

It is my view that the Congress must have the analytical capability to provide information to its Members before important policy decisions are made. The Executive Branch has a number of agencies with economic and statistical expertise, and Congress urgently needs to have access to as much similar information as possible through entities such as the JEC. Congressional decision-makers would be at a significant disadvantage without the analytical resources made available by the JEC.

The JEC has moved quickly in this Congress to produce a series of timely and high-quality studies and reports on a wide variety of issues. In February the JEC released reports on international monetary policy, the Administration's education tax credit proposal, taxes and long-term economic growth, and the findings of the Advisory Council on Social Security. In March, the JEC released reports on the structure of the Federal Reserve System and the welfare to work tax credit proposal. In April, the JEC released reports on the roots of the current economic expansion, the benefits of auto-choice insurance reform, the efficiency of targeted tax policies, and establishing Federal Reserve inflation goals. In the first week of May, we have released a report on budget process reform. We are pleased with the favorable reception our research products have received by policy analysts and the media.

In addition to the monthly hearings on employment conditions and the Consumer Price Index, the JEC has also held hearings on the Economic Report of the President, the President's budget submission, and the economic impact of the tax system. Federal Reserve Chairman Greenspan's appearance before the JEC in March was widely viewed as telegraphing an imminent change in Federal Reserve policy.

In this Congress we will continue ongoing research programs in areas such as employment conditions, dynamic scoring of tax legislation, optimal size of government, middle class income trends, income mobility, and a variety of other topics. Our research agenda in the new Congress will expand in some of these areas, but has already branched out into some new areas as well.

One area of particular interest arises from the drift in much of recent tax policy. At least to some extent, tax policy increasingly is driven by non-economic criteria, which despite the best of intentions, would gradually distort the tax system and undermine the economy. We have planned a series of studies and hearings to examine the economics of taxation, and the effects of the current tax code on work, saving, investment, and economic growth. These JEC activities will examine the need to reestablish the economic criteria on which sound tax policy should be based.

Another issue on our research agenda concerns an examination of monetary policy, both in the United States and in several other nations. In recent years a number of national central banks, including our own Federal Reserve, have adopted price stability as their overriding objective. Several of these foreign central banks have targeted changes in price indexes as their main guide to conducting monetary policy. Our JEC research will be examining whether it would be desirable for the Federal Reserve to move in a similar direction.

The JEC has been extremely active in this Congress and will continue to be active into the future. We will continue to expand our research agenda into new areas in coming months. Thank you for the opportunity to testify this morning.

Senator BENNETT. I am aware of that. Was your ability to absorb that reduction based on the use of technology and contracting out, or did you simply cut back and cut back activities?

Mr. SAXTON. I do not think we have cut back activities. Frankly, when we decided how we were going to reorganize ourselves we looked at the budget that we had and I believe we were able to attract some very high quality economists who are currently on the staff and who have worked overtime to produce the kind of product that we have been able to share with other Members of Congress and the public.

It took some doing. I do not want to make light of it, but because of the quality of the people that we have and our ability to deal with these issues efficiently we have been able to continue a very high quality product.

Senator BENNETT. What is the status of the Boskin report on the Consumer Price Index in terms of the JEC report?

Mr. SAXTON. The Joint Economic Committee looked at the Boskin report, which recommended a 1.1-percent reduction in the Consumer Price Index presumably through some kind of a legislative action. We frankly related it to other policy issues that are addressed along with it, and we produced some reports which essentially said that everyone wants accurate numbers in dealing with economic analysis and measure of price stability in particular.

But we also recognize that there are major changes which occur when you deal with the Consumer Price Index from a legislative point of view, particularly in the area of entitlements, and in the area of levels of taxation that we impose on the American people, because a change, as you know, in the Consumer Price Index has a direct impact on all those issues.

We have also, therefore, asked the Bureau of Labor Statistics to report to us by the end of this summer on changes they might make in the computations that they make in order to arrive at a more accurate figure, so that rather than have Congress in the business of making some arbitrary judgment on where the Consumer Price Index ought to be pursuant to Boskin or pursuant to our own analysis, that the people that we hire and pay to do

that, who are quite frankly pretty good at it, ought to be the group who proceed to make it more accurate.

I would also like to point out on this issue that during the last couple of weeks the Bureau of Labor Statistics was called upon by the administration and I think by some Members of Congress to make suggestions as to what we might do in this budget to correct the inefficiencies or the deficiencies of the CPI.

The leadership on the House side at least has decided not to make those legislative changes at this time, and so the Boskin Commission certainly kicked off a hot debate that had to do with Social Security and taxes and the Bureau of Labor Statistics, and I hope that we have gotten everyone's attention and that we will be moving toward more accurate numbers.

Senator BENNETT. We have been joined by Senator Dorgan, who is taking up his duties as the ranking member of this subcommittee, and Senator, we appreciate your being here, and welcome you to the subcommittee as well as to the ranking member's slot.

Senator DORGAN. Thank you, Mr. Chairman.

Senator BENNETT. We will be pleased to have any opening statement you might have.

Senator DORGAN. Mr. Chairman, first, it is not my usual practice to be tardy or late. I am in the middle of working on the flooding disaster issue, and we have some officials from North Dakota in, and we only have until 2:30 to file amendments, so I have been in a series of meetings on that. That has delayed me, and it will also require me to leave early, but I appreciate very much your convening the hearing and look forward to working with you on it.

I served on the Joint Economic Committee and enjoyed it a great deal, and know of its work and appreciate, Congressman Saxton, your appearance.

Mr. SAXTON. Thank you.

Senator BENNETT. I would like to make a few general comments about the subcommittee, and I saved these until Senator Dorgan was here so he could contradict, comment, or otherwise remark.

I think we need to be very careful in this subcommittee to recognize our responsibility to meet the needs of the entire legislative branch of the Government, not only the Senate and the House, but all of the other agencies that are part of the legislative branch, including the Library of Congress, the General Accounting Office, and others.

The 103d and 104th Congresses have achieved significant reductions in both appropriations and numbers of staff in the legislative branch. In 1993, Congress eliminated 16 subcommittees and abolished some select committees in an effort to reduce the budget and streamline the institution.

In 1996, as a result of the work of those two Congresses and this subcommittee, both Senate and House committee staffs stand at roughly two-thirds of the level they were at in 1979, and when measured in 1979 constant dollars, legislative branch appropriations for fiscal 1997 are 19.8 percent less than they were in fiscal 1977, so we have achieved reductions in people, and we have achieved reductions in constant dollars.

The reason I say that is that there are those who say we must now have a freeze in the legislative branch as if nothing had been

done over the last 10, 15 years. The legislative branch appropriations were swollen. They were obviously too high.

There was a change in control, at least in the Senate, in the 1980 election, and control went back to the Democratic Party after 6 years of Republican control, but through the 20-year period from 1977 to 1997 we have had the reductions that I have referred to, so I think the time has come in the name of good management to review how those reductions have taken place, and yes, we should look for additional savings, but we should recognize that a lot of work has been done, and we are not starting out from ground zero, and it may well be that a freeze is not the thing to do in terms of the overall appropriations for the legislative branch.

Now, that having been said, I want to thank you, Mr. Chairman, for the fact that your committee is not asking for an increase and could live with the freeze, but I did want to make the general statement that in the legislative branch overall, this being our first hearing, we may not be able to sustain an overall freeze.

Senator Dorgan, did you have any comment on that overall opening, which I delayed, as I say, until you could be here to respond?

Senator DORGAN. Well, Mr. Chairman, I appreciate your comments. I think most people do not know that we have downsized, and as you state, we have reduced appropriations for the legislative branch and for committees, and it is interesting that this weekend there appears to have been a deal struck on a balanced budget agreement. I think we need to understand that and what all of that means in terms of our responsibilities, what kind of aggregate public spending we will have, and what our obligation is on oversight.

I think that clearly with all of the Federal budget being under the microscope, so, too, is the budget of the legislative branch activities. Yet what we do is very important, and we need to make sure there is adequate funding for oversight to carry out the responsibilities of the legislative branch.

I cannot think of a better Member to serve with than Senator Bennett. I think this will be an interesting subcommittee, and we will face some interesting decisions, at least if I am reading some of the Hill journals correctly.

There are people who have a very active interest in the work of the legislative branch appropriations, but we just need to do our work thoughtfully and in a cooperative way, and I appreciate very much your comments.

Senator BENNETT. Thank you.

Mr. Chairman, do you have anything further? Your request is easy.

Mr. SAXTON. We appreciate the time you have spent with us here this morning and we look forward to being funded at the appropriate level, and thank you for your time.

Senator BENNETT. If we have additional questions, we will submit them, and we will keep the record open for your responses. Thank you for being here.

Mr. SAXTON. Thank you.

Senator BENNETT. The next witness has been delayed, and the committee will take a recess until they arrive.

[A brief recess was taken.]

JOINT COMMITTEE ON TAXATION

STATEMENT OF HON. BILL ARCHER, CHAIRMAN

ACCOMPANIED BY:

KENNETH J. KIES, CHIEF OF STAFF

BERNARD A. SCHMITT, DEPUTY CHIEF OF STAFF, REVENUE ANALYSIS

MARY M. SCHMITT, DEPUTY CHIEF OF STAFF, LAW

BUDGET REQUEST

Senator BENNETT. The subcommittee will reconvene. We appreciate the attendance of Chairman Archer of the Joint Committee on Taxation. This is a bipartisan and nonpartisan committee, so there is no division of budget between majority and minority salaries, as is the case in some other joint committees we have talked about, and for fiscal 1998 the Joint Committee has requested an appropriation of $6.126 million, an increase of 12 percent, or $656,000 over the fiscal 1997 level.

This increase includes, I understand, $375,000 for new hires. That would be two to three new macroeconomists, $154,000 for COLA's, and $120,000 for merit increases.

Before you came, Mr. Chairman, I made a general statement that the appropriations for the legislative branch in constant dollars are substantially less than they were 20 years ago. The number of staff positions for the legislative branch are down significantly, the work primarily of the 104th Congress.

I sat on this subcommittee when Connie Mack was the chairman and we took some rather substantial whacks out of a number of areas, including a 25-percent reduction in the Government Accounting Office, so I am not as convinced that we need an absolute freeze in the legislative branch appropriations as apparently some of your colleagues in the House are.

So, you may find your testimony here to be a little more friendly than it might be on the House side in terms of the attitude of the Senate with respect to the legislative branch overall, but I would be happy to hear your testimony now, and then we can respond to some of the specifics.

Mr. ARCHER. Thank you, Mr. Chairman.

OPENING STATEMENT

I would not give way to anybody in the entire Congress in my desire to be frugal and to get 1 dollars' worth of benefit out of every dollar that we spend on the legislative branch. That was evidenced by the day after I became chairman of the Ways and Means Committee when I cut the majority staff by 40 percent, which was probably the single biggest percentage cut of any committee in the entire Congress, House or Senate, and we have done our work effec-

tively. But, I have watched over the years as the majority staff of the Ways and Means Committee ballooned up for political reasons.

I come here today, as you know, to testify on behalf of the budget request for the Joint Committee on Taxation, which is not a political entity and which has not ballooned up over the years as the majority staff of the Ways and Means Committee ballooned up. Therefore, it did not take the cuts in the last Congress.

I also believe that the massive cuts—and I also believe that their request for this year is justifiable, because they provide unique and essential services to both the House and the Senate at every stage of the tax legislative process, and they have to develop markup and draft tax bills, and they have to write all the tax committees' reports and the conference reports.

In addition, they devote substantial, and I would say even more than substantial, resources to the preparation of revenue estimates. They have to accommodate every Member of Congress when they make a request for changes in the Tax Code. They provide the distributional analyses and other economic analyses that relate to tax legislation. I am sure you know that, but I just wanted to restate that for the record.

In addition, what many people do not know is that they operate a refund office where they have to go over refunds that are large in numbers—that is, large in dollar numbers—that are suggested by the IRS before the IRS can actually make the refund of a certain threshold, and they have many times caught the IRS in errors and saved the taxpayers significant money.

Senator BENNETT. May I ask, what is that threshold?

Mr. KIES. $1 million.

Mr. ARCHER. I think you stated a little bit about what the request is, that for 1998 the request is $6,126,000. It is a net increase of $656,000 over the fiscal year 1997 appropriation, but only $107,000 more than the fiscal year 1995 appropriation for the Joint Committee, and I think you alluded to that.

In the last Congress we asked the Joint Committee to assume additional responsibilities in addition to the traditional role of developing, drafting, and estimating of proposed revenue legislation. The Joint Committee now must determine the possible unfunded mandates contained in revenue legislation, which we voted for and which we put into effect. There has to be some entity to determine whether a particular proposal is an unfunded mandate or not, and beginning in 1997, to identify the limited tax benefits that are subject to the line item veto authority. The line item veto law provides that the Joint Committee will determine what items in the Tax Code are subject to a line item veto when the bill goes through the Congress.

If the Joint Committee's responsibilities are expanded in any further way, for example by expanding the estimating services required as they begin to move toward—as they begin to move away from static analysis and more to an update for accuracy that will truly measure the revenue impact of tax legislation, then the Joint Committee is going to be needing additional resources. They are now beginning to start that, and some of the resources that are requested in this year's budget request are for that purpose.

PREPARED STATEMENT

I guess that is pretty much what I need to tell you, Mr. Chairman, and maybe Ken Kies, who is the chief of staff of the Joint Committee on Taxation, would like to add something to it.

[The statement follows:]

PREPARED STATEMENT OF BILL ARCHER

INTRODUCTION

Mr. Chairman, I appreciate the opportunity to appear before the Subcommittee today to discuss the fiscal year 1998 appropriation request for the Joint Committee on Taxation (the "Joint Committee").

The Joint Committee staff provides unique and essential services to both the House of Representatives and the Senate at every stage of the tax legislative process. The Joint Committee staff is comprised of highly qualified lawyers, accountants, and economists, and has earned a reputation for nonpartisan excellence with the tax-writing committees, the Congress, the general public, and the professional tax community. The Joint Committee staff is involved in the development, marking up, and drafting of tax bills and is responsible for writing all tax Committee Reports and Conference Reports. In addition, the Joint Committee staff devotes substantial resources to the preparation of revenue estimates, distributional analyses, and other economic analyses relating to proposed legislation. The refund office of the Joint Committee reviews large proposed tax refunds as part of the Congressional oversight of the executive branch. The services of the Joint Tax Committee are central to Congressional oversight of the Federal tax system and to the tax legislative process.

The funding we are requesting for the Joint Committee on Taxation represents the minimum amount necessary to finance the operations of the Joint Committee for fiscal year 1998. The Joint Committee provides essential services to the Congress that are not duplicated by any other Congressional or Executive Branch office.

Key points relating to the fiscal year 1998 appropriation request are as follows:

We are requesting a fiscal year 1998 appropriation for the Joint Committee of $6,126,000. This amount is a net increase of $656,000 over the fiscal year 1997 appropriation, but only $107,000 more than the fiscal year 1995 appropriation for the Joint Committee.

In the last Congress, we asked the Joint Committee staff to assume additional responsibilities. In addition to the traditional role of the Joint Committee staff in the development, drafting, and estimating of proposed revenue legislation, the Joint Committee staff is now responsible for determining the possible unfunded mandates contained in revenue legislation and identifying, beginning in 1997, the limited tax benefits subject to the Line Item Veto Act. The Line Item Veto Act has, as you know, been overturned by a District Court, and is scheduled for expedited review by the Supreme Court, so the extent of the Joint Committee's responsibilities under the Act is unclear at this time.

If the Joint Committee's responsibilities are expanded in any further way, for example, by expanding the revenue estimating services required or significantly modifying the revenue estimating process, we will find it necessary to request an additional increase in the Joint Committee's appropriation to reflect the additional personnel and equipment expenses attributable to such increased responsibilities. In that regard, we want to point out to the Subcommittee that a new House rule, adopted for the 105th Congress, would require the Joint Committee to determine the macroeconomic effects of proposed revenue legislation under certain circumstances. The Joint Committee staff does not currently have the staff or computer capabilities to satisfy this requirement. In addition, the Joint Committee hosted, on January 17, 1997, a symposium presenting the results of a year-long study into the feasibility of incorporating macroeconomic effects into Joint Committee revenue estimates. There has been further interest in pursuing this capability as a result of the symposium and, therefore, there may be the need for additional funding.

Additional details relating to this appropriation request are provided below.

SUMMARY OF FISCAL YEAR 1998 BUDGET REQUEST

The following summarizes the Joint Committee's budget request for fiscal year 1998:

Personnel Funding $5,541,000

Non-Personnel Funding:	
Travel	10,000
Transportation of Things	2,000
Rent, Communications, Utilities	88,000
Other Services	95,000
Supplies and Materials	130,000
Equipment	260,000
Total fiscal year 1998 request	6,126,000

The fiscal year 1995 appropriation for the Joint Committee on Taxation was $6,019,000. The House-passed legislative branch funding bill for fiscal year 1996 froze the Joint Committee appropriation at the fiscal year 1995 level ($6,019,000). The final version of this legislation reduced the Joint Committee's appropriation for fiscal year 1996 by 15 percent to $5,116,000. This reduction was the result of a provision in the Senate bill, adopted in conference, which generally reduced appropriations of all Senate committees. This was adopted despite the fact that the Joint Committee has always been funded through the House of Representatives. This appropriation was lower than the Joint Committee's budget in each of the last 5 fiscal years. The fiscal year 1997 appropriation for the Joint Committee is $5,470,000, a 6.9 percent increase over fiscal year 1996, but still well below the fiscal year 1995 funding level.

DETAILS OF FISCAL YEAR 1998 APPROPRIATION REQUEST

Personnel Expenses

We are requesting an appropriation for fiscal year 1998 for the Joint Committee that is $656,000 more than the fiscal year 1997 appropriation, but only $107,000 more than the fiscal year 1995 appropriation. Of this $656,000 requested increase, $649,000 relates to increases in personnel expenses.

Cost of living.—As instructed by the House Finance Office, we are requesting $28,000 for the annualized fiscal year 1997 cost-of-living adjustment (2.3 percent) and $126,000 for a prorated fiscal year 1998 cost-of-living adjustment (2.325 percent). These amounts are essentially determined for the Joint Committee by the House Finance Office because they provide to us both the compensation base and the percentage adjustments.

Merit increases.—We are requesting an additional appropriation for fiscal year 1998 of $120,000 for merit increases for existing staff.

This request does not include any specific requested amount for possible overtime pay. During 1996, the Joint Committee staff spent considerable time and effort developing procedures to comply with the requirements of the Congressional Accountability Act. One staff attorney worked essentially full time to develop a staff personnel manual that details all of the Joint Committee staff rules and procedures. In addition, she made determinations as to which employees are subject to the overtime requirements and created written job descriptions for each job category. This attorney also spent many hours developing support staff performance evaluation forms and procedures. We have developed flexible staff scheduling procedures for support staff that will minimize, but not eliminate, the need to pay overtime. However, we will be required to devote considerable administrative staff time each year to complying with the Congressional Accountability Act on an ongoing basis. Thus, the requested increase assumes a modest amount for administrative staff support and minimal overtime payments to comply on an ongoing basis with the requirements of the Congressional Accountability Act.

New hiring.—We are requesting $375,000 for hiring to fill FTE's we are requesting for the Joint Committee for fiscal year 1998. We expect the Joint Committee to fill these FTE positions with additional professional staff—primarily staff attorneys, accountants, and economists—and possibly one or two computer specialists and support staff.

The Joint Committee staff does not now have sufficient numbers of staff attorneys and economists to satisfy the traditional duties of the Joint Committee. The staff needs to hire additional professional staff so that the service provided to the Congress in connection with the consideration of revenue legislation does not suffer.

Furthermore, we believe that this request is eminently reasonable given the new responsibilities that were imposed on the Joint Committee staff by legislation enacted during the 104th Congress. For example, the Joint Committee staff has new responsibilities specifically mandated under the Line Item Veto Act and arising out of the enactment of the Unfunded Mandates Reform Act of 1995 and the review of regulations under the regulatory reform bill. The scope of the Joint Committee staff's new responsibility for any year will be determined by the amount of revenue

legislation considered during the year. However, the Joint Committee staff estimates that any significant revenue legislation could require approximately ½ full-time employee to satisfy these new requirements during 1997.

Authorized positions

We are requesting 73 FTE's for the Joint Committee for fiscal year 1998. This number would return the Joint Committee to the authorized staffing level for fiscal year 1995. The Joint Committee has 61 authorized staff positions for fiscal year 1997. Other than fiscal year 1996, in which the authorized staff positions were 63, the authorized staff levels have not, since 1980, been below 66 positions. Thus, the authorized staffing levels of the Joint Committee are well below historical levels. Unless the authorized FTE's are increased to an acceptable level, we believe that the services the Joint Committee provides to the Congress will be compromised.

We would expect that these additional FTE's would be filled primarily with professional staff members—attorneys, accountants, and economists; 1 or 2 positions might be filled with support staff to accommodate the needs of these new professional staff. We expect that particular emphasis would be placed on hiring additional staff economists to continue the Joint Committee's efforts to pursue the capability of incorporating macroeconomic effects in the Joint Committee's revenue estimates.

We believe that the authorized staffing for the Joint Committee is unacceptably low. The Joint Committee staff will not be able to maintain its reputation for quality service to the Congress unless it is permitted to hire sufficient professional staff members. As a result of the new obligations of the Joint Committee discussed above, the amount of time that the Joint Committee staff is able to devote to the traditional duties analyzing revenue legislation has been diminished. Unless additional hiring is authorized, the service to the Congress will no doubt suffer.

The current Joint Committee staff has shown remarkable dedication in picking up the slack as the Joint Committee is unable to fill the positions of departing staff members. However, at some point, these dedicated professionals, who often take positions on the Joint Committee staff at less than one-half the compensation they would make in the private sector, will conclude that the long hours for less-than-market pay poses too great a burden on their families. This, we believe, would be a great loss for the Congress.

The extremely complex, technical, and specialized nature of the Joint Committee work requires the Joint Committee to hire and retain a highly trained and experienced staff. The Joint Committee professional staff, comprised of certified public accountants, Ph.D. economists, and lawyers with private law practice or significant government experience, agree to work for the Joint Committee at salaries substantially below those available in the private sector. The lawyers on the Joint Committee staff are graduates of the leading law schools throughout the country, and most attained significant honors at law school. Several of them have advanced degrees in taxation. Each had substantial related experience before coming to work for the Joint Committee, either in private practice with major, well-respected law firms, or with the Internal Revenue Service or other government agencies that deal with Federal tax matters. The accountants on the staff each spent at least 3 years in private practice with "Big Six" accounting firms. The staff economists all have advanced degrees. Several have university faculty experience. In addition, many of the economists have substantial experience with economic modeling, both in the government and with a variety of organizations in the private sector.

Despite the competition in the marketplace for tax expertise at the level required by the Joint Committee, the Joint Committee has in the past generally been successful in retaining highly qualified staff members. The ability of the Joint Committee to hire sufficient numbers of qualified staff members to provide the current level of service to the Congress will be impaired if the requested appropriation is not approved. If the current appropriations request is approved, we expect that the Joint Committee will be able to fill open staff positions with qualified candidates so that the level of service provided to the Congress will not be compromised.

Nonpersonnel expenses

We are requesting only minimal increases in nonpersonnel expenses for fiscal year 1998. We have requested a $5,000 increase in the travel budget, which is used by the Joint Committee to send staff members to educational conferences and for travel in connection with hiring personnel, and the addition of a $2,000 appropriation for the transportation of things. These two amounts are the only increases we are requesting in nonpersonnel expenses.

The amount budgeted for other services is primarily for consulting services. The needs of the Members for immediate responses to requests for revenue estimates

and the substantial volume of requests for revenue estimates that the Joint Committee staff receives places tremendous burdens on the estimating staff. To perform efficiently, the staff of the Joint Committee has found it necessary to contract from time to time with certain private sector organizations to do work that the Joint Committee staff does not have the time or the resources to do otherwise. Also, as mentioned above, the Joint Committee staff has contracted with firms to help investigate issues involved in incorporating macroeconomic effects in revenue estimates.

The purchase of equipment represents the single largest item of nonpersonnel expenses. The large volume of documents that the Joint Committee is required to produce during the legislative process requires that the Joint Committee staff have computer equipment necessary to produce documents quickly. In addition, the Joint Committee devotes significant resources to the preparation of revenue estimates, distribution analyses, and other economic analyses relating to proposed legislation. The nature of this work and the speed with which the staff is normally asked to complete its analyses requires that the Joint Committee on Taxation staff utilize the most sophisticated and technologically advanced equipment. Thus, the staff finds it necessary to upgrade computer software and hardware constantly to enable the staff to provide the service required and expected by the Members of Congress.

Possible need for additional appropriation

We believe that the fiscal year 1998 budget request represents the minimum appropriation necessary at this time to enable the Joint Committee to provide service to the Congress at current levels. In addition, we want to alert the Subcommittee to the fact that there are likely to be new responsibilities imposed by the Congress on the Joint Committee staff that may not be met out of the requested appropriation. These new responsibilities may create the need for additional funding for fiscal year 1998 and beyond.

The House approved a new House rule for the 105th Congress that requires the staff of the Joint Committee to estimate the possible macroeconomic (or dynamic) scoring effects of major revenue legislation. The Joint Committee staff presently has neither the personnel nor the computer capabilities to satisfy the requirements of this rule. As discussed in more detail below, the staff of the Joint Committee undertook during 1996 a year-long study of the feasibility of incorporating macroeconomic effects in its revenue estimates. On January 17, 1997, the Joint Committee staff hosted a symposium, open to the public, analyzing the results of this year-long study. Based on the results presented at this symposium, there is further interest in pursuing the capability of calculating the macroeconomic effects of major revenue legislation and, therefore, there may be a need for additional funding to finance the development of this capability.

We have asked the Joint Committee staff to estimate the number of additional personnel and nonpersonnel funding that might be necessary to work toward the development of macroeconomic estimating capability. They inform me that, during the developmental stages, which could take a couple of years, the Joint Committee would need up to 8 additional staff, composed of 2 senior economists, 4 economic analysts, and 2 computer programmers with an annual salary expense of $600,000. In addition, it would be necessary to contract with 2 or 3 major macroeconomic modeling firms for various research and development expenses, at an estimated additional expense of approximately $100,000 per year. After the developmental stage, the Joint Committee staff would have ongoing needs for approximately 6 professional staff economists and computer programmers, rather than 8.

We believe that we must pursue the goal of providing a broader class of economic analysis for proposed tax legislation, particularly relating to the impact of saving and investment incentives and their effects on the economy. However, we recognize that pursuing this goal will require some extraordinarily sophisticated economic analysis that blends traditional macroeconomic theory with the complexities of the microeconomic analysis historically done in the preparation of revenue estimates. There is no organization or entity that currently has this capability. Thus, this effort will require the commitment of the Congress over a number of years if we can hope to be successful.

REVIEW OF JOINT COMMITTEE ON TAXATION OPERATIONS DURING CALENDAR YEAR 1996

Attachments A through D provide a summary of the activity of the Joint Committee for calendar year 1996. During 1996, the Joint Committee staff drafted fourteen Committee and Conference Reports (Statements of Managers) for the House Ways and Means Committee and the Senate Finance Committee. In addition, the staff drafted three tax treaty Executive Reports for the Senate Foreign Relations Committee (see Attachment A).

During 1996, the Congress considered and passed seven different pieces of tax legislation. The Joint Committee staff was involved in the development of this legislation on both a technical and policy level, and prepared numerous revenue estimates and distribution analyses of the final legislation, as well as numerous alternative proposals. The legislation includes provisions in the following areas: Medical savings accounts; earned income credit; small business provisions; health-related tax provisions; corporate and other tax reforms; expiring tax provisions; taxpayer Bill of Rights 2; simplification and technical corrections; special tax rules applicable to combat zones in Bosnia and Herzegovina, Croatia and Macedonia; and tax treatment of special assessments for the Savings Association Insurance Fund.

The Joint Committee was involved in a variety of other tax initiatives considered by the Congress, including miscellaneous tax reforms, and analyses of various flat tax and consumption tax proposals, including proposals to adopt a national sales tax, in connection with Congress' continued consideration of fundamental tax reform. Because these proposals could result in a complete restructuring or replacement of the Federal income tax system, they involve significant legal and economic analysis, and present unique revenue estimating issues. The Joint Committee also was involved in work in connection with the President's budget submission and various alternative budget proposals. The Joint Committee staff prepared two hearing pamphlets for the Senate Committee on Foreign Relations in connection with proposed income tax treaties.

In addition to its work on Committee and Conference Reports and tax treaties, the Joint Committee staff published 61 documents during 1996, including pamphlets and testimony prepared at the request of the Committee on Ways and Means and the Senate Finance Committee for hearings held by those committees and pamphlets prepared for the benefit of Members of Congress and their staffs in connection with tax issues of current interest (see Attachment B). Included in these other documents was the General Explanation of Tax Legislation Enacted in the 104th Congress, a comprehensive compilation of the legislative history of all tax legislation enacted during the 104th Congress.

Also included in 1996 publications were two pamphlets providing a description of present law, issue analysis and background information and data on Federal transportation excise taxes and Trust Fund expenditure programs. These documents were prepared in response to the request of the Committee on Ways and Means in connection with the appointment of a bipartisan task force of Members of that Committee to advise on transportation excise tax issues. We asked the Joint Committee staff to assist the task force on a continuing basis by developing information needed for the task force's work.

In addition, among the documents published in 1996 was a draft analysis of issues and procedures for applying the Line Item Veto Act (relating to limited tax benefits). The Joint Committee solicited public comment to be submitted by December 13, 1996 on the Line Item Veto Act analysis, in preparation for implementation of this new provision in 1997.

In 1996 the Joint Committee staff undertook a review of the recent developments in the tax rules governing entity classification and taxation of the income of partnerships, as well as issues relating to tax-free corporate spinoffs, responding to changes in State law and Treasury guidance that have significantly impacted these areas. The Joint Committee staff consulted academics, practitioners and bar groups in these areas and requested public comment by December 16, 1996.

The Unfunded Mandates Reform Act of 1995 imposes certain procedural requirements in the House and Senate with respect to mandates imposed on either the private sector or on State and local governments. Under procedures developed in coordination with CBO, the Joint Committee staff is required to provide an estimate to the CBO of the direct costs of complying with any such mandates contained in revenue legislation considered by the Congress.

During 1996, the Joint Committee received over 1,750 requests for revenue estimates (see Attachment C). The requests received in 1996 frequently involved complex proposals relating to alternative tax structures and proposals under consideration as part of the Small Business Act, the welfare reform bill, and the health reform bill, all of which required significant time on the part of the Joint Committee's legal and economics staff.

One of the statutorily mandated functions of the staff of the Joint Committee is the review of Internal Revenue Service refunds or credits of income tax, estate and gift tax, or any tax on public charities, foundations, pension plans, or real estate investment trusts in excess of $1,000,000. The Joint Committee staff reports on each such refund case and makes comments or recommendations with respect to the proposed refund case to the IRS. During 1996 (through November), the Joint Committee refund staff reviewed 486 proposed refunds. The Joint Committee staff raised

concerns in 92 cases (or approximately 19 percent of the cases). Errors identified by the Joint Committee staff produced a net reduction in refunds of $10,600,000 in 1996. A copy of the Joint Committee staff's 1996 Refund Review Operations Report (other than sections containing confidential taxpayer information) is included as Attachment D.

SUMMARY OF ANTICIPATED WORKLOAD OF THE JOINT COMMITTEE ON TAXATION FOR CALENDAR YEAR 1997

During 1997, it is expected that the Congress will return to consideration of various flat tax and consumption tax proposals that have been or will be introduced. Some work was done on restructuring proposals in 1995 and 1996, and we expect that this work will be intensified in 1997, as new proposals are introduced and existing proposals are refined and modified. Because these proposals involve a complete restructuring or replacement of the current Federal tax system, the economic and legal analysis of such proposals can be extraordinarily complex, requiring substantial staff time. We expect that Congressional consideration of these initiatives will place critical and unique demands on the staff of the Joint Committee to provide revenue estimates and legal and economic analyses in connection with these proposals.

In addition, we expect the Joint Committee staff to continue to have an integral role in tax aspects of Federal budget deliberations. It is anticipated that the Joint Committee will assist in development and analysis of legislative proposals, and prepare markup documents, Committee reports and conference reports (Statements of Managers) with respect to any tax pieces of Federal budget legislation.

The Joint Committee devotes substantial resources to the preparation of revenue estimates, distribution analyses, and other economic analyses relating to proposed revenue legislation. During 1996, Members of Congress were increasingly interested in the revenue estimation process, particularly the possibility of incorporating macroeconomic effects in revenue estimates, and we expect that this interest will continue in 1997. Determining whether this can be done and, if so, how to do it, will require substantial resources. Currently accepted estimation processes do not account for macroeconomic effects, and there is no consensus in the economic community about how, and whether to, account for such effects. The Joint Committee has already taken steps to improve the estimating process and determine the feasibility of incorporating macroeconomic effects. These steps include providing more disclosure regarding the estimation process to Members, determining whether proposals are likely to have significant macroeconomic effects, establishing a revenue estimating advisory board (which will, among other things, address macroeconomic issues), and contracting with macroeconomic forecasting firms for the purpose of studying the feasibility of developing estimating models that incorporate macroeconomic effects. The Joint Committee is in the process of planning a conference of economic advisors in January 1997 in order to review the results of the macroeconomic forecasting firms. It is anticipated that this review will help determine the feasibility of using such forecasting models and aid in the development of models that may be used by the Joint Committee. The ability of the Joint Committee to continue these efforts will be impaired if funding at the requested level is not provided.

During 1997, the requirements imposed under the Unfunded Mandates Reform Act of 1995 will give rise to a continuing responsibility of the Joint Committee staff to provide an estimate to the CBO of the direct costs of complying with mandates on the private sector or on State and local governments that are contained in revenue legislation considered by the Congress.

Under the regulatory reform bill recently enacted, a process of Congressional disapproval applies to certain executive branch regulations, rulings, and other pronouncements. The Ways and Means Committee and the Senate Finance Committee have asked the Joint Committee to review all tax regulations and similar guidance submitted to the Congress under the regulatory reform legislation and to report to the Committees on any issues that might be appropriate for Congressional disapproval.

The Line Item Veto Act imposes a statutory responsibility on the Joint Committee to identify limited tax benefits contained in any legislation considered by the House or the Senate and to prepare a statement for inclusion in every Statement of Managers to identify any limited tax benefit. Following up on its work during 1996 in preparation for this duty, the Joint Committee staff, in 1997, will commence implementation of these provisions as required under the Act. The Line Item Veto Act has, as you know, been overturned by a District Court, and is scheduled for expedited review by the Supreme Court, so the extent of the Joint Committee's responsibilities under the Act is unclear at this time.

It is anticipated that the Ways and Means Committee's bipartisan task force on transportation excise tax issues will require additional background information, data and analysis during 1997. This will carry on the work commenced by the Joint Committee, in response to the task force's 1996 request for assistance on an ongoing basis.

It is also anticipated that the Joint Committee will be engaged during 1997 in analysis of its review of the recent developments in the tax rules governing entity classification and taxation of the income of partnerships and issues relating to tax-free corporate spinoffs, responding to changes in State law and Treasury guidance that have significantly impacted these areas.

CONCLUSION

We will continue to rely on the staff of the Joint Committee to provide us with their technical support. This superb staff has a demonstrated track record of service to the Congress. The appropriation request for fiscal year 1998 is intended merely to provide the necessary resources for the Joint Committee staff to respond promptly and adequately to the requests for assistance that it receives from the Members of Congress and to maintain its current level of services. Therefore, if the work required of the Joint Committee increases in any respect, for example, if the demand for revenue estimation services increases beyond the current level provided by the Joint Committee, or if the type of services demanded are expanded to include macroeconomic analyses, additional funding may be requested to enable the Joint Committee staff to satisfy this increased workload. For example, additional funds could be required to secure necessary computer models and data bases, to hire personnel with expertise regarding macroeconomic effects, and to ensure that the Joint Committee has the necessary computer software and hardware to complete economic analyses with the speed required by the Congress.

In conclusion, we hope you appreciate the current role that the Joint Committee staff plays in the analysis and development of tax legislation. The nonpartisan technical tax experts on the Joint Committee staff provide an invaluable service to the Congress that cannot be provided by any other Congressional or Federal office. Their work for the Congress during 1996 proved this. A failure to provide the Joint Committee with its requested appropriation will hinder seriously the ability of the Joint Committee staff to respond to the requirements and needs of the Members of Congress.

ATTACHMENT A.—1996 TAX-RELATED LEGISLATIVE REPORTS WORKED ON BY THE STAFF OF THE JOINT COMMITTEE ON TAXATION

TAX COMMITTEE REPORT EXPLANATIONS

H.R. 2337 (Taxpayer Bill of Rights 2). H. Rept. 104–506 (Ways and Means Committee report on bill to provide increased taxpayer protections).

H.R. 2754 (Shipbuilding Trade Agreement Act). H. Rept. 104–524, Pt. 1 (Ways and Means Committee report—portion on revenue offset provisions of Shipbuilding Trade Agreement Act).

H.R. 2778 (Tax Benefits for Individuals Performing Services in Certain Hazardous Duty Areas). H. Rept. 104–465 (Ways and Means Committee report on bill to provide that members of the U.S. Armed Forces in Bosnia and Herzegovina are entitled to tax benefits as if in a combat zone).

H.R. 3074 (Shipbuilding Agreement Act; Generalized System of Preferences Program). S. Rept. 104–270 (Finance Committee Report—revenue offset provisions).

H.R. 3103 (Health Insurance Portability and Accountability Act of 1996). H. Rept. 104–496, Pt. I (Ways and Means Committee report—revenue provisions of bill on health insurance coverage, medical savings accounts, long-term care services and revenue offsets).

H.R. 3103 (Health Insurance Portability and Accountability Act of 1996). H. Rept. 104–736 (Conference report on revenue provisions of the Act).

H.R. 3286 (Adoption Promotion and Stability Act). H. Rept. 104–542, Pt. II (Ways and Means Committee report on bill to offset costs of adoptions).

H.R. 3286 (Adoption Promotion and Stability Act). S. Rept. 104–279 (Finance Committee report on adoption bill).

H.R. 3415 (Temporary Repeal of 4.3-Cents-Per-Gallon Transportation Fuels Excise Tax). H. Rept. 104–576, Pt. 1 (Ways and Means Committee report on bill to provide a temporary repeal of 4.3-cents-per-gallon transportation motor fuels excise tax).

H.R. 3448 (Small Business Job Protection Act of 1996). H. Rept. 104–586 (Ways and Means Committee report on bill to provide tax relief for small businesses and other revenue provisions).

H.R. 3448 (Small Business Job Protection Act of 1996). S. Rept. 104–281 (Finance Committee report on bill to provide tax relief for small businesses and other revenue provisions).

H.R. 3448 (Small Business Job Protection Act of 1996). H. Rept. 104–737 (Conference report on bill to provide tax relief for small businesses and other revenue provisions).

H.R. 3734 (Personal Responsibility and Work Opportunity Act of 1996). H. Rept. 104–651 (House Budget Committee report—revenue provisions relating to the earned income tax credit).

H.R. 3734 (Personal Responsibility and Work Opportunity Act of 1996). H. Rept. 104–725 (Conference report—revenue provisions relating to the earned income tax credit).

TAX TREATY EXECUTIVE REPORTS

Income Tax Convention With Kazakhstan. Exec. Rept. 104–34 (Executive report for Senate Foreign Relations Committee).

Protocol Amending Article VIII of the 1948 Tax Convention With Respect to the Netherlands Antilles. Exec. Rept. 104–35 (Executive report for Senate Foreign Relations Committee).

Taxation Protocol Amending Convention with Indonesia. Exec. Rept. 104–36 (Executive report for Senate Foreign Relations Committee).

ATTACHMENT B.—JOINT COMMITTEE ON TAXATION

JCS–96 DOCUMENTS

JCS–1–96—Selected Materials Relating To The Federal Tax System Under Present Law And Various Alternative Tax Systems. March 14, 1996

JCS–2–96—Description Of Revenue Provisions Contained In The President's Fiscal Year 1997 Budget Proposal (Released On March 19, 1996). March 27, 1996

JCS–3–96—Impact On Small Business Of Replacing The Federal Income Tax. Scheduled for a Hearing Before the House Committee on Ways and Means on April 24, 1996. April 23, 1996

JCS–4–96—Impact On State And Local Governments And Tax-Exempt Organizations Of Replacing The Federal Income Tax. Scheduled for a Hearing Before the House Committee on Ways and Means on May 1, 1996. April 30, 1996

JCS–5–96—Impact On International Competitiveness Of Replacing The Federal Income Tax. Scheduled for a Hearing Before the House Committee on Ways and Means on July 18, 1996. July 17, 1996

JCS–6–96—Comparison Of Revenue Provisions Of H.R. 3448 (Small Business Job Protection Act Of 1996) As Passed By The House And The Senate. Prepared for the Use of the House and Senate Conferees. July 31, 1996

JCS–7–96—Impact On Manufacturing, Energy, And Natural Resources Of Replacing The Federal Income Tax. Scheduled for a Hearing Before the House Committee on Ways and Means on July 31, 1996. July 31, 1996

JCS–8–96—Explanation Of Proposed Protocol To The Income Tax Treaty Between The United States And Indonesia to be Considered by the Committee on Foreign Relations United States Senate. September 16, 1996

JCS–9–96—Explanation Of Proposed Protocol To The Income Tax Treaty Between The United States And The Kingdom Of The Netherlands In Respect Of The Netherlands Antilles to be Considered by the Committee on Foreign Relations United States Senate. September 16, 1996

JCS–10–96—Present Law And Background Information On Federal Transportation Excise Taxes And Trust Fund Expenditure Programs. Prepared for the Use of the House Committee on Ways and Means. November 14, 1996

JCS–11–96—Estimates Of Federal Tax Expenditures For Fiscal Years 1997–2001. November 26, 1996

JCS–12–96—General Explanation Of Tax Legislation Enacted In The 104th Congress.

JCX–96 DOCUMENTS

JCX–1–96—Description Of Tax Provisions Included In A Plan To Achieve A Balanced Budget Submitted To The Congress By The President On January 6, 1996. January 24, 1996

JCX–2–96—Description Of Present Law, H.R. 2778, And An Amendment In The Nature Of A Substitute Relating To Tax Relief For Peacekeeping Personnel In The Former Yugoslavia. Scheduled for Markup by the House Committee on Ways and Means on February 28, 1996. February 27, 1996

JCX–3–96—Estimated Revenue Effects Of H.R. 2778 As Reported By The Committee On Ways And Means. February 29, 1996

JCX–4–96—Description Of Revenue Provisions Of The "Health Care Availability And Affordability Act Of 1996" to be Introduced on Monday, March 18, 1996 and Scheduled for Markup by the House Committee on Ways and Means on March 19, 1996. March 15, 1996

JCX–5–96—Amendment In The Nature Of A Substitute To H.R. 3103 To Be Offered By Chairman Archer On Tuesday, March 19, 1996. March 18, 1996

JCX–6–96—Estimated Budget Effects Of Items Contained In An Amendment In The Nature Of A Substitute To H.R. 3103 To Be Offered By Chairman Archer On Tuesday, March 19, 1996. March 18, 1996

JCX–7–96—Description Of Amendment In The Nature Of A Substitute To H.R. 2337 "Taxpayer Bill Of Rights 2". Scheduled for Markup by the House Committee on Ways and Means on March 21, 1996. March 20, 1996

JCX–8–96—Estimated Revenue Effects Of The Taxpayer Bill Of Rights 2. Scheduled For Ways And Means Markup On Thursday, March 21, 1996. March 20, 1996

JCX–9–96—Description Of Revenue Provisions Relating To Shipping Income. To Be Offered in the Amendment in the Nature of a Substitute to H.R. 2754, the "Shipbuilding Trade Agreement Act," Scheduled for Markup by the Committee on Ways and Means on March 21, 1996. March 20, 1996

JCX–10–96—Estimated Revenue Effects Of An Amendment In The Nature Of A Substitute For H.R. 2754, The "Shipbuilding Trade Agreement Act" Scheduled For Ways And Means Markup On Thursday, March 21, 1996. March 20, 1996

JCX–11–96—Description Of Revenue Provisions Of Amendment To S. 1028 By Senators Dole And Roth. April 18, 1996

JCX–12–96—Estimated Revenue Effects Of A Possible Amendment To S. 1028 By Senators Dole And Roth. April 18, 1996

JCX–13–96—Estimated Budget Effects Of The Revenue Provisions Contained In H.R. 3286, The "Adoption Promotion And Stability Act Of 1996". April 26, 1996

JCX–14–96—Description Of Revenue Provisions Of H.R. 3286 Relating To Tax Credit For Adoption Expenses And Certain Revenue Offsets Scheduled for Markup Before the House Committee on Ways and Means on May 1, 1996. April 26, 1996

JCX–15–96—Description Of Revenue Provisions To Be Considered In Connection With A Markup Of Trade Matters. Scheduled for Markup by the Senate Committee on Finance on May 8, 1996. May 1, 1996

JCX–16–96—Estimated Budget Effects Of Tax And Trade Provisions To Be Considered At A Markup Of The Senate Finance Committee On May 8, 1996. May 1, 1996

JCX–17–96—Present Law And Background Relating To Federal Excise Taxes Imposed On Transportation Motor Fuels. Scheduled for a Hearing Before the Senate Committee on Finance on May 3, 1996. May 2, 1996

JCX–18–96—Present Law And Background Relating To Federal Excise Taxes Imposed On Transportation Motor Fuels. Scheduled for a Hearing Before the Committee on Ways and Means on May 8, 1996. May 7, 1996

JCX–19–96—Temporary Repeal Of 4.3-Cents-Per-Gallon General Fund Transportation Motor Fuels Excise Tax. Scheduled for Markup by the Committee on Ways and Means on May 9, 1996. May 8, 1996

JCX–20–96—Estimated Revenue Effects Of H.R. 3415. Scheduled for Markup by the Committee on Ways and Means on May 9, 1996. May 9, 1996

JCX–21–96—Description Of Chairman's Mark Of The Small Business Job Protection Act. Scheduled for Markup by the House Committee on Ways and Means on May 14, 1996. May 13, 1996

JCX–22–96—Estimated Revenue Effects Of The "Small Business Job Protection Act Of 1996," A Bill To Be Introduced And Subject Of A Markup By The Committee On Ways And Means On Tuesday, May 14, 1996. May 14, 1996

JCX–23–96—Present Law And Issues Relating To Classification Of Workers As Employees Or Independent Contractors. Scheduled for a Hearing Before the Subcommittee on Oversight of the House Committee on Ways and Means on June 4, 1996. June 3, 1996

JCX–24–96—Description Of Chairman's Mark For The Provisions Of H.R. 3286 Relating To Tax Credit For Adoption Expenses And Certain Revenue Offsets And The Removal Of Barriers To Interethnic Adoptions. Scheduled for Markup Before the Senate Committee on Finance on June 12, 1996. June 11, 1996

JCX–25–96—Estimated Budget Effects Of Chairman's Mark To The Revenue Provisions Of H.R. 3286, The "Adoption Promotion And Stability Act Of 1996," Scheduled for Finance Committee Markup on June 12, 1996. June 11, 1996

JCX–26–96—Description Of Chairman's Mark Of A Committee Amendment To The Revenue Provisions Of H.R. 3448 (Small Business Job Protection Act Of 1996). Scheduled for Markup by the Senate Committee on Finance on June 12, 1996. June 11, 1996

JCX–27–96—Estimated Budget Effects Of Chairman's Mark Of A Committee Amendment To The Revenue Provisions Of H.R. 3448, The "Small Business Job Protection Act Of 1996," Scheduled for Finance Committee Markup on June 12, 1996. June 11, 1996

JCX–28–96—Description Of Earned Income Credit Provisions Contained In An Amendment In The Nature Of A Substitute To Be Offered By Chairman Archer. Scheduled for Markup by the House Committee on Ways and Means on June 12, 1996. June 11, 1996

JCX–29–96—Estimated Revenue Effects Of Earned Income Credit Provisions Contained In An Amendment In The Form Of A Substitute By Chairman Archer With Respect To The Budget Reconciliation Welfare Proposal. June 11, 1996

JCX–30–96—Estimated Budget Effects Of A Committee Amendment To The Revenue Provisions Of H.R. 3448, The "Small Business Job Protection Act Of 1996," As Approved By The Senate Finance Committee on June 12, 1996. June 17, 1996

JCX–31–96—Disclosure Report For Public Inspection Pursuant To Internal Revenue Code Section 6103(p)(3)(C) For Calendar Year 1995. June 25, 1996

JCX–32–96—Description Of Chairman's Mark Of Provisions Relating To The Earned Income Credit. Scheduled for Markup by the Senate Committee on Finance on June 26, 1996. June 25, 1996

JCX–33–96—Estimated Budget Effects Of Earned Income Credit Provisions Contained In S. 1795 The Chairman's Mark to be Considered at Markup of the Senate Finance Committee on Wednesday, June 26, 1996. June 25, 1996

JCX–34–96—Description Of Managers' Amendment To The Revenue Provisions Of H.R. 3448 (The Small Business Job Protection Act Of 1996) As Reported By The Senate Finance Committee. July 9, 1996

JCX–35–96—Estimated Budget Effects Of Revenue Provisions In H.R. 3448 Including The Managers' Amendment. July 9, 1996

JCX–36–96—Estimated Budget Effects Of Revenue Provisions In H.R. 3448 As Passed By The Senate. July 9, 1996

JCX–37–96—Description Of Selected Federal Tax Provisions That Impact Land Use. Scheduled for a Hearing Before the Subcommittee on Oversight of the House Committee on Ways and Means on July 16, 1996. July 11, 1996

JCX–38–96—Markup Of Ways And Means Committee Amendment To Be Offered To H.R. 3592 (Water Resources Development Act Of 1996). Scheduled for July 17, 1996. July 16, 1996

JCX–39–96—Comparison Of Revenue Provisions Of H.R. 3734 (Welfare Reform Reconciliation Act Of 1996) As Passed By The House And Senate. Prepared for the Use of the House and Senate Conferees. July 25, 1996

JCX–40–96—Comparison Of The Estimated Budget Effects Of The Revenue Provisions Of H.R. 3734, The "Welfare Reform Reconciliation Act Of 1996," As Passed By The House And The Senate. July 25, 1996

JCX–41–96—Comparison Of Revenue Provisions Of H.R. 3103 (The "Health Coverage Availability And Affordability Act Of 1996") As Passed By The House And The Senate. Prepared for use of the House and Senate Conferees. July 26, 1996

JCX–42–96—Comparison Of Estimated Budget Effects Of The Revenue Provisions In H.R. 3103, The "Health Coverage Availability And Affordability Act Of 1996". July 26, 1996

JCX–43–96—Description Of Tentative Agreement Relating To Medical Savings Accounts ("MSA's"). Prepared for the Use of the Conferees for the Revenue Provisions of H.R. 3103 (The "Health Coverage Availability and Affordability Act of 1996"). July 26, 1996

JCX–44–96—Comparison Of The Estimated Budget Effects Of The Revenue Provisions Of H.R. 3448, The "Small Business Job Protection Act Of 1996," As Passed By The House And Senate. July 29, 1996

JCX–45–96—Written Testimony Of The Staff Of The Joint Committee On Taxation Regarding H.R. 3244, The "District Of Columbia Economic Recovery Act" for the Subcommittee on the District of Columbia of the House Committee on Government Reform and Oversight 104th Congress on July 31, 1996. July 31, 1996

JCX–46–96—Estimated Budget Effects Of The Conference Agreement Relating To The Revenue Provisions Of H.R. 3103, The "Health Insurance Portability And Accountability Act Of 1996". August 1, 1996

JCX–47–96—Estimated Budget Effects Of The Conference Agreement Relating To The Revenue Provisions Of H.R. 3448, The "Small Business Job Protection Act Of 1996". August 1, 1996

JCX–48–96—Draft Analysis Of Issues And Procedures For Implementation Of Provisions Contained In The Line Item Veto Act (Public Law 104–130) Relating To Limited Tax Benefits. November 12, 1996

JCX–49–96—Selected Background Information And Data On Federal Transportation Excise Taxes. Prepared for the Use of the House Committee on Ways and Means. December 17, 1996

ATTACHMENT C.—*Joint Committee on Taxation Revenue Estimate Requests*

Calendar year	
1985	348
1986	474
1987	420
1988	900
1989	1,290
1990	1,286
1991	1,461
1992	2,350
1993	2,380
1994	1,259
1995	2,278
1996	1,792

ATTACHMENT D.—MEMORANDUM

DECEMBER 10, 1996.

TO: Chief of Staff, Joint Committee on Taxation
FROM: Senior Refund Counsel
SUBJECT: Refund Section—Calendar Year 1996 Operations Report

This is a report on the more significant developments in this Office during the past calendar year.

SUMMARY

Volume—Refund Cases.—486 reports were received during the year. The total dollar amount of refunds was $4,649,152,429.

Reports Received	1993	1994	1995	1996 (through Nov.)
Examination Division	512	482	425	360
Appeals Division	171	147	132	98
Department of Justice	18	18	20	23
Chief Counsel	8	6	2	5
Total	709	653	579	486
Concerns [1]	70	69	79	103

[1] Includes 9 post review deficiency cases for 1993, 8 for 1994, 12 for 1995 and 11 for 1996. Includes all concerns in which the Service has indicated agreement with our position and which are expected to be signed and closed by year end.

Post Review.—The Service reports 64 large deficiency cases to us annually for post review. Eleven of these cases generated concerns this year. We also review to a limited extent the Appeals Division's nationwide post review results.

Other Action.—(1) We transmitted for consideration of legislative action 9 issues that arose in various cases.

(2) We transmitted 7 memoranda suggesting corrections or discussing clarification of Service procedural or technical instructions.

(3) We transmitted our concern to the Service on three issues to ensure uniform application of the tax laws.

(4) We transmitted information to the Service in connection with a $34,000,000 refund report that led the Service to withdraw the report to consider whether they should reexamine the propriety of the refund.

Exhibits and Appendices provide detailed information on most of the foregoing.

Errors identified by us in 1996 and prior years, and agreed to by the Service in 1996 produced a net reduction in refunds of $10.6 million. The average annual reduction for the last 6 years is $9.1 million. Such correction also reduced ATNOLCF's, $133.7 million, AMFTC's $4 million, and regular tax NOL's and future deductions $5.5 million. We also brought to the attention of the Service an error in a proposed closing agreement that understated tax liability by $32,500,000.

We hope we are satisfactorily accomplishing our assigned portion of the Committee's mission and meeting your expectations. We look forward to a productive, challenging year.

APPENDIX C.—PROPOSALS FOR STATUTORY, RULING, REGULATORY, AND MANUAL CHANGES

(INITIALS OF ORIGINATOR SHOWN)

Discussion with the Hill on the holding in the *Fluor Corporation* case for purposes of legislative action. That case holds that when a deficiency is wiped out by a foreign tax credit carryback, the taxpayer is not liable for interest on the deficiency. (NB)

Discussion with the Hill on interest netting in the context of allocating deductions for the purpose of determining foreign source income, combined taxable income, and taxable income from the property, for purposes of legislative action. (NB)

Memo to the industry specialist for utilities discussing some of the problems we have encountered in the section 1341 area. He indicated this would go on the utility bulletin board so that everyone handling these items would be aware of the problems. (NB)

Memo to the Chief of Staff discussing interpretative problems with section 172(b)(1)(C), for consideration of legislative action. (NB)

Memo to the Chief of Staff discussing problems associated with accounting for rotable spare parts, for consideration of legislative action. (NB)

Memo to the Assistant Chief Counsel (Income Tax and Accounting) pointing out a conflict between several interpretations of the interplay between sections 616 and 263A. (JB)

Memo to the National Office Joint Committee Coordinator suggesting modification of IRM 8941 to take into account court decisions holding that a payment can be a payment of tax without assessment. (RWF)

Memo to the National Director of Appeals suggesting modification of IRM 8953 to aggregate work units closed simultaneously in determining Joint Committee jurisdiction. (RWF)

Memo to the Hill suggesting clarification of similar liability language in section 809(b)(5)(C). (JB)

Memo to the Chief of Staff noting that the parenthetical language in section 927(a)(2)(B) raises the question as to whether the license of computer software is covered thereby, for purposes of legislative action. (NB)

Memo to the Director Office of Large Case Programs (Appeals), advising that an employee suggestion for changes in the Service's Joint Committee procedures be considered. (RWF)

Memo to the National Office (Examination) regarding Joint Committee review of Foreign Sales Corporations. (RWF)

Memo to National Office (Examination) suggesting the correct procedure for applying an overpayment in excess of $1,000,000 to offset a liability for special estimated tax under section 847. (RWF)

Memo to the National Office offering our opinion as requested on a procedural issue. (RWF)

Memo to the Hill suggesting a technical correction to clarify whether a section 847 deduction can result in an alternative minimum tax liability that would not have otherwise existed. (JB)

Memo to the Hill suggesting that section 835 be eliminated since the reason for its enactment no longer exists, or to provide for its treatment causing a refundable or nonrefundable credit. (JB)

Memo to the Hill regarding correction of the section 164 reference in section 59A. (JB)

Memo to Appeals regarding the authority of an Appeals Chief, under Order 154, to submit a Joint committee report when the Case was settled by District Counsel. (RWF)

Sent information to the Service and asked whether the Service thought it advisable to reexamine the propriety of the refund, which was $34,000,000. The Service requested permission, which we granted, to withdraw the refund report to determine if any portion thereof should be recouped. (BW)

Discussed with the Service problems of general application involving specified liability losses. (RG)

EXHIBIT I.—REPORTS TO JC AS REQUIRED BY IRS CODE SEC. 6405

[Calendar year 1996]

Month	Received	Cumulative total	Cumulative monthly average	Dollar receipts	Dollar receipts
January	35	35	35.0	$425,696,759	$425,696,759
February	47	82	41.0	384,196,568	809,893,327
March	55	137	45.7	540,525,945	1,350,419,272
April	43	180	45.0	346,542,304	1,696,961,576
May	56	236	47.2	368,589,792	2,065,551,368
June	39	292	45.8	399,213,721	2,464,765,089
July	60	335	47.9	595,679,430	3,060,444,519
August	31	366	45.8	245,737,363	3,306,181,882
September	55	421	46.8	788,095,751	4,094,277,633
October	28	449	44.9	248,452,491	4,342,730,124
November	37	486	44.2	306,422,205	4,649,152,329
December		486			4,649,152,329

EXHIBIT II.—JOINT COMMITTEE CASES RECEIVED IN 1996 BY TYPES OF TAXPAYER AND SOURCE

	Cases	Percent
Types of Taxpayers:		
Individuals	31	6.38
Estates	10	2.06
Trusts		
Corporations	445	91.56
Total	486	100.00
Source of Reports:		
Examination	360	74.07
Appeals	98	20.17
Justice	23	4.73
Tax Court	5	1.03
Total	486	100.00

EXHIBIT III.—MONTHLY RECEIPTS—REFUND REPORTS FROM EXAMINATION AND APPEALS

[Calendar year 1996]

Month	Examination	Cumulative	Appeals	Cumulative
January	22	22	12	12
February	35	57	7	19
March	47	104	6	25
April	25	129	13	38
May	46	175	9	47
June	31	206	8	55
July	39	245	15	70
August	27	272	2	72
September	37	309	14	86
October	20	329	7	93
November	31	360	5	98
December		360		98

EXHIBIT IV.—1996 JOINT COMMITTEE ON TAXATION CONCERNS [1] ON REFUND REPORTS FROM IRS

	Examinations	Appeals	Total No. of concerns issued
Number of concerns issued	56	32	88
Percent of total concerns issued	63	37	100
Total reports received	360	98	458

[1] Number of Concerns does not include 15 on deficiency cases.

ADDITIONAL RESPONSIBILITIES

Mr. KIES. Mr. Chairman, the only thing I would add to that is just to note that the Joint Committee has been requested to do other activities in the last two Congresses that have added to its responsibilities.

We were recently requested by the chairmen of the two tax-writing committees and the ranking members to conduct an investigation of whether the Internal Revenue Service has engaged in any inappropriate activity with respect to the selection of 501(c)(3) and (c)(4) entities for audit. That is quite a substantial project that we have underway, in addition to the responsibilities that we will have to deal with in connection with the budget agreement.

We also have been asked, for example, by Senator Murkowski, to do an analysis of all tax provisions relating to the electric utility industry for purposes of his work in the Energy Committee and looking at the whole deregulation issue.

These kind of responsibilities come up on a fairly regular basis and are in addition to the regular legislative work that we do for the Ways and Means Committee and the Senate Finance Committee. We also do much of the technical work in connection with the Senate Foreign Relations Committee's approval of tax treaties and protocols, which is another responsibility that we have, so that is in addition to the normal legislative responsibilities of the staff.

REVENUE ESTIMATING

Senator BENNETT. Let me ask you a question about revenue estimates, because one of the most frustrating things for me as a businessman coming into the Government is to discover that there is no such thing as a monthly close, whereby you can get a report of how well you did last month, how close you came to your targets. I do not think there is such a thing as an annual close.

One of the frustrating questions is, does anybody keep track of how close tax revenues come to estimates, the estimates made prior to the passage of a tax bill?

To be specific, Marty Feldstein, in writing in the Wall Street Journal, estimated several years after the fact, that the tax increases enacted during the first year of the Clinton administration had produced one-third as much revenue as had been estimated at the time we voted for that.

I have raised this issue with CBO and am told that I should talk to you, and that you are the people who do all of this. Could you comment on an analysis after the fact, the tracking, if you will, of how much, putting it in business terms, a price increase did contribute to the bottom line, or how much a price decrease did contribute to increased market share and increased sales?

I know those are not the Government terms, but you know exactly what I am talking about.

Mr. ARCHER. I understand, Mr. Chairman, and I have had the same concern that you have expressed over a number of years and have importuned the Joint Committee on Taxation to give us that kind of information. In previous Congresses, I have been told it really is very, very difficult to do, and as a result, it was never forthcoming. We are seeing more of that now in the last Congress. We are not there on an automatic basis, but individual Members can make requests of the Joint Committee to provide what actual receipts there were in certain categories, broad categories, and make a comparison to the estimates which, of course, are already out there and a matter of record.

One thing the Joint Committee has done at the request of both Senator Roth and myself is that they have illuminated for the first time to the Members of Congress their method of calculating capital gains, and in doing so, they have done exactly what you mentioned—compared what the estimates were at the time and compared what the actual revenues have been.

Then they have also overlaid their new model all the way back into the 1970's and taken the available data at that time on which the estimates were prepared and put it into their computer model to get an overlay of what they would have estimated with their new computer model.

They are within 3 percent over the long term with their current computer model, because they now do take into account behavioral response and the induced realizations from more sales of capital assets whenever the tax goes down and less sales when the tax goes up.

I will let Ken comment more in trying to respond to your question.

TRACKING EXPERIENCE

Mr. KIES. Senator, one of the things that we have done in the last couple of years, actually in recognition of the very point that you have raised, is starting to try and pick out specific estimates that we did and then track the actual experience going forward to see how well we have done in terms of predicting.

The one thing that is important to realize when you talk about revenue estimates is, that is what they are, estimates. And, even though a specific number appears on a piece of paper, it is the consequence of a lot of judgment which goes into that.

Some estimates have a much better—we have much greater confidence at the outset than others. For example, on the child credit that has been proposed, we have a high degree of confidence in the revenue estimate because we do not expect a behavioral response to enacting a child credit. In our computer model, we have 200,000 individual tax returns selected to represent a cross-section of all tax returns, and we would do an estimate on this basis.

Like the child credit, we would actually recalculate the tax on all of those returns, and then expand those results to reflect what we would expect from all 130 million households.

So, on the other hand, other estimates where the data is not specifically part of the tax model represent a lot more judgment. Last year we had an adoption credit, and there was very little in the way of hard data on the number of adoptions that occur each year, foreign and domestic, and so that is an example where we have to draw from secondary sources to try and come to a judgment about what the cost of a provision like that would be.

It would not surprise me that when we look back 2 or 3 years we would have a greater error factor on an estimate like that because of the fact that we had to rely on information that was not coming from the tax sources, but we realize that Members do want us to look back and try and figure out how well we have done so we can do better in the future.

A good example of where we have improved our estimating capability as a result of realizing that we made a mistake in the past was the initial estimates on individual retirement accounts in 1981. People started using IRA's much faster than we had anticipated. Actually, once we got out about 5 or 6 years, the estimate kind of converged with actual experience, but in the early period the utilization was far greater than we had anticipated.

We used that experience when we estimated medical savings accounts last year because they had many of the same features as IRA's. There are differences, but there is a lot of similarity, and so we looked to the experience on IRA's to try to predict how quickly the takeup rate on MSA's would be.

In the case of MSA's, not only will we be looking back at how accurate our estimate is, but we put in place in the legislation reporting to actually identify fairly quickly how many MSA accounts were established, and that first report will come in, I believe, in August or September of this year, which is essentially 1 year after the legislation was enacted.

So I think you will see us doing more and more of this, because we want to always be improving what we are doing in terms of pre-

dictability, but we also realize this is the kind of information Members want to have because they want to get some feel for how reliable the work we are doing is, and so our whole philosophy for the past 3 years is that the more the people know about the estimating methodology, the higher the confidence level will be.

We are not trying to have a black-box-type approach, where we just say trust us. We really want Members to understand what we are doing and how we are doing it.

LUXURY BOAT TAX

Senator BENNETT. Let me share with you a personal example of how a lack of this information can skew public policy. When I first came to the Senate, I was approached by John Chafee and he asked me if I would cosponsor a bill to repeal the boat tax, the luxury boat tax, and you remember how that tax destroyed an industry, and I said, why, of course, John. I am startled that the tax has not been repealed long before now, given the damage that it did.

He said, well now, be careful before you sign up too fast, because you have to sign up not only for the repeal of the tax, but for the enactment of some other kind of tax to offset the revenue loss that comes from the repeal. I said, now, John, there is no revenue loss that will come from repeal. There will be a revenue gain that will come from repeal overall by virtue of the fact that the industry may come back. I am not sure that it has. I mean, that is a classic example of Government stupidity.

He said no, the thing is scored as x percent of x number of sales. The fact that those sales are not taking place, and, therefore, that percentage is never realized, does not change the fact that it is scored in that fashion, and in order to repeal the tax under the Budget Act we have to offset that by increasing taxes someplace else, and you may not want to sign up for a bill that can be attacked as a tax increase somewhere down the line.

I signed up for the bill anyway and kind of looked the other way while the figures were artificially created to look like there would be some kind of revenue offset. Again, coming from the business world, I would not tolerate that from one of my managers for 10 seconds.

I would say, you have got a product on the shelf that has failed. Pull it off the shelf right now. Move it through a garage sale if necessary, but get rid of it, realize whatever you can out of it, even if it is scrap, but do not sit here and tell me that we have to offset the revenue that we have lost by taking that product out of our product line by increasing prices on our other products.

But that is essentially what the Government is doing, and I would look to the Joint Committee on Taxation to stand up and say, overall revenue to the Government was lost in the following amounts as a result of that tax, and, therefore, the tax can and should be repealed without any revenue impact, without any negative revenue impact.

Am I whistling in the dark on this? Is there any possibility for that kind of analysis out of your committee in a future circumstance?

MACROECONOMIC ESTIMATES

Mr. ARCHER. Well, let me try to jump in as briefly as possible, and Ken may want to add something to it. There are two aspects to these revenue estimates. One is the macroeconomic impact of whatever occurs, which means are you going to increase economic activity, are you going to decrease economic activity, and, therefore, you have got a reflow of money into the Treasury either positive or negative as a result of what you do.

Then there is the micro aspect which you just talked about. What will happen to a particular industry, or what will be the behavioral response to capital gains insofar as the sale of capital assets is concerned, but then what macroeconomic impact that will have is a different thing.

The way we are currently set up, and I had chafed at this for many, many years, is that CBO sets the macro baseline and they make no adjustment, irrespective of what is done to the Tax Code. The Joint Committee has not had, probably not the legal capability, and certainly not the computer capability to do that.

So if we have, for example, an impact, let us say, of the luxury boat tax, you can pretty well isolate it and say there will be a behavioral response by purchasers of boats that will reduce the amount of static analysis tax revenues, but nobody takes into account the fact that there are jobs that are going to be lost, so the payroll tax is going to be reduced and the income tax revenues are going to go down because dealers are going to have less sales and so on and so forth.

Even to this day we have not solved that problem and it, to me, is one that must be solved, because the CBO gives us a baseline, a macroeconomic baseline twice a year, and they do not adjust it in between, with apparently one exception, which occurred last week. [Laughter.]

But if that is not unique, it is exceedingly rare, and so here we take up a tax bill and the Joint Committee has to put their estimates on top of an economic baseline, that is the macroeconomic projections by the CBO, as if a tax change is going to have absolutely no bearing on it, and they have to do it that way, and so we have a long way to go to really get more accuracy. Then there is the question of what are the results compared to what are the estimates initially going in?

Well, what are the results: No. 1, as a result of what happened to the overall economy macrowise? What did this path do in reality compared to what the static analysis projected path was that CBO gave us? That explains a lot of the difference in revenues, and so you have to accept, under today's estimating practice, the fact that the Joint Committee cannot do anything about that.

Now, when you talk about Marty Feldstein's analysis of the 1993 taxes, and I suspect that analysis is valid, part of that was what happened to the macroeconomy compared to what the baseline was, and I think we have just got to find a way to do a better job on the macro side.

Part of it was also the effect of behavioral response in specific areas like you mentioned, the luxury boat tax and so on. And again, Ken may want to add something. I am just scratching the

surface of this issue, but it has frustrated me in the years that I have been on the Joint Committee and on the Ways and Means Committee, and we are at least on the threshold of looking at it and trying to do something about it.

Mr. KIES. I would just add a couple of things, Senator. First, in terms of Professor Feldstein's analysis, we have actually looked fairly closely at how he has analyzed the effects of the 1993 act.

I would say that his analysis is somewhat preliminary, and the reason—CBO adjustment in revenue shares may suggest that he is way off—that the CBO baseline adjustment that Chairman Archer referred to last week has increased their projected revenue stream by over $45 billion a year over 6 years, which may suggest the preliminary analysis of Professor Feldstein may not necessarily tell the whole story, but it is the kind of thing that we want to keep looking at.

In terms of the issue on the excise tax on boats, our estimate, which was done in 1990, which did precede a period of somewhat of an economic downturn, did assume a decline in boat sales. I mean, that was a part of our estimate.

In fact, I testified on January 11, 1995, to a joint House-Senate Budget Committee hearing on the issue of overall revenue estimating, and that testimony actually went into great detail about our estimate on the excise tax on boats, because it has gotten a lot of attention. Our assumption on sales was not that far off.

The issue that makes this a more complex question is what one has to assume about the effects of the declining sales. If sales declined in the boat industry, that means that probably not as much capital will be employed in the boat industry, but it will go somewhere else in the economy.

How quickly it moves there, how quickly jobs shift out of the boating industry and into some other industry, becomes a difficult thing to assess in terms of analyzing the overall revenue flows to the Federal Government. But, one cannot only look at the boating industry for purposes of determining what the revenue effect on the Federal budget has been, because the shift will create economic activity elsewhere, and that is where these kinds of estimates do become very complicated.

The one thing that I think Members of Congress might well have asked about when the boat tax was considered is what the regional dislocation was going to be, so that they would have been better informed about what the consequences to areas of the country were. This is a significant component of the industry.

But, I will make sure that I send you a copy of the analysis we did do after the fact of our estimate on the boat tax because I think you will find that it may have been a lot more accurate than people have portrayed by only looking at the effects on the boating industry itself, and not taking into account the overall effects.

Senator BENNETT. Well, I would be glad to receive it and look through it with interest, but I am less concerned about flogging the boat tax horse than I am about the overall issue, and if I understand you correctly, Mr. Chairman, there is a disconnect between the Joint Committee on Taxation and the CBO in some of these areas.

It may well be that this committee and its corresponding committee in the House become the only nexus for oversight of both groups, where this issue can be discussed and raised, and it is always good to raise issues at appropriations time. We seem to have people's attention more at that point than at any other, and I intend to raise this with CBO when they come before this committee, and anything you can give me as ammunition, not to embarrass but to resolve these kinds of things so that we go in the right direction, I would be very happy to receive.

Not to repeat again, but just to stress for clarity's sake, nothing can be more difficult when you are running a $1.7 trillion exercise, or enterprise rather, than to do it with inaccurate information, with estimates that are based on formulas that are never checked up on, that are never compared to reality, forward-making decisions like the budget deal that was achieved over the weekend based on those estimates that do not ever look back and say, well, we have to change our model.

It would drive a CEO crazy to run a $1.7 trillion enterprise with this kind of internal financial information, and it may be one of the major reasons why we do so poorly with our shareholders. They do not understand the details, but they sure understand in general terms how badly the Government is floundering in some of these areas. We do not have crisp answers.

All right. I raised this issue with Senator Packwood when he was chairman of the Finance Committee, and he provided me with information that indicated that the luxury boat tax produced *x* amount less than was projected in revenue, and that the luxury car tax, as I recall, was three times greater than the amount estimated.

Again, to a businessman that means there is a lot less price resistance to buying luxury cars than there is price resistance to buying luxury boats, and you price your product based upon price resistance that is out there in the marketplace, and we were able to say, people are still going to buy a $150,000 Mercedes, even with the luxury tax on them, because they are not buying them just for transportation.

You can get to your destination just as warm and just as dry in a Ford Escort as you can in a $150,000 Mercedes. Your ego might not feel quite as good in the Ford Escort, and it might not last as long in terms of the number of years you have it, but if you are buying basic transportation, you do not necessarily buy a Mercedes.

The luxury tax apparently did not deter people from buying luxury cars to nearly the degree that it was estimated, and the tax writers—now you are wearing your hat as chairman of Ways and Means—ought to know that and ought to be looking back, as they continue to write taxes, and say, well, we missed it on this one. This time, what will happen?

OK. Enough said.

Mr. ARCHER. Mr. Chairman, you are exactly right. What we should seek in the estimates is accuracy. We should not seek to put our political imprint on them and say we know this is going to give us more, or we know this is going to give us less, but we should seek accuracy, and it does mean that we have got to review what

has been done in advance compared to what actually happened in reality, and I will sign up to be a soldier in your crusade for that.

Senator BENNETT. You will not be a soldier. You will be a general. [Laughter.]

Mr. ARCHER. I would like to sign you up as a general in my crusade to get rid of the need to do all of this by abolishing the income tax completely and totally, and replacing it with a consumption tax, and then we will not have to go through all of this.

Senator BENNETT. I would be delighted to sit down over a bowl of Senate bean soup and pursue that with you.

One of my goals is to make the Tax Code in this country simple, neutral, and stable so that it does not favor one group over the other—that is the neutrality; people can understand it—that is the simplicity; and people can make plans not expecting Congress to change it every 18 months, and I am willing to look at a flat tax, I am willing to look at a consumption tax, and I am willing to look at anything.

Well, we can do that when we are not in this context.

Mr. ARCHER. If we can do that, then I will be the first to jump before your committee and say cut the appropriations for the Joint Committee on Taxation.

Senator BENNETT. Well, that may be one of the incentives to get us moving in that direction.

We have some more technical type questions about the work of the Joint Committee on Taxation that I would like to submit to you in writing. We would appreciate your response to those.

ADDITIONAL COMMITTEE QUESTIONS

Mr. Kies, I would say you were the topic of a front page article in the Wall Street Journal which I am sure did not make you real happy, and we will probably have some questions on that in writing for you as well. I think that you should have the opportunity to respond on the record, but I will not raise those to the level of a public hearing in a public discussion.

Senator Dorgan, who had to be excused because of the pressures of flood conditions in his home State, would appreciate a clearing of the air on some of those issues.

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

ADDITIONAL COMMITTEE QUESTIONS

Question. In your budget submission you noted that the JCT received over 1,750 revenue requests in 1996. Of that number, how many revenue estimates were answered by JCT? How many of those answered were for new legislative proposals versus legislation which had been previously estimated?

Answer. Of the 1,799 requests for revenue estimates received in calendar year 1996, the staff of the Joint Committee on Taxation responded to 803.

It is extremely difficult to quantify how many of the revenue requests answered by the staff of the Joint Committee on Taxation were for new legislative proposals versus legislation that had been previously estimated. If a bill is introduced in both the House and the Senate during a session, it is not uncommon for the Members sponsoring the legislation in the House and the Senate to request revenue estimates. However, the staff of the Joint Committee estimates that a relatively low percentage of revenue estimate requests fall into this category. In addition, if a request is similar or identical to a proposal that the Joint Committee staff has previously estimated, there is still a substantial amount of work entailed in responding

to the request. The Joint Committee staff is always reviewing and updating its estimating methodology to account for (1) updated economic assumptions provided by the Congressional Budget Office, (2) improvements in computer modeling, (3) new information that may have become available, (4) new information provided by potentially affected taxpayers, and (5) changes in proposed effective dates and forecasted enactment dates. Thus, the fact that a revenue request has been previously estimated by the Joint Committee staff does not necessarily reduce the time required to respond to the current request.

Question. How many requests have you received to date? What is the estimate for fiscal year 1997?

Answer. As of June 1, 1997, the staff of the Joint Committee on Taxation has received over 1,000 requests for revenue estimates for calendar year 1997. [Note that all of the Joint Committee statistics are kept on essentially a calendar year system, which reflects the timing of legislative sessions.] It is projected that the staff will receive well over 2,000 requests for revenue estimates for all of calendar year 1997.

The number of revenue requests received in any calendar year generally is determined by the amount of revenue legislation considered by the Congress during the year. However, there has been a fairly clear trend since the mid-1980's of increased numbers of requests for revenue estimates as the focus upon the budget impact of proposed legislation has continued to increase.

In addition, if the Supreme Court overturns the decision of Judge Jackson with respect to the Line Item Veto Act (the "Act"), the Joint Committee on Taxation staff anticipates that Members will routinely request information as to the status of proposed legislation under the Act. Thus, it is anticipated that the workload of both the economists and the attorneys on the Joint Committee staff will increase even more and it will be necessary to begin compiling statistics relating to the number of requests made for determinations under the Act.

Question. At the House hearing, the Chief of Staff Kies said that JCT was about to complete a year-long study of the Committee's computer needs. Has this report been completed? If so, please summarize its findings and provide this subcommittee with a copy of the report.

Answer. The year-long study referred to by Mr. Kies during the House hearing is a study of the feasibility of taking into account macroeconomic effects of proposed legislation. This study culminated in a symposium on January 17, 1997, of noted macroeconomists. In general, these macroeconomists concluded that there is not a sufficient consensus among the economics profession to take account of macroeconomic effects currently, but that if the state of the art can be improved, such effects should be taken into account in preparing revenue estimates. These economists also recommended that the Congress continue to work to improve the ability for such macroeconomic effects to be considered. The results of the year-long study and the symposium will be published by the staff of the Joint Committee on Taxation in the near future.

As part of this study, the Joint Committee staff has also considered the costs (in terms of additional staff time and computer needs) of continuing to expand the macroeconomic estimating capability of the Joint Committee staff. Because this is a long-term project that cannot be completed in a single fiscal year, it is difficult to quantify the total projected costs. However, in testimony before the House Subcommittee on Legislative, Mr. Kies estimated that approximately $200,000 of the Joint Committee staff's requested increase for fiscal year 1998 would be devoted to the work relating to macroeconomic estimating.

Question. At the House hearing in response to Congressman Thornton's question that "you give serious consideration to whether some reduction from the requested amount for the Joint Committee could be made possible by developing a joint use of some of the resources of CBO," Mr. Archer stated that he would be glad to work with John Kasich. Has any progress been made in this area?

Answer. This question refers to the House Subcommittee on Legislative hearing with respect to the Joint Committee on Taxation's appropriation request for fiscal year 1997. It is the opinion of the Joint Committee on Taxation that there is virtually no overlap in responsibilities between the Congressional Budget Office and the Joint Committee on Taxation and that no savings could be attained by developing a joint use of resources with the CBO. Although the Joint Committee staff works closely with the CBO, the two staffs have worked over the years to define clearly the areas of jurisdiction and, therefore, there are currently no areas in which the Joint Committee staff and the CBO staff are performing the same work. Thus, there is no economies to be attained by a joint use of resources because there is no overlap in work.

Questions. Last Congress JCT assumed additional responsibilities regarding the line-item veto and the determination whether a provision affects 100 entities or not.

Although the fate of the line-item veto is in the courts hands, has JCT expended any fiscal year 1997 funds in preparation for its new responsibilities? Are any funds in the fiscal year 1998 budget request earmarked for this purposes?

Answer. Early in fiscal year 1997, the Joint Committee staff spent extensive staff time analyzing the provisions of the Line Item Veto Act as it relates to revenue legislation. A draft analysis was published in November of 1996, with public comment requested by December 16, 1996. The final analysis was published by the Joint Committee staff in late December.

Because of the uncertainty over whether the provisions of the Line Item Veto Act will be upheld, the Joint Committee staff has earmarked no specific funds for fiscal year 1998 to satisfying the staff's responsibilities under the Act. If the Act is upheld, it is anticipated that the Joint Committee staff will have significant additional responsibilities under the Act and responding to Members during the consideration of legislation as to whether certain provisions may be limited tax benefits subject to the Act.

Question. At the beginning of the 105th Congress, the House adopted a new rule which impacts the scope of work of the JCT regarding economic analysis. Has the Majority Leader designated any legislation as "major tax legislation" yet this year? How many tax bills of this designation do you anticipate this years? Next year?

Answer. The Majority Leader has not yet designated any legislation during 1997 as "major tax legislation." Because this is a new House rule for which there is no experience, it is impossible to estimate with any certainty the number of bills that may be designated as major tax legislation. It is likely that any bill that restructures the Federal income tax system would be so designated, but it is difficult to predict what other legislation might fall into this category.

Question. Mr. Kies, you were the topic of a front page article in The Wall Street Journal on April 17, 1997. The article was critical of the amount of travel you did last year at the expense of outside groups with interests in tax policy. I understand that you took a dramatic cut in salary to take the position of Chief of Staff of the Joint Committee on Taxation and I commend you for your public service. However, last year was a very busy year. Could you explain how you were able to find so much free time to travel? How do you respond to critics who say that there is an appearance problem with the amount of travel you accepted from outside groups?

Answer. Concerning this inquiry, several points are relevant. First, at no time during calendar year 1996 did my travel interfere with my other work as Chief of Staff of the Joint Committee on Taxation. Much of my travel was done during Congressional recesses, on weekends when the Congress was not in session, or when the Congress was not actively considering revenue legislation. In fact, of the 34 out-of-town trips that I took during 1996, 29 of them were associated with travel which involved either no overnight stay or only a single night outside of town.

Second, the groups that I spoke to included various tax professionals groups like the American Bar Association Tax Section, various chapters of the Tax Executives Institute, other tax professional gatherings and various affected taxpayer groups. Five speeches involved lectures at colleges or law schools concerning the federal tax and budget legislative process. The expenses were generally paid by section 501(c)(3) tax exempt educational organizations. This raises a fundamental issue. Each year the Federal Government expects taxpayers to voluntarily remit over $1.5 trillion to the Internal Revenue Service through a series of complex tax laws which are used to finance the varied activities of our Federal Government. Almost all of my travel involved speeches to groups to familiarize them with pending or recently enacted tax legislation modifying this complex set of rules. In 1996, the Congress passed tax legislation which contained many complicated provisions increasing revenues over the next 10 years by billions, while at the same time including billions of revenue losing provisions. Your inquiry raises an important question: "Should Congressional staffers continue to be willing to travel outside of Washington to speak to groups impacted by the federal tax system and Congressional legislative action in that regard?" One alternative would be to discontinue any such activities. The result would be that Congressional staff would be available only to those taxpayers with the time and economic resources either to travel to Washington to meet with us or those that have Washington offices or representatives. This is clearly not a desirable result. On the other hand, if we are to continue this type of public service to taxpayers who may not have access to Washington counsel, should the Federal Government (i.e., taxpayers) pay for it or should the current practice be continued of permitting those groups to whom we give speeches to reimburse the cost of such travel accompanied by the full disclosure required under the ethics rules? I believe it is essential that we continue to be willing to speak to groups like the ABA Tax Section and other taxpayer groups affected by Congressional action, but that this is not an expense that should be paid by taxpayers. I also do not view this activity as something that

should be viewed as "free time" but rather an important responsibility that is inherently related to the work of the Congress.

I am attaching for the record copies of materials that I prepared in response to The Wall Street Journal article. These materials have previously been shared with all Members of the Joint Committee on Taxation, the Senate Finance Committee and the Committee on Ways and Means. Moreover, my response to The Wall Street Journal was published on April 23, 1997 (copy also attached).

Question. The JCT budget requests an increase of $5,000 for travel. How much money did the JCT spend on travel last year?

Answer. During fiscal year 1996, the Joint Committee on Taxation expended approximately $8,200 for travel expenses. Approximately $1,000 was expended to send Joint Committee staff members to educational tax conferences addressing issues under consideration by the Congress. The remainder of the funds were expended for travel to Washington by economists on the Joint Committee on Taxation Advisory Board or in connection with the macroeconomic symposium.

The Joint Committee's request for fiscal year 1998 for travel funds will assure that the travel budget more closely reflects actual expenditures.

ATTACHMENTS

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
Washington, DC, April 24, 1997.

The Honorable WILLIAM V. ROTH, JR.,
United States Senate,
Washington, DC.

The Honorable BILL ARCHER,
U.S. House of Representatives,
Washington, DC.

DEAR MR. ROTH AND MR. ARCHER: I am writing to you concerning an article which appeared in The Wall Street Journal on April 17, 1997, concerning my role as Chief of Staff of the Joint Committee on Taxation. This article is replete with inaccurate, biased and misleading reporting.

I am enclosing for your information a letter which I sent to the Editor of The Wall Street Journal concerning the article and a separate letter which I have sent to Alan Murray, the Washington Bureau Chief for The Wall Street Journal, detailing the glaring defects in the article.

If you have any questions concerning the issues raised in this article, I would be happy to address them. Please do not hesitate to call me if you wish to discuss this matter further.

Sincerely,

KENNETH J. KIES.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
Washington, DC, April 23, 1997.

Mr. NED CRABB,
Editor, Letters to the Editor, The Wall Street Journal,
New York, New York.

DEAR MR. CRABB: Enclosed is a letter to you regarding the article which appeared on April 17, 1997, in The Wall Street Journal concerning my role as Chief of Staff of the Joint Committee. I would appreciate it if you would consider it for publication in the "Letters to the Editor" section of your paper. I have also enclosed a copy of a letter which I have sent to Alan Murray, the Washington Bureau Chief of The Wall Street Journal, providing additional detail supporting the concerns which I have raised with respect to the April 17, 1997, article. I believe that the more detailed information contained in my letter to Mr. Murray clearly supports my request that you publish my letter to you concerning this article.

If you have any questions, please do not hesitate to call me.

Sincerely,

KENNETH J. KIES.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
Washington, DC, April 23, 1997.

Mr. NED CRABB,
Editor, Letters to the Editor, The Wall Street Journal,
New York, New York.

DEAR MR. CRABB: I am writing regarding your article of April 17, 1997, concerning my role as Chief of Staff of the Joint Committee on Taxation. This article is replete with inaccurate, biased and misleading reporting. Let me address some of the article's most glaring problems.

First, the article implies that I assisted Mr. Vander Jagt in an effort to obtain business from Steve Wynn. Since assuming my role as Chief of Staff of the Joint Committee on Taxation, I have never engaged in any such discussion on behalf of anyone connected with Baker & Hostetler or any other firm.

Second, the article suggests that I provide special treatment to my prior law firm, Baker & Hostetler. This assertion is false. Moreover, the article fails to note, as your reporter was advised, that since assuming the position of Chief of Staff of the Joint Committee, I have had a consistent policy of refusing to even meet with any member of the firm on any matter pending before the Joint Committee or to discuss such matters with them.

Third, the discussion in your article of the so-called football coaches provision fails to portray accurately the history of this provision. The article stated that the legislation sought to insert special legislation to allow college coaches to set up a tax exempt pension plan. However, the legislation involved was a technical correction to legislation the Congress passed in 1987 to permit coaches to set up such a pension plan. Operating under this prior legislation, the college coaches, with the express approval of the I.R.S., had set up and were operating such a plan until a technical defect was identified with the original legislation. In 1993, Hank Gutman, then Chief of Staff of the Joint Committee, ruled that the legislation to correct the defect qualified as a technical correction because it would accomplish the original intent of the 1987 legislation.

Fourth, the reference in the article to the legislation affecting Fort Howard and Morgan Stanley failed to note that I was by no means the only one to have concluded that the legislation was an appropriate technical correction or clarification of legislation previously enacted by the Congress. The Ways and Means Majority staff, the Senate Finance Committee Majority staff and the Treasury Department, among others, all supported this conclusion. Moreover, the Ninth Circuit Court of Appeals in the case of *U.S.* v. *Croy (Europe)Ltd.*, 27 F. 3d. 367 (9th Cir., 1994) had previously concluded in 1994 that the state of the law was already consistent with the 1996 clarification even prior to its approval by the Congress.

Fifth, the article suggests some undefined cause and effect relationship between my one-time speech to the 1996 meeting of the commercial gambling industry's Tax Executives Committee and a legislative proposal to subject Indian gambling to taxation. There are two significant defects with this oblique suggestion: first, the legislation to impose taxation on Indian gambling passed the House of Representatives in the Fall of 1995 while my speech occurred in April of 1996; second, to date the commercial gambling industry has been unwilling to support such legislation, at least in part as a result of the fact that the commercial gambling industry provides substantial management and support services to the Indian-owned casinos.

Finally, your article suggests that my role as Chief of Staff of the Joint Committee is different from the role performed by prior chiefs of staff. This too is inaccurate. Every chief of staff of the Joint Committee prior to me has engaged actively in speaking to taxpayer groups both inside and outside of Washington. They, like I, have complied with all applicable ethics rules of the Congress in these activities, which rules are today more restrictive than ever. This is a role that we should continue to fulfill given the significant impact which tax legislation has on the public generally and taxpayer groups in particular. To do otherwise would be a disservice to the tax system and the tax legislative process.

Sincerely,

KENNETH J. KIES.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
Washington, DC, April 23, 1997.

Mr. ALAN MURRAY,
Washington Bureau Chief, The Wall Street Journal,
Washington, DC.

DEAR ALAN: I am writing concerning the recent article which The Wall Street Journal published by Greg Hitt regarding my role as Chief of Staff of the Joint Committee on Taxation. As I suggested to you in my letter of April 10, 1997, I believed that Mr. Hitt was in the process of writing a single-mindedly negative article concerning me. The content of the story which appeared on April 17, 1997, conclusively demonstrated that my suspicions were correct. The article contains numerous distortions and inaccuracies and fails to include a balanced view on almost any of the issues which Mr. Hitt raised. I have enclosed with this letter a point by point response to the various issues which Mr. Hitt raised in his article. The responses which I have received from many who have read this article have been consistent and are similar to my own assessment. First, they fail to see what was newsworthy in the article. Second, they believe the article is one-sided and inaccurate. Third, they believe that the article falls dramatically below the standards for responsible journalism characteristic of The Wall Street Journal.

By this letter I am specifically requesting a letter of apology from The Wall Street Journal for the printing of this article. I would welcome the opportunity to discuss with you, in as much detail as you desire, the specific concerns I have raised in my point by point analysis of the article.

Sincerely,

KENNETH J. KIES.

POINT BY POINT ANALYSIS OF DISTORTIONS AND INACCURACIES IN THE WALL STREET JOURNAL ARTICLE OF APRIL 17, 1997, ENTITLED "IN THE PUBLIC EYE—TAX-PANEL STAFF CHIEF KEEPS A HIGH PROFILE; SPECIAL INTERESTS HELP"

WALL STREET JOURNAL ARTICLE CONTAINS SERIOUS DISTORTIONS AND INACCURACIES

Text of WSJ Article

1. When Washington lobbyist Guy Vander Jagt went to Las Vegas to court gambling tycoon Steve Wynn last April, he showed up with a friend: Kenneth Kies, chief of staff of the congressional Joint Committee on Taxation.

Mr. Wynn and his fellow gambling executives were worried that Congress would impose new taxes on their industry's earnings. And Mr. Vander Jagt, a former member of Congress, was seeking to boost his lobbying business.

As for Mr. Kies, Mr. Vander Jagt says: "I thought it would look good if I had the chief of staff, and I did." The three men had lunch on the patio of Mr. Wynn's mansion, overlooking the 18th hole of his private golf course. Then Messrs. Kies and Vander Jagt played a round of golf.

Mr. Vander Jagt didn't get the account. But Mr. Kies's presence at the outing highlights the unusual license he takes with his job as Congress's top tax staffer. The Joint Committee was set up 71 years ago to provide technical tax assistance to congressional tax writers, and its hear traditionally has avoided the limelight.

Response

1. The first four paragraphs of the article concern my meeting with Mr. Wynn which was also attended by Mr. Vander Jagt. The thrust of this section of the article suggest that I was attempting to assist Mr. Vander Jagt in obtaining business from Mr. Wynn. This is categorically untrue. Moreover, this section of the article is distorting and misleading for a number of reasons. First, at no time during my visit to Las Vegas or at any other time since becoming Chief of Staff of the Joint Committee on Taxation, have I in any way discussed or assisted or encouraged anyone to hire Mr. Vander Jagt or Baker & Hostetler in connection with representation of the gambling industry, or any other industry. Second, I was in Las Vegas to give a speech to the 1996 meeting of Hotel & Gambling Industry Tax Executives Committee as a result of an invitation which I received from Lee Johnson with Burson-Marsteller, a public relations firm with offices in Washington, D.C. Mr. Burson-Marsteller has no relationship or connection whatsoever to Mr. Vander Jagt or Baker & Hostetler. Third, my entire discussion with Mr. Wynn focused on issues wholly unrelated to who represents him or the gambling industry. Among the issues we discussed were the prospects for federal tax restructuring and other issues of

that nature. Finally, Mr. Vander Jagt advises me that he has no recollection of the quote attributed to him.

Text of WSJ Article

2. Then there is his relationship with Mr. Vander Jagt and the Cleveland law firm of Baker & Hostetler. Mr. Kies earned $500,000 a year as a lobbyist for the firm before leaving two years ago to take the congressional tax job. He handed many of his accounts to Mr. Vander Jagt, a longtime friend whom he helped land a job at the firm in 1993.

Response

2. Prior to taking the position as Chief of Staff of the Joint Committee on Taxation, I did not earn "$500,000 a year as a lobbyist for [Baker & Hostetler]." Rather, I earned this compensation as the Firm-wide Chair of Baker & Hostetler's Tax and Personal Planning Group. This group consists of over 50 lawyers located in the law firm's six offices. The Tax and Personal Planning Group consists of one of the four major practice areas of the law firm. In my capacity as Chair of the Firm-wide Tax and Personal Planning Group I coordinated all tax work for the law firm, participated in the setting of compensation for all associates and non-equity partners. My own tax practice included tax litigation, other tax controversy work, tax planning and tax legislative work. To state that I earned $500,000 a year as a lobbyist misrepresents of my role at Baker & Hostetler. A copy of my résumé, which was provided to Greg Hitt, and my discussions with him made that point abundantly clear.

Text of WSJ Article

3. In addition to accompanying Mr. Vander Jagt to see Mr. Wynn, Mr. Kies last year took trips at Baker & Hostetler's expense to Orlando, Fla., Houston, Cleveland, and Columbus, Ohio, where he spoke to the firm's clients and prospective clients. "It helps the firm enormously because Washington works on appearances," Mr. Vander Jagt explains. Mr. Kies "is enormously important in the formulation of tax law. People think, 'Well, Baker & Hostetler ought to have a direct pipeline into Ken.'"

"Having Ken over there, it's a nice thing," adds William Schweitzer, managing partner of Baker & Hostetler's Washington office. But he says the firm's dealings with Mr. Kies aren't any different than they would be with someone else serving as staff director of the Joint Committee on Taxation. On the issue of recruiting business, Mr. Schweitzer says: "probably, it gives you a bit of an advantage" to have Mr. Kies positioned on Capitol Hill, but direct connections are difficult to make. (Baker & Hostetler also does legal work for Dow Jones & Co., publisher of The Wall Street Journal.)

Response

3. This excerpt of the article implies that I have given special treatment to Baker & Hostetler. It totally distorts the actual relationship I have had with Baker & Hostetler since taking the position as Chief of Staff of the Joint Committee. In particular, it fails to note that since assuming the position of Chief of Staff of the Joint Committee, I have had a consistent policy of refusing to even meet with either partners or associates of the firm on any matter pending before the Joint Committee on Taxation or to discuss such matters with them. I adopted this practice after consulting with prior Chiefs of Staff of the Joint Committee concerning the way in which they handled their own prior relationships with law firms with which they had previously been associated prior to taking the position of Chief of Staff of the Joint Committee. Failure to include this information coupled with the text presented clearly and intentionally conveys an unjustly unfavorable impression of me. As you can see from the enclosed memo to Greg Hitt dated March 14, 1997, this point was clearly communicated to him.

Text of WSJ Article

4. Because of his clout, the Washington tax-writing community is reluctant to criticize Mr. Kies openly. But because his behavior is so unusual, given his staff position, many are uneasy.

"I'm a little surprised he's quite as visible as he is," says John "Buck" Capoton, former assistant secretary of the Treasury for tax policy in the Reagan administration "It's a little dangerous to get out in front of the members. It's supposed to be their show, not his."

Response

4. The article in this excerpt makes the unsubstantiated assertion that "many are uneasy" with my behavior as Chief of Staff of the Joint Committee. Notwithstanding

this, the only "on the record" comment included is one from Buck Chapoton. He has advised me since this article appeared that the quote used from his interview with Greg Hitt completely distorts the lengthy interview which he provided to Greg concerning his view of my tenure as Chief of Staff of the Joint Committee.

Text of WSJ Article

5. The revolving door for government officials is a commonplace in Washington. But while executive-branch employees face some strict restrictions on their lobbying activities after office, members of Congress and their staffers face few such limits.

Response

5. The statement that Members of Congress and their staffers face few limits on activities that they can conduct after leaving government, as contrasted with Executive Branch employees, is flatly wrong. Prior to the Clinton Administration, the Executive Branch and the Legislative Branch essentially operated under exactly the same restrictions—a one-year moratorium on their ability to have contact with their prior agency or employer. While it is true that the Clinton Administration has lengthened that to five years under some circumstances, the nature of the limitation is essentially the same. Thus, Members of Congress may not lobby their colleagues for one year after leaving office. Likewise, staffs of committees are precluded from lobbying staff members of the committee on which they worked or Members of such committees for one year after they leave office.

Text of WSJ Article

6. But even in the freewheeling world of congressional staffers, Mr. Kies's and Mr. Vander Jagt's moves through that revolving door seem surprisingly fast.

As a Baker & Hostetler lobbyist, Mr. Kies unsuccessfully pushed the case of the American Football Coaches Association, which was seeking special tax legislation that would allow college coaches to set up a tax-exempt pension plan. When he took his job in Congress, Mr. Kies passed the coaches account on to Mr. Vander Jagt. The provision subsequently was included in one version of the GOP's balanced-budget bill, which later died. Then it became part of a small-business tax bill that was signed into law.

Mr. Kies denies having anything to do with the measure's success. But Sen. Jay Rockefeller, a West Virginia Democrat, made a point of publicly highlighting Mr. Kies's ties to the coaches in a meeting of the Senate Finance Committee. "He made some snide comment," Mr. Kies says. "I remember much more vividly his 65 questions on coal-miner retirees."

Response

6. The discussion in the article of the so-called football coaches provision fails to portray accurately the history of this provision. The article stated that the legislation sought to insert special legislation to allow college coaches to set up a tax exempt pension plan. However, the legislation involved was a technical correction to legislation the Congress passed in 1987 to permit coaches to set up such a pension plan. Operating under this prior legislation, the coaches, with the express approval of the I.R.S., had set up and were operating such a plan until a technical defect was identified with the original legislation. In 1993, Hank Gutman, then Chief of Staff of the Joint Committee, ruled that the legislation to correct the defect qualified as a technical correction because it would accomplish the original intent of the 1987 legislation. While the article discusses the exchange which Senator Rockefeller and I had during a markup of the Senate Finance Committee, it failed to include the fact that I specifically indicated during that exchange that I was recused from any discussion of the matter and that I had consistently during my tenure recused myself from discussions about this provision. Finally the article failed to note that the Football Coaches Association provision was included in a bill reported by the House Ways and Means Committee in 1993, more than a year prior to my becoming Chief of Staff of the Joint Committee.

Text of WSJ Article

7. Another case that raised eyebrows involved Mr. Vander Jagt's efforts to protect a wealthy client from legislation that would tighten tax rules on American who renounce their U.S. citizenship in order to escape taxes. Mr. Vander Jagt was retained to represent Joseph Bogdanovich, and H.J. Heinz Co. executive who had moved to Britain and renounced his citizenship.

Drafting Error

The effective date of the bill was Feb. 6, 1995. But in a closed-door meeting of the House Ways and Means Committee, GOP lawmakers approved a statement that

would have allowed the effective date to slip by a month, exempting Mr. Vander Jagt's client. Democrats were invited to the hastily convened meeting, but many showed up late and the change went unnoticed. When Democrats discovered it hours later, they protested loudly, and GOP members reversed course. Mr. Kies calls is a simple drafting error. But as the top staffer in the room, it was his job to advise members on the implications of the change. Democrats remain skeptical about the episode.

"We've never gotten a satisfactory explanation of how that happened." says California Democrat Robert Matsui, a senior member of the committee. Messrs. Kies and Vander Jagt say they never spoke about the issue.

Response

7. Concerning this section of the article, at least two points are relevant. First, to suggest that I should have been aware of the implications of what was a completely innocuous statement concerning the expatriation issue as relates to Mr. Bogdanovich when I was wholly unaware of the factual circumstances concerning his situation is obviously an absurd statement. Second, contrary to the suggestion in the article, I was not the only top staffer "in the room," when this statement was hastily drafted. In the room at the same time were top staffers from the majority and minority side of the Ways and Means Committee, both of whom were apparently familiar with the factual situation involving Mr. Bogdanovich. I in no way mean to suggest that they were attempting to assist Mr. Bogdanovich or Mr. Vander Jagt because I firmly believe that the statement was in no way binding regarding future action which the Ways and Means Committee or the Senate Finance Committee would take on this matter, but was only intended to constitute a place holder for future consideration of the issue of expatriation.

Text of WSJ Article

8. And by just tweaking the language of legislation, Mr. Kies has shown he can wield substantial influence on issues important to special interests.

Last year, for instance, he helped clear the way for a little-noticed provision that gave millions of dollars in tax benefits to Fort Howard Corp. and Morgan Stanley Group Inc., which owns a major stake in the Wisconsin paper company. A Democratic-appointed predecessor, Harry Gutman, refused to touch the matter, saying it wasn't strictly a technical issue and therefore should be left to members of Congress to decide. "I wouldn't do it," Mr. Gutman says. Mr. Kies says he got involved because he saw the situation differently.

Response

8. The reference to the legislation affecting Fort Howard and Morgan Stanley failed to note that I was by no means the only one to have concluded that the legislation was an appropriate technical correction or clarification of legislation previously enacted by the Congress. The Ways and Means Majority staff, the Senate Finance Committee Majority staff and the Treasury Department, among others, all supported this conclusion. Moreover, the Ninth Circuit Court of Appeals in the case of *U.S.* v. *Kroy (Europe) Ltd.*, 27 F. 3d. 367 (9th Cir., 1994) had previously concluded in 1994 that the state of the law was already consistent with the 1996 clarification even prior to its approval by the Congress in 1996.

Text of WSJ Article

9. As for his far-flung public speeches, Mr. Kies argues that speaking to taxpayers—even if it means traveling extensively—is part of his job. Last year, his itinerary included visits to academic institutions and nonprofit organizations, as well as trips underwritten by Baker & Hostetler and by grocery, real-estate, gambling and energy concerns. In all, Mr. Kies took 42 trips paid for by outside groups, costing nearly $60,000.

Response

9. The article suggest that my role as Chief of Staff of the Joint Committee is different from the role performed by prior chiefs of staff. This too is inaccurate. Every chief of staff of the Joint Committee prior to me has engaged actively in speaking to taxpayer groups both inside and outside of Washington. They, like I, have complied with all applicable ethics rules of the Congress in these activities, which rules are today more restrictive than ever. This is a role that we should continue to fulfill given the significant impact which tax legislation has on the public generally and taxpayer groups in particular. To do otherwise would be a disservice to the tax system and the tax legislative process.

Text of WSJ Article

10. It was on one such speaking trip last April that Mr. Kies and Mr. Vander Jagt visited Mr. Wynn, chairman of Mirage Resorts Inc. Mr. Kies was in Las Vegas to speak to a group of hotel and gambling executives. His $1,900 in travel and lodging expenses were paid by the hotel and gambling interests, according to Rick Darnold, a Boyd Gaming Corp. vice president who organized the event.

Mr. Kies says that after his separate meeting with Mr. Wynn, he sent the Mirage chairman a $100 check to avoid the appearance that he might be accepting a special gift by playing on his private golf course. "I'm the only person who probably ever paid to play there," he says.

He says his views aren't influenced by the money spent on him. But the gambling executives have reason to feel their money was well spent. "If people have a good understanding of your industry, then they're better regulators," Mr. Darnold says.

On the issue of gambling, Mr. Kies talks down a proposal to impose tax-withholding requirements on keno and bingo winnings. The gambling industry fears that the idea—bandied about in the last Congress and endorsed by the Clinton administration—would eventually be broadened to include slot machines. And he has strongly endorsed taxing the proceeds earned at Indian casinos, which provide untaxed competition with the commercial-gambling industry.

"I question whether he's got his own agenda," says Democratic Rep. Gerald Kleczka of Wisconsin, who worries about the impact such a tax would have on the 17 Indian-run casinos in his state. "If you want the job of a member of Congress, run for it."

Response

10. The article suggests some undefined cause and effect relationship between my one-time speech to the 1996 meeting of the commercial gambling industry's Tax Executives Committee and a legislative proposal to subject Indian gambling, which currently enjoys tax free treatment, to the income taxation regime imposed on other business activities (including commercial gambling.) There are two significant defects with this oblique suggestion; first, the legislation to impose taxation on Indian gambling passed the House of Representatives in the Fall of 1995 while my speech occurred in April of 1996, second, to date the commercial gambling industry has been unwilling to support such legislation, at least in part as a result of the fact that the commercial gambling industry provides substantial management and support services to the Indian-owned casinos.

SUBCOMMITTEE RECESS

Senator BENNETT. I have nothing further. Do you have anything to add?

Mr. ARCHER. I would only add one other thing. We rotate chairmanships of this committee every year, and one year it is the House Ways and Means chairman, the next year it is the Senate Finance Committee chairman, and next year Senator Roth is the chairman of the Joint Committee on Taxation. Next year he will be the chairman, at the time when these appropriations will be going into effect.

Senator BENNETT. All right. Thank you very much. We appreciate your coming over.

Mr. ARCHER. Thank you, Mr. Chairman.

Senator BENNETT. The subcommittee is recessed.

[Whereupon, at 11:45 a.m., Tuesday, May 6, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 1998

TUESDAY, MAY 20, 1997

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

The subcommittee met at 10 a.m., in room S–128, the Capitol, Hon. Robert F. Bennett (chairman) presiding.

Present: Senators Bennett, Stevens, Craig, and Dorgan.

CAPITOL POLICE BOARD

STATEMENTS OF:

HON. GREGORY S. CASEY, CHAIRMAN, U.S. CAPITOL POLICE BOARD

HON. WILSON LIVINGOOD, SERGEANT AT ARMS, U.S. HOUSE OF REPRESENTATIVES, MEMBER, U.S. CAPITOL POLICE BOARD

CHIEF GARY L. ABRECHT, U.S. CAPITOL POLICE

ACCOMPANIED BY HON. ALAN M. HANTMAN, ARCHITECT OF THE CAPITOL, MEMBER, U.S. CAPITOL POLICE BOARD

OPENING STATEMENT OF ROBERT F. BENNETT

Senator BENNETT. The subcommittee will come to order.

Today we're holding a hearing on the budget for the U.S. Capitol Police Board and the Congressional Budget Office budget request. We appreciate you being here and look forward to your testimony.

The first panel will be the Capitol Police Board, including the Honorable Greg Casey, who is the Senate Sergeant at Arms and chairman, the Honorable Wilson Livingood, the House Sergeant at Arms, and Mr. Gary Abrecht, Chief of the Capitol Police. I assume you are honorable as well, sir.

Mr. ABRECHT. I do not know, sir. [Laughter.]

Senator BENNETT. And we have accompanying them the Honorable Alan Hantman, Architect of the Capitol, who serves as a member of the Police Board. We will start with this first panel and go on to the second one after you have concluded.

I want to commend the board, particularly you, Mr. Casey, for the effort being made to review the financial management and human resource practices of the police. My memory goes all the way back to the time when the Capitol Police were referred to affectionately as the campus cops.

Every Senator had patronage, and the Capitol was filled with students at George Washington University who were getting their law degrees at night while sitting behind desks around the Capitol

wearing uniforms during the daytime. One of them, who is now one of the more prominent attorneys in Salt Lake City, said if anything had ever happened that would have required him to draw his gun he would have been more panicked than the individual against whom he was drawing it, because he had not the slightest idea how to use it, or even what certain buttons on it were for.

The Capitol Police unfortunately have had to acquire a professionalism far beyond that level, and we are sorry in a sense that is the case, but we recognize the professionalism of the police and commend you for that.

So we have been joined by Senator Craig. Do you have an opening statement?

Senator CRAIG. No, Mr. Chairman. Go right ahead. I will have some questions.

Senator BENNETT. Well, we shall hear from you, then, Mr. Casey.

SUMMARY STATEMENT

Mr. CASEY. Thank you, Mr. Chairman, and I want to also thank Wilson Livingood and Chief Abrecht and Mr. Hantman for being here today. These two fine gentlemen plus the police chief make up the team that makes up the Police Board. It's a great team to work with.

I am honored to be chairman of the Capitol Police Board. I am honored to be able to represent the 1,250 members of the Capitol Police in making this request for our 1998 appropriations. Thank you also for your kind remarks.

I am reminded of the fact that one of my mentors in Idaho politics was a former Governor of Idaho who himself served, while he was attending George Washington University, as a Capitol Hill policeman. The stories you just told, I have heard before from Governor Smiley when he served on the Capitol Police many years ago.

You are also correct in recognizing that this is a department that is in transition, reminding you—I do not think I need to, but this is the agency with the sole statutory responsibility for providing law enforcement and protective services for the entire branch of Government, legislative branch of Government.

Because of that, we have the responsibility to try to increase our capabilities in what has become a varied and ever-present security threat situation.

Thanks to the support of this committee, the Capitol Police has become a top-flight law enforcement operation, with enhanced capabilities and professional respect both within this community and outside this community.

One example of the increased capabilities of the force is the creation of the physical security division. This division, which I might add was created subsequent to a Secret Service joint operation to analyze the physical security needs of the Capitol complex, was created in 1996. It has been charged with the development and implementation of an integrated security program for the entire Capitol complex.

With the approval of this committee just recently, phase 1 of this comprehensive state-of-the-art program has begun, and I might also add that we hope to finish phase 1 of our Capitol security program by the end of this calendar year, so the record of being able

to put together the physical security division in 1996, develop and implement phase 1 by the end of this calendar year I think is fairly remarkable, and speaks highly of the effort of the Capitol Police.

We have also become a full partner in the intelligence and national security community of the Federal Government, something which I think will become increasingly important.

Because of these responsibilities, it falls to those of us who constitute the board to ensure that progress continues. The Capitol Police must remain responsive to the changing security requirements of Congress.

In discharging this responsibility, we feel the need and obligation to serve both the department, its men and women, and the Congress. To the men and women of the department, the board must ensure that pay and benefits are commensurate with the duties we ask these personnel to perform for us on a daily basis. We must ensure that parity is maintained with other similar Federal law enforcement agencies in the Washington metropolitan area, and that the police command and management are effective and competent.

To the Congress, the board must ensure that our budget request is reasonable, reflecting only the real needs of the department while ensuring our appropriated funds are managed responsibly and efficiently, something I am sure you will ask me questions about.

I can assure you, Mr. Chairman and Senator Craig, that all of these factors were considered during the preparation of the fiscal year 1998 U.S. Capitol Police Board's budget request. The total request for 1998 is $79,336,000. This reflects a 9-percent increase over last year, or a $7.1 million increase.

The increase reflects basically two areas. One is parity initiatives for these sworn officers to include about $2 million in COLA only, and one-third of it, roughly 30 percent, is increases in the general expenses to cover computer and telecommunications systems which are now showing as part of the Sergeant at Arms' budget. Basically what we are doing is moving an expense that is for the Capitol Police, out of the Sergeant at Arms' budget and into the police budget, where it should have been all along. It is not new money. It has just been shifted over.

Senator BENNETT. May I interrupt you long enough to ask if you know if the Sergeant at Arms' budget is going down commensurately?

Mr. CASEY. I cannot guarantee that at this point, Mr. Chairman. The Sergeant at Arms' organization is in a state of total reorganization at this point. We will probably come back to you with a net reduction in the amount of O&M that we're requesting for 1998 over the budget that you've already received in the Sergeant at Arms operations. Whether that can be directly attributable to the shift of this money, I cannot say honestly.

Senator BENNETT. Continue.

Mr. CASEY. To ensure that we build on the operational successes of the Capitol Police, the board and the department's command staff recognize that our focus for the coming year must be on administrative and management issues. In response, this board passed a resolution which directs the department to conduct an

evaluation of administrative and management functions within the Capitol Police force.

This evaluation will include analysis and assessment of information technology, financial management, and human resource programs. We know that certain improvements, especially in information technology, are needed to improve and maintain the operational successes of the force. I will just outline in a moment what that evaluation process is going to be.

First, we are going to conduct a thorough analysis of our current administrative operations and practices and establish some benchmarks. Second, we are going to define our requirements and our priorities; and third, once our functional requirements are defined, we will develop and implement programs to meet those needs and apply best business practices.

This action is a proactive and responsible approach to making certain that the police command, the Police Board, and the respective appropriations and oversight committees have sound information on which to base their decisions.

The mission of the U.S. Capitol Police is critical to the safety and security of the U.S. Congress and all those who work and visit here. We are presented with a complex and challenging task. It is our mutual goal to ensure that the U.S. Capitol Police continues to receive the funding it requires to effectively perform its mission.

Just to elaborate on that statement, we are told repeatedly that this building, if not the top, is one of the top terrorism targets in the Nation, so we make a choice day-in and day-out as to whether or not we will make it a fortress, like some buildings in this town, or whether or not we will continue to have access by the public and the many visitors who come here.

In order to do that, we have to continue to improve and keep our Capitol Police force responsive to that environment in which we find ourselves. That is a very difficult and demanding task. I think our police force has risen to that. That is one of the reasons I think when the chief talks, you will see that some of our statistics are things to be proud of, but it is indeed a daunting task and one we have to continue to stay on top of.

We are convinced the administrative management aspect of this needs to be evaluated, as well as the physical security part of it, and we set about doing that in this calendar year.

I would like to thank this committee for the support and guidance you have provided us, and I also want to thank you, Mr. Chairman, for the excellent working relationship we have had with your staff and with the Appropriations Committee. It has indeed been a partnership with them, and we think that has been very beneficial to both of us.

PREPARED STATEMENT

A detailed budget of the U.S. Capitol Police has been submitted to the committee, and I will be happy to answer questions either now or after the other gentlemen.

[The statement follows:]

PREPARED STATEMENT OF GREGORY S. CASEY

Mr. Chairman and members of the Committee, I am Greg Casey, I am the 34th Sergeant at Arms and Doorkeeper of the United States Senate. As such, I also serve this year as chairman of the Capitol Police Board. On behalf of the 1,250 men and women of Capitol Police, I am pleased to present the fiscal year 1998 Budget Request for the United States Capitol Police.

Joining me today are the other two members of the Capitol Police Board, Mr. Wilson Livingood, the House Sergeant at Arms, and Mr. Alan Hantman, the Architect of the Capitol. I would like to thank each of them for their commitment and effort on behalf of the Board and Department. In particular, Mr. Livingood for his depth of experience and guidance in law enforcement operations and Mr. Hantman, not only for his work as a member of the Board, but also his support as Architect in providing facilities support, including infrastructure and capital improvements which are included in the Architects budget request. Also with us today is Gary Abrecht, the Chief of Police. Our appreciation to him for his leadership of the department.

Over the past few years, the U.S. Capitol Police has been a Department in transition. As the agency with the sole statutory responsibility for providing law enforcement and protective services for the United States Congress, the Capitol Police must constantly strive to meet security threats which are varied and ever present.

With the support of this committee, the U.S. Capitol Police force has become a top flight law enforcement operation with enhanced capabilities and professional respect both from within and outside the force. One example of the increased capabilities of the force is the creation of the Physical Security Division. This division is charged with the development and implementation of an integrated security program for the entire Capitol Complex. With the approval of this committee, phase one of this comprehensive, state-of-the-art program has begun. The U.S. Capitol Police has also established itself as a partner within the intelligence and national security community of the federal government.

It falls to the Board of the U.S. Capitol Police to ensure that this progress continues and the Capitol Police remain responsive to the changing security requirements of the Congress. In discharging this responsibility, the Board assumes an obligation to both the Department and to the Congress.

To the men and women of the Department, the Board must ensure that pay and benefits are commensurate with the duties the personnel are asked to perform; that parity is maintained with other similar federal law enforcement agencies in the Washington Metropolitan area; and that police command and management are effective and competent. To the Congress, the Board must ensure that our budget request is reasonable, reflecting only the real needs of the Department, while ensuring appropriated funds are managed responsibly and efficiently.

All of these factors were considered during the preparation of the fiscal year 1998 U.S. Capitol Police Budget Request. The total fiscal year 1998 Budget Request for the United States Capitol Police is $79,336,000. This reflects an increase of 9 percent over last year's appropriation and an increase of 3 FTE's.

The increase reflects actions in basically two areas. It funds pay parity initiatives for the sworn members of the force. It also increases the General Expenses Budget to cover computer and telecommunication systems expenses which were previously funded within the budget of the Office of the Senate Sergeant at Arms.

To ensure that we continue to build upon the operational successes of the U.S. Capitol Police, the Board and the Department's Command Staff recognize that our focus for the coming year must be on administrative and management issues.

In response, the Capitol Police Board passed a resolution which directs the department to conduct an evaluation of the administrative and management functions within the Capitol Police force. This evaluation will include analysis and assessment of information technology, financial management, and human resource programs.

We know that certain improvements, especially in the information technology area, are needed to improve and maintain the operational successes of the force.

If I may take a moment to outline the evaluation process:

—We will first conduct an analysis of current administrative operations to establish benchmarks.

—We will begin to define our requirements and priorities.

—Once our functional requirements are defined, we will develop and implement programs to meet the identified needs and apply best business practices in each of the administrative operations.

This action is a proactive and responsible approach in making certain that the police command, the Police Board, the respective appropriations and oversight committees have sound business information in order to make sound business decisions.

The mission of the U.S. Capitol Police is critical to the safety and security of the United States Congress and all those who work and visit within the Capitol complex. We are presented with a complex and challenging task. It is our mutual goal to ensure that the U.S. Capitol Police continues to receive the funding it requires to effectively perform its mission.

I would like to thank the Committee for the support and guidance you have provided to the Board over the last year. A detailed budget for the U.S. Capitol Police has been submitted to the Committee. I will be happy to answer any questions you may have.

UNITED STATES CAPITOL POLICE FISCAL YEAR 1998 BUDGET REQUEST

COMBINED BUDGET

Fiscal year 1997 Appropriation	$72,138,000
Fiscal year 1998 Appropriation Request	79,336,000
Fiscal 1998 Increase	7,198,000

The budget for the United States Capitol Police is comprised of funding for the salaries of officers, members and employees and a general expenses account for administrative and capital asset requirements. The total estimate for fiscal year 1998 is $79,336,000. This is an increase of $7,198,000 over amounts appropriated in fiscal year 1997.

Funding is requested for COLA and Comparability Pay, and three new positions. Two of these positions are for support of internal personnel/payroll functions which will be administered through the National Finance Center. The other new position is requested for support of the Office of General Counsel in meeting the requirements of the Congressional Accountability Act.

The amount of $2,382,000 is requested to fund several pay initiatives for sworn personnel. It has been a long-standing objective of the Capitol Police Board and the Chief of Police to achieve parity in terms of pay and other benefits with other similarly situated Federal law enforcement agencies which are covered under Title 5 of the United States Code. The amount requested would allow the Department to administer the provisions of the Fair Labor Standard Act consistent with other agencies that allow the inclusion of scheduled leave for purposes of meeting pay period thresholds. Funding would also allow the Department to pay sworn personnel differential pay rates for Sundays, nights and holidays.

The total request for the General Expenses budget is $5,401,000. Included in the General Expenses budget is the amount of $2,167,000 for computer services and telecommunications systems. The budget for these functions is included at the direction of the Senate Subcommittee on the Legislative Branch and represents a transfer of budget authority from the Office of the Senate Sergeant at Arms budget.

Funds are also requested in the amount of $100,000 to fund a cross-servicing contract for the Accounting function related to our General Expenses appropriation as well as to upgrade or acquire necessary systems. Funding for the biennial promotion exam is included in the amount of $175,000. The amount of $98,000 is requested for restoration of the vehicle replacement budget which was reduced in fiscal year 1997.

The following is an explanation of changes contained in the Salaries and General Expenses budget estimates.

SALARIES BUDGET

Fiscal 1997	$69,356,000
Fiscal 1998	73,935,000
Increase	4,579,000

Mandatory Pay and Related Changes—$4,367,000

Personnel Compensation—($261,000). A decrease is estimated due to the timing of scheduled classes at the Federal Law Enforcement Training Center.

Agency Contributions for Employee Benefits—$462,000.

Annualization of fiscal year 1997 COLA—$316,000. This amount is included at the COLA rate of 2.3 percent for three months for the COLA increase effective on January 1, 1997.

Projected fiscal year 1998 COLA—$1,201,000. Estimated at the rate of 2.8 percent for nine months.

Comparability Pay—$267,000. Estimated at the rate of .7 percent for nine months.

Pay Schedule Parity Initiatives.

Scheduled Leave Inclusion—$676,000.—Funding of this initiative would allow the department to administer provisions of the Fair Labor Standard Act in the same manner as other Federal law enforcement agencies. Sworn officers would be allowed to count scheduled leave toward meeting pay period thresholds for purposes of earning overtime.

Differential Pay Rates.—Funding for the following differential pay rates is requested for sworn officers of the department consistent with rates paid under Title 5 of the United States Code for other Federal law enforcement agencies:

—Sunday Pay—$521,000. This amount would be paid to sworn officers working Sunday at a differential rate of 25 percent.

—Night Differential—$783,000. This differential pay would be administered at a rate of 10 percent.

—Holiday Pay—$402,000. This amount is requested to fund a holiday pay differential of 100 percent.

Program Type Changes—Workload—$212,000

New Positions—$212,000. Amount of compensation and related benefits to fund three new positions: Two positions are requested to staff internal personnel/payroll functions in support of the National Finance Center payroll operation. The other position would be assigned to the Office of General Counsel in support of administering the Congressional Accountability Act.

GENERAL EXPENSES BUDGET

Fiscal 1997	$2,782,000
Fiscal 1998	5,401,000
Increase	2,619,000

The General Expenses Budget request for fiscal year 1998 is $5,401,000. This amount includes a transfer of computer services and telecommunications systems from the Office of the Senate Sergeant at Arms. The estimate to fund these functions is $2,167,000. It is expected that these funds will be used to reimburse the Office of the Senate Sergeant at Arms for the maintenance and upgrade of current systems.

The following is an overview of the General Expenses budget by object class:

Transportation of Persons

Fiscal 1997	$250,000
Fiscal 1998	275,000
Increase	25,000

This object class includes airfare, car rental, mileage, tolls, per diem, and other expenses incidental to official travel by employees of the Department. These travel expenses are related to protective details, transporting employees to and from the Federal Law Enforcement Training Center (FLETC) for recruit and other specialized training, as well as other developmental training that is not held at FLETC or in the DC area. It also includes costs associated with other travel related to official business such as investigations, ceremonial functions, competitions, etc.

Transportation of Things

Fiscal 1997	$5,000
Fiscal 1998	5,000
Increase	

This object class includes freight costs incurred when parts, uniforms, or materials must be sent to another location (e.g., our liaison office at FLETC), when equipment is shipped to a repair facility, when items of evidence must be sent to another site for analysis or investigation, shipment of household goods for officers assigned to FLETC, etc. Funds contained in this object class cover any transportation costs except regular mail services and travel and per diem costs.

Rent, Communications, and Utilities

Fiscal 1997	$137,000
Fiscal 1998	76,000
Increase	(61,000)

This object class provides funds for the lease and rental of equipment and services such as law enforcement computer files, automated research services, and

photocopying machines. It also includes funds for U.S. Postage, and commercial long distance telephone service. The estimated decrease reflects the recent level of costs for these functions.

Other Services

Fiscal 1997	$1,195,000
Fiscal 1998	3,666,000
Increase	2,471,000

This object class includes charges for commodities, whether acquired by formal contract or other form of purchase, that are ordinarily consumed or expended within one year after they are put into use. It contains items such as weapon parts, photographic supplies, K–9 supplies, automotive maintenance supplies, electronic supplies, office supplies, publications, uniforms and accessories, ammunition and explosives, and other miscellaneous supplies.

This object class includes all services not specifically covered by any other object class. It encompasses such things as repairs and alterations to equipment, maintenance contracts, tuition and registration fees for training programs, conferences, seminars, etc., uniform alterations, and professional services such as recruit physicals, forensic services, stenographic services, veterinary care, psychological evaluations, employee assistance program. The request also includes continued funding for the NFC conversion of payroll which is expected to occur for the House payroll on March 30, 1997.

The amount of $2,167,000 is requested for reimbursement to the Office of the Senate Sergeant at Arms for computer and telecommunications services. Funding is also requested for an initiative to have the Departmental accounting of the General Expenses appropriation performed via cross-servicing by another agency. The amount of $175,000 is included in this object class for the biennial promotion exam.

Supplies and Materials

Fiscal 1997	$938,000
Fiscal 1998	996,000
Increase	58,000

This object class includes charges for commodities, whether acquired by formal contract or other form of purchase, that are ordinarily consumed or expended within one year after they are put into use. It contains items such as weapon parts, photographic supplies, K–9 supplies, automotive maintenance supplies, electronic supplies, office supplies, publications, uniforms and accessories, ammunition and explosives, and other miscellaneous supplies.

Capital Assets

Fiscal 1997	$257,000
Fiscal 1998	383,000
Increase	126,000

This object class provides for the purchase of equipment that has a normal life expectancy of a year or more after being put into use, without material impairment of its physical condition, and has a unit cost of at least one hundred dollars. Included in this object class are weapons, vehicles, photographic equipment, automotive maintenance equipment, electronic equipment, investigative equipment, etc. The increase includes $97,000 to restore the budget for vehicle replacements which was reduced in fiscal year 1997.

SCHEDULE 3—JOINT—BY APPROPRIATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Fiscal year 1996 actual		Fiscal year 1997 estimate		Fiscal year 1998 estimate		Net change 1997/98	
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Appropriation: U.S. Capitol Police:								
Salaries:								
House	637	$34,213	637	$33,437	637	$35,507	.....	$2,070
Senate	662	35,919	662	35,919	665	38,428	3	2,509
Subtotal	1,299	70,132	1,299	69,356	1,302	73,935	3	4,579
Rescission (Public Law 104–208)	.....	3,000	.....	.....	.....	.....	.....	.....
Total Salaries	1,299	67,132	1,299	69,356	1,302	73,935	.....	4,579
General Expenses	.....	2,560	.....	2,782	.....	5,401	.....	2,619
Breakdown by Object Class:								
11 Personnel Compensation	.....	54,314	.....	56,378	.....	60,456	.....	4,078
12 Personnel Benefits	.....	12,818	.....	12,978	.....	13,479	.....	501
21 Transportation of Persons	.....	250	.....	250	.....	275	.....	25
22 Transportation of Things	.....	5	.....	5	.....	5	.....	.....
23 Rent Comm., and Utilities	.....	137	.....	137	.....	76	.....	−61
25 Other Services	.....	1,070	.....	1,195	.....	3,666	.....	2,471
26 Supplies and Materials	.....	938	.....	938	.....	996	.....	58
31 Capital Assets	.....	160	.....	257	.....	383	.....	126
Total	.....	69,692	.....	72,138	.....	79,336	.....	7,198

SCHEDULE B—JOINT—ANALYSIS OF CHANGE TO BUDGET BASE BY ORGANIZATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Mandatory pay and related costs		Program Type Changes								Net total changes	
			Price level changes		Legislation		Workload		Equipment, alterations, maintenance, repairs, etc.			
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Object Class:												
11 Personnel Compensation	.....	$3,905	.....	.....	.....	.....	3	$173	.....	.....	.....	$4,078
12 Personnel Benefits	.....	462	.....	.....	.....	.....	.....	39	.....	.....	.....	501
21 Transportation of Persons	.....	.....	.....	.....	.....	.....	.....	25	.....	.....	.....	25
22 Transportation of Things	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
23 Rent, Comm., and Utilities	.....	.....	.....	.....	.....	.....	.....	−61	.....	.....	.....	−61
25 Other Services	.....	.....	.....	.....	.....	.....	.....	2,371	.....	$100	.....	2,471
26 Supplies and Materials	.....	.....	.....	$58	.....	.....	.....	.....	.....	.....	.....	58
31 Equipment	.....	.....	.....	.....	.....	.....	.....	.....	.....	126	.....	126
Total	.....	4,367	.....	58	.....	.....	3	2,547	.....	226	.....	7,198

SCHEDULE C—JOINT—DETAILED ANALYSIS OF CHANGE BY ORGANIZATION

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997	1,299	$69,356
Budget Base, 1997	1,299	69,356
Adjustments to Base	1998 Request	
Mandatory Pay and Related Costs:		
Federal Employees Retirement System (FERS), CSRS and Health Benefits		462
Projected fiscal year 1998 COLA		1,201
Annualization of fiscal year 1997 COLA		316
1998 Comparability Pay Increase		267
Capitol Police Board Pay Initiative:		
Scheduled Leave Toward Threshold		676
Night Differential		783
Sunday Pay		521
Holiday Pay		402
Estimated Lapse/FLETC Classes		(261)
Price Level Changes		
Program Type Changes		
Legislation		
Workload: Personnel Compensation and Benefits	3	212
Equipment		
Net Increase/Decrease Requested	3	4,579
Total Appropriation Request, 1998		73,935

SCHEDULE D—JOINT (SALARIES)—SUMMARY OF AGENCY FISCAL YEAR 1998 BUDGET REQUEST

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997	1,299	[1] $69,356
Budget Base, 1997	1,299	[1] 69,356
Proposed Changes for fiscal year 1998:		
Mandatory Pay and Related Costs		4,367
Price Level Changes		
Program Type Changes:		
Legislation		
Workload	3	212
Equipment		
Total Proposed Changes	3	4,579
Fiscal year 1998 Budget Request		73,935

[1] Includes overtime currently estimated at $4,000,000 and employee benefits at approximately $13,479,000.

EXPLANATION OF CHANGE—FISCAL YEAR 1998 TO ACCOMPANY SCHEDULE D—HOUSE

ADJUSTMENTS TO BASE

Mandatory Pay and Related Costs—$2,070,000

Retirement System and Health Benefits—$174,000. The increase is requested commensurate with other increases in personnel compensation.

Projected fiscal year 1998 COLA—$576,000. The projected COLA is 2.8 percent for nine months (2.1 percent).

Annualization of the fiscal year 1997 COLA—$153,000. This amount is estimated on the basis of 2.3 percent for three months.

Fiscal year 1997 Comparability Pay Increase—$126,000. This increase is requested to provide USCP officers with a comparability increase similar to that received by other Federal law enforcement officers. The projected increase is .7 percent for nine months (.53 percent).

Estimated Employment Lapse—($103,000). This amount is estimated to lapse due to the scheduling of FLETC classes and the vacancies that accrue prior to the hiring of classes.

Scheduled Leave Inclusion—$325,000. This amount is requested to allow the Department to administer the FLSA in the same manner as other Federal law enforcement agencies by allowing scheduled leave to be counted toward meeting pay period thresholds for purposes of overtime.

Differential Pay Rates:

—Sunday Pay—$250,000. This amount would fund a differential rate of 25 percent for officers that work on Sunday.

—Night Differential—$376,000. This amount would provide for a night differential at rates between 7.5 and 10 percent.

—Holiday Pay—$193,000. This amount is requested to fund a holiday pay differential of 100 percent.

SCHEDULE D—JOINT (GENERAL EXPENSES)—SUMMARY OF AGENCY FISCAL YEAR 1998 BUDGET REQUEST

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997		$2,782
Budget Base, 1997		2,782
Proposed Changes for fiscal year 1998:		
Mandatory Pay and Related Costs		
Price Level Changes		58
Program Type Changes:		
Legislation		
Workload		2,335
Equipment		226
Total Proposed Changes		2,619
Fiscal year 1998 Budget Request		5,401

SCHEDULE D1—HOUSE (SALARIES)—SUMMARY OF AGENCY FISCAL YEAR 1998 BUDGET REQUEST

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997		[1] $33,437
Budget Base, 1997		[1] 33,437

SCHEDULE D1—HOUSE (SALARIES)—SUMMARY OF AGENCY FISCAL YEAR 1998 BUDGET REQUEST—Continued

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Proposed Changes for fiscal year 1998:		
Mandatory Pay and Related Costs		2,070
Price Level Changes		
Program Type Changes:		
Legislation		
Workload		
Equipment		
Total Proposed Changes		2,070
Fiscal year 1998 Budget Request		35,507

[1] Includes overtime currently estimated at $2,000,000 and employee benefits at approximately $6,435,000.

SCHEDULE D2—SENATE (SALARIES)—SUMMARY OF AGENCY FISCAL YEAR 1998 BUDGET REQUEST

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997		[1] $35,919
Budget Base, 1997		[1] 35,919
Proposed Changes for fiscal year 1998:		
Mandatory Pay and Related Costs		2,297
Price Level Changes		
Program Type Changes:		
Legislation		
Workload	3	212
Equipment		
Total Proposed Changes	3	2,509
Fiscal year 1998 Budget Request		38,428

[1] Includes overtime currently estimated at $2,000,000 and employee benefits at approximately $7,044,000.

JOINT PERSONNEL SUMMARY

	1996 Actual	1997 Estimate	1998 Estimate
Chief	1	1	1
Assistant Chief	1	1	1
Deputy Chief	3	3	3
Inspector	8	8	8
Captain	15	15	15
Lieutenant	37	37	37
Sergeant/Special Tech	148	148	148
Detective	47	47	47
Technician/K–9	50	50	50
Officer	783	783	783

JOINT PERSONNEL SUMMARY—Continued

	1996 Actual	1997 Estimate	1998 Estimate
Non-Sworn Personnel	206	206	209
Average salary/FTE [1]	$40,285	$41,615	$42,863
Number of FTE's	1,226	1,256	1,259
Number of FTE's authorized	1,299	1,299	1,302

[1] Includes overtime currently estimated at $4,000,000 and employee benefits at approximately $13,479,000.

SCHEDULE A—HOUSE—BY APPROPRIATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Fiscal year 1996 actual		Fiscal year 1997 estimate		Fiscal year 1998 estimate		Net change 1997/98	
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Appropriation: U.S. Capitol Police:								
Salaries:								
House	637	$34,213	637	$33,437	637	$35,507	.....	$2,070
Rescission (Public Law 104–208)	.....	2,200	.....	.....	.....	.....	.....	.....
Subtotal	637	32,013	637	33,437	637	35,507	.....	2,070
General Expenses	.....	2,560	.....	2,782	.....	5,401	.....	2,619
Breakdown by Object Class:								
11 Personnel Compensation	.....	25,959	.....	27,176	.....	29,072	.....	1,896
12 Personnel Benefits	.....	6,079	.....	6,261	.....	6,435	.....	174
Total	.....	32,038	.....	33,437	.....	35,507	.....	2,070

SCHEDULE B—HOUSE—ANALYSIS OF CHANGE TO BUDGET BASE BY ORGANIZATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Mandatory pay and related costs		Program Type Changes								Net total changes	
			Price level changes		Legislation		Workload		Equipment, alterations, maintenance, repairs, etc.			
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Object Class:												
11 Personnel Compensation	.....	$1,896	.....	.....	.....	.....	.....	.....	.....	.....	.....	$1,896
12 Personnel Benefits	.....	174	.....	.....	.....	.....	.....	.....	.....	.....	.....	174

SCHEDULE B—HOUSE—ANALYSIS OF CHANGE TO BUDGET BASE BY ORGANIZATION AND OBJECT CLASS—Continued

[Amounts in thousands of dollars]

	Mandatory pay and related costs		Program Type Changes								Net total changes	
			Price level changes		Legislation		Workload		Equipment, alterations, maintenance, repairs, etc.			
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
21 Transportation of Persons	.....	.....	.....	.....	.....	.....	.....	$25	.....	.....	.....	25
22 Transportation of Things	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
23 Rent, Comm., and Utilities	.....	.....	.....	.....	.....	.....	.....	−61	.....	.....	.....	−61
25 Other Services	.....	.....	.....	.....	.....	.....	.....	2,371	.....	$100	.....	2,471
26 Supplies and Materials	.....	.....	.....	.....	.....	.....	.....	58	.....	.....	.....	58
31 Equipment	.....	.....	.....	.....	.....	.....	.....	.....	.....	126	.....	126
Total	.....	2,070	.....	.....	.....	.....	.....	2,393	.....	226	.....	4,689

SCHEDULE C—HOUSE—DETAILED ANALYSIS OF CHANGE BY ORGANIZATION

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997	637	$33,437
Budget Base, 1997	637	33,437
Adjustments to Base	1998 Request	
Mandatory Pay and Related Costs:		
Federal Employees Retirement System (FERS), CSRS and Health Benefits		174
Projected fiscal year 1998 COLA		576
Annualization of fiscal year 1997 COLA		153
1998 Comparability Pay Increase		126
Capitol Police Board Pay Initiative:		
Scheduled Leave Toward Threshold		325
Night Differential		376
Sunday Pay		250
Holiday Pay		193
Estimated Lapse/FLETC Classes		(103)
Price Level Changes		
Program Type Changes:		
Legislation		
Workload: Personnel Compensation and Benefits		
Equipment		
Net Increase/Decrease Requested		2,070
Total Appropriation Request, 1998		35,507

SCHEDULE D1—HOUSE (SALARIES)—SUMMARY OF AGENCY FISCAL YEAR 1998 BUDGET REQUEST

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997		[1] $33,437
Budget Base, 1997		[1] 33,437
Proposed Changes for fiscal year 1998:		
Mandatory Pay and Related Costs		2,070
Price Level Changes		
Program Type Changes:		
Legislation		
Workload		
Equipment		
Total Proposed Changes		2,070
Fiscal year 1998 Budget Request		35,507

[1] Includes overtime currently estimated at $2,000,000 and employee benefits at approximately $6,435,000.

HOUSE PERSONNEL SUMMARY

	1996 Actual	1997 Estimate	1998 Estimate
Chief	1	1	1
Assistant Chief	.....	.....	.....
Deputy Chief	2	2	2
Inspector	4	4	4
Captain	8	8	8
Lieutenant	20	20	20
Sergeant/Special Tech	81	81	81
Detective	21	21	21
Technician/K–9	23	23	23
Officer	353	353	353
Non-Sworn Personnel	124	124	124
Average salary/FTE [1]	$40,608	$41,948	$43,206
Number of FTE's	584	600	601
Number of FTE's authorized	637	637	637

[1] Includes overtime currently estimated at $2,000,000 and employee benefits at approximately $6,435,000.

SCHEDULE A—SENATE (SALARIES)—BY APPROPRIATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Fiscal year 1996 actual		Fiscal year 1997 estimate		Fiscal year 1998 estimate		Net change 1997/98	
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Appropriation: U.S. Capitol Police:								
Salaries:								
Senate	.....	$35,919	.....	$35,919	.....	$38,428	.....	$2,509
Rescission (Public Law 104–208)	.....	800	.....	.....	.....	.....	.....	.....
Subtotal	.....	35,119	.....	35,919	.....	38,428	.....	2,509
Breakdown by Object Class:								
11 Personnel Compensation	.....	28,355	.....	29,202	.....	[1] 31,384	.....	2,182
12 Personnel Benefits	.....	6,739	.....	6,717	.....	7,044	.....	327
Total	.....	35,094	.....	35,919	.....	38,428	.....	2,509

[1] Personnel Compensation in fiscal year 1998 reflects overtime estimate of $2,000,000.

SCHEDULE B—SENATE—ANALYSIS OF CHANGE TO BUDGET BASE BY ORGANIZATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Mandatory pay and related costs		Program Type Changes								Net total changes	
			Price level changes		Legislation		Workload		Equipment, alterations, maintenance, repairs, etc.			
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Object Class:												
11 Personnel Compensation	.....	$2,009	.....	.....	.....	.....	3	$173	.....	.....	.....	$2,182
12 Personnel Benefits	.....	288	.....	.....	.....	.....	.....	39	.....	.....	.....	327
21 Transportation of Persons	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

SCHEDULE B—SENATE—ANALYSIS OF CHANGE TO BUDGET BASE BY ORGANIZATION AND OBJECT CLASS—Continued

[Amounts in thousands of dollars]

	Mandatory pay and related costs		Program Type Changes								Net total changes	
			Price level changes		Legislation		Workload		Equipment, alterations, maintenance, repairs, etc.			
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
22 Transportation of Things	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
23 Rent, Comm., and Utilities	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
25 Other Services	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
26 Supplies and Materials	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
31 Equipment	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total	.....	2,297	.....	.....	.....	.....	3	212	.....	.....	.....	2,509

SCHEDULE C—SENATE—DETAILED ANALYSIS OF CHANGE BY ORGANIZATION

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997	662	$35,919
Budget Base, 1997	662	35,919
Adjustments to Base	1998 Request	
Mandatory Pay and Related Costs:		
Federal Employees Retirement System (FERS), CSRS and Health Benefits		288
Projected fiscal year 1998 COLA		625
Annualization of fiscal year 1997 COLA		163
1998 Comparability Pay Increase		141
Capitol Police Board Pay Initiative:		
Scheduled Leave Toward Threshold		351
Night Differential		407
Sunday Pay		271
Holiday Pay		209
Estimated Lapse/FLETC Classes		(158)
Program Type Changes:		
Legislation		
Workload: Personnel Compensation and Benefits	3	212
Equipment		
Net Increase/Decrease Requested		2,509
Total Appropriation Request, 1998	3	38,428

EXPLANATION OF CHANGE—FISCAL YEAR 1998 TO ACCOMPANY SCHEDULE D—SENATE

ADJUSTMENTS TO BASE

Mandatory Pay and Related Costs—$2,297,000

Retirement System and Health Benefits—$288,000. The increase is requested commensurate with other increases in personnel compensation.

Projected fiscal year 1998 COLA—$625,000. The projected COLA is 2.8 percent for nine months (2.1 percent).

Annualization of the fiscal year 1997 COLA—$163,000. This amount is estimated on the basis of 2.3 percent for three months.

Fiscal year 1997 Comparability Pay Increase—$141,000. This increase is requested to provide USCP officers with a comparability increase similar to that received by other Federal law enforcement officers. The projected increase is .7 percent for nine months (.53 percent).

Estimated Employment Lapse—($158,000). This amount is estimated to lapse due to the scheduling of FLETC classes and the vacancies that accrue prior to the hiring of classes.

Scheduled Leave Inclusion—$351,000. This amount is requested to allow the Department to administer the FLSA in the same manner as other Federal law enforcement agencies by allowing scheduled leave to be counted toward meeting pay period thresholds for purposes of overtime.

Differential Pay Rates:

—Sunday Pay—$271,000. This amount would fund a differential rate of 25 percent for officers that work on Sunday.

—Night Differential—$407,000. This amount would provide for a night differential at rates between 7.5 and 10 percent.

—Holiday Pay—$209,000. This amount is requested to fund a holiday pay differential of 100 percent.

Price Level Changes—$0.

Program Type Changes:

Workload—$212,000.

New Positions—$212,000. Compensation and benefits to fund three new positions. Two positions are requested to staff internal payroll/personnel functions in support of the National Finance Center payroll operation. The third position is requested for assignment to the Office of General Counsel in support of administering the Congressional Accountability Act.

SCHEDULE D2—SENATE (SALARIES)—SUMMARY OF AGENCY FISCAL YEAR 1998 BUDGET REQUEST

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997		[1] $35,919
Budget Base, 1997		[1] 35,919
Proposed Changes for fiscal year 1998:		
Mandatory Pay and Related Costs		2,297
Price Level Changes		
Program Type Changes:		
Legislation		
Workload	3	212
Equipment		
Total Proposed Changes	3	2,509
Fiscal year 1998 Budget Request		38,428

[1] Includes overtime currently estimated at $2,000,000 and employee benefits at approximately $7,044,000.

SENATE PERSONNEL SUMMARY

	1996 Actual	1997 Estimate	1998 Estimate
Chief			
Assistant Chief	1	1	1
Deputy Chief	1	1	1
Inspector	4	4	4
Captain	7	7	7
Lieutenant	17	17	17
Sergeant/Special Tech	67	67	67
Detective	26	26	26
Technician/K–9	27	27	27
Officer	430	430	430
Non-Sworn Personnel	82	82	85
Average salary/FTE [1]	$40,135	$40,459	$42,703
Number of FTE's	642	656	659
Number of FTE's authorized	662	662	662

[1] Includes overtime currently estimated at $2,000,000 and employee benefits at approximately $7,044,000.

SCHEDULE 3—HOUSE (GENERAL EXPENSES)—BY APPROPRIATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Fiscal year 1996 actual		Fiscal year 1997 estimate		Fiscal year 1998 estimate		Net change 1997/98	
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Appropriation: U.S. Capitol Police:								
General Expenses	.....	$2,560	.....	$2,782	.....	$5,401	.....	$2,619
Breakdown by Object Class:								
11 Personnel Compensation	.....	.....	.....	.....	.....	.....	.....	.....
12 Personnel Benefits	.....	.....	.....	.....	.....	.....	.....	.....
21 Transportation of Persons	.....	250	.....	250	.....	275	.....	25
22 Transportation of Things	.....	5	.....	5	.....	5	.....	.....
23 Rent Comm., and Utilities	.....	137	.....	137	.....	76	.....	−61
25 Other Services	.....	1,070	.....	1,195	.....	3,666	.....	2,471
26 Supplies and Materials	.....	938	.....	938	.....	996	.....	58
31 Capital Assets	.....	160	.....	257	.....	383	.....	126
Total	.....	2,560	.....	2,782	.....	5,401	.....	2,619

SCHEDULE B—HOUSE (GENERAL EXPENSES)—ANALYSIS OF CHANGE TO BUDGET BASE BY ORGANIZATION AND OBJECT CLASS

[Amounts in thousands of dollars]

	Mandatory pay and related costs		Program Type Changes								Net total changes	
			Price level changes		Legislation		Workload		Equipment, alterations, maintenance, repairs, etc.			
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
Breakdown by Object Class:												
11 Personnel Compensation	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
12 Personnel Benefits	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

SCHEDULE B—HOUSE (GENERAL EXPENSES)—ANALYSIS OF CHANGE TO BUDGET BASE BY ORGANIZATION AND OBJECT CLASS—Continued

[Amounts in thousands of dollars]

	Mandatory pay and related costs		Program Type Changes								Net total changes	
			Price level changes		Legislation		Workload		Equipment, alterations, maintenance, repairs, etc.			
	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount	Staff	Amount
21 Transportation of Persons	.....	.....	.....	.....	.....	.....	.....	$25	.....	.....	.....	$25
22 Transportation of Things	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
23 Rent, Comm., and Utilities	.....	.....	.....	.....	.....	.....	.....	−61	.....	.....	.....	−61
25 Other Services	.....	.....	.....	.....	.....	.....	.....	2,371	.....	$100	.....	2,471
26 Supplies and Materials	.....	.....	.....	$58	.....	.....	.....	.....	.....	.....	.....	58
31 Equipment	.....	.....	.....	.....	.....	.....	.....	.....	.....	126	.....	126
Total	.....	.....	.....	58	.....	.....	.....	2,335	.....	226	.....	2,619

SCHEDULE C—HOUSE (GENERAL EXPENSES)—DETAILED ANALYSIS OF CHANGE BY ORGANIZATION

[Amounts in thousands of dollars]

	Calculation of Base	
	Staff	Amount
Appropriation, 1997		$2,782
Budget Base		2,782
Adjustments to Base	1998 Request	
Mandatory Pay and Related Costs		
Price Level Changes: Supplies and Materials		58
Program Type Changes		2,561
Workload:		
Transportation of Persons		25
Rent, Comm., and Utilities		−61
Other Services		2,371
Equipment, Alterations, Maintenance, Etc		226
Net Increase Requested		2,619
Total Appropriation Request, 1998		5,401

Explanation of change—fiscal year 1998 to accompany Schedule C—General expenses

Adjustments to Base:	
Mandatory Pay and Related Costs	
Price Level Changes	$58,000
Supplies and Materials	58,000
Program Type Changes	2,335,000
Transportation of Persons	25,000
Rent, Comm., and Utilities	(61,000)
Other Services	2,371,000
Equipment, Alterations, Maintenance	226,000
Other Services	100,000
Equipment	126,000

SUMMARY STATEMENT OF WILSON LIVINGOOD

Senator BENNETT. Let us go on.

Mr. LIVINGOOD. Mr. Chairman, I am Bill Livingood, the House Sergeant at Arms, and Mr. Chairman, members of the committee, first of all it is an honor to appear before you and discuss the fiscal year 1998 budget request for the U.S. Capitol Police.

I would like to join Mr. Casey in welcoming the new Architect, Alan Hantman, to the Capitol Police Board. During my tenure, which has been 2 years as Sergeant at Arms, I have found my service on the board to be both challenging, exciting, and rewarding. I know that Mr. Hantman will find this experience equally satisfying. The expertise he brings to the table I think will provide valuable insight on many board decisions.

I would like to say there is a big change today. The world is changing, and the threat that the Capitol Police and the Capitol itself encounters, and the Members, is changing. With additional training that the Capitol Police has now been receiving and will receive additional other training, I feel that the Capitol Police is prepared today to meet this challenge.

I would like to say I am really proud of what they have done and how they have met this challenge, because in the last 4 or 5 years

it is a different world today, and it is a different Capitol Police, and we feel that the Capitol Police Board's responsibility was to assure that they had the tools to meet this challenge.

The U.S. Capitol Police is a unique law enforcement agency. It is charged with protecting 535 Members of Congress. It is charged with protection of their families, congressional staff, the visiting public, which has meant astronomical proportions this year, a large increase in visiting public, and the buildings, comprising the Capitol complex.

To successfully meet its mission, the department has evolved into a full service security agency which also provides comprehensive law enforcement and protective operations to the legislative branch of Government. The U.S. Capitol Police also interacts on an equal basis with agencies that deal in national security and intelligence matters.

Due to the leadership and support of this committee, and the dedication and hard work of our personnel, the U.S. Capitol Police has made great strides in its operational capabilities. The board feels it is now time to focus its efforts on the department's internal management mechanisms, as Mr. Casey mentioned. In particular, the board will commission review of the department's internal accounting, personnel, and information management functions to ensure that they are being performed in a manner which is consistent with industry standards.

In addition, police post and staffing level study has been conducted to ensure that our personnel are deployed in a manner which is both operationally effective and fiscally efficient. It is hoped that overtime expenditures will be further reduced once the results of this study are instituted.

With regard to personnel issues, it has been the longstanding goal of the U.S. Capitol Police Board to ensure that the men and women of the U.S. Capitol Police maintain pay parity with their counterparts in other law enforcement agencies. Therefore, the U.S. Capitol Police fiscal year 1998 budget submission contains a request to fund two pay initiatives, scheduled leave inclusion and differential pay. These pay rates are consistent with rates paid for the officers of other similar law enforcement agencies. In order for the Capitol Police to attract and retain highly qualified officers, I feel it is imperative that these initiatives be fully funded.

I would like to thank the committee for your support of the transfer of the physical security responsibilities from the Architect of the Capitol to the U.S. Capitol Police, and for providing funding for necessary security upgrades recommended in the U.S. Capitol Police/Secret Service study. This study provided the board with numerous recommendations on how to improve security within the Capitol complex.

I also would like to thank the committee for your assistance in providing emergency funding to relocate the U.S. Capitol Police K–9 facility to the Architect's facility at Blue Plains. This has been a huge improvement. We look forward to occupying the former Metropolitan Police Department facility this summer, and urge the committee to approve the Architect's request to renovate that facility for the department's use.

PREPARED STATEMENT

A detailed budget for the Capitol Police has been submitted to the committee, as Mr. Casey mentioned, and we will be happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF WILSON LIVINGOOD

Mr. Chairman and members of the Committee, as a member of the U.S. Capitol Police Board, it is my honor to appear before you to discuss the fiscal year 1998 Budget Request for the U.S. Capitol Police.

I join Mr. Casey in welcoming Mr. Hantman to the U.S. Capitol Police Board. During my tenure as House Sergeant at Arms, I have found my service on the Board to be both challenging and rewarding. I know that Mr. Hantman will find the experience equally satisfying. The expertise he brings to the table will provide valuable insight on Board decisions.

The United States Capitol Police is a unique law enforcement agency. It is charged with protecting the 535 Members of Congress and their families, congressional staff, the visiting public, and the buildings comprising the Capitol complex. To successfully meet its mission, the Department has evolved into a full service security agency which also provides comprehensive law enforcement and protective operations to the Legislative Branch of government. The U.S. Capitol Police also interacts on an equal basis with agencies that deal in national security and intelligence matters.

Due to the leadership and support of this Committee, and the dedication and hard work of our personnel, the U.S. Capitol Police has made great strides in its operational capabilities. The Board feels it is now time to focus its efforts on the Department's internal management mechanisms. In particular, the Board will commission a review of the Department's internal accounting, personnel, and information management functions to ensure they are being performed in a manner which is consistent with industry standards. In addition, a police post and staffing level study has been conducted to ensure that our personnel are deployed in a manner which is both operationally effective and fiscally efficient. It is hoped that overtime expenditures will be further reduced once the results of the study are instituted.

With regard to personnel issues, it has been the long-standing goal of the U.S. Capitol Police Board to ensure that the men and women of the U.S. Capitol Police maintain pay parity with their counterparts in other law enforcement agencies. Therefore, the USCP fiscal year 1998 Budget submission contains a request to fund two pay initiatives; scheduled leave inclusion and differential pay. These pay rates are consistent with rates paid for the officers of other similar law enforcement agencies. In order for the U.S. Capitol Police to attract and retain highly-qualified officers, I feel it is imperative that these initiatives be fully funded.

I would like to thank the Committee for your support of the transfer of the physical security responsibilities from the Architect of the Capitol to the U.S. Capitol Police and for providing funding for necessary security upgrades recommended in the U.S. Capitol Police/U.S. Secret Service study. This study provided the Board with numerous recommendations on how to improve security within the Capitol Complex.

I also thank the Committee for your assistance in providing emergency funding to relocate the U.S. Capitol Police K–9 facility to the Architect's facility at Blue Plains. We look forward to occupying the former Metropolitan Police facility this summer and urge the Committee to approve the Architect's request to renovate that facility for the Department's use.

A detailed budget for the U.S. Capitol Police has been submitted to the Committee. I will be happy to answer any questions you may have.

SUMMARY STATEMENT OF GARY ABRECHT

Senator BENNETT. Thank you very much. Chief, are you next, or are you coasting on your statement? [Laughter.]

Mr. ABRECHT. I have a couple of issues I would like to address. Last year was a time of operational growth for the department due to the lessons learned from the sarin gas attack which occurred in the Tokyo subway system. We developed a whole chemical and biological response capability for the Capitol complex. This capability

complements the exemplary explosive device detection and disposal ability that the department has maintained since 1971.

In addition, as Mr. Casey mentioned, we have expanded our protective intelligence capability. We now routinely exchange information which impacts on the security of the Capitol complex and Congress with other national security and intelligence organizations. These increased operational and intelligence exchange capabilities have significantly enhanced our ability to deter, interdict, or respond to acts of violence directed against the Congress and those who work and visit in the Capitol complex.

You will recall that last year I reported that threats against Members of Congress nearly doubled from the year before. I am pleased to report that cases this year have decreased from last year's peak, although the number of threat cases is still above the average for the previous year.

Compared with the previous 12 month period, the department's threat assessment section has recorded a 33-percent decrease in direct threats against Members of Congress. Implied threats have also decreased, while direction of interest cases have significantly increased. We continue to diligently investigate each case that is brought to our attention, and work closely with other law enforcement agencies to successfully resolve those cases.

The crime situation in the Washington area and in the city in particular has been of concern in recent months, so we have been particularly diligent in looking out for the safety of the public, Members, and the staff in our area of jurisdiction, and I am pleased to report that crimes against persons within the Capitol complex continue to decline.

Last year, within our primary jurisdiction, crimes against persons dropped by 8 percent. This year, such crime decreased again by 33 percent, and there were only 16 reported incidents for the entire year of crimes against persons on the Capitol Grounds. This figure is remarkable, when one considers the millions of people who visited or traveled through the buildings, streets, and parks of the Capitol complex last year.

Property crimes also decreased by 29 percent compared to the previous 12 month period. Unfortunately, in the area surrounding the Capitol complex which comprises the extended jurisdiction zone, 731 crimes against persons and 3,124 property crimes were reported. I am fairly proud that our patrol and enforcement efforts deter this level of criminal activity from occurring within the Capitol complex itself.

As both the Sergeants at Arms have mentioned, this year's budget request contains a pay initiative which is intended to assure that the salaries and benefits that Congress provides for the men and women of the U.S. Capitol Police remain comparable to those which are provided to their counterparts in other similar Federal law enforcement agencies.

Aside from the issue of fairness, this initiative will ensure that the department will continue to improve and retain the highly qualified officers we need to effectively perform our mission.

The issue of attracting the best possible officer candidates has become even more critical due to the increasingly complex and technical nature of our mission. Therefore, I urge the committee to

support this request, and provide funding to institute these pay initiatives. I think both Mr. Casey and Mr. Livingood have mentioned the physical security initiative and the progress we are making on that, and I think I will coast, as you say, on their statement in that regard.

They also both made mention of the fact that while our operational capabilities have increased—we reduced crime, increased training, and improved our response capabilities—that there is some work needed in our administrative operations.

As Mr. Livingood mentioned, we have conducted an extensive review of every post, to include staffing levels and the hours each post is required to be staffed in order to determine if our personnel can be redeployed. The results are now being compiled and analyzed, and I expect to make some recommendations to the Capitol Police Board in June which, if they prove acceptable, could result in reduced police post staffing costs without affecting security.

We are also reviewing staffing of our support and administrative positions to see if there are additional reductions that could be made there.

The second initiative consists of a management review of our internal accounting and information management systems. The weakness of our administrative infrastructure were highlighted by the onset of the Congressional Accountability Act. As an example, our antiquated mainframe custom-designed time and attendance system cannot be successfully reprogrammed to handle the accounting requirements imposed by the Fair Labor Standards Act.

Despite a year's worth of effort, we have been unsuccessful in making that work in a streamlined fashion for us. For that reason, we have had great difficulties in providing accurate overtime reports and reconciling pay issues, and I am delighted the board has sought to provide assistance by commissioning an administrative systems and information management review. It is hoped that once this review is completed the department will have state-of-the-art systems in place to support the officers in the field.

As directed by the committee last year, we have included amounts for reimbursing the Senate Sergeant at Arms for computer and telecommunications services in our budget. I would just like to point out that should these amounts not be approved, they will need to be restored to the Senate Sergeant at Arms budget, since obviously data processing and telecommunications are the lifeblood of any police agency, and without that we would just cease to be effective.

Mr. CASEY. And they are out of our budget, Mr. Chairman.

Mr. ABRECHT. In closing, I would like to again thank the committee for the appropriation you provided to relocate our K–9 operation to the Architect's facility at Blue Plains. These dogs are an important, vital element of the department's security operations, and we take great pride in running the top explosives detection K–9 program in the country. In fact, just 2 weeks ago, Officer George Lyter and his dog Maik took first place at the U.S. Police Canine Association's national trials in St. Paul, MN, in the explosive detection area.

PREPARED STATEMENT

It is essential that our K–9's be well cared for and provided with adequate kenneling and training facilities so that we can continue to provide the highest quality and most effective service. This summer we will move into the Metropolitan Police K–9 building. This building is currently in a state of disrepair. Therefore, I hope the committee approves the Architect's request to renovate this facility for the department's use.

I will be happy to answer any questions you have.

[The statement follows:]

PREPARED STATEMENT OF GARY L. ABRECHT

Mr. Chairman and members of the Committee, I am honored to appear before you to discuss the fiscal year 1998 Budget Request for the United States Capitol Police.

Last year was a time of operational growth for the United States Capitol Police. Due to the lessons learned from the sarin gas attack which occurred in the Tokyo subway, we have developed a chemical/biological incident response capability for the Capitol complex. This capability complements the exemplary explosive device detection and disposal ability the Department has maintained since 1971. In addition, we have expanded our protective intelligence capabilities. We routinely exchange information which impacts on the security of the United States Congress with other national security and intelligence agencies. These increased operational and intelligence exchange capabilities have significantly enhanced our ability to deter, interdict, or respond to acts of violence directed at the Congress and those who work and visit within the Capitol complex.

You will recall that last year I reported that threats against Members of Congress nearly doubled from the year before. I am pleased to report that cases this year have decreased from last year's peak, although the number of threat cases is still above the average for previous years. Compared with the previous twelve month period, the Department's Threat Assessment Section has recorded a 33 percent decrease in direct threats to physically harm Members of Congress. Implied threats have also decreased while direction-of-interest cases have significantly increased. We continue to diligently investigate each case that is brought to our attention and work closely with other law enforcement agencies to successfully resolve these cases.

The crime situation in the Washington area, and in the city in particular, has been of concern in recent months, so we have been particularly diligent in looking out for the safety of the public, Members, and staff in our area of jurisdiction, and I am pleased to report that crimes against persons within the Capitol complex continue to decline. Last year within our primary jurisdiction, crimes against persons dropped by 8 percent. This year, such crimes decreased again by 33 percent for a total of only 16 reported incidents for the entire year. This figure is remarkable when one considers the millions of people who visited or travelled through the buildings, streets, and parks of the Capitol complex last year. Property crimes also decreased by 29 percent compared to the previous twelve month period. In the area surrounding the Capitol complex which comprises the Extended Jurisdiction Zone, 731 crimes against persons and 3,124 property crimes were reported. I feel that our patrol and enforcement efforts deter this level of criminal activity from occurring within the Capitol complex.

This year's budget request contains a pay initiative which is intended to ensure that the salaries and benefits the Congress provides to the men and women of the U.S. Capitol Police remain comparable to those which are provided to their counterparts in other similar federal law enforcement agencies. Aside from the issue of fairness, this initiative will ensure that the Department can continue to recruit and retain the highly qualified officers we need to effectively perform our mission. The issue of attracting the best possible officer candidate has become even more critical due to the increasing complexity and technical nature of our mission. Therefore, I urge the Committee to support this request and provide funding to institute these pay initiatives.

As a result of the leadership and support of the Committee, the responsibility for the physical security systems within the Capitol complex has been transferred from the Architect of the Capitol to the new Capitol Police Physical Security Division. I appreciate the Committee's recent approval of Phase One of our system design and installation plan. Once the installation is completed, all of the security systems will be state-of-the-art and completely integrated. This means that the systems will be

more easily maintained and police operations and alarm response will be streamlined and improved. The installation of these systems is a significant advance in the security of the Congressional community. I thank the Committee for your support of the project and I am confident you will be pleased with the results.

Over the past several years, the Department has made great strides in our operational capabilities. We have reduced crime, increased training, improved our response capabilities, addressed new threats, and as I have just stated, we are in the process of making vast improvements in the physical security systems. Now it is time for us to look inward and identify areas in our administrative infrastructure where improvements can be made and fiscal savings realized. We are pursuing two initiatives to attain this goal. First, we have conducted an exhaustive review of every police post to include staffing levels and the hours each post is required to be staffed in order to determine if our personnel can be redeployed. The results are now being compiled and analyzed and I expect to make some recommendations to the U.S. Capitol Police Board in June, which if they prove acceptable, could result in reduced police post staffing costs without affecting security. Furthermore, we are also reviewing staffing of support and administrative positions to seek additional reductions.

The second initiative consists of a management review of our internal accounting and information management systems. The weaknesses of our administrative infrastructure were highlighted by the onset of the Congressional Accountability Act. Our antiquated, mainframe, custom-designed Time and Attendance System cannot be successfully reprogrammed to handle the accounting requirements imposed by the Fair Labor Standards Act. Therefore, we have great difficulties in providing accurate overtime reports and reconciling pay issues. I am delighted that the Board sought to provide assistance by commissioning an administrative systems and information management review. It is hoped that once the review is completed, the Department will have state-of-the-art systems in place to support the officers in the field.

As directed by this Committee last year, we have included amounts for reimbursing the Senate Sergeant at Arms for computer and telecommunications services. I would like to point out that should these amounts not be approved, they will need to be restored to the Sergeant at Arms' fiscal year 1998 budget.

In closing, I would like to thank the Committee for the appropriation you provided to relocate our K–9 operations to the Architect's Blue Plains facility. These dogs are an important element of the Department's security operations and we take great pride in running the top explosives detection canine program in the country. In fact, just two weeks ago Officer George Lyter and his dog Maik took first place at the United States Police Canine Association national trials in St. Paul, Minnesota. It is essential that our canines be well cared for and provided with adequate kenneling and training facilities so that we can continue to provide the highest quality and most effective level of service. This summer, we will move into the Metropolitan Police K–9 building. This building is currently in a state of disrepair. Therefore, I hope the Committee approves the Architect's request to renovate this facility for the Department's use.

I will be happy to answer any questions you may have.

Senator BENNETT. Thank you. Mr. Hantman, do you have a statement?

Mr. HANTMAN. I am basically here in support of the others. At my confirmation hearing Senator Warner recommended I be greatly involved in any considerations on security as it relates to accessibility of the Capitol.

It is a very delicate operation we are involved with, and we need to guarantee the security, but yet not be a closed facility to the public and to the visitors. The overall reevaluation of security on Capitol Hill is a critical one, and we are cooperating very well in terms of the Sergeant at Arms in both the Senate and the House.

We will take a serious look at what is happening in security and how we can improve it and still make it compatible with the historic nature of the Capitol of our country. It is a real challenge. I welcome it, and I would like to be part of this board and I think we will serve the Capitol well.

Senator BENNETT. Thank you. Senator Dorgan, do you have a statement?

Senator DORGAN. Mr. Chairman, I regret I was late. My schedule said 10:30. In any event, I have read the statements and appreciate the testimony.

UPGRADING COMPUTERS

Senator BENNETT. Let me ask a few quick questions, and Senator Craig, can I ask you to Chair between 10:30 and 10:35, if you would?

Senator CRAIG. Yes.

Senator BENNETT. Thank you. I have a 5-minute assignment I need to leave for.

I recognize the need to update your computers and technical assistance. Have you looked far enough ahead in your planning to be able to speculate, or put a tougher word on it, that expenditures in this area will go down once you have acquired the equipment necessary, or are we looking for an ongoing level of increased activity in this area, and I do not ask that with any loaded intent. I just want to be forewarned as to where we would go in years to come with this.

Mr. CASEY. I will go ahead and speculate. One of the reasons that including the resources in the Sergeant at Arms budget back in the police budget is to give the police the resources rather than relying on somebody else to begin managing in the way they see fit, rather than coming to us as sort of a forced client of ours and accepting what we give them.

What we are hoping happens, and, in fact, in our preliminary discussion we are hoping happens, is that they now have these resources. They can begin to better utilize those resources to accomplish what they want to get done. I believe that the amount we have in there is more than sufficient, and they should probably go down thereafter.

Senator BENNETT. How much of this is for acquisition of hardware and how much is for new programming of software techniques?

Mr. ABRECHT. About $1 million of the $2 million is for hardware acquisition to replace the work stations which are 486/33's at the present time, and there is quite a lot of other hardware acquisition in there. I would say about three-quarters at the present time is for hardware acquisition and about one-quarter of it is software and software support.

Senator BENNETT. So presumably the hardware will last more than 1 year.

Mr. ABRECHT. Yes, sir.

Senator BENNETT. Although in this fast-changing environment you can never be sure.

Mr. ABRECHT. Certainly more than 1 year, but there seems to be a trend that these things have a life cycle of 3 or 4 years.

Senator BENNETT. This is a very tiny nit-pick because the amount of money is so small in Federal terms that it is almost not worth raising, and I raise it solely because it might indicate a management issue.

TRANSPORTATION OF PERSONS

Your request for transportation of persons includes an increase of $25,000, and in fiscal 1996 the Capitol Police spent $439,360 for transportation of persons, and it strikes me that there is again a very small amount of money, but a disconnect between what you are requesting and what you are actually doing. It appears you are constantly reprogramming money into this, and should you not just say that we need $400,000, or whatever the number is, instead of these unrealistically low figures?

Mr. ABRECHT. I guess we are always hoping they will go back down. It is very hard to estimate this because it is essentially driven by threats against Members of Congress and by CODEL's and substantial committee hearings. Excuse me, not CODEL's but committee hearings at remote locations, and so it is just very hard for us to figure them.

We are always hopeful we will not spend as much money as we have in the past year, and so basically I am a cheapskate. I say, no, we have got to keep these costs down, and so I do not look every year to say, well, we will have as bad a year next year as we had the last year. Maybe they will go back down to the level they were before, and so I have not sought to budget for every eventuality.

This year we just did a very expensive hearing in Puerto Rico, and the distance is a long way away. It took a large number of people. There were demonstrations of substantial size scheduled, and so we incurred a very large expense doing that. I hope next year that will not happen, and so I have not just given myself a comfort zone of everything that could possibly happen.

It is a problem. These things are not schedulable, and that is why we have tended to be on the conservative side, and I realize we impose a burden on the committee when we have to ask for reprogramming to cover those.

Senator BENNETT. Again, it is not a major item, but it raised in my mind the question of management circumstance here.

With that, I will yield to Senator Dorgan.

Senator DORGAN. Mr. Chairman, thank you very much. I am told that this is the first time the entire board has appeared with the chief at this appropriations hearing, and we appreciate that. The board has an excellent reputation, and we very much appreciate the work that the force does.

I would like to ask about the chart behind you. Who brought the chart?

Mr. ABRECHT. I did.

JURISDICTION

Senator DORGAN. That is a striking chart, and with that chart you described the extended jurisdiction of the Capitol Hill Police and the crimes committed within that jurisdiction in a 1-year period, is that right?

Mr. ABRECHT. That's right, sir. The red line is the primary jurisdiction, the Capitol Grounds, and the green line is the extended jurisdiction.

Senator DORGAN. And the extended jurisdiction, can you describe that for me? What does the extended jurisdiction mean?

Mr. ABRECHT. In 1992 the Congress recognized the fact that our officers inevitably are off the grounds quite a bit and going to take care of various congressional facilities that are located off the ground, and there have been some incidents where they've been unable to take the police cases that they have made out there. They were thrown out of court because we did not have jurisdiction. So in 1992 the Congress gave us jurisdiction out to this green line in order that our officers could be protected from civil liability and have arrest authority within that area when they were out there doing their congressional business.

Senator CRAIG. You do not normally patrol out to the green line?

Mr. ABRECHT. No, sir.

Senator CRAIG. You just go out there, as you said, for congressional facilities and other targeted activities?

Mr. ABRECHT. That is correct. We do not do a general patrol for the deterrence of crime in the green area. We are only there for some congressional purpose.

Senator DORGAN. Do you have a second chart as well?

PROPERTY CRIMES

Mr. ABRECHT. Yes; I have the property crimes.

Senator CRAIG. Senator, I was just thinking of moving to the Hill. [Laughter.]

I have decided not to. [Laughter.]

Mr. ABRECHT. Do not do that. I have lived on the Hill myself for 25 years.

Senator DORGAN. But I look at these charts and it looks like a virtual crime wave in this jurisdiction. I come from a town of 300 people, where we had one felony last year, which was extraordinary. It was the talk of our county, because we have not had a felony for years and years and years, but this looks like a virtual crime wave. Is that an isolated year, or would you expect that next year?

Mr. ABRECHT. Obviously, we hope next year always will be better. The indications are that in the District of Columbia it has begun to go back down. It is not unusual for large urban areas. If you look at the city as a whole, it is certainly not the worst part of the city, but it is a substantial amount of crime. It is for an entire year.

Senator CRAIG. Is this activity an increase over fiscal year 1994? Let us see, this is for—OK.

Mr. ABRECHT. This is the last fiscal year.

Senator CRAIG. The fiscal year before, how does it stack up? Has it declined?

Mr. ABRECHT. For the Capitol Grounds it is a decline. Let me just get you it for the extended jurisdiction. I believe it is about the same as my recollection.

Senator DORGAN. Just adding in my head, it looks as though crimes against persons and against property number about 4,000 crimes on these two charts, which is an extraordinary number of crimes in a relatively small part of the city.

Mr. ABRECHT. The vast bulk of that is car break-ins, what makes up the huge volume of it, which is the yellow dots on this map.

Senator DORGAN. We view car break-ins as serious in our county. [Laughter.]

Mr. ABRECHT. I certainly view them as serious as well, sir. It is one of the few crimes we do have to do something about on the Capitol Grounds.

To answer your question, Senator, there was a decrease in the extended jurisdiction zone of 4 percent between the last 2 fiscal years. There had been a substantial increase the previous year, so actually 1996 is down 4 percent from 1995, which was up substantially from 1994, so that is a trend at the present time.

Senator DORGAN. I appreciate that. I will go on to a couple of other questions, but I was just curious about the chart. That is the first time I have seen a chart like that, and it is staggering to see the amount of crime in the extended jurisdiction in 12 months.

PAY PARITY

You, chief, indicated that there was a need to establish a pay parity initiative, and my question would be, with whom would the Capitol Police force achieve parity if the initiative was funded?

Mr. ABRECHT. The agencies we compare ourselves with primarily are the two other Federal uniformed law enforcement agencies in town, being the U.S. Park Police and the U.S. Secret Service's Uniformed Division, and we also, of course, seek to maintain parity with the large suburban police departments which are essentially the agencies we compete for personnel with. If we lose officers it is typically to either the Park Police or the Uniformed Division or the large suburban agencies, Montgomery County, Fairfax County, Prince Georges.

Senator DORGAN. You are asking in the budget for a COLA increase as well as comparability increase. Who will receive the comparability increase, and how will that be distributed if you receive it?

Mr. ABRECHT. The comparability increase is essentially a term of art that has come around here to represent what is known in the executive branch as locality pay.

You recall, essentially the Federal Government in its wisdom now divides its pay, annual COLA, if you will, into two parts, the cost of living, which is national, and a regionally based locality pay, and we have essentially called that comparability pay for our purposes, and it is essentially the same COLA that would be received by all of our people, so it would go across the board. Whatever is put in place in the Executive Office we would ask the same for our office.

Senator DORGAN. Well, I want to thank the board for its work, and chief, thank you, and say that most of us spend our days here not thinking about the work of the law enforcement officials of the Capitol, but they do a wonderful job, and we need to think more and appreciate more about the work that they do for us. We may have other questions about the specifics of the budget, but we appreciate your appearance.

Thank you. Senator.

Senator CRAIG [presiding]. Chief, let me also echo what Senator Dorgan has just said. I am sitting here looking at these charts, and my goodness, I did not realize that I worked every day in a virtual war zone. Now, that speaks well for you in the sense that I come from an area of the country and a community not unlike the Senator's, in which crime in itself is still a happening and viewed with alarm, almost any level of crime, and so when you see these kinds of figures or portrayals you react to them.

But I must say that working here I do not sense that it is the No. 1 terrorist threat or target, although I recognize, from your statistics and all the other things you have to deal with, that is exactly true because of the character of this building and what goes on in it.

CONSOLIDATING LIBRARY AND SUPREME COURT POLICE FORCES

Let me ask a question about an effort that the board sought to undertake last year: to consolidate the Library of Congress Police force and the Supreme Court Police with the Capitol Police. A one-time cost of the transition was estimated at approximately $3.2 million. Has any study been done to determine the long-term benefits and cost savings of consolidating the forces?

Mr. ABRECHT. When we did the study, and at least one previous study, we could not identify any substantial long-term cost savings, the reason being that there is essentially no post duplication. There is no place where there is a Capitol Police officer walking the same place that there is a Library officer walking.

There was one post, the Cannon tunnel. We discovered that one, and it was brought to our attention, and we took care of it. We worked out an agreement with the Library, and we share the work there. There are not two officers there any more. Other than that, there is really no overlap in work.

Another thing we determined was that the Library, maybe you would think that there were administrative structures that were duplicated, but it turns out all of the administrative work for the Library Police is essentially done by their Library entities.

They do not have their own personnel shop, data processing shop. All of that is essentially done by the Library's total operation, so we could not come up with any substantial cost savings in doing this.

We tried fairly hard, and could come up with no duplications that would obviously disappear if we were to take over that operation, so it did not look like there was any real long-term savings.

Senator CRAIG. So that the $3.2 million as a cost of transition, is that now a fixed cost in the budget that you need annually?

Mr. ABRECHT. It would be a one-time cost. If Congress were to decide to do that, and I have not heard any discussion of that issue, there would be a one-time cost, a substantial cost for training and to replace officers to get them trained up to our standard.

K–9 FACILITY

Senator CRAIG. I see you are getting a new doghouse. Tell me about the K–9 facility. Out of pure curiosity, how many dogs do you have on the staff?

Mr. ABRECHT. We have 30 dogs. Their primary purpose is bomb detection. We had an absolutely horrible facility about 2 years ago, and got to the point where the dogs died from a vermin, what appeared to be a vermin infestation in the old facility at the old Poplar Point Nursery.

And so after that crisis this committee very generously provided some interim funding to put up a temporary facility out at Blue Plains, where the Architect has a large warehouse and nursery facility, and we moved over there.

The Metropolitan Police Department was sort of essentially squatting on the Architect's facility there, and they finally are in the process of building themselves a new facility, after which we will take over their facility, which is quite rundown. It is going to need a little work, but after that we will have a good indoor kennel facility at Blue Plains, and we will be able to take care of all of our needs.

Senator CRAIG. Well, it is interesting for you to explain what role these dogs play. I know we see them quite often. I understand why they are around, and also recognize that we have maybe one of the best in the country, if not the best. It is interesting, and it certainly fits well with the concern about the Capitol being the No. 1 target of terrorists, and I suspect that a bomb or bombs would be the weapon of choice in most instances with terrorists, so it is good to hear about that.

Mr. ABRECHT. Yes; it is a great program. It is not one I can say I started. It has been around for about 20 years. They have an excellent training, and it is first-rate at the present time, and we are going to work to keep it that way.

Senator CRAIG. Thank you very much, Mr. Chairman.

Senator BENNETT [presiding]. Senator Stevens, do you have any questions?

BOMBS

Senator STEVENS. I only have one question, thank you. During my watch as whip we had two bombs, and I have been very concerned about bombs and various things. We have talked about the general problem of overall readiness for terrorist-type activities.

One of the things that always sticks in my mind was that bomb upstairs was placed there because someone had studied the routine. It was about 8 minutes after the change of personnel, and personnel were a little late in getting there. They did not overlap. There was a gap at the time that bomb was placed there.

But do we have some sort of instruction to our people about how to deal with routine—I mean, if everybody is at the same place every day, and they know exactly where you are going to be and who is going to be there and what time, and know the idiosyncracies of being late, or changing, or going to get a sandwich or whatever it might be?

The briefings we had at that time indicated that the best way to foil attempts of that kind of terrorism was to not have such routines that are so strict. As a matter of fact, as I told you, they even told the Senators not to drive in the same way, to vary the cars they drive in, and various other things. But I do not see much attempt at that now. Have we abandoned that practice of having

different schedules and different people at different places and times of change being different, every day?

Mr. ABRECHT. We try very hard to have officers avoid becoming routine, particularly in the performance of their duties, and we try to rotate posts as much as we can. There are obviously tradeoffs here. There are tradeoffs between knowledge of the post and complacency, essentially.

It is obviously an advantage for us to have officers at certain places who know the Members who are coming through that area, know the routine, know the senior staff who work in that area, and when you constantly rotate people you lose that aspect of it, but you are also correct that you gain in the battle against complacency.

So there is sort of a constant balancing that we have to go through, and if we are moving in any direction we are moving toward more of a rotation and less permanently assigned officers for just that, among other reasons, and it is something that we have to constantly guard against.

Every time there is an incident like the Oklahoma City bombing people tend to be more alert, more careful, and to avoid this tendency toward complacency and routine. Then, over time it tends to get complacent again and to get routine again, and we know that we have to continue to battle that.

Senator STEVENS. Thank you.

Mr. CASEY. There is also, Mr. Chairman, the continual conflict between what they have as general orders, and their officers following the general orders to the letter, and the inconvenience that it sometimes puts both the visitors and the Members to.

We get a lot of pressure on occasion to ease up, particularly at the staff doors, with things like that and become familiar with those people and to sort of change the way you interpret that order to allow those people that you would ordinarily recognize to come through, but we constantly get that kind of pressure, too, but they have been very, very good about trying to be as good and gentle as they can about enforcing that general order to the letter so something like that familiarity does not creep in.

Senator STEVENS. Thank you.

Mr. LIVINGOOD. If I could add one other thing, one of the big issues in this area is training. Specifically, a terrorist will generally do a surveillance prior to coming, as you mentioned, to try something, and what we are going to be doing in our new classes, in-service classes, is adding a course of countersurveillance so the officers know what people to be looking for and how to sort of pick them out. That will add to the alertness of the officers.

Senator STEVENS. Well, I can understand having the same people and get to know sort of the clientele for a particular entry or passage, but it does seem to me that the mistake we made back in those days is that we were just letter perfect in every shift change. People came in 10 minutes late, and everyone was doing the same thing. I was always impressed with the lectures they gave us on how to avoid that, where you have shifts change at different times, and only announce them the day before instead of posting them on the wall so people could see them.

It does seem to me that we ought to be more attuned, and I still think we are going to be a target. We are a main target for terrorism against the Government, either these facilities or the White House, but not in the sense of our personnel. I think it is the buildings.

Thank you, Mr. Chairman.

Senator CRAIG. Mr. Chairman, possibly one more question in this area. I am curious, in the training that you put your staff and the officers through. Do you ever attempt to have an unknown penetrate the area? Is that part of the training, to actually attempt to do that?

Mr. ABRECHT. We have not in recent times done testing of our facilities.

Senator CRAIG. How do you do countersurveillance, then, from the sense that, I mean, obviously I can appreciate training people to look for certain things and certain patterns and certain kinds of human behavior or human activity, but unless you really attempt to have somebody penetrate a location——

Mr. ABRECHT. We train officers in how to watch for people who appear to be conducting surveillance of facilities, or who are lurking around, or try to figure out what is happening. We are essentially testing our system itself, rather than just shoo them away, to actually find out what they might be up to. Someone trying to come in through a garage door on foot, for instance.

Mr. CASEY. There are a number of things you may want to discuss on that in executive session.

Senator CRAIG. I appreciate this is a public meeting.

Mr. Chairman, I have one personal request. I drive by your facility at Blue Plains, and I see those greenhouses, and I would love to go visit that sometime, and I would like to see the dog facility also.

Senator BENNETT. I would recommend while the Architect is here that all members of the subcommittee take advantage of the opportunity to tour some of those facilities, particularly when we are getting ready to increase the budget for repair.

Some of these buildings are what, 60 years old or something, and we are going to have to make a major renovation. I have been through them, and I recommend that every member of the subcommittee take the opportunity.

The Architect has been very generous with his time, but I am sure he will be happy to take the opportunity.

If there are no further questions——

Mr. CASEY. Mr. Chairman, I do have a detailed breakdown of the cost, and I can make that available to your office so that you can go through that.

ADDITIONAL COMMITTEE QUESTIONS

Senator BENNETT. Thank you. Any further questions will be submitted in writing.

Mr. CASEY. Thank you, Mr. Chairman. On behalf of the Police Board we appreciate your time.

Senator BENNETT. We appreciate your coming. We will move quickly to the next panel.

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

ADDITIONAL COMMITTEE QUESTIONS

NEW POSITIONS

Question. You are requesting three new positions in fiscal year 1998. What are these positions? Can these positions be absorbed through attrition?

Answer. Two of these positions are in support of the anticipated migration of the Senate-side payroll to the National Finance Center. The third position will be assigned to the Office of General Counsel in support of administering the Congressional Accountability Act.

It is increasingly difficult to absorb the staffing of new functions through attrition. In fiscal year 1992, the Capitol Police had an authorized staffing level of 1,357 positions. For the past two years we have operated at a level of 1,299 positions, a reduction of 58 positions.

COLA/COMPARABILITY COSTS

Question. In addition to the $212,000 requested for new positions, you are requesting $1.985 million for "Mandatories". Specifically, what is included in this amount?

Answer. The amounts requested are to fund the anticipated cost of living allowance in fiscal year 1998 as well as a comparability increase for sworn personnel. In the current fiscal year, uniformed personnel received an increase of 3.33 percent, which included the nation-wide cost of living increase of 2.3 percent. Civilian personnel received the 2.3 percent COLA.

The fiscal year 1998 cost of these increases is estimated to be $1,468,000. This increase would become effective on January 1, 1998, and reflects the rate of 2.8 percent, for the COLA and .7 percent for the comparability pay. The amount of $403,000 is also requested to cover the cost of the 1997 increases in fiscal year 1998. The net increase in employee benefits associated with these increases is estimated at $114,000.

PAY PARITY INITIATIVES

Question. You have requested that the committee fund a pay parity initiative. Parity with whom? If we approved this initiative, would you require statutory authority to implement?

Answer. Over the past several years, the Capitol Police Board, with the support of this committee, has pursued the on-going objective of gaining and maintaining parity with other similarly situated Federal law enforcement agencies with are covered under Title 5 of the USC. Principally, these agencies are the U.S. Park Service and the Uniformed Service of the Secret Service.

Notably, recent initiatives have included the Capitol Police Retirement Act, pay compression, mandatory retirement, Cost of Living Adjustments and Comparability pay.

The USCP competes directly with other Federal law enforcement agencies in recruiting and it is essential that we maintain salary and benefit parity with them.

The requested funding would allow us to pay USCP uniformed personnel for various differentials that are paid to other law enforcement personnel under Title 5, including Sunday, Holiday and Night pay. Obviously, we would defer to the prerogative of the relevant House and Senate authorizing entities to determine what additional actions, if any, would be required prior to implementation.

SCHEDULED LEAVE/THRESHOLD

Question. You have requested that scheduled leave be counted toward the earning of overtime. Do you have current authority to make this adjustment?

Answer. Current authority exists for us to administratively make the adjustment. However, I would be remiss if I didn't point out that the amount requested to fund this initiative would be disbursed as overtime and as such would increase our current estimate from $4 million to $4.676 million.

PAYROLL COMPARISON—USCP VS. OTHER LAW ENFORCEMENT AGENCIES

Agency	FLSA OT threshold (in hours)	Including scheduled annual leave	Including scheduled sick leave	Percent			
				Night differential	Sunday differential	Holiday differential	COLA and locality
U.S. Capitol Police ...	85	No	No	None	None	Comp	3.33
U.S. Park Police	80	Yes	Yes	10	25	100	3.33
U.S. Secret Service ...	85	No	No	10	25	100	3.33
FBI	80	Yes	Yes	10	25	100	3.33

Sunday Pay @ 25 percent. Holiday Pay @ 100 percent. Evening: 1800 to 0600 @ 10 percent; 1500 to Midnight @ 7.5 percent; Midnight to 0800 @ 10 percent.

REMAINING PARITY ISSUES

Question. If the pay parity initiatives are approved, what remaining differences would remain. Please enumerate.

Answer. There are no other parity issues of substance. The USCP retirement system mirrors that of other Federal law enforcement agencies.

OTHER SERVICES INCREASE

Question. In the category of "Other Services" you have requested an increase of $2.4 million. Please explain the increase.

Answer. Of the $2.4 million requested, $2.1 million will be used for telecommunications and computer services. The inclusion of these items is at the direction of the Senate Subcommittee on the Legislative Branch and represents a budget authority transfer from the Office of the Senate Sergeant at Arms which previously budgeted for these services.

Also included in our "other services" request are funds to upgrade the departmental accounting system, possibly through a cross-servicing agreement. The amount of $100,000 is requested in this area which will include funding for the annual agreement, outside consultation on meeting Comptroller General standards, assuring that internal and external interaction requirements are met and that data can be collected and reported consistent with Federal fiscal standardization. Finally, it may be necessary to acquire specific hardware and connectivity to implement the new system dependent upon which option is selected.

The amount of $170,000 is also included in this object class to fund the biennial cost of the promotion exam.

COMPUTER AND TELECOMMUNICATIONS

Question. You have requested funds to reimburse the Senate Sergeant at Arms for Computer and Telecommunications services? Please explain what services are provided.

Answer. In fiscal year 1998, we have requested $1,247,000 for computer products and services, and $929,000 for telecommunications services that were previously provided by the Senate Computer Center (SCC). These amounts are included at the direction of the Senate Subcommittee on the Legislative Branch. We will have the option of purchasing these products and services directly from private vendors, or reimbursing the SAA.

In general, the types of services in the computer area include hardware and software upgrades, a pro rata share of software licensing and maintenance contracts, replacement of obsolete workstations and funding to migrate our applications from the SCC's mainframe environment.

In the telecommunications area, funding is requested for maintenance for circuits, facsimile equipment and radio systems, monthly usage charges for local telephone service, radio telephone circuits, cellular phones and pagers. Funds are also requested for upgrades of systems, new consoles for the CAD system and new command center.

New hardware—5 color printers, control card, cables, and other accessories	$14,000
Hardware and software maintenance—reimburse the Senate Computer Center for the maintenance of 300 personal computers, 105 printers, 8 file servers, and software	53,463

Mainframe to PC migration—Senate requires us to migrate our applications from a mainframe environment to personal computers within two years. These funds will pay for consulting services, and we will require more funding in fiscal year 1999	70,000
Software and software upgrades—upgrade to Corel Office Suite and Windows NT 4.0	89,589
Replacement of existing workstations—current 486/33 workstations are approaching obsolescence and cannot run applications currently on our system. Faster, workstations with greater memory are needed in order to complete the migration project	1,020,000
Subtotal computer services	1,247,052

In fiscal year 1998, we have requested $929,000 for Telecommunication products and services. Summarized costs are as follows:

Frame Relay Circuit and Routers	$1,920
10/100 Ethernet Network Interface Cards	4,000
Cellular Telephones and Pagers	4,804
Facsimile Maintenance	6,100
NFC Conversion Telecommunication Services	9,000
Streetguard Computer Aided Dispatch (CAD) System Maintenance	14,000
Radio Circuits	15,000
Upgrade of Police Metropolitan Area Radio System	20,000
Business Telephone Lines	25,000
Technical Support for Senate Security while traveling	25,000
AT&T System 75 Maintenance	32,000
Hand Held Radio Maintenance	50,000
New Hand held Radios	60,000
Replacement and/or repair of GE Radio Receivers	60,000
New Consoles for the CAD System in the Communication Center	70,000
Upgrade of System 75 to Definity G3I	70,000
Local telephone Service	98,000
Radio Coverage	100,000
Radio System Maintenance	114,000
New Command Center	150,000
Subtotal telecommunication services	928,824

HOUSE SERVICES

Question. What services are provided to the USCP by the House? Is there any reimbursement to the House offices for theses services?

The Office of the Chief Administrative Officer performs payroll disbursement services for the House side and the disbursement function for the general expenses appropriation. In addition, the House Sergeant at Arms pays for telephone services of the USCP on the House side. We provide no reimbursement for these services.

ACCOUNTING FUNCTION/MANAGEMENT REVIEW

Question. You have requested funds to possibly have your accounting functions cross-serviced by another agency. Have you discussed this option with the Library of Congress? Would this initiative save money?

Answer. Also included in our "other services" request are funds to upgrade the departmental accounting system, possibly through a cross-servicing agreement. The amount of $100,000 is requested in this area which will include funding for the annual agreement, outside consultation on meeting Comptroller General standards, assuring that internal and external interaction requirements are met and that data can be collected and reported consistent with Federal fiscal standardization. Finally, it may be necessary to acquire specific hardware and connectivity to implement the new system dependent upon which option is selected.

The accounting function within the department is currently being performed on an outdated system which has been in use for over ten years. There are several options available to the department, including developing our own accounting system. We believe that it may be more cost efficient however to be cross-serviced by another agency and we have begun discussions with several agencies to determine which may meet our requirements. There are no savings to be gained from this initiative in that the functions that would be provided are not currently being received.

PHYSICAL SECURITY SUPPLEMENTAL SPENDING PLAN

Question. In September of 1996, you received a supplemental appropriation of $3.25 million. How will these funds be expended? Do you have a plan in place for improving physical security?

Answer. As the Committee is aware, early in 1995 the USCP and the U.S. Secret Service conducted a comprehensive physical security survey. In fiscal year 1996, responsibility for installations of physical security equipment was transferred to the USCP.

Since that time, the USCP established a Physical Security Division (PSD), appointed a director and hired staff. A five-year budget and program plan was developed, approved by the Board and forwarded to the Senate and House Appropriation Committees. The Board then directed the PSD to provide a comprehensive security implementation plan based on the USCP/USSS survey. In December 1996, the USCP engaged the Department of the Army, Physical Security Equipment Management Office to assist in the development of the implementation plan. This survey was initiated in January and included technical design, equipment selection, installation and cost estimates.

In fiscal year 1997 responsibility for the maintenance of physical security was transferred to the USCP. At the time of this transfer, there were only 52 on-line accounts on the House side for the Members' duress alarm system, which had taken over three years to install. Since that time, the USCP has installed 245 additional systems in less than six months. Additionally, the Maintenance Section has completed more than 1,000 requests for service repairs since October 1, 1996. This is double the amount completed in the entire preceding year prior to the transfer. We have accomplished this without increase in personnel, funding or overtime while expanding coverage to seven days each week.

AOC MOU

Question. The implementation of physical security plans in the Capitol complex will require close coordination with the Architect of the Capitol on matters relating to design. How will you assure that this coordination will be carried out?

Answer. We have executed a Memorandum of Understanding with the Office of the Architect as specified in the Conference Report accompanying H.R. 3610, Making Omnibus Consolidated Appropriations for Fiscal Year 1997 to delineate the process for implementing security projects.

K–9 FACILITY

Question. Last year, emergency funding was arranged to alleviate serious problems associated with your K–9 facility. What is the current status of the project to take over the D.C. facility? Once you have moved into the facility occupied by D.C., are there plans to share any of the facilities since they will still be adjacent to your kennels?

Answer. The Architect of the Capitol (AOC) has completed all their assigned work related to the emergency funding. The obedience, attack, and agility fields have been completed and fenced. All the trailers and storage areas have been put in place. The Metropolitan Police Department (MPD) will turn over their old facility, which includes 12 indoor kennels, to the U.S. Capitol Police in April, after they move to their new training facility, which is now under construction. Even though these kennel facilities are an improvement from the one at Poplar Point, they still need considerable renovation. The AOC has requested funds to renovate our kennel facilities in fiscal year 1998 and fiscal year 1999. We plan to share the obedience, attack, and agility fields with MPD.

SENATE/HOUSE POSITIONS

Question. You have 637 positions on the House side, and 662 on the Senate side. Please explain why there are unequal numbers of positions.

Answer. There has never been an attempt to divide the total number of positions equally between the two houses. Variations have occurred over time due to the implementation of various initiatives such as the screening of all freight destined for the Senate loading dock at the off-site delivery center, the security aide initiative, the physical security initiative, and so forth. It should be noted however that assignments overall are made without regard to the payroll on which an officer resides.

NFC STATUS

Question. What is the status of the project to move the House payroll to NFC.

Answer. Conversion of all House-appropriated U.S. Capitol Police positions and employees to the USDA/NFC payroll became effective on March 30, 1997. This included the transfer of payroll processing, salary and benefits disbursement, and retirement/benefits counseling functions from the House Finance Office to the Department. Appointing authority is retained by the Committee on House Oversight.

In 1992, Title 40, Section 207a., was amended by legislation, and mandated that the House and Senate act jointly to provide for a unified payroll administration for the USCP. To that end, the USCP has been actively engaged in providing information to relevant Senate leadership regarding the conversion of Senate-appropriated positions to the USDA/NFC. Currently, the matter is under serious consideration by the Senate Committee on Rules and Administration, and the Committee on Appropriations. We have determined that should the Senate decide to expedite approval, a unified payroll could be achieved by the beginning of fiscal year 1998, at little or no cost incurred above that appropriated for fiscal year 1997. Thereafter, we have estimated that the total (unified) cost of USDA/NFC cross-servicing costs would be approximately $160,000 per annum.

UNIFIED PAYROLL

Question. What remaining impediments remain toward a unified payroll? What is keeping us from a unified payroll and consolidated reporting?

Answer. Bifurcated administrative systems result in a complex and inconsistent infrastructure. Differences in the administrative systems and practices of the two chambers have created disparities between employees working side by side. They also result in critical inefficiencies when trying to capture and report management information for budget, accounting, manpower utilization, position management, etc. With the assistance of this committee, the USCP is addressing these problems through legislation, to eliminate the disparities between the two chambers. Some of the most visible inequities that exist are:

Difference in personnel practices.—Nonpay status; payroll cycles; wage and earnings reporting; and pay setting.

Differences in work/information flow.—Approval processes; and information feedback.

UNIONIZATION STATUS

Question. What is the current status of unionization efforts in the USCP under the Congressional Accountability Act?

Answer. The following is a chronology of activities to date regarding the unionization of USCP officers.

USCP UNIONIZATION CHRONOLOGY

October 1996.—Petition for Certification as exclusive bargaining representative by International Brotherhood of Teamsters, Fraternal Order of Police, and International Union of Police Associations.

January 1997.—Board of Directors, Office of Compliance Decision Order. Excluding certain divisions of the USCP.

February 1997.—Decision and Direction of Election issued by Board of Directors, Office of Compliance.

April 1997.—Election held at USCP Headquarters. (Challenges sufficient to affect results.) International Union of Police Associations eliminated.

May 1997.—Decision and Direction on Challenged Ballots.

June 1997.—Second Election Runoff between International Brotherhood of Teamsters and Fraternal Order of Police.

June 1997.—Certification of Representative certifies the Fraternal Order of Police as exclusive representative of all employees in the bargaining unit.

TBD.—Collective Bargaining Agreement negotiations to begin.

ACCOUNTING SYSTEM

Question. You have requested the amount of $100,000 within the line item "other services" to have the accounting function performed through a cross-servicing agreement. Please explain.

Answer. The accounting function is part of a broader review that the Board will undertake within the department. While the USCP has made great strides in recent years in operational areas, the board will now place renewed emphasis on assuring that the administrative and management areas are in compliance with prescribed standards of the Comptroller General. We plan to conduct a department-wide survey and evaluation of internal accounting and administrative controls for the purpose

of identifying weaknesses so that they can scheduled and assigned for corrective action.

The accounting function within the department is currently being performed on an outdated system which has been in use for over ten years. There are several options available to the department, including developing our own accounting system. We believe that it may be more cost efficient however to be cross-serviced by another agency and we have begun discussions with several agencies to determine which may meet our requirements.

In addition, we have included funds for an outside consultant to perform a requirements analysis leading to the design of an information technology plan which will meet the management needs and reporting requirements of the department.

PHYSICAL SECURITY

Question. Can you provide us with a brief overview of activities undertaken to date regarding the physical security function for the Capitol complex?

Answer. As the Committee is aware, early in 1995 the USCP and the U.S. Secret Service conducted a comprehensive physical security survey. In fiscal year 1996, responsibility for installations of physical security equipment was transferred to the USCP.

Since that time, the USCP established a Physical Security Division (PSD), appointed a director and hired staff. A five-year budget and program plan was developed, approved by the Board and forwarded to the Senate and House Appropriation Committees. The Board then directed the PSD to provide a comprehensive security implementation plan based on the USCP/USSS survey. In December 1996, the USCP engaged the Department of the Army, Physical Security Equipment Management Office to assist in the development of the implementation plan. This survey was initiated in January and will include technical design, equipment selection, installation and cost estimates.

In fiscal year 1997 responsibility for the maintenance of physical security was transferred to the USCP. At the time of this transfer, there were only 52 on-line accounts on the House side for the Members' duress alarm system, which had taken over three years to install. Since that time, the USCP has installed 245 additional systems in less than six months. Additionally, the Maintenance Section has completed more than 1,000 requests for service repairs since October 1, 1996. This is double the amount completed in the entire preceding year prior to the transfer. We have accomplished this without increase in personnel, funding or overtime while expanding coverage to seven days each week.

Finally, we are nearing the completion of Memorandum of Understanding with the Office of the Architect as specified in the Conference Report to accompany H.R. 3610, Making Omnibus Consolidated Appropriations for Fiscal Year 1997 to delineate the process for implementing security projects.

LIBRARY OF CONGRESS MERGER

Question. For several years, there have been discussions and studies involving a merger with the police and security of the Library of Congress. What is the status of this proposal?

Answer. In House Report 104–141 on the 1996 Legislative Branch Appropriations Bill, the Subcommittee on Legislative Appropriations instructed the United States Capitol Police to undertake discussions and a study to determine the extent to which the police and security of the United States Capitol, the Library of Congress and the United States Supreme Court can be combined as a unified operation under a single command utilizing common personnel.

From an administrative perspective, the absorption of the Library of Congress Police (LOCP) by the USCP is feasible. If approved, we would anticipate entering into a Memorandum of Understanding with the LOC, with a projected date of transfer six months thereafter. The MOU would address issues regarding retirement, transfers of leave balances and training.

In addition to personnel costs which we anticipate would be covered pursuant to an appropriation transfer, we have developed one-time cost estimates associated with the transfer.

There are a variety of important administrative issues that would need to be addressed if the merger occurs. Many of these issues will be contingent upon specific congressional directives and mandates. Equally important is the merger's impact upon the budgets of those entities that provide valuable services to the USCP, e.g., Architect of the Capitol, and the House and Senate Sergeants at Arms.

SYSTEMS ACQUISITION

Question. You have indicated that a review will be made of administrative and financial areas to replace an antiquated infrastructure. What provision is made for the cost of new systems?

Answer. Included in our request is the amount of $100,000 which is dedicated to replacing the current expense control system in the accounting and financial management functions. Ideally, this replacement system will be attained through a cross-servicing arrangement with another agency.

Secondly, within the overall amounts requested for reimbursement to the Senate Sergeant at Arms for computer services, are amounts to enable us to begin upgrading workstations, phase in a migration from the SCC workstation, and acquire a replacement for the time and attendance system.

The pace and scope of all of the planned improvements will not be known until after our review is completed. At that time we will inform the committee of our plans and requirements. In the interim, we feel that the current request will allow us to move forward in all of these areas.

CONGRESSIONAL BUDGET OFFICE

STATEMENT OF HON. JUNE E. O'NEILL, DIRECTOR

ACCOMPANIED BY:

JAMES L. BLUM, DEPUTY DIRECTOR
GAIL DEL BALZO, GENERAL COUNSEL
STANLEY L. GREIGG, DIRECTOR, OFFICE OF INTERGOVERNMENTAL RELATIONS
POLLY E. HODGES, BUDGET AND FINANCE OFFICER
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MARK G. DESAUTELS, ASSISTANT FOR INTERGOVERNMENTAL RELATIONS
DANIEL F. ZIMMERMAN, CHIEF, SYSTEMS DEVELOPMENT AND RESEARCH UNIT

BUDGET REQUEST

Senator BENNETT. Our next panel is headed by the Honorable June O'Neill, the Director of the Congressional Budget Office, and we will dispense with the usual formalities and congratulations and greetings, because both Senator Dorgan and I are conferees of the conference that must convene at 11 o'clock. I can be a little later than he can. He has a more direct interest in what is happening here than I do, so you are probably going to get a much lighter going over than you might.

SUMMARY STATEMENT

Ms. O'NEILL. Thank you, Mr. Chairman. I am accompanied by Mr. James Blum and the staff that has helped prepare the statement. I will be brief. Our budget request for fiscal year 1998 is for $24,995,000, which allows an increase of 1.9 percent, or $463,000, over our fiscal year 1997 appropriation.

The amount of our request is about one-half of the 4 percent increase that CBO would need to maintain its budget at the current services level—that is, taking account of pay and benefit increases and other rising costs.

The requested amount would fund our current staff ceiling of 232 full-time equivalent positions, or full-time equivalents. But in order to hold our requested increase to 1.9 percent, we would reduce spending on automated data processing [ADP] and on printing and postage by a total of $542,000.

Although we should be able to maintain our current workload with the funds requested here, I would like to point out that the law dealing with unfunded mandates as well as the Congressional Accountability Act will continue to have a significant cost impact on our budget.

CBO has now had a full year of operation under the Unfunded Mandates Act, and the cost of carrying out its responsibilities has become clearer. Both our fiscal year 1997 and fiscal year 1998

budgets are based on the assumption that the required level of work on mandates will decline somewhat after the first year. But in view of the pace of work, that assumption could be optimistic.

Moreover, a number of legislative proposals have been made for expanding the scope of work on mandates, and, of course, that could cause a significant diversion of resources from our basic work.

As for the Congressional Accountability Act, CBO used an estimated two full-time equivalents in staff and $320,000 to assure compliance in fiscal 1996. No additional staff or funds were provided for that purpose. For fiscal years 1997 and 1998, we estimate that a similar level of effort will be required. That cost is also being absorbed. Of course, estimating how much it will cost annually to comply with the act beyond 1996 is extremely difficult.

Mr. Chairman, given our role in the budget process, we are, of course, very aware of Congress' intention to balance the budget and downsize the Federal Government, including the legislative branch. However, maintaining a strong analytical capability in the Congressional Budget Office is essential, I believe, to helping achieve those goals.

Our request is for less than is necessary to maintain our budget at its current services level. I think it is a prudent budget in which we absorb over 50 percent of our mandatory pay and benefit increases by making reductions elsewhere.

PREPARED STATEMENT

We believe that our requested increase of 1.9 percent would allow us to serve the Congress at the level it has come to expect of us. I would be happy to answer any questions you may have right now or in writing and will submit our complete prepared testimony for the record.

[The statement follows:]

PREPARED STATEMENT OF JUNE E. O'NEILL

Mr. Chairman and Members of the Subcommittee, I am pleased to present the fiscal year 1998 budget request for the Congressional Budget Office (CBO). The mission of CBO is to provide the Congress with the objective, timely, nonpartisan analysis needed for economic and budget decisions and the information and estimates required for the Congressional budget process. CBO does not make policy recommendations but presents the Congress with options and alternatives in a wide range of subjects, all of which have economic and budgetary impacts.

Our fiscal year 1998 request is for $24,995,000, a 1.9 percent increase—$463,000—over our fiscal year 1997 appropriation of $24,532,000. That requested level would fund 232 full-time-equivalent positions (FTE's), our current staff ceiling. No additional staff is requested. Our requested increase is about half of the 4 percent increase that would be needed to maintain CBO's budget at the fiscal year 1997 current-services level. CBO is able to hold its overall request to 1.9 percent by cutting back on the number of reports and studies to be published in fiscal year 1998, which will lower printing and postage costs, and by reducing spending for automated data processing (ADP) systems, data, and model development and for ADP hardware.

At the requested level, CBO's fiscal year 1998 budget remains—in real terms—below the amount that would be required to restore our real resources to their fiscal year 1988 level. In the meanwhile, CBO's staff ceiling has been increased by six positions since 1988, and its duties expanded by legislation numerous times.

Over the years, CBO has taken a number of steps to absorb the cuts in real resources it has experienced, including holding down salaries when turnovers occur; continuing our efforts to reduce administrative expenses, especially in the areas of report production, distribution, and storage; and, aggressively renegotiating contract

terms for ADP and other administrative services. We have been aided further in our efforts to absorb cuts in real resources over the years by a steady decline in the cost of computing power.

Before discussing our fiscal year 1998 request in more detail, I would like to describe for the Committee two major new CBO work efforts of the past fiscal year.

MAJOR NEW WORK EFFORTS DURING 1996

CBO undertook two new major efforts during the past year. One was to develop estimates of the costs of federal mandates imposed on state and local governments and on the private sector in new legislative proposals. The other was to prepare long-term budget projections to show the increased pressures on the federal budget after 2010 that will come with the retirement of the baby-boom generation and the aging of the U.S. population.

Federal Mandate Cost Statements

On January 1, 1996, the Unfunded Mandates Reform Act of 1995 (UMRA) took effect. The act established new procedures designed to ensure that the Congress fully considers the potential effects of unfunded federal mandates before imposing them on state, local, and tribal governments or the private sector. Among the new procedures, CBO is required to provide statements to authorizing committees about whether reported bills contain mandates and, if so, their estimated costs.

In carrying out its new responsibilities under the act last year, CBO used an estimated 24 work years of staff effort. CBO's appropriation for 1996 provided funds for 13 additional staff positions, and we reallocated an additional 11 staff years of effort from other work. Originally, we estimated that we would need 25 work years of staff effort to carry out our new duties, based on an assumption that we would have to prepare 550 intergovernmental and 550 private-sector mandate analyses.

In fact, we transmitted to the Congress last year 718 intergovernmental and 673 private-sector mandate cost statements, using about the level of resources expected. Among the proposals analyzed, 69 contained intergovernmental mandates and 91 included private-sector mandates. Of those, 11 intergovernmental and 38 private-sector mandates had costs exceeding the thresholds established in the Unfunded Mandates Reform Act.

Earlier this year, CBO completed a report analyzing its first year of operation under UMRA titled "The Experience of the Congressional Budget Office During the First Year of the Unfunded Mandates Reform Act." I would like to provide copies of the report for the Committee's information.

Long-Term Budget Projections

CBO's annual report to the Congress on the economic and budget outlook last year included a chapter that looked at the budget through the first half of the 21st century and the implications of the retirement of the baby-boom generation. Together with CBO's work on unfunded mandates, the long-term budget projections constituted a second major analytic effort by CBO last year.

For the past several years, CBO has been preparing 10-year budget projections of current laws and policies to serve as a baseline in considering the budgetary effects of new policy proposals. A 10-year time frame, however, is not sufficient to show the dramatic effects on the federal budget of projected long-term demographic changes in the U.S. population. To illustrate those future pressures, CBO prepared some long-term budget projections to 2050, using a standard model of economic growth and the actuarial projections used by Social Security and Medicare trustees.

The longer-term CBO projections showed that the federal deficit would begin to mount rapidly after 2010 under current budget policies. A sharply rising federal deficit would have adverse consequences for interest rates and economic growth, making the budget and economic outlook bleaker. The growth in federal spending over the period was largely in Medicare and Social Security, and CBO included a special chapter in its annual report, "Reducing the Deficit: Spending and Revenue Options" (August 1996), that discussed various options for limiting the long-term growth of outlays for those programs. Because we believe that analysis to be significant, this spring we published it as a stand-alone report titled "Long-Term Budgetary Pressures and Policy Options" (March 1997).

Other CBO Work

As in other years, CBO maintained its normal support of the Congressional budget and legislative processes throughout the fiscal year, performing cost estimates for hundreds of bills, as well as maintaining a steady flow of scorekeeping reports to the Appropriations Committees. CBO's divisions published 20 reports in fiscal year 1996, and CBO staff members testified 18 times before 11 Congressional committees

last year, demonstrating the broad range of its analytic expertise. Appendix A to this statement provides an overview of CBO's work for the Congress under current law in fiscal year 1996.

Also, I should note that CBO has new responsibilities under the Line Item Veto Act, beginning January 1, 1997. Although the work required will not be nearly as demanding as that required by UMRA, each time the President exercises his authority under the act, CBO is required to provide the Budget Committees with an estimate of the reductions in budget authority and outlays stemming from the President's action. CBO will prepare any additional information that the Budget and Appropriations Committees may need to track the effects of the new law.

FISCAL YEAR 1998 REQUEST

As I indicated previously, Mr. Chairman, CBO's fiscal year 1998 request is for $24,995,000, an increase of 1.9 percent, or $463,000, over our fiscal year 1997 appropriation. That request funds our staff ceiling of 232 full-time-equivalent positions. No additional positions are being requested. Specifically, our request includes:

—$938,000 in mandatory pay increases, the major components of which are: (a) $424,000 for a projected 2.8 percent employment cost index (ECI) adjustment on January 1, 1998; (b) $295,000 for the annualization of fiscal year 1997 pay raises; and (c) $198,000 for merit increases, budgeted at 4 percent of salaries, with 50 percent of the cost offset by savings from staff turnover.

—$67,000 in various price increases, from printing to ADP timesharing;

—A $334,000 reduction in planned spending for ADP timesharing and systems, data, and model development and for lower printing and postage costs; and

—A $208,000 reduction in spending for equipment, primarily ADP hardware and software.

The request is lower than the roughly $25.5 million that would be necessary to maintain our budget at the current-services baseline level, which would require an increase of 4 percent. To limit our request below that level, we have partially offset combined mandatory pay and benefit increases and general price increases of $1,005,000 with reductions in ADP spending and in our printing and postage budget amounting to $542,000.

In our budget, more than 85 percent of the total constitutes personnel costs. Of the cost increases CBO faces in fiscal year 1998, over 93 percent are mandatory increases associated with pay and benefits. CBO has carefully scrubbed other parts of its budget to absorb more than half of the increases, cutting ADP spending 12.2 percent and administrative spending 10.1 percent. At 8.3 percent of CBO's budget, ADP spending is at a historic low. Moreover, administrative expenses—6.6 percent of the total budget—are well below their historic average. As a result, those areas of spending cannot be counted on to yield similar savings on an annual basis in the future, even though mandatory costs will continue to rise.

Although CBO should be able to maintain its current workload with the funds requested here, it is important to point out that the law dealing with unfunded mandates and the Congressional Accountability Act, both high priorities for the Congress, will continue to have a significant cost impact for our budget.

CBO now has had a full year of operation under the Unfunded Mandates Act, and the costs of carrying out its responsibilities under the act are becoming more clear. Expecting that the level of work effort will fall somewhat after the first year, both the fiscal year 1997 and fiscal year 1998 budgets assume seven FTE's and more than $600,000 in costs above the base provided by the Congress for our work on unfunded mandates. Considering the pace of work on unfunded mandates last year, however, even that estimate could prove too low. Furthermore, a number of legislative proposals have been made for expanding our work duties on mandates, which could cause an even greater diversion of our analytic efforts from our basic budget work.

The number of analytic studies we provided to the Congress last year was sharply reduced. Part of the slowdown in the production of programmatic analyses was the result of diverting analysts from doing in-depth analysis of various budget issues to the more immediate requirements of work on unfunded mandates.

Over the years, CBO's analytic reports produced by our program divisions have helped to provide committees with important information on legislative options and alternatives to current policies. Subsequently, as committees reported legislation incorporating alternatives analyzed by CBO, our cost estimates for the proposed legislation often relied on the methodologies developed by the program divisions. By diverting analysts away from long-term programmatic work to attend to unfunded mandates duties, CBO may one day be unable to perform policy analysis for commit-

tees in a timely fashion during the legislative process. Subsequently, that lack of research may have an effect on the quality of CBO's cost estimates of bills.

As for the Congressional Accountability Act, CBO used an estimated two FTE's and $320,000 to assure compliance in fiscal year 1996. No additional staff or funds were provided for that purpose. For fiscal years 1997 and 1998, we estimate that a similar level of effort will be required. That cost is also being absorbed. Of course, estimating how much it will cost annually to comply with the act beyond 1996 is extremely difficult. In addition to the ongoing cost of compliance, another possible cost component exists that depends on the number of employee disputes and whether any result in lawsuits. A lawsuit would not only incur significant legal expenses but also disrupt CBO's work while management and administrative staff met with lawyers, provided needed documentation, and testified.

At this point, I would like to discuss two specific and important administrative concerns. The first has to do with attracting and retaining a high-quality workforce. As we pointed out to the Committee last year, the restrictions on compensation that CBO has faced in recent years—the same restrictions the Congress itself has faced—have already affected our ability to attract and retain highly qualified staff. During the last two years, CBO has experienced an unusually high turnover among its most skilled staff and managers, who have left to take more lucrative positions. If the pay freeze for Members of Congress and other senior level positions continues, which is likely, it will exact a heavy toll on CBO's managers and senior staff.

The executive branch, and even some other legislative branch agencies, use several options for compensation, such as bonuses and locality pay. However, those options are not available to CBO. As a result, we are at a serious competitive disadvantage with both the private sector and other governmental agencies. CBO is in danger of losing employees with years of institutional knowledge—staff members who have helped to shape CBO's products and to train new staff members. That situation has implications for the quality of CBO's service in the future.

Our second concern has to do with the ADP services that are currently being provided to us by House Information Resources (HIR). CBO does a sizable amount of computing on HIR's mainframe on a reimbursable basis. However, we have recently learned that HIR is reviewing a "Mainframe Computer Retirement" plan that could have serious implications and consequences for the Congressional Budget Office. If this service to CBO is terminated without ample notice, it will have an adverse effect on our ability to meet Congressional demand for CBO's products and even on our ability to operate. To address that concern, we intend to explore the ramifications on CBO's budget and operations of moving to outside vendors in the event HIR curtails its service to CBO.

Finally, let me update the Committee on CBO's efforts to accommodate those interested in receiving our work products in electronic format. For a number of years, CBO has maintained a gopher site on the Internet. At that site, people can get copies of CBO's published reports in electronic format, either in Word Perfect or ASCII. In the short time that we have been offering that service, a revolution has occurred on the Internet. File transfer protocol sites like our gopher site are now obsolete, and Internet users have moved on to the graphically oriented and more interactive World Wide Web. CBO, which was once out front in terms of the electronic distribution of its material, is now trying to catch up.

Sometime this fiscal year, CBO expects to move the electronic distribution of its documents from its gopher site to the World Wide Web. Once we have established a web site, we intend to offer not just our published documents—which are basically all we currently offer on our gopher site—but all of CBO's work products, at least eventually. We are closely coordinating our efforts with those who are developing the Legislative Information System for the Congress, and CBO's site will be fully integrated with that system when both are completed.

CONCLUSION

Mr. Chairman, no agency is more keenly aware than CBO of the Congress's intention to balance the budget and downsize the federal government, including the legislative branch. However, maintaining a strong analytic capability in the Congressional Budget Office is essential to achieving those goals. Our request is for less than is necessary to maintain our budget at the current-services level. It is a prudent budget in which we absorb over 50 percent of our mandatory pay and benefit increases with reductions elsewhere. We do believe, however, that our requested increase of 1.9 percent would allow us to continue to serve the Congress at the level it has come to expect.

APPENDIX A.—MAJOR RESPONSIBILITIES OF THE CONGRESSIONAL BUDGET OFFICE

The Congressional Budget Office (CBO) was created by the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344) and began operations on February 24, 1975, with the appointment of Director Alice M. Rivlin. Its mission, then as now, is to provide the Congress with economic and budgetary information. Compared with the missions of the Congress's other support agencies—the Congressional Research Service and the General Accounting Office—CBO's mandate is relatively narrow. But its subject matter is extremely broad, reflecting the extensive array of activities that the U.S. budget covers and the major role the budget plays in the national economy.

A substantial part of what CBO does is to support the work of the two other Congressional institutions created by the 1974 Budget Act: a Committee on the Budget in both the House of Representatives and the Senate, each with its own staff. Those committees are in charge of the process, spelled out in the Budget Act, by which the Congress sets its own targets for the federal budget, including the overall levels of revenues and spending, the surplus or deficit that results, and the distribution of federal spending by broad functional categories. Each spring the Congress adopts the result of that process, the Congressional budget plan, in the form of a concurrent resolution. The resolution imposes an overall framework and discipline on the way appropriations, other spending measures, and tax legislation are passed.

The policies and principles that have shaped CBO since its inception are key factors in its effectiveness. CBO is a professional, nonpartisan staff office; it does not make recommendations on policy. This nonpartisan stance has been instrumental in preserving the agency's reputation for professionalism and has enhanced the credibility of its products. CBO prepares independent analyses and estimates relating to the budget and the economy, and it also presents options and alternatives for the Congress to consider. It routinely discloses the assumptions and methods it uses, which enhances the general perception of CBO's products as objective and impartial.

Some of CBO's activities are statutory tasks; others are carried out at the request of Congressional committees. According to the Budget Act, CBO must give priority first to requests for services from the House and Senate Budget Committees; second, to requests from the two Appropriations Committees, the House Committee on Ways and Means, and the Senate Committee on Finance; and finally, to requests from all other Congressional committees. CBO prepares various types of analyses for the Congress, including cost estimates for bills that individual Members have introduced or plan to introduce. But committee requests always have priority; CBO handles requests from individual Members only to the extent that its resources permit.

CBO's services can be grouped into four categories: helping the Congress formulate a budget plan, helping it stay within that plan, helping it assess the impact of federal mandates, and helping it consider issues related to the budget and to economic policy.

HELPING THE CONGRESS DEVELOP A PLAN FOR THE BUDGET

The House and Senate Budget Committees prepare the annual Congressional budget plan, drawing on the views and estimates of the other committees. A major part of CBO's role in this process is to prepare an annual report, divided into two volumes. The first volume provides economic forecasts and budget projections for a multiyear period, currently 10 years. Typically, it also includes a discussion of a current economic or budget policy issue, such as the chapter on the economic and budgetary implications of balancing the budget in the most recent report. The second volume is a collection of spending and revenue options for reducing the budget deficit. The current edition of this volume—the 18th we have done—was published in March. CBO customarily updates its economic and budget projections in mid-August.

Economic Forecasts and Projections

CBO is the only entity of the legislative branch whose mandate includes making economic forecasts and projections. Its forecasts cover 18 to 24 months (it does not attempt to forecast cyclical fluctuations in the economy more than two years ahead) and involve the major economic variables—gross domestic product, unemployment, inflation, and interest rates. Its ten-year projections of the economy present a longer-term view based on trends in the labor force, productivity, and saving.

In preparing its forecast, CBO consults the major econometric models and commercial economic forecasting services, as well as the expertise of its staff. The models currently available to CBO represent a broad range of assumptions about how the economy works; they include Data Resources, Inc.; the Macroeconomic Advisers

Model; the MSG multicountry model, developed by Warwick McKibbin and Jeffrey Sachs; and a standard growth model developed at CBO. CBO also relies on the advice of a distinguished panel of economic advisers (see Appendix B). Usually, CBO's forecasts are fairly close to the Blue Chip consensus of private forecasters.

Baseline Budget Projections

The purpose of CBO's biannual budget projections is to give the Congress a baseline for measuring the effects of proposed changes in taxing and spending laws. The projections start with the Congress's most recent budgetary decisions and show what would happen to the federal budget if no new policy decisions were made over the projection period. The budget committees use those projections to develop annual budget resolutions and directives to other committees. CBO uses them to produce cost estimates for proposed legislation and in scorekeeping tabulations (described later).

For revenues and entitlement programs, such as Social Security or Medicare, the baseline projections generally assume that current laws will continue without change. For discretionary spending, the projections are based on the most recently enacted appropriation bills or on any statutory spending limits that may be applicable.

CBO's projections do not represent a forecast of future budgets because the Congress makes numerous policy decisions in response to changing national needs and economic circumstances. A longer-term framework is helpful in making annual budget choices because those decisions sometimes have little impact on the budget in the short run but significantly influence relative budget priorities over a period of several years.

CBO's capability to do budget projections has enabled the Congress to move increasingly in the direction of multiyear budgeting. In the past, both budget committees have used CBO's baseline budget projections as a starting point for formulating their recommendations for the annual budget resolution. CBO's baseline spending projections are distributed to the appropriations committees and the authorizing committees as background information for preparing their "views and estimates" reports to the budget committees. The budget committees then use the CBO baseline projections in their markup materials for the budget resolution to assess how spending and revenues should be altered in the future to meet fiscal policy goals and national needs.

Deficit Reduction Options

The most widely distributed of all CBO publications is the volume of deficit reduction options that the agency prepares as part of its annual report. The volume discusses various strategies for reducing the deficit and offers more than 200 specific spending and revenue options for the Congress to consider. Members of Congress, as well as many outside groups, use the report to develop deficit reduction proposals and to educate the public about the difficult choices that must be made. Over the years, this report has become a standard reference for developing deficit reduction plans and has been relied on heavily by both budget committees in developing the budget resolution each year.

The policy options included in this report come from many sources, and most have been considered by the Congress at some time. In accordance with CBO's mandate to provide objective and impartial analyses, the discussion of each option presents the cases for and against it as fairly as possible. CBO does not endorse the options included, nor does exclusion of any proposal imply a recommendation. All divisions of the Congressional Budget Office contribute to this report.

Analysis of the President's Budget and Other Assistance

Each year, at the request of the Senate Committee on Appropriations, CBO analyzes the President's budget to see how its revenue and spending proposals would affect the projections. In the analysis, CBO uses its own economic assumptions and estimating techniques to recast the budget that the President has proposed and submitted to the Congress. To keep those techniques and methods as accurate as possible, CBO staff carefully monitor both actual spending trends, as reported monthly by the Treasury, and various program data series that provide information on recent trends in the use of federal benefits and services, the growth in beneficiaries, and other factors affecting federal spending. CBO uses those independent methods to reestimate the effect of the President's budgetary proposals. In some years, those so-called economic and technical reestimates have been significant.

In addition, as the Congress moves toward adopting its annual budget resolution, CBO helps the budget committees and other committees estimate the effects of alternative budget plans. Frequently, the agency is asked to testify before Congressional committees about the outlook for the economy and the budget and about

other matters related to developing the annual budget plan. Finally, the Congressional Budget Act of 1974 requires CBO each year to provide the Congress with a report on unauthorized appropriations and expiring authorizations. This year, that report was filed with the Congress on January 15.

HELPING THE CONGRESS STAY WITHIN ITS BUDGET PLAN

Once the Congress adopts the annual budget resolution, the budget committees take the lead in enforcing its provisions. To help them with that work, CBO supplies estimates of the budgetary impact of bills reported by the different committees and up-to-date tabulations of the status of Congressional actions on legislation affecting the budget. CBO also prepares a series of sequestration reports that advise the Congress and the Administration on two matters: whether the appropriation limits for discretionary spending established by the Balanced Budget and Emergency Deficit Control Act of 1985 have been exceeded, and whether the enactment of any direct spending or receipt legislation has increased the budget deficit.

Cost Estimates for Bills

CBO is required to develop cost estimates for virtually every bill reported by Congressional committees to show how those legislative proposals would affect spending or revenues over the next five years. For most tax legislation, CBO uses estimates provided by the Joint Committee on Taxation, a separate analytic group that works closely with the two tax-writing committees. CBO also prepares cost estimates for use in drafting bills (especially in the early stages), for formulating floor amendments, and for working out the final form of legislation in conference committees. To the extent that its resources permit, CBO provides estimates of the cost of bills in response to requests by individual Members.

CBO's cost estimates have become an integral part of the legislative process, and committees increasingly refer to them at every stage of bill drafting. The estimates may also have an impact on the final outcome of legislation because they are used to determine whether committees are complying with the annual budget resolutions and reconciliation instructions.

The number of such cost estimates varies each year, depending on the amount of legislation being considered and reported by legislative committees. In 1996, CBO prepared 652 federal cost estimates, as shown in Table 1. A large part of CBO's bill costing in certain years has been for the House and Senate committees receiving reconciliation instructions in the budget resolution. CBO's system for tracking cost estimates has treated work on the reconciliation proposals as if they were a few large bills. Work on a reconciliation bill alone is often equivalent to 100 or more bill cost estimates. That was particularly true last year when CBO worked closely with a number of committees in evaluating the savings from the large number of options that were considered for reforming welfare.

TABLE 1.—NUMBER OF FEDERAL COST ESTIMATES PREPARED BY CBO

	1989	1990	1991	1992	1993	1994	1995	1996
Cost Estimates	628	855	638	733	603	622	517	652

In addition to the cost estimates for bills that the legislative committees report, CBO provides the appropriations committees with estimates of outlays for all appropriation bills. Those estimates are prepared for each appropriation account and are transmitted to the staffs of the committees largely in the form of computer tabulations. For example, many reports display data on both budget authority and outlays in the Comparative Statement of Budget Authority formats that the appropriations committees use. CBO's estimates may be critical in determining whether the legislation complies with allocations in the annual budget resolution and with statutory limits on discretionary appropriations.

Scorekeeping

One of CBO's most important functions is to keep track of all spending and revenue legislation considered each year, so that the Congress can know whether it is acting within the limits set by the annual budget resolutions. CBO provides the budget and appropriations committees with frequent tabulations of Congressional action on both spending and revenue bills.

The bulk of CBO's scorekeeping activities involve spending actions. The spending side of the federal budget is complex, consisting of more than 1,000 separate accounts. Furthermore, the Congress acts each year on a large number of individual

legislative bills that affect spending, including 13 appropriation bills. CBO's scorekeeping system tracks Congressional action on all of those bills from the time they are reported from committee to their enactment into law. As a result, the CBO scorekeeping database for budget authority and outlays is extremely complex, and keeping it current represents a major effort. That effort is all the more intense now that caps have been placed on discretionary appropriations and a pay-as-you-go requirement has been placed on mandatory spending and receipts.

CBO's scorekeeping estimates are derived from its analysis of the President's budget, baseline budget projections, and bill cost estimates, as well as from the economic assumptions used for the concurrent budget resolution. CBO conducts a comprehensive review of its scorekeeping estimates at least twice a year to determine how its projections fit with actual fiscal activity. It incorporates new information provided by the Office of Management and Budget (OMB) and other federal agencies and any revised economic assumptions that the budget committees may adopt in addition to other relevant data.

Specially designed computer scorekeeping reports are provided weekly—and sometimes daily—to the budget and appropriations committees. Frequent letters are also sent to the chairmen of the two budget committees to advise them on current budgetary levels. In addition, advisory letters have been sent on request to the chairmen of the Senate and House Appropriations Committees on the budgetary impact of individual appropriation actions, such as a supplemental appropriation bill or a continuing resolution. CBO's automated scorekeeping database also provides special computer reports to the appropriations committees to use in preparing their "views and estimates" reports due on February 25, and in dividing the allocations from the budget resolution among subcommittees.

CBO also prepares a weekly report on the legislative status of selected entitlement legislation and other bills that would directly affect budgetary requirements. Similar reports contain information on the legislative status of bills providing authorizations for appropriations and proposed revisions of the Congressional Budget Act of 1974. Copies of those reports are provided to the staffs of the appropriations and budget committees of both Houses.

Revenue scorekeeping reports with bill-by-bill detail are sent biweekly, or as needed, to the staffs of the Ways and Means, Finance, and Budget Committees. The reports provide five-year estimates of the revenue effects of each tax bill in the legislative process and compare the cumulative revenue effects of enacted legislation with the targets set in the budget resolution. The revenue estimates shown in the reports are drawn from CBO cost-estimate letters and are furnished to the tax-writing committees when each tax bill is reported.

Sequestration Reports

Each year, CBO prepares three sequestration reports as part of the enforcement procedures specified by the Balanced Budget Act. Those reports are advisory and serve only as a benchmark for judging the accuracy of similar sequestration calculations made by the Office of Management and Budget. Under the law, OMB can trigger the cancellation of budgetary resources when the limits on discretionary appropriations are breached or when direct spending and receipt legislation increases the deficit. Those provisions apply through fiscal year 1998.

In addition to the sequestration reports, the Balanced Budget Act specifies another task: CBO must notify the Congress whenever it or OMB projects a recession in the next year (defined as two consecutive quarters of less-than-zero real economic growth) or the Department of Commerce reports two consecutive quarters of real economic growth of less than 1 percent. If the President concurs, the Congress can then elect to set aside the statutory appropriation limits and other budget enforcement procedures.

HELPING THE CONGRESS ASSESS FEDERAL MANDATES

To better assess the impact of its laws on state, local, and tribal governments and the private sector, the Congress passed the Unfunded Mandates Reform Act of 1995. The act amends the Congressional Budget Act to require CBO to give authorizing committees a statement about whether reported bills contain federal mandates. If the five-year direct costs of an intergovernmental or private-sector mandate exceed specified thresholds, CBO must provide an estimate of those costs (if feasible) and the basis of that estimate.

CBO's statement must also include an assessment of what funding is authorized in the bill to cover the costs of the mandates and, for intergovernmental mandates, an estimate of the appropriations needed to fund such authorizations for up to 10 years after the mandate is effective. When requested, CBO is also required to assist

committees by preparing studies of legislative proposals containing federal mandates. The law took effect January 1, 1996.

HELPING THE CONGRESS CONSIDER BUDGET AND ECONOMIC POLICY ISSUES

CBO's responsibilities also entail analyzing specific program and policy issues that affect the federal budget and the economy. For the most part, requests for those analyses come from the chairman or ranking minority member of a full committee or subcommittee. The leadership of either party in the House or Senate may also request a CBO analysis. The analyses cover a variety of federal activities such as examining current policies, suggesting other approaches, and projecting how the alternatives would affect current programs, the federal budget, and the economy. In keeping with its nonpartisan mandate, CBO does not offer recommendations on policy in those studies.

Some studies may take 9 to 12 months, or sometimes longer, to complete. Other analyses may be conducted in a much shorter time frame, appearing as CBO papers or memorandums. Many CBO publications have helped to shape public discussion of the issues they address, not only on Capitol Hill but in the nation at large. Over the years, CBO has responded to requests for analyses of key program issues from almost every committee of both Houses of Congress. The following discussion demonstrates the range of issues addressed in the agency's publications. Included in the discussion is an illustrative list of reports issued by CBO during fiscal year 1996.

U.S. Economic and Fiscal Policy

CBO has published a number of analyses of macroeconomic issues related to economic growth and other topics. Many of those studies are based on simulations that use computer models of the economy. The following reports were among those completed last fiscal year on macroeconomic issues: "Labor Supply and Taxes" (January 1996); "Who Pays and When? An Assessment of Generational Accounting" (November 1995); and "CBO's Method for Estimating Potential Output" (October 1995).

Federal Taxes

CBO's analyses of the U.S. tax system have explored the effects of taxes on taxpayer behavior and how changes in current tax laws or the enactment of new taxes may affect taxpayers and the budget. Reports published last fiscal year include: "Incidence of the Corporate Income Tax" (March 1996); "Projecting Capital Gains Realizations" (November 1995); and "The Growth of Federal User Charges: An Update" (October 1995).

Natural Resources and Commerce

CBO's policy analyses in the areas of natural resources and commerce cover agriculture, energy, the environment, industry and trade, transportation, public works infrastructure, and research and technology. The range of those efforts in fiscal year 1996 is indicated by the studies listed below: "Emerging Electronic Methods for Making Retail Payments" (July 1996); "How the Medicaid Rebate on Prescription Drugs Affects Pricing in the Pharmaceutical Industry" (December 1995); and "High-Tech Highways: Intelligent Transportation Systems and Policy" (October 1995).

Health and Human Resources

A number of CBO studies have examined the rising cost of health care in the United States and the expansion of health insurance coverage. These studies have dealt with both federal health care programs (Medicare and Medicaid) and national health care issues. CBO's analyses have also treated other topics within the framework of human resources and social services, including education, employment and training, housing, and community development. The following reports of this type were sent to the Congress last fiscal year: "An Analysis of Alternative Child Support Assurance Programs" (April 1996); and "The High-Deductible/MSA Option Under Medicare: Exploring the Implications of the Balanced Budget Act of 1996" (March 1996).

National Security

Military manpower, strategic forces, general-purpose forces, and other programs of the Department of Defense are some of the subjects of CBO's analyses related to national security. The studies examine the costs, other economic effects, and strategic significance of current defense programs, proposed legislation, and alternative programs of interest to Congressional committees. Publications in fiscal year 1996 included: "Bonuses for Nuclear-Trained Officers in the Navy: Current Programs and Alternatives" (September 1996); "Improving the Efficiency of Forward Presence by Aircraft Carriers" (August 1996); "The Cost of Expanding the NATO Alliance"

(March 1996); "An Analysis of U.S. Army Helicopter Programs" (January 1996); and "Military Pay and the Rewards for Performance" (December 1995).

Budget Concepts and Processes and General Government

Periodically, the Congress asks CBO to analyze concepts and procedures related to the federal budget—both the process and budget accounting—as well as general government and personnel issues. Those studies have included the budgetary treatment of credit and insurance programs and the risks posed to the federal government by government-sponsored enterprises. Listed below are similar studies completed in 1996: "Changes in Federal Civilian Employment" (July 1996); "Assessing the Public Cost and Benefits of Fannie Mae and Freddie Mac" (May 1996); and "Mandatory Spending Mechanisms" (February 1996).

APPENDIX B.—PANEL OF ECONOMIC ADVISERS

Dr. Robert J. Barro, Professor of Economics, Harvard University.
Dr. Michael Boskin, Professor of Economics, Hoover Institute, Stanford University.
Dr. Barry P. Bosworth, Senior Fellow, The Brookings Institution.
Dr. Robert Dederick, Economic Consultant, The Northern Trust Company.
Dr. Rudiger Dornbusch, Professor of Economics, Massachusetts Institute of Technology.
Dr. Martin Feldstein, President, National Bureau of Economic Research.
Dr. Robert J. Gordon, Professor of Economics, Northwestern University.
Dr. Lyle E. Gramley, Consulting Economist, Mortgage Bankers Association of America.
Dr. Robert E. Hall, Hoover Institution, Stanford University.
Dr. Marvin Kosters, Resident Scholar, American Enterprise Institute.
Dr. Anne Krueger, Professor of Economics, Stanford University.
Dr. N. Gregory Mankiw, Professor of Economics, Harvard University.
Dr. Allan Meltzer, University Professor, Graduate School for Industrial Administration, Carnegie-Mellon University.
Dr. Rudolph Penner, Director, Economic Studies, KPMG Peat Marwick.
Dr. James Poterba, Professor of Economics, Massachusetts Institute of Technology.
Dr. Robert Reischauer, Senior Fellow, The Brookings Institution.
Dr. Sherwin Rosen, Professor of Economics, University of Chicago.
Dr. Joel Slemrod, Professor of Economics, University of Michigan.
Dr. John Taylor, Professor of Economics, Stanford University.
Dr. James Tobin, Sterling Professor Emeritus, Cowles Foundation for Research in Economics, Yale University.

REDUCTIONS IN ADP AND OTHER SPENDING

Senator BENNETT. Thank you very much.

Let me talk for just a minute about the reduction in computer data and processing-related spending. Is this reduction because of efficiencies that you are getting as a result of computers that you installed in prior years?

Ms. O'NEILL. It is partly that and partly because we have been very aggressive in pursuing different contractual arrangements and in doing more and more of our work in ways that are more parsimonious. In addition, we have been able to take advantage of declining computer costs.

At the same time, we have been trying to expand our public service by installing an up-to-date web site, which should be in place pretty soon. We hope that will make our work available to many, many people who would not have had access to it before.

Senator BENNETT. Do you think it will cut costs, and that people will be satisfied with the information they get?

Ms. O'NEILL. There may not be an actual dollar savings, because the audience will be larger.

Another way we have saved in the past is by postponing some work that would have involved additional outside contracts to provide data of one kind or another. We have been able to do that. Eventually that comes to an end though.

CHANGES IN CBO'S REVENUE PROJECTIONS

Senator BENNETT. I would give you an opportunity to put on this record what you have said elsewhere. During the budget negotiations, an additional $225 billion over 5 years was spent as a result of your interim reports. Some people have accused you of responding to political pressures where the negotiator said, would it not be wonderful if we had this additional money. I am not one of those who so accused you, and would give you the opportunity now to explain for the record exactly what happened.

Ms. O'NEILL. The money was not actually found. It was simply not anticipated by us when we prepared our annual report.

Every month we track receipts based on monthly Treasury reports, and in addition to that we follow daily accounts of what is happening with receipts, particularly in April. We then prepare a monthly report for the Budget Committees on our findings.

A month prior to our report in April, we had noted that receipts had come in higher than anticipated, and if that was extrapolated through the end of the fiscal year, it would produce a significantly lower deficit than the $112 billion we had been estimating for 1997. Specifically, $10 billion extra had come in through March in withheld receipts.

During the month of April—which is the heaviest tax receipt month, understandably—we follow receipts on a daily basis. Starting around April 15, money begins coming in from the April 15 tax filings. As it turned out, $25 billion more came in during the month of April than expected, so added to the extra in March, that already brought receipts to $35 billion above what we had been estimating would come in for 1997.

It seemed to us perfectly plausible that an additional $10 billion would come in over the remaining months of 1997. Putting that together gets you to an additional $45 billion.

That was not a revised projection or forecast or anything. That was cash in hand that was above our forecast. We would normally have been recording that anyway in our monthly reports on the Treasury statements. However, we thought that we had an obligation not to be inflexible at that point in time and to transmit the information to the Budget Committees—which had also been noticing, because news accounts had begun to appear, that the Treasury was awash in cash. The Treasury was paying off some of the Federal debt, and it was apparent publicly that this was going on. Ignoring it did not seem to be at all prudent.

The Budget Committees asked us what we expected the deficit for 1997 to be in view of the additional $45 billion, and since nothing much had come in different than what we anticipated on the outlay side, the extra $45 billion in receipts meant a $45 billion lower deficit.

The next question, which is perfectly reasonable, is, What effect would this have on future years? We do not revise our forecast or projections. We update them in the summer. But we met within

CBO to discuss what effect we thought this could have on future years, and taking into account the reports of higher growth than we had originally foreseen, we thought that this was not something that would evaporate next year.

One component would certainly not evaporate, which is that the reduced deficit in 1997 would mean reduced interest on the debt. That was automatic. It seemed to us that it would be a cautious forecast of what the effect would be to say that some of this may be temporary and some permanent. From what we knew that seemed perfectly logical.

Therefore, we thought that even if we were projecting somewhat lower receipts, there would be offsetting debt service that together would reduce the deficit by approximately $45 billion each year over the next few years.

This is one of those situations where it is true that the timing may have seemed unseemly, but we cannot really worry about something like that. I mean, had we not said anything, I think that would have been highly damaging to the budget negotiations that were going on, because this was something that was really large. Rigidity at that point in time did not seem to be a good way of dealing with the information.

Senator BENNETT. Thank you. I appreciate that.

I note the 45 times 5 is 225.

Ms. O'NEILL. That is where the $225 billion comes from, yes.

RELATIONSHIP WITH THE JOINT COMMITTEE ON TAXATION AND OTHER AGENCIES

Senator BENNETT. The projection of revenues, of course, is not made by CBO, as I have learned to my embarrassment, having yelled at CBO directors in previous hearings.

Ms. O'NEILL. No; it is a complicated story. We are responsible for the projection of revenues for legislation that is already passed. We are not responsible for the estimates for new legislation, but we do the projections of total revenues.

Senator BENNETT. I see. Well, this is done by the Joint Committee on Taxation, and I would just urge you to stay as close to them as you can. I am sure you are already doing that, but I was surprised, as a businessman, to come here and find that there were two agencies involved in that, and that calls for the greatest of coordination back and forth.

Ms. O'NEILL. We do work very closely with the Joint Committee on Taxation, and we also confer with the Treasury. The information on daily receipts comes from the Treasury. I would point out that we were not alone in underestimating revenues for this year. Actually, OMB's estimate of revenues for 1997 was lower than ours, and its estimated deficit somewhat higher.

ADDITIONAL COMMITTEE QUESTIONS

Senator BENNETT. Thank you very much. We may have some additional questions for you in writing.

We appreciate your coming. We appreciate your stewardship in trying to absorb the increased upward pressures by sound management practices within the agency so that the amount you request from the Congress is as modest as it is.

Ms. O'NEILL. Well, we try.

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

ADDITIONAL COMMITTEE QUESTIONS

Question. In your testimony before this subcommittee last year, you indicated that CBO's fiscal year 1996 appropriation provided an increase of $1.1 million and 13 additional FTE's to handle the increased workload required by the Unfunded Mandates Reform Act. At that time, CBO estimated that the total resources CBO would need to devote to fulfilling those responsibilities would be $2.2 million and 24 FTE's. What was the total amount of resources CBO devoted in fiscal year 1996? What do you estimate for fiscal year 1997?

Answer. In carrying out its new responsibilities under the act last year, CBO used an estimated 24 staff-years of effort and about $2.3 million—almost double the amount of additional resources provided in the appropriation for fiscal year 1996. Because we are expecting the amount of work to fall somewhat after the first year, both the fiscal year 1997 and fiscal year 1998 budgets include 20 full-time-equivalent staff-years and about $2.1 million for preparing the mandate estimates required by the act.

Question. CBO's ability to continue to contract for use of the House Information Resources mainframe computer has been an issue over the last few years. Last year you indicated you were pursuing other alternatives. In your testimony before the House this year you indicated you were going to use savings in the contract to study other alternatives. What is the status of your investigation into alternatives? What are their cost estimates?

Answer. Over the years we have enjoyed a very good relationship with HIR. Given the choice, CBO would prefer to continue that association rather than move to another mainframe computer. However, should that not be possible, it is important that CBO be given enough time to "migrate" its applications to a new facility.

Given the uncertainty of this situation, we have held preliminary meetings with a firm that specializes in converting, integrating, and testing older (so-called "legacy") systems. However, additional discussions with the firm, as well as the participation of key CBO staff, will be necessary before a contract can be agreed to. Still, we anticipate that a contract will be awarded and the work completed during this fiscal year.

Our current agreement with HIR will not expire until the end of the fiscal year. By then, we expect to have an inventory of all mission-critical systems as well as migration strategies and their estimated costs. Those strategies will include possibly moving ("rehosting") and modifying ("re-architecting") CBO applications that now reside on the HIR mainframe. As a related task, we will ask the vendor as part of this contract to analyze all CBO systems (including those on the HIR mainframe) for problems that could arise in two years when the calendar shifts to the year 2000.

SUBCOMMITTEE RECESS

Senator BENNETT. Thank you. The subcommittee is recessed.

[Whereupon, at 11:05 a.m., Tuesday, May 20, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 1998

THURSDAY, JUNE 5, 1997

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

The subcommittee met at 10 a.m., in room S–128, the Capitol, Hon. Robert F. Bennett (chairman) presiding.

Present: Senators Bennett, Stevens, and Dorgan.

LIBRARY OF CONGRESS

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

ACCOMPANIED BY:

GEN. DONALD L. SCOTT, RETIRED, DEPUTY LIBRARIAN OF CONGRESS
WINSTON TABB, ASSOCIATE LIBRARIAN FOR LIBRARY SERVICES
RUBENS MEDINA, LAW LIBRARIAN
JO ANN C. JENKINS, CHIEF OF STAFF, OFFICE OF THE LIBRARIAN
LLOYD A. PAULS, ASSOCIATE LIBRARIAN FOR HUMAN RESOURCES
LINDA J. WASHINGTON, DIRECTOR, INTEGRATED SUPPORT SERVICES
HERBERT S. BECKER, DIRECTOR, INFORMATION TECHNOLOGY SERVICES
MARYBETH PETERS, REGISTER OF COPYRIGHTS
DANIEL P. MULHOLLAN, DIRECTOR, CONGRESSIONAL RESEARCH SERVICE
FRANK KURT CYLKE, DIRECTOR, NATIONAL LIBRARY SERVICE FOR THE BLIND AND PHYSICALLY HANDICAPPED
JOHN D. WEBSTER, DIRECTOR, FINANCIAL SERVICES
KATHY A. WILLIAMS, BUDGET OFFICER
KENNETH E. LOPEZ, DIRECTOR OF SECURITY

OPENING STATEMENT OF HON. ROBERT F. BENNETT

Senator BENNETT. The subcommittee will come to order.

This morning we are looking forward to hearing from three agencies: the Library of Congress, the Government Printing Office, and the General Accounting Office.

I will comment that under the chairmanship of Senator Mack, for whom I worked for the 2 previous years in the last Congress, we worked very hard to decrease the spending in all three of these agencies. As I said in a previous subcommittee meeting, I think we did a pretty good job across the board for the legislative branch in bringing down expenses.

The General Accounting Office in particular was faced with the challenge of absorbing a 25-percent budget reduction over the past 2 years. We will hear this morning on how these past reductions have been handled and how management has been conducted in these agencies.

I am one who believes that once you have a belt tightening of this kind, it does not need to go on forever and the agencies need to be commended for doing a decent job. For this reason I have made it clear that I am not in favor of the position expressed by some Members of the House regarding a freeze in legislative branch appropriations. Such a freeze would indicate that we had not done our job in previous years and that some of the out of control activities that had been identified have not been brought under control.

I would like to begin by commending the Library of Congress for its cooperation with the General Accounting Office as well as private consultants, Booz Allen and Price Waterhouse, in conducting a comprehensive review of the operations of the Library.

The Library appears committed to improving the financial and management operations and has taken a number of steps which should result in cost savings and operating efficiencies. We look forward to hearing about those this morning.

So, Dr. Billington, we welcome you and General Scott to the committee. We look forward to hearing from you.

Senator Dorgan, the ranking member, has joined us.

Do you have an opening statement, Senator?

Senator DORGAN. Let me also welcome Dr. Billington and General Scott. We appreciate very much the service that you give to our country. I deeply admire the institution you serve and we are anxious to hear your testimony.

Senator BENNETT. Senator Stevens, do you have any comment at this time?

Senator STEVENS. No, thank you.

Senator BENNETT. Then, Dr. Billington, we are happy to hear from you.

OPENING STATEMENT OF DR. BILLINGTON

Dr. BILLINGTON. Thank you, Mr. Chairman. I have submitted my full statement for the record which contains considerable detail both on our current operations and on the specifics of our request for the 1998 budget. I will also submit a full list of witnesses for the record. But I would like especially to introduce Gen. Donald L. Scott, the new Deputy Librarian, whom you will also be hearing from in just a minute.

Senator BENNETT. Without objection, your full statement will appear in the record.

Dr. BILLINGTON. Thank you, sir.

Mr. Chairman, the Library is like no other agency of the legislative branch and in many respects it is unique among institutions in the world. It is the world's largest, best organized, most accessible repository of knowledge and the most diverse, as well, in terms of the kinds of materials and languages it covers.

With the support of the Congress, the Library of Congress serves both the national legislature, as well as the libraries, scholars, and

plain citizens of the Nation. It is a resource that will be of increasing, incalculable value in ways we cannot even yet fully foresee to all Americans as we move into the information age.

The Library is playing an important role in moving the legislative branch into that information age. Thanks to strong support from the Congress, the Library was able to rapidly develop the THOMAS system for making congressional information available online in a searchable form at the start of the 104th Congress. We are also working with the House and Senate to build an integrated legislative information retrieval system online at the start of the 105th.

THOMAS

THOMAS has already recorded more than 75 million electronic transactions, pretty clearly indicating the usefulness and appeal of congressional information to the American public.

Congressional support, supplemented by major funding from private philanthropy for our national digital library, has enabled the Library to become a world leader in providing high quality content for the Internet.

Congress is delivering back, in effect, increasing amounts of the Library's content to the American people.

We are now recording about 42 million electronic transactions a month on all of our data bases, which is four times the number in 1993 and is close to 2 million transactions every working day.

Our web site is widely recognized as one of the best.

LIBRARY'S VISION FOR THE 21ST CENTURY

The Library's vision for the 21st century is to lead the Nation in ensuring access to knowledge and information and in promoting the Library's creative use for the Congress and for the Congress' constituents through the acquisition, organization, and dissemination of knowledge and solid information.

Today, the Library faces the daunting, basic challenge of effecting a full transition to new, electronic services and more efficient electronically enhanced operations while at the same time continuing its basic services to Congress and the Nation. To maintain its services in the present, in other words, the Library must both preserve the past and embrace the future.

STRATEGIC PLAN

The Library has established priorities and carefully worked out a strategic plan that extends through the year 2004. The two key requirements are, first, a modest, but inescapable, capital investment in technology now to build an integrated automation system; and second is basic, continuing support from the Congress to sustain our traditional work of cataloging, collection security, and access to the collections.

This basic support particularly requires funding mandatory pay increases and unavoidable price level increases. Otherwise, we face erosion of what we have already done; and make the transition, that will eventually have to be made anyway, even more costly in the future simply to keep up to date.

In only 3 years, Mr. Chairman, the year 2000, the Library of Congress will mark its bicentenary. This, along with the millennium that approaches will put both added burdens and added opportunities on the Library, but it will, we think, be an occasion to show the Nation and the world that America's elected representatives have had the wisdom to create and sustain the greatest repository of human knowledge and creativity in world history and to make it important not just for today's Congress and today's citizens but for future generations.

By funding the Library's 1998 budget request, the Congress will enable the Library to head into the 21st century with the capacity to make its operations more efficient, to broaden vastly its access to its collections, and to provide even better service to the Congress and to the American people.

PREPARED STATEMENTS

So, Mr. Chairman, I urge the subcommittee to support the Library's budget request and I now ask that the Deputy Librarian also make a short introductory statement that will cover the important areas of management for which he has assumed, I think quite extraordinarily, fast control.

General Scott.

[The statements follow:]

PREPARED STATEMENT OF JAMES H. BILLINGTON

Mr. Chairman and Members of the Subcommittee: I appreciate the opportunity to appear here to discuss the Library of Congress budget request for fiscal year 1998.

With Congressional support and direction, the Library of Congress has developed over 197 years a massive collection of more than 111 million items, cost-effective institutional networks, and a superbly knowledgeable staff. It has a potential unmatched by any other institution for making knowledge and information accessible to almost anyone almost anywhere.

The Library directly serves not only the Congress but the entire nation with the most important commodity of our time: information. It is a unique resource of incalculable future value for the United States in the Information Age: a time when our society's economic productivity is increasingly based on information and individual achievement requires ever more life-long learning. The Library of Congress is fundamentally different from any other institution in the legislative branch of government.

The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations. The Library's first priority is to make knowledge available and useful to the United States Congress. This primary purpose can be realized only if the Library also preserves, secures, and sustains its incomparable collections for present and future use. These two activities are the top priorities in the Library's overall statement of mission and strategic priorities (attachment 1), closely followed by the imperative to make the Library's resources maximally accessible to the American people. The Library's ability to continue meeting these priorities rests on its ability to modernize its infrastructure and to advance its use of technology.

The Library requests $387.6 million (including $30.4 million in authority to use receipts) for fiscal year 1998 to support its mission and strategic priorities. This is an increase of 7.1 percent over fiscal 1997; it includes $14.7 million to fund mandatory pay raises and unavoidable price-level increases and $11 million to meet critical growing workload increases (net of program decreases). The recent budget agreement includes a proposal that would increase the Library's mandatory pay costs by another $2 million due to higher agency retirement contributions. The additional $2 million in mandatory costs is not included in our budget request.

During the past nearly 200 years, the Congress and the Library have, at critical times, taken necessary steps to integrate into Library operations the technology that

will keep the Library's collection useful and relevant to the Congress and the Nation. The Library currently faces the fundamental challenge of effecting a full transition to the new electronic services and more efficient operations required for the Information Age while, at the same time, continuing to sustain its basic services. To ensure the Library's future utility to the Congress and the Nation, we are requesting this year new funds for: (1) a modern electronic Integrated Library System (ILS) that will provide inventory control and vastly improve the efficiency of core library functions including acquisitions, cataloging, collections security, and circulation and will ultimately save money; (2) continued implementation of our highest priority security initiatives, including additional police to cover newly renovated space and additional staff for an expanded reader registration program; (3) a temporary increase in additional FTE's and funds to support our staff succession plan to help ensure continuity of high-quality congressional and national services; (4) a temporary increase of $0.5 million for the Copyright Office to maintain registration processing at an acceptable level; and (5) the purchase of an additional 10,000 talking book machines to ensure the continued availability of the equipment for blind and physically handicapped people.

In this time of budget austerity, the Congress has been extremely supportive of the Library of Congress, continuing to increase its budget over the past several years. However, the actual number of appropriated full-time equivalent (FTE) positions has declined by 435 or 10 percent since fiscal 1992. The Library's budget has simply not increased enough to support the same number of FTE's that were funded in fiscal 1992. The Library has so far managed to accomplish its mission with fewer staff by: (1) identifying functions and activities that may have been desirable in the past but do not support high enough priorities to justify their costs in today's budget environment (for example, the Library has eliminated less popular reading room hours on Sundays and Tuesday and Friday evenings for the Main Reading Room, Law Library, and five other reading rooms); and (2) implementing changes in its business processes that improve the efficiency of operations (for example, the Library re-engineered the Federal Transfer Program, dramatically reducing the receipt and processing of millions of surplus materials from Federal agencies, thereby eliminating substantial handling costs).

In fiscal 1997, the Library will shift some resources, with Congressional approval, to address general management improvements and security initiatives recommended in two recent GAO-commissioned reports (a management review by Booz-Allen & Hamilton and a financial audit by Price Waterhouse LLP). Because the Library did not receive price-level increases in fiscal 1997 and must fund several non-payroll priorities (e.g., auditor fees) from existing funds, the shift in fiscal 1997 resources will cause a projected reduction of another 7 FTE's (see attachment 3). The Library is working on ways to carry out economy measures while addressing key GAO-sponsored recommendations, but it does not appear likely that they will provide large-scale financial savings in fiscal 1998.

Since the Library's services are extremely labor intensive (some 70 percent of our budget is for payroll costs), future economies must come primarily from re-engineering our major operations and from investing further in automation; both steps will improve the productivity of our staff. The Library's fiscal 1998 budget requests an increase of $6.1 million for automation projects needed to improve internal operations and make the collections more accessible. The investment in better automation now will greatly improve service and save money in the long-term. The investment the Congress made during the late 1980's and early 1990's in the Library's automation program made possible both the rapid implementation of THOMAS in 1994 and the first release of a retrieval component of the Legislative Information System in January 1997. Investments made today may take several years to bear fruit, but will produce major productivity and quality improvements in our basic library and copyright operations. If we are to stay at the cutting edge for the Congress and the nation, we must invest today in three automation projects—the Integrated Library System (ILS), the Copyright Office Electronic Registration, Recordation and Deposit System (CORDS), and the Global Legal Information Network (GLIN).

These major re-engineering and automation projects must be completed if the Library is to be as relevant to the emerging needs of the Congress and the Nation as it has been to those of the recent past. Funding our fiscal 1998 budget request, including provisions for mandatory pay and price-level increases, will enable the Library to sustain its basic services while continuing to modernize its operations for the future. It would bring the Library's automated systems up to the level now being achieved by other major research libraries in America. If this request cannot be granted, and we are, as a result, required to make further staff cuts before major productivity projects are implemented, we would make reductions in accordance

with our priorities. We would regrettably have to begin fairly rapidly to reduce public programs—particularly those which preferentially serve the non-governmental Washington area such as public reading room hours, reference support, and local access to the Library's buildings. We would reduce further, if not eliminate altogether, exhibits, publications, and other outreach programs.

It would be tragic to cut back drastically on these traditional services on which so many who live in or come to Washington depend—and for which Congress has created such exciting new opportunities through its glorious restoration of the Thomas Jefferson and John Adams buildings. But the damage would be irretrievable if we cut back even for a year the basic acquisition and servicing of the collections, and it would be inadmissable not to sustain and advance the leadership role the Congress has encouraged the Library to take in sharing more of its contents with the nation as a whole. Future generations will not forgive us if we fail to make electronically accessible via the Internet the Library's unique and useful materials at precisely the moment when the Library's proven technological capability to provide such access is enjoying enthusiastic public—and growing private—support. In short, we believe that the Congress should sustain its fruitful investment in the Library and not let erode the great institution it has wisely created and supported for 197 years.

A brief review of the Library's past and present is essential for understanding the Library's priorities for fiscal 1998.

EARLY HISTORY

The Library of Congress is a living monument to the remarkable wisdom of the Founding Fathers who saw access to an ever-expanding body of knowledge as essential to a dynamic democracy. The Library's three buildings are named for Thomas Jefferson, John Adams, and James Madison. With their support, the Congress established the Library in 1800 as soon as it moved to the new capital city of Washington and established the Joint Committee on the Library as the first Joint Committee of the Congress in 1802.

Jefferson, in particular, took a keen interest in the new institution. After the British burned the Capitol and the Library during the War of 1812, Congress accepted Jefferson's offer to "recommence" the Library and purchase his multilingual 6,487-volume collection (then the finest in America) at a price of $23,940. It contained volumes on everything from architecture to geography and the sciences. Anticipating the argument that his collection might seem too wide-ranging for Congress, Jefferson said that there was "no subject to which a Member of Congress might not have occasion to refer."

Jefferson's ideals of a "universal" collection and of sharing knowledge as widely as possible still guide the Library. With Congressional blessing, it has grown to serve the Congress and the nation—largely as a result of four milestone laws: (1) the copyright law of 1870, which stipulated that two copies of every book, pamphlet, map, print, photograph, and piece of music registered for copyright in the United States be deposited in the Library; (2) the 1886 authorization of the first separate Library building that contained openly accessible reading rooms and exhibition space for the general public; (3) the 1902 law which authorized the Library to sell its cataloging records inexpensively to the nation's libraries and thus massively help to subsidize the entire American library system; and (4) the law in 1931 that established the program in the Library to create and supply free library materials to blind and physically handicapped readers throughout the country. Congress thus established the basis both for the continued growth of the collections and for the extension of the Library's services to citizens everywhere.

Congress created in 1914 the Legislative Reference Service (LRS) as a separate entity to provide specialized services to "Congress and committees and Members thereof." In 1946, the Congress granted LRS permanent status within the Library and directed it to employ specialists to cover broad subject areas. Congress renamed the LRS the Congressional Research Service (CRS) in 1970 and enhanced its analytical capabilities by adding additional staff and emphasizing research support to the committees of Congress.

More recently, Congressional statutes have created the American Folklife Center (1976), the American Television and Radio Archives (1976), the National Center for the Book (1977), the National Film Preservation Board (1988), and the National Film Preservation Foundation (1996)—further extending the Library of Congress' national role.

THE LIBRARY OF CONGRESS TODAY

The core of the Library is its incomparable collections—and the specialists who interpret and share them. The Library's 111 million items cover more than 530 miles of shelf space and include research materials in more than 450 languages and almost all media through which knowledge and creativity are preserved and communicated.

The Library has more than 26 million volumes, including 5,700 volumes printed before the year 1500; 13 million prints, photographs, and posters; 4 million maps, old and new; 700,000 reels of film, including the earliest movies and television shows; 4 million pieces of music; 48 million pages of personal papers and manuscripts, including those of Presidents Washington through Coolidge; and hundreds of thousands of scientific and government documents.

New treasures are added each year. Recent acquisitions, to name a few, include the collection of Marion S. Carson, the nation's most extensive private collection of Americana, which includes the earliest photographs ever taken of a human face and of an urban scene, as well as more than 10,000 manuscripts, rare books, broadsides, photographs, drawings, prints, and other original documents; the personal papers and several hundred original drawings of cartoonist, playwright, and screenwriter Jules Feiffer; the collection of jazz great Ella Fitzgerald, comprising some 10,000 music scores; and important rare books such as Antonio de Medina's Viaggio di terra Santa (1590), an extremely rare and richly illustrated Italian translation of a Spanish pilgrimage to the eastern Mediterranean.

Every work day the Library's staff takes in approximately 10,000 new items for its collections, organizes them, catalogs them, and finds ways to share them with the Congress and the nation—through on-line access across the nation, through in-person access in the Library's reading rooms, and through cultural programs that feature the Library's collections and reach across the country.

The Library of Congress programs and activities are funded by four salaries and expenses (S&E) appropriations, which support congressional services, national library services, copyright administration, and library services to blind and physically handicapped people. A separate appropriation funds furniture and furnishings. Major services (see attachment 2) include providing annually responses to some 500,000 congressional requests, registering more than 560,000 copyright claims, cataloging some 300,000 books and serials, and circulating more than 23 million audio and braille books and magazines to blind and physically handicapped individuals all across America. The Library also now processes over one million Internet transactions every day (which provide access to the Library's on-line information files that contain more than 40 million records).

The Library has become a world leader in providing high quality content for the expanding Internet, and was recently cited by Time magazine, among others, as one of the best websites of 1996. The Congress—and this Committee in particular—has made it possible for the Library to help bring the Legislative Branch into the Information Age. We believe that much more can be accomplished by investing further in the transforming technology required to exploit this unique national resource.

THE LIBRARY'S PLANNING EFFORTS

During fiscal 1996, the Library developed a Management Improvement Plan (MIP) to focus its efforts on implementing the Library's priorities: Provide Support to the U.S. Congress; Preserve, Secure and Sustain a Universal Collection; Make the Library's Collections Maximally Accessible; and Enhance the Educational Value of the Library's Collections.

The MIP also addressed the useful recommendations contained in two reports commissioned by GAO and completed in 1996—a management review conducted by Booz-Allen & Hamilton and a financial audit conducted by Price Waterhouse LLP. The MIP contains nine parts: plans and programs; security (of people, facilities, collections, and data systems); management-employee communications; training and development; accountability mechanisms; support functions' efficiency and responsiveness; streamlined management processes; financial management; and broader understanding and appreciation of the Library.

Using as our guide the Library's statement of mission and strategic priorities endorsed by the 104th Congress, we updated our 1993–2000 strategic plan to take us through the year 2004. The Library's challenge, under the 1997–2004 strategic plan, is to sustain past gains while becoming a more efficient and effective operation. The Library's vision for the 21st century is to "lead the nation in ensuring access to knowledge and information and in promoting its creative use for the Congress and its constituents." The United States has, and must continue to have, the finest national library in the world.

With that background, I am happy to present the Library's fiscal 1998 budget request, relating it to our priorities:

Support to the United States Congress

The first priority of the Library of Congress is, and will remain, to serve the information and research needs of the Congress. The Congressional Research Service, the Law Library, the Library Services' Loan Division, and other elements of the Library of Congress provide a cost-effective, shared resource that serves all Committees and Members in a nonpartisan manner.

The fiscal year 1998 budget request seeks funding for 25 additional FTE's in the Congressional Research Service as part of a multi-year succession plan. By 2006, nearly 52 percent of CRS' staff will be eligible to retire. This poses a significant threat to CRS' ability to maintain its current analytic and information services unless training of replacement staff can begin soon, under the tutelage of the senior staff who are eligible for retirement.

As directed by the Legislative Branch Appropriations Act of 1997, the Library and CRS worked with the House, the Senate, and legislative agencies to put into production the initial release of a new retrieval component of the legislative information system (LIS). The retrieval component is based on national standards and is being built on an open architecture, which will enable the system to accommodate future improvements to data management systems. The purpose of the LIS is to improve the efficiency of dissemination of information for the legislative branch and to avoid unnecessary duplication of effort. The LIS will provide the Congress with far greater on-line access to a variety of legislative documentation, including: full-text legislation, bill summaries, committee reports, floor schedules, and the Congressional Record. The on-line availability of this information will make it easier for Members and staff to track bills through the law-making process, and will also help CRS to do its work in a more cost-effective and timely manner.

In addition to the retrieval component of the LIS, the Library has participated in a number of discussions and meetings with legislative branch staff to support the establishment of a program for the exchange of information between legislative branch entities that would over time significantly improve information technology planning and evaluation.

CRS also completed a major initiative during the past year to improve on-line delivery of its products and services. All CRS issue briefs are now available electronically to congressional offices through the CRS home page. This effort is part of a continuing program to improve the speed and delivery of CRS products and services by providing them to Members and staff on-line. CRS continuously updates, refines, and improves the availability of information on the CRS Home Page to ensure that we remain responsive to congressional needs.

For its part, the Law Library is rapidly expanding its multinational electronic database called the Global Legal Information Network (GLIN) to ensure that the Congress has rapid and reliable information on foreign, international, and comparative law. GLIN made its debut on the Library's home page in July 1996. Member nations are contributing abstracts and full text of laws at the rate of 15 entries per day and growing. Fourteen countries have been fully trained to participate via the Internet, and the Library projects that GLIN membership will soon increase to 15–20 nations. The fiscal year 1998 budget requests $223,362 and three additional FTE's to support the expansion of GLIN. The Library has been funding GLIN so far by reallocating existing resources, and NASA has provided support to explore and test satellite communications. In addition, international agencies (e.g., the World Bank) have provided support to participating nations. We project that GLIN will attract at least 50 members by 2002 and will create an easy-to-use database, allowing faster service to the Congress. It should eventually produce savings to the Library's budget as other nations begin sharing the costs to acquire, catalog, and make accessible international laws.

Preserve, Secure and Sustain a Universal Collection

The second priority of the Library of Congress is to preserve, secure and sustain for the present and future use of the Congress and the nation a universal collection of human knowledge, including comprehensive records of American history and creativity.

A universal collection is even more essential today than it was a few years ago if the Congress is to meet its legislative and representational responsibilities. There are many more countries, institutions, and individuals creating important information on more subjects, and the Congress and U.S. Government have more complex and far-ranging concerns and needs than ever before. To keep America competitive and to foster creativity in the Information Age, Americans will increasingly have to

rely on better and more timely use of knowledge. This, in turn, requires continuing access to the many languages and to the expanding range of formats in which important knowledge is now being generated, recorded, and communicated.

The Library's unique resources provide an indispensable reservoir of information upon which important legislative decisions are made. If a democratic society is to be dynamic and productive, access to information is not a luxury, it is a necessity.

The fiscal 1998 budget request supports this priority by funding several major items:

Library Materials.—A price level increase of $1,161,000 is necessary to sustain purchasing power at fiscal 1995 levels and to recoup fiscal 1996 and 1997 price level increases for books, machine-readable works, and other materials. Many of these are foreign publications—on all subjects—that are purchased from countries with high rates of inflation. The amount of material we can afford to purchase from appropriated funds has declined seriously—from 930,747 pieces in fiscal 1992 to 707,695 pieces in fiscal 1996. We cannot permit further erosion in these acquisitions—particularly since these reductions disproportionately hurt precisely those foreign acquisitions which only the Library of Congress makes and which often have growing importance for our international competitiveness. We should not risk depleting what is, in effect, the nation's strategic information reserve. It will have many uses tomorrow that we cannot even imagine today.

Copyright Office.—The fiscal 1998 budget request also supports a growing workload increase of five FTE's and $304,179 to continue implementation of the Copyright Office's pioneering Electronic Registration, Recordation and Deposit System (CORDS). We have reached a critical point in the development and implementation of CORDS. The Copyright Office has proved during its pilot of 1996 that electronic registration and deposit works. Now the CORDS system is being perfected through a number of critical test phases with external participants. CORDS will both (1) help the Copyright Office streamline its complex internal registration, recordation and deposit processes; and (2) provide the Library with copies of new copyrighted works in digital form for its collections. Re-engineering the Copyright Office's registration processes and integrating them with the Library's acquisition and cataloging processes is critical to the long-term cost-effectiveness of operations. Electronic publishing is growing exponentially; and the Library must be a leader in testing and demonstrating the means to acquire, authenticate, store securely and provide authorized access to this vast body of new copyrighted works in electronic form. CORDS is a crucial component.

For many years, the Copyright Office has been steadily increasing overall productivity even as its staff has shrunk. In fiscal 1980, a staff of 628 FTE's processed 483,000 claims; in 1996, a staff of 471 FTE's processed 609,000 claims representing more than 700,000 works. At the simplest level, the staff in 1996 is 25 percent lower than in 1980, yet it processed more than 26 percent more claims. These gains were the result of systematically automating various processes and increasing the efficiency of manual procedures by eliciting ideas at all levels in the Copyright Office.

More recently, however, the Copyright Office has been able to keep up with its irreducible clerical workload only by using overtime and additional temporary help. By the end of fiscal 1995, the steady loss of trained staff (particularly examiners, whose number fell from 64 to 49 FTE's in three years, and whose expertise cannot be replaced with temporary staff) resulted in growing backlogs. The registration processing period has grown alarmingly from a norm of five to seven weeks in 1993 to more than 18 weeks now.

To stem this growing backlog, the Copyright Office requests additional funding of $538,953 and 14 FTE's. Fiscal relief can come in the future through a legislated ability to increase the fee schedule, but a temporary increase for fiscal 1998 is needed to cope with the current workload.

Security.—A fiscal 1998 increase of $1.3 million is requested to improve security. A number of needed security improvements have been funded by changing the priority for existing resources and by reprogramming resources, such as the fiscal 1997 reprogramming of funds that has enabled us to hire our new Director of Security. We have made major efforts here, as supported by the Congress.

A key component of the collections security program is the reader registration program. Under this program, each researcher using the reading rooms is required to provide positive identification. Once such identification (photo ID with address) is presented, the Library issues a Reader Identification Card to the individual with the person's photo and signature, as well as a machine readable card number. Thus, patron information is available for management—including the Library's Office of the Inspector General, if necessary. The funding requested ($393,410) will permit the operation of two reader registration stations, one in the Thomas Jefferson Building and one in the James Madison Building, the buildings in which most of the Li-

brary's reading rooms are located. The Library anticipates issuing 100,000 Reader Identification Cards annually.

The fiscal 1998 budget proposes $417,035 and 18 FTE's for additional police officers. Seven additional police FTE's are needed to staff posts in the Library's Thomas Jefferson Building now that it has reopened. Funding for three FTE's (and authorization for a total of 11 additional police FTE's) are also necessary to reduce the present police overtime rate. In fiscal year 1996, the Library contracted with Computer Sciences Corporation (CSC) to conduct an in-depth physical security survey of the Library and review police operations. CSC's report indicated that Library police are currently understaffed to accomplish their mission and must work excessive overtime which reduces their effectiveness. The Library's goal is to reduce police overtime, now computed at approximately 26,000 hours per year (roughly 25 percent of total scheduled hours), to approximately 10,000 hours (roughly 10 percent of total scheduled hours). The Library believes a 10 percent overtime rate will not compromise the effectiveness and quality of performance. Our security requirements have increased since the Oklahoma City bombing incident in 1995, but we have not been able to increase our police staffing sufficiently to handle these new requirements without excessive overtime. Funding for $268,000 in non-personal increases is also needed to train and uniform the new police, to support contract staffing for two new cloakrooms, for installation and maintenance of security equipment, and for contract support of some non-police functions.

The copyright system is a major source of acquisitions for the Library. The high volume and great variety of materials that come in daily to the Library and are temporarily stored in tubs, on book trucks and on open shelves while awaiting processing create a point of serious vulnerability to untraceable loss. A key need of security is to gain item level control at the earliest point of entry into the Library. The fiscal 1998 budget requests $242,072 and six FTE's to apply magnetic strips and accession labels to all works as soon as they enter the Library through copyright.

We have developed a Library Security Management Plan to integrate recommendations from CSC and others into a management level framework for phased and prioritized implementation of efficient, cost-effective solutions. The Library's highly-qualified new Director of Security will oversee the implementation of this plan.

Integrated Library System (ILS).—Essential to improved security and overall process improvements is the Library's request for a $5.6 million increase to purchase and install an Integrated Library System. This initiative builds on our previously-identified need to provide inventory control over our collections through the conversion of two very large manual files—our shelflist of over 12 million cards and our serial record file with cards for almost 900,000 serial titles. These files constitute the only comprehensive record of what book and serial copies have been added to the Library's collections over the course of nearly two hundred years. Information about these materials needs to be available to all staff and to public users from any location, not just to the relatively few staff with access to the card files.

An integrated library system is essential for ensuring the security of the Library's collections. Currently, there is no Library-wide system for recording what we have and where it is. The security of the Library's collections depends to a very large degree on our procuring an automated system that will allow us to document and to track collection materials on a continuing basis from the point they enter the Library.

The time has come when we must begin the systematic and overall replacement of our several separate, outmoded computer systems. These systems have served us well for over 25 years, and we are fortunate that there have been no major breakdowns or failures. But these legacy systems are simply not adequate to support us as we move into the 21st century. In order to continue re-engineering our business processes, we need a single system that integrates all major functional areas, such as cataloging, acquisitions, inventory, and circulation. Better automation support will enable Library staff to be more productive, permitting the Library to deliver existing products and services with a smaller workforce. For example, by streamlining cataloging, by eliminating inefficient and error-prone re-keying in several areas, by reducing duplicate acquisitions, and by minimizing the handling of materials, we expect to be able to reallocate substantial resources to other critical mission work, such as collection security. We estimate that we will be able to reallocate approximately $6 million per year to high-priority mission work once the new system is fully in place in six years. Overall, systems replacement will result in greatly improved service by providing a simple yet powerful public catalog, up-to-date information about the status and availability of materials in our collections, and easily traversed connections to a wide variety of research tools, including the rich resources of the National Digital Library.

Preservation.—On the preservation front, the decay of materials printed and written on acidic paper continues to be a serious problem. Paper-based books and records are in effect being consumed by "slow fires" no less deadly than the fast fires that destroyed the Capitol and the Library of Congress in 1812. Though printing on more permanent alkaline paper is a recent encouraging development, millions of books published during the past 150 years on acidic paper bear the seeds of their own destruction.

Since the 1970's, the Congress has supported the Library's national leadership in a scientific odyssey to solve the problem of deteriorating acidic paper. The objective has been to develop or obtain the use of mass deacidification processes to neutralize the acid in books and other paper-based materials before they become so brittle that the only way of saving the contents is by much more costly reformatting, such as microfilming.

Congress approved our plan two years ago to expend no-year funds previously appropriated for mass deacidification development in order to work with a private firm to improve the Bookkeeper process and then to begin deacidifying books on a limited scale. For the first time since we began our search for a mass deacidification process 20 years ago, the Library moved beyond research and testing during the past year and began deacidifying books from the Library's collections, committing ourselves to deacidifying 72,000 books using the Bookkeeper process. We successfully treated 25,000 books in fiscal 1996 from the general collections, the Law Library, and the Asian Division and expect to treat an additional 47,000 books in fiscal 1997. A plan to deacidify another 275,000 books and evaluate other processes is pending approval of the Committee.

There is more good news on the preservation front. As a result of installing a state-of-the-art audio preservation system to digitize audio materials, the Library took a giant step in 1996 toward preserving and increasing access to these hitherto little used materials in the Library's collections. This system's impressive features will allow the Library to preserve and restore at least 80 percent of its audio collections, including more than 98 percent of the audio cylinders, at an unprecedented level of quality, and to undertake research essential for the preservation of digital audio data.

Arrearage Reduction.—Arrearage reduction efforts remain a major Library enterprise. Despite steady reductions in staff, we continued during fiscal 1996 to reduce the backlog of unprocessed materials—by 1.5 million items—while remaining current with new receipts. As of March 31, 1997, we have achieved a cumulative 50 percent decrease (19.7 million items) in our backlog since the arrearage reduction project began. We are well ahead of our target goals for reducing the books and serials arrearage. We will continue to streamline cataloging and processing; but arrearage reduction work is unavoidably labor intensive, and we have reached the point where any further reductions in staff (before the cataloging process is re-engineered), which would result from not funding mandatory pay increases, would seriously slow—and could reverse—the continued success in this major effort.

Make the Library's Collections Maximally Accessible

The Congress has extended the services of the Library of Congress to the nation by providing public access to its rich resources through its 20 public reading rooms, through interlibrary loan, through a variety of special programs, and most recently through electronic access.

The Congress also established in 1931 a program in the Library of Congress that creates and supplies free library materials to blind and physically handicapped readers throughout the country. Administered by the National Library Service for the Blind and Physically Handicapped, this service actually began in 1897 when the new Library of Congress building opened with a special reading room for blind patrons. The fiscal 1998 budget request includes a growing workload increase of $2,500,000 for procurement of audio cassette book machines. Approximately 10,000 units will be added to those currently scheduled. These machines will permit service without interruption and waiting lists.

In fiscal 1996, the Congress approved a braille centralization initiative that had the potential of saving millions of dollars for the network of non-Federal libraries but would have cost the Library of Congress nearly $700,000 annually. Initially, the Library believed a portion of its costs could be absorbed; however, current budgetary constraints would unacceptably decrease the production and distribution of braille materials, the primary mission of the Library, to support this centralization initiative. Therefore, the Library is not implementing this centralization project and has encouraged the network libraries to pursue this initiative without Federal support.

The Congress approved and funded the National Digital Library program as part of the fiscal 1996 budget. This is a public-private partnership to digitize the most

important and interesting historical Americana materials from the Library for viewing by American citizens, in schools, libraries and homes everywhere. The overall goal is to digitize, in collaboration with other institutions, millions of American history items from the Library of Congress and other repositories by the year 2000—the Library's bicentennial. We are increasingly working in collaboration with other great American repositories with unique materials; and we are on schedule with our public-private partnership for raising the $60 million needed over the five-year period from 1996 to 2000: $15 million from the Congress and $45 million from the private sector. Making these priceless treasures of American history accessible to all Americans in their own local communities, is central to the Library's goal of enriching education in America and widening access to the documentary record of America's knowledge and creativity.

This pathbreaking public-private partnership has so far generated the direct contribution by the private sector of $24.5 million, matched by the Congressional appropriation of $3 million per year beginning in fiscal 1996.

The Library has seventeen large and unique collections online, fascinating archives of American history that have drawn wide public acclaim. They attract more than 4 million electronic hits a month. The National Digital Library Program was featured at the National Educational Summit attended by all state governors in April of 1996 and has been cited by Time magazine and many other sources as one of the best of all Internet websites.

To date we have multi-year contracts in place for digitizing more than 1.7 million digital items in addition to the more than 300,000 already archived. We have established a dozen ways to process and convert collections materials to digital form and to develop new technical standards for storing and sharing these items electronically. Operationally, we have built an efficient organization which will work to integrate this five-year public-private effort into the internal functions of the institution. Our pioneering work in making high quality content electronically available in a reliable and user-friendly format is providing valuable experience for our (and other libraries) overall programs of electronic modernization.

The Library of Congress has historically served not only Congress but the nation's libraries, providing leadership in cataloging and the development of technical standards. The creation of the catalog record and MARC standard, now used world-wide, was the Library's gift to the nation. Great economies of scale were possible by these developments, saving libraries the cost of duplicative cataloging and enabling the easy exchange of information. This role continues unabated in the digital era as we play a similar role, often in collaboration with other great research libraries, by helping the library and educational community gain local access to not just our catalog records but also to full documents, musical scores, collections of photographs, and many other types of materials which have never before been widely available.

Standards and best practices will be crucial to the handling of electronic materials. Our Copyright Office is creating a system and technical architecture that will also handle full documents (digital objects), and is working closely with Library Services and the National Digital Library Project to develop an infrastructure for the future.

Enhance the Educational Value of the Library's Collections

Through interpretive and educational programs, the Library shares its rich collections of printed books, manuscripts, prints and photographs, maps, sound recordings, and films with the nation's citizens. The Library's World Wide Web site has been particularly useful in reaching its various constituencies, including the general public. Electronic exhibits, one of the most popular areas on the Web site, permit people who cannot journey to Washington, D.C. to view in their own localities materials from the Library's exhibits and to learn about their significance in the history of mankind. Electronic exhibits are cost-effective—permitting the public everywhere to enjoy and benefit from them long after the physical exhibit has been dismantled. Library-developed publications are also becoming increasingly available on the Web, and active collaboration with publishers has resulted in an increased public awareness of the extraordinary and unique materials in the collections.

The Library's interpretive and educational programs are fourth priority activities and have thus been made heavily dependent on private funding for their operation. Although the demand for more exhibits, programs, and publications grows, a combination of gift and trust funds, improved operational management, and technological opportunities have been and will continue to be relied upon to meet the need. The Library's private fund-raising has resulted in generous contributions from donors and from the James Madison Council in support of exhibits, scholarly programs, and publications. In fiscal 1996, we raised $10.6 million in new pledges and

non-pledge philanthropic gifts with one of the smallest development offices of any major national cultural institution.

In its centennial year of 1997, the Thomas Jefferson Building, magnificently restored with the support of the Congress, is now largely reopened. Scholars and researchers are able to use exceptional global resources in the new European, Asian, and African and Middle Eastern Reading Rooms. The Library opened a permanent and privately-funded "American Treasures of the Library of Congress" exhibit on May 1, 1997. This exhibit enables visitors to see for the first time a wide variety of the inspirational original documents of American history from the collections. More than 200 objects from the Library's incomparable record of America's memory from Thomas Jefferson's rough draft of the Declaration of Independence and Benjamin Franklin's letters to original musical scores by Gershwin and Jelly Roll Morton to Alexander Graham Bell's first sketch of a telephone and the earliest copyright deposit moving images from Thomas Edison's laboratory—all are on display in the Treasures Gallery. This sweeping exhibition, on display in the magnificent Thomas Jefferson Building, re-establishes the Library of Congress as a major tourist attraction; and for those who cannot visit Washington, an expanded on-line version of "Treasures" is accessible on the Internet.

In the year 2000, the Library of Congress will celebrate its bicentenary. Our 200th birthday provides the opportunity to heighten the nation's awareness and utilization of the Library as a major resource for the Congress and the American people as we enter the new millennium in the midst of the information age. Planning is underway for a national celebration with advice and participation from the Congress as well as the library, scholarly, and educational communities. The National Digital Library Program, through which the Library's collections directly reach American citizenry, is a key element of the celebration. Preliminary plans include on-site and digitized exhibitions on Thomas Jefferson, democracy, and knowledge, and on the history of the Library of Congress in American life; an illustrated history of the Library; the issuance of a commemorative stamp; Congressional authorization of a Bicentennial Advisory Commission and a commemorative coin series; national television and radio programming; and events at local levels. Most of the funding will come from private sources.

ENABLING INFRASTRUCTURE

The Library's strategic planning process has developed objectives for the supporting infrastructure to ensure that the Library is able to carry out its mission efficiently in accordance with its priorities. The key objectives are motivating and mobilizing human resources, efficiently delivering electronic services and using space and equipment, and providing modern financial and information systems.

In December 1996, the U.S. Court of Appeals for the District of Columbia approved the final settlement of the *Cook* class action lawsuit, which dates back to 1982. The Library has already put in place many of the agreement's provisions, including changing the selection process to ensure that it is fair and equitable; training all managers and supervisors in diversity awareness; promoting 39 class members; and reassigning three others. Working closely with the Departments of Justice and Treasury, payments totalling $8.5 million were made to class members in April. Above and beyond the implementation of this settlement, the Library has a continuing commitment to ensure equal opportunity and fairness in all our activities.

LIBRARY BUILDINGS AND GROUNDS

The Architect of the Capitol (AOC) is responsible for the structural and mechanical care of the Library's buildings and grounds, which are critical components of the Library's infrastructure. Each year, the Library suggests priority capital improvement requirements to the AOC, and the AOC is responsible for submitting the budget request. The Library Buildings and Grounds budget request for fiscal 1998 totals $15,755,000—a $6 million increase from fiscal 1997, primarily for capital improvements required to support Library programs.

Our prime concern has been off-site storage of Library materials at Fort Meade, Maryland. The Library has been working closely with the AOC on the building design for Storage Module 1, the first of several storage modules to be constructed at Fort Meade. The final designs and logistics plans will be reviewed within the next few months. Construction is expected to begin by the end of 1997. The AOC plans to have the facility completed in time for the Library to begin occupancy by mid 1999. Additional modules for collections, materials screening/holding, furniture and equipment storage, and copyright deposits are to be constructed and occupied over the next 10 years. We envision a continuous building program at Fort Meade to ensure that the Library's growing collections remain secure and accessible. Additional

funding will be needed in the future to support this building program as we vacate existing leased storage space in Landover, Maryland.

Although the Library's plans for Fort Meade originally included building a nitrate film processing and storage facility, the Department of the Army has indicated that such a facility could not be constructed there. As a result, the Library has been exploring other alternatives, including seeking private sector donations to fund a major part of a facility at another location. The Library has developed a comprehensive plan for a new National Audio-Visual Conservation Center and is now developing a funding strategy that will likely seek congressional authorization for a public-private partnership similar to that which has made the National Digital Library program so successful.

PROPOSED LEGISLATION

The Library is seeking legislation to allow the Copyright Office to set the fees for basic services, to improve the efficiency of the copyright arbitration process, to improve financial management activities, to support the Library's bicentennial activities, and to seek permanent authorization of the American Folklife Center.

Much of the work that the Copyright Office performs is a service for which the public pays a fee. In the past, the ideal ratio was thought to be 66 percent funded by fees with the other 34 percent funded out of appropriated funds. The latter was considered to be a reasonable offset for the value of materials that the Library acquired through the copyright system.

Most copyright fees are set by Congress. From time to time Congress raises these fees, usually at the request of the Copyright Office. Each time the fees have been raised to reestablish the 2/3 fee-funded goal. The most recent increase was in 1991, when the fee was raised to $20.

In the 104th and now in the 105th Congress, the House of Representatives passed legislation that gives the Register the authority to set the basic fees, subject to Congressional veto. The Senate did not act on this legislative proposal before adjournment of the 104th Congress and the legislation is now pending before the Senate (S. 506). The legislation would also authorize the Library to pay arbitrators involved in the settlement of royalty distribution proceedings directly with funds coming from the relevant royalty pool. Currently, the parties to an arbitration proceeding pay the arbitrators. The fiscal year 1997 budget authorized the use of offsetting receipts to pay the arbitrators pending approval of the authorizing legislation. We are again requesting the authority to use offsetting receipts in the fiscal 1998 budget.

Early passage of this legislation is critical, since the Copyright Office is severely hampered by a lack of staff in several essential areas, and the registration and issuance of certificates is unacceptably now taking more than 18 weeks.

The services provided by the Copyright Office are important both to copyright owners and to the economy. To provide these services in a reasonable time frame will require additional personnel, which in turn requires enactment of fee-setting authority early in the 105th Congress.

We believe that this is relatively non-controversial legislation that both the majority and minority of the Senate Judiciary Committee will support. Because this legislation is essential for the budget, we request the help of the Appropriations Committees in expediting its consideration.

Early in the 105th Congress, we will also seek approval, as we have for the past several years, of legislation to implement improvements in our financial management as recommended by GAO and by recently completed management studies. A key element needed to improve our financial management practices is a revolving fund to operate fee service activities. Particularly urgent is our need for revolving fund authorization to continue operating the Library's overseas Cooperative Acquisitions Program on the same financial basis as has been done so economically for 30 years. The General Accounting Office sent a letter to the Library at the end of January which stated that the Library could not continue to retain and use all of the funds collected for operating costs without clear legislative authority. Without new revolving fund authority to operate this Cooperative Acquisitions Program, the Library would need to end a cost-effective, widely appreciated service which benefits nearly 100 research libraries throughout the nation.

The Library is seeking authorization for an Advisory Commission to guide the planning of its bicentennial in the year 2000. The membership will be largely Congressional, but will also include private citizens and representatives from other branches of government as well as the library and educational communities. The Congress of the United States created our oldest Federal cultural institution, has sustained and improved it over the years, and deserves to receive public credit and visibility at this 200th birthday as the greatest library patron of all time.

Finally, the Library continues to work closely with the Board of Trustees of the American Folklife Center to pursue permanent authorization for the Center, and at a meeting last month, the Board adopted draft legislative language which is planned to be introduced in Congress later this year.

SUMMARY

The Library's proposed fiscal 1998 budget supports the Library's mission and priorities. Thanks to the foresight and continuing support of the Congress, the Library of Congress has become the nation's principal knowledge reserve. The Library's ability to acquire, organize, preserve, and make increasingly accessible its unique resources is of critical importance to our knowledge-based democracy and to legislative policy-making.

In only three years, the Library of Congress will mark its Bicentenary. By funding fully the Library's fiscal 1998 budget request, the Congress would prevent further staff reductions and the erosion of core programs that have already been reduced as a result of unfunded price level increases and other factors. This budget will enable the Library to improve internal operations through the use of new technology, to tighten the security of its staff and collections, and to position the Library to move into the 21st century with sufficient state-of-the-art services for the Congress and the Nation in the information age.

For fiscal 1998, we submit a budget request that will enable us to continue to make the major contributions to the American people that Congress has supported for 197 years through its Library.

ATTACHMENT 1.—THE MISSION AND STRATEGIC PRIORITIES OF THE LIBRARY OF CONGRESS

MISSION

The Library's mission is to make resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

PRIORITIES

The first priority of the Library of Congress is to make knowledge and creativity available to the United States Congress.

The second priority of the Library of Congress is to preserve, secure and sustain for the present and future use of the Congress and the nation a comprehensive record of American history and creativity, and a universal collection of human knowledge.

The third priority of the Library of Congress is to make its collections maximally accessible to (in order of priority): the Congress, the U.S. government more broadly, and the thinking and creative public.

The fourth priority is to add interpretive and educational value to the basic resources of the Library.

ATTACHMENT 2.—LIBRARY OF CONGRESS COMPARISON OF APPROPRIATIONS, STAFF, AND WORKLOAD STATISTICS

[For the fiscal years 1992, 1993, 1994, 1995, 1996, and 1997]

	Fiscal year—						Change 1992–97	Percent change
	1992	1993	1994	1995	1996	1997 projected		
Library appropriations—actual	$328,170,000	$334,316,000	$330,864,000	$348,230,000	$352,399,000	$361,896,000	+$33,726,000	+10.28
Full-time equivalent [FTE] positions (appropriated)	4,549	4,492	4,163	4,180	4,114	4,107	−442	−9.72
Size of Library collections	101,395,257	104,834,652	107,814,587	108,433,370	111,080,666	113,580,666	+12,185,409	+12.02
Workload statistics:								
Unprocessed Library arrearages	33,576,196	27,456,787	25,431,296	22,491,071	20,970,523	18,900,000	−14,676,196	−43.71
CRS—requests and services provided Congress	645,000	607,000	536,000	492,000	487,000	500,000	−145,000	−22.50
Loans of collections to Congress	48,790	43,876	43,465	36,368	31,026	35,000	−13,790	−28.26
Copyright claims registered	606,253	600,000	530,332	609,195	550,422	560,000	−46,253	−7.63
Copyright inquires	430,773	433,700	402,163	500,746	432,397	450,000	+19,227	+4.46
Services to the blind and physically handicapped [BPH]—readership	761,300	767,800	777,300	772,100	777,500	782,500	+21,200	+2.78
BPH:								
Books and magazines; total circulated	21,284,200	21,802,200	22,586,000	22,909,400	23,100,000	23,300,000	+2,015,800	+9.47
New braille and audio books and magazines titles	2,206	2,322	2,327	2,328	2,568	2,309	+103	+4.67
Print materials cataloged	266,793	260,957	279,809	276,348	289,509	300,000	+33,207	+12.45
National coordinated cataloging operation [NACO]:								
Library of Congress contribution	122,861	118,921	114,333	124,911	115,714	115,800	−7,061	−5.75
Outside contribution	61,730	75,794	78,176	96,655	106,182	120,000	+58,270	+94.39
Exhibits, displays, and publications (funded by appropriations)	35	31	31	27	15	18	−17	−48.57
Regular tours	44,440	27,954	29,952	47,300	47,847	48,000	+3,560	+8.01
Reference service	1,326,945	1,306,264	1,198,358	1,145,757	1,129,952	1,200,000	−126,945	−9.57
Main Reading Room and five other reading rooms hours per week	78	69	65	65	65	65	−13	−16.67
Items circulated	2,522,620	2,345,151	2,403,002	2,289,981	2,175,075	2,300,000	−222,600	−8.82
Preservation treatment—original format	269,388	304,134	288,111	339,636	274,086	290,000	+20,612	+7.65
Mainframe computer transactions	97,372,626	112,491,847	152,095,306	197,216,679	204,297,492	210,000,000	+112,627,374	+115.67
Machine readable cataloging [MARC] records	23,981,266	24,670,791	25,090,965	26,100,661	26,320,667	27,000,000	+3,018,734	+12.59
Internet transactions (LOCIS, MARVEL, worldwide web, and THOMAS public transactions) [1]	NA	7,028,995	38,422,986	92,873,807	134,416,660	175,000,000	+167,971,005	+2,389.69

[1] Comparison based on 1993–97 data.

NA: Not available.

ATTACHMENT 3.—*Total Library appropriations—Actual full time equivalent (FTE) positions*

	Total actual FTE's
Fiscal year:	
1992	4,549
1993	4,492
1994	4,163
1995	4,180
1996	4,114
1997 (projected)	[1] 4,107
1998 (requested)	4,203

[1] Cumulative decrease of 442 FTE's or 9.7 percent from 1992 to 1997.

PREPARED STATEMENT OF MARYBETH PETERS

Mr. Chairman and Members of the Subcommittee: I appreciate the opportunity to present the budget request of the Copyright Office for fiscal year 1998.

The Copyright Office's duties and responsibilities include issuing certificates of registration and recording statutory licenses and other important documents in an accurate, reliable and timely manner and creating and maintaining a public record of these actions. Additionally, it oversees and administers the copyright arbitration royalty panel system (CARP's), provides technical assistance on copyright to the Congress and to Executive Branch agencies, provides information services to the public and serves as a resource to domestic and international copyright communities. Importantly, it supports the Library of Congress, and thereby Congress and the nation, by obtaining and making available copies of copyrighted works for the Library's collections.

Copyright is one of the shining stars of our economy. Domestically and internationally the copyright industries (those who produce and distribute computer software, books, music, motion pictures, television programming, recordings, and databases) are at the forefront of our economy, and copyrighted works are one of our leading exports. The copyright industries and those who support them account for almost 6 percent of our Gross National Product.

For the past two years you have heard references to the "national information infrastructure," the "information society," the "information superhighway," and the "global information infrastructure." All these terms refer to the merging of computer and communications technology whereby copyrighted works in digital form travel all over the world. Domestically and internationally we are adjusting our copyright norms to bring us into the 21st century and to ensure copyright owners that their rights will be protected. Two new treaties which included "digital agenda issues" were concluded in Geneva, Switzerland on December 20, 1996. Protection of American creativity through copyright protection is critical to our continued progress and prosperity. The Copyright Office and the Library of Congress play a vital role in all this.

Timely action by the Copyright Office, and complete, reliable and objective records of copyrights showing their authorship, ownership and legal status as well as licensing information are essential to copyright owners. Many benefits are tied to registration; United States copyright owners may not initiate a copyright infringement suit without first registering with the Copyright Office or without obtaining the Office's refusal to register. Certificates of registration along with certified copies of transfers of copyright ownership are relied on not only by our courts but by customs officials, foreign courts and various rights organizations.

Despite several setbacks during the past year, the Office managed to accomplish much work. We processed approximately 609,000 claims representing more than 700,000 works and recorded more than 16,600 documents containing more than 200,000 titles. Our requests for public information rose to 432,000. The Licensing Division collected approximately $187 million in royalty fees.

There were several firsts in 1996.

—On February 27, 1996, the first claim was received via the Office's Electronic Registration, Recordation and Deposit System (CORDS); the submission came from a graduate student at Carnegie Mellon University who electronically submitted for registration her doctoral thesis in computer science.

—The first copyright arbitration royalty panel, which dealt with more than $550 million in cable royalties for the years 1990–1992, was concluded. The arbitrators delivered their final report in August, followed by the recommendation of

the Register of Copyrights to the Librarian of Congress, who issued his decision in October.

—The first claims to copyright and documents concerning rights came in under the Uruguay Round Agreements Act which restored copyright protection to millions of foreign works on January 1, 1996.

Notwithstanding these and many other accomplishments, the Office lost ground in providing essential copyright services, and we are currently in a bind.

In fiscal 1980 with a staff of 628 full time employees (FTE's) we processed 483,000 claims; in fiscal 1996 with a staff of 471 FTE's, we processed 609,000 claims. Thus, a staff which is reduced by 25 percent, processed a 26 percent increase in claims. This is even more remarkable, given the direction of the Office to expand its group registrations—that is, the use of a single application to encompass multiple works at a reduced fee. Group registration is possible for: unpublished works that are authored and owned by the same individual; serials; daily newspapers; newsletters; databases; and works whose copyright protection was restored under the Uruguay Round Agreements Act. Group registrations were established to encourage publishers of works that the Library needs for its collections to register their works immediately after publication, and in certain cases to ease the burden on individual creators. The result is that the number of registrations decreases but work does not decrease proportionately since each individual work in the group must be examined.

The reality is that today we are confronted with an unacceptable backlog. During the past year, we coped with the backlog to some extent by using overtime and temporary employees. However, the steady loss of trained professional staff (particularly examiners, whose number fell from 64 FTE's to 49 FTE's in three years, and whose expertise cannot be replaced with temporary staff) resulted in the processing time for registration going from the norm at the beginning of 1993 of six weeks, to an average of 12 weeks in 1994 and 1995, and then, as a result of additional losses in the examining corps, to the current time of 18 weeks.

This unacceptable time frame must be reduced; otherwise, the copyright system will collapse—copyright owners will not be able to pursue infringers in a timely manner and will suffer irreparable harm. Furthermore, these excessive delays cause much additional work in the form of numerous inquiries about the status of in-process claims.

To turn the situation around, the Copyright Office is requesting 14 additional positions ($538,953) to support the processing of claims in a reasonable time. This would enable the Office to cope with the current work until fiscal relief comes in the form of legislation which would allow the Office to adjust fees as needed.

Let me explain my reference to fee setting legislation. Two years ago I recognized that the Office needed additional funding to cover its basic services. I sought legislation to allow us to: (1) raise the existing fees in any year through a cumulative adjustment based on the rise in the consumer price index; and (2) allow us to invest a percentage of our prepaid fees in U.S. interest-bearing securities. The House passed legislation giving the Office fee setting authority; the language of the House bill was incorporated in S. 1961 at the end of the legislative session last year. Unfortunately, time ran out and the Senate adjourned without taking action on this.

The House passed similar legislation on March 18, 1997 (H.R. 672). Mr. Hatch, chairman of our oversight committee, introduced the same fee provisions on March 20, 1997 in S. 506; that bill has cleared all committees and is awaiting action by the full Senate. Hopefully, the Senate will pass this bill in the near future. However, even if enacted within the next two months, the basic fees could not be raised until late fiscal 1999 or more likely fiscal 2000 due to the need to conduct a fee study, propose a fee schedule and hold hearings on that schedule, finalize a schedule to submit to Congress, which has 120 days to review the schedule and if it disagrees, reject it.

Meanwhile, it is important that the Copyright Office not only maintain its service, but that it continue to development and implement its electronic registration, deposit and recordation system (CORDS). This system, which is an essential investment in the future, is critical to the Copyright Office and the Library of Congress. It will streamline our internal procedures and ultimately lead to major savings and improved service. It will provide the Library with the vast array of information products that are being created and disseminated in digital form.

With respect to the Copyright Office, the benefits of the system are impressive. Today it takes 6 FTE staff members to handle 10,000 claims annually; with CORDS fully implemented, this will drop to 2.5 FTE staff members. Even where the full CORDS system is not used, i.e., Mixed CORDS, where the application is received electronically and the hard copy is sent separately, results in savings. The number of FTE staff members needed to handle 10,000 claims in such submissions drops to 4.5. Additionally, there are nonpersonal savings such as postage, space, printing and

supplies, and the processing time for claims submitted through CORDS drops dramatically thereby benefitting the copyright communities and the public.

CORDS is at a crucial juncture. During fiscal year 1998, the Library and the Copyright Office must take over the operation of CORDS from our expert consultant, the Corporation for National Research Initiatives. Additionally, CORDS, which uses the latest technology, must be integrated with existing automated systems. It must be expanded to additional user platforms, and a more powerful database engine is needed to handle an increasing volume of transactions.

Additional development work also is needed to expand the system to handle all of the different formats in which works are being distributed. At present, the system can only handle text and images; but in the future, it must also handle sound recordings and audiovisual productions.

Finally, we must begin to train Copyright Office staff as well as copyright owners to use the system. To accomplish these goals, which will move this project from the testbed stage to a production system, we are requesting five additional technical positions—two program analysts and three computer specialists ($304,179), which are essential for development and implementation activities.

Let me now turn to security of the collections. We are asking for the authority to hire six mail technicians ($160,072) and to spend $82,000 for security targets and accession labels. The Copyright Office is the front door for copies that come to the Library's collection through the copyright system. It is important that security controls are attached to the copies at the earliest possible moment.

In 1993 the Office, with the assistance of the Collections Management Division of Library Services, began targeting hardbound books. Approximately 71,000 books are targeted annually.

The Copyright Office is requesting funding so that targets or accession labels can be attached to all items (CD's, videotapes, architectural drawings, prints, audio tapes, sheet music, microfilms, CD–ROM's, etc.).

There is one additional matter. The Copyright Office is seeking legislation which would allow the Library to directly pay the arbitrators in distribution proceedings with funds coming from the relevant royalty pool. Currently, parties appearing before a copyright arbitration royalty panel must pay the arbitrators themselves. If this legislation is enacted, (it is included in the bill allowing the Office to set fees), we will need to continue the authority Congress approved in fiscal 1997 to expend up to $1.8 million from offsetting collections to pay the arbitrators engaged in distribution proceedings in fiscal year 1998.

Thank you, and I welcome your questions which I would be pleased to answer now or more fully in writing.

PREPARED STATEMENT OF DANIEL P. MULHOLLAN

Mr. Chairman and Members of the Subcommittee: I am pleased to appear here today to discuss the fiscal year 1998 budget request for the Congressional Research Service.

As I hope each of you has confirmed in your experience, the Congressional Research Service is your organization. The Congress has given CRS the task of providing the best information, research, and policy analysis, in contexts and formats you can apply directly to each stage of lawmaking. You expect our work to be reliable, accurate, unbiased, timely, and confidential. You want us to be efficient in how we manage and effective in what we do—providing quality products and services.

Our budget request seeks funding to support two major priorities that the Service must meet in fiscal year 1998 to carry out its role successfully and to continue to fulfill your expectations. First, we must sustain the quality, quantity, and scope of work that the Congress expects from the Service, including completing the specific activities that the Congress directed the Service to undertake in fiscal year 1997. Second, we must prepare for the potential concentrated loss of a large number of CRS professional staff due to retirement.

To meet these priorities we are requesting a total budget increase of $4,189,000 in fiscal year 1998. Three-quarters of this increase, $3,051,127, is necessary to provide current services and covers mandatory pay and price-level increases. The recent budget agreement includes a proposal that would increase CRS's mandatory costs by $432,000; these additional costs are not included in the budget request before you. We also are asking for $1,137,873 to undertake a major initiative to address the second priority—provide a temporary increase in staff in order to manage the anticipated retirements of a large number of CRS staff and to ensure continuity in our services. The request maintains the current proportional funding split of ap-

proximately 90 percent to staff costs and approximately 10 percent to nonpersonals. Our priorities and challenges are outlined below.

OUR HIGHEST PRIORITY: SUSTAIN THE SCOPE AND ENHANCE THE QUALITY OF CRS SERVICES

I would like to review briefly the work we undertook in fiscal year 1996 that demonstrates our commitment to meeting your needs.

The Congress called on CRS for information and analysis on approximately half a million occasions. In response to these requests, we created more than 1,000 new written research products. We delivered nearly 2,800 custom, confidential memoranda and gave 2,600 in-person briefings and consultations. More than 690,000 copies of our reports and issue briefs were distributed to the Congress last year.

CRS staff provided research and analysis to Members and congressional staff on hundreds of legislative issues: on sweeping changes in welfare and immigration law, health care legislation, social security and retirement, wages and employment, telecommunications reform, the line-item veto, taxes, banking and finance reform, the Farm Bill and agricultural concerns, environmental issues, juvenile crime, and research and development policy. In addition, we covered issues related to the defense budget and to U.S. relations with Russia, China, and Japan, and monitored the situations in Bosnia and the Middle East.

Strategic Initiatives

The Congress has undergone significant changes in recent years, and to respond CRS has undertaken several important strategic management challenges focusing on improving our services. In fiscal year 1996 our strategic initiatives produced a number of positive results, on which we continue to build.

Budget and Appropriations Process.—A CRS analysis of Senate activity indicated that more than 70 percent of Senate roll call votes on the floor in 1996 was devoted to budget-related matters. As budget issues have increasingly become the focus of congressional work, CRS has enhanced its analysis of budget and appropriations issues and delivery of this work to the Congress. For example, new electronic formats available on the CRS Home Page have allowed the Service to present its analysis of appropriated measures in a dynamic environment that leads the user directly from the CRS report to relevant congressional and executive branch documents. In mid-March we met with the majority and minority staff of the Senate Appropriations Committee to discuss how CRS is analyzing and presenting budget and appropriations information. In addition to making this information available, we continue to analyze the implications of budget and appropriation issues as they impact specific policies and programs. Ongoing work with our sister agencies, CBO and GAO, seeks to improve the exchange of budget information.

Impact of the High Turnover of Members of Congress.—In responding to high turnover in the membership of the Congress, a recurring pattern over the past three Congresses (with 39 new Senators coming on board since the November 1992 general election), we continued to offer assistance tailored to the unique needs of new Members. This assistance included organizing new Member seminars and preparing new products on public policy issues designed not only to meet the challenges of new Members and staff, but also to address the needs of returning Members and staff taking on new assignments. This year we intensified our efforts for the 105th Congress by scheduling visits to all new Member offices to brief Members and congressional staff about the services CRS provides. We are honored that the Senate Committee on Rules and Administration, in conjunction with the joint leadership, asked CRS to conduct the policy sessions for new Senators of the 105th Congress. We particularly appreciate the positive comments about the program by Chairman Warner, who personally attended a number of the sessions.

Other Responses to Congressional Needs.—In addition to these efforts, we also are working closely with the Congress to apply new technology to the work of the legislative branch, to emphasize the importance of objectivity and nonpartisanship in CRS products and services, to review and improve CRS capabilities concerning the devolution of federal programs to the states, and to develop a strategy to allocate resources in light of legislative branch budgetary constraints.

I am pleased to report that during the past year these initiatives, which drew upon the resident expertise within CRS, have enhanced the quality of our congressional services. I am providing for the record my report entitled "CRS Strategic Goals for Meeting Changing Needs of the Congress," which provides a more detailed account of our work in these areas.

Service Improvements

I also would like to bring you up to date on several other service improvements we have been working on for the past few years.

First, the system we use to record and track inquiries from the Congress—the Inquiry Status and Information System (ISIS)—has been replaced by a new, networked request system (ISIS 96). This new system offers improved capabilities for assigning, monitoring, and responding to the high volume of congressional requests CRS receives each day. As the original system, which was installed 18 years ago, began to fail, it became critical to replace the system with one that will accommodate and more efficiently process the large number of congressional requests we receive.

The new ISIS 96 is an integral element in our ability to provide timely, efficient responses to your requests and is serving as the backbone of our efforts to build an integrated management information system. In recognition of the critical nature of the system, I want to thank the Library of Congress for its continued support in this replacement effort and its cooperation in sustaining the system's reliability and ensuring its security.

Second, the CRS Home Page makes available online exclusively to congressional offices all CRS issue briefs and numerous reports, as well as other linkages to resources related to the legislative work of the Congress. Through our Home Page the Congress has integrated access to a wide range of products and information. This service is now readily accessible electronically to Members and staff 24 hours a day.

Third, we continue to improve the timeliness and accessibility of the Legislative Alert, our weekly listing of selected CRS products that focus on legislative issues expected to receive floor action in the Senate or the House. The Legislative Alert now is faxed to all congressional offices at the beginning of each week that Congress is in session; it is also available on the CRS Home Page. We appreciate the support and cooperation of the leadership of both chambers in assisting us with timely identification of these legislative issues.

Fourth, we have been working to enhance information security at CRS. Growing reliance on local networks, the World Wide Web, and linked systems and documents makes it imperative for CRS to maintain vigilance against unauthorized access or manipulation of information. We have formed a permanent CRS systems security team to undertake a comprehensive assessment of our security needs. This team will conduct ongoing monitoring of CRS obligations as technology and intrusion capability evolve, coordinate efforts with the Library, and make recommendations when incursions or vulnerabilities are detected. We give high priority to the task of protecting the information needed to serve the Congress and will take the necessary steps to address possible risk of unauthorized penetration of stored material and transmissions.

Specific Congressional Directives

CRS also is addressing specific congressional directives outlined in the conference report that accompanied the fiscal year 1997 legislative branch appropriation. In that report the Congress asked CRS to coordinate the development of a retrieval capability for an electronic Legislative Information System for the Senate. The report further directed the Library's Information Technology Services office to provide the necessary technical support for that effort.

Mr. Chairman, I am pleased to report that the initial version of this new legislative retrieval system provides the text of bills, the text of the Congressional Record and the Congressional Record Index since the 103rd Congress; summaries of bills and their status beginning with the 104th Congress; committee reports on bills for the 104th and 105th Congresses; and the full text of all active CRS issue briefs. We soon will begin to add summaries of legislation back to the 93rd Congress.

The retrieval system also provides links to floor and committee schedules and activities; GAO and CBO reports; connections to other Senate and House resources such as the Senate's Webster Home Page and the Senate Recording Studio's database of current floor debate; and access to copies of historical documents such as the Constitution and the Federalist Papers.

In addition, as a result of a joint project initiated by the Senate Rules Committee and directed by the Office of the Secretary, a new component of the system soon will provide access to the text of amendments within minutes of their being offered on the Senate floor.

In the fiscal year 1997 appropriations report the Service also was asked to contribute to meetings and discussions of the Senate Committee on Rules and Administration and the Committee on House Oversight in an effort to provide for "the widest possible exchange of information among legislative branch agencies with the long-range goal of improving technology planning and evaluation." An important

part of this effort, in which CRS has been an active participant, is to eliminate duplication, ensure better integration of data and systems between the two chambers, and thereby provide more effective service to the entire Congress.

During the next year we will continue to work toward meeting these specific directives. We realize the importance of these projects to the work of the Congress, and we welcome the opportunity to assist with these efforts.

OUR CHALLENGE: TO PREPARE FOR THE CONCENTRATED LOSS OF CRS EXPERTS

Mr. Chairman, it is incumbent on me as the Director of CRS to apprise you that within a few years, as a result of the age and service profile of CRS personnel, the Service will lose a substantial share of its most experienced and valued staff through retirements. More than 20 percent of current CRS staff will be eligible to retire by the year 2000; more than 50 percent by 2006. The major historical reason for this extraordinary proportion of potential retirees is the consequence of the Legislative Reorganization Act of 1970, which expanded the capacities of CRS in order to match the analytical ability of the legislative branch with that of the executive branch. Another circumstance that created the current challenge is that, due to budgetary constraints, CRS has been unable to fill many vacancies during the past decade. Because of the concentration of senior CRS staff who are eligible to retire in the next few years, we consider projected retirement losses to be one of the greatest challenges facing the Service in the future.

Maintaining Our Information and Research Capability

Last year we initiated a survey to determine the planned retirements and an analysis of implications for our research capacity through the year 2006. Such planning is essential if we are to prepare adequately for, and manage the impact of, this anticipated loss of CRS professional expertise. The survey indicated our projected losses in many issue areas, including health policy, social security, tax policy, defense budgeting, international trade, constitutional law, crime, biomedical policy, environmental issues, agricultural policy, and science and technology. The retirees' knowledge of their disciplines, their subject expertise, and their legislative experience will be exceedingly difficult to replace.

The succession initiative presented in our fiscal 1998 budget request calls for an increase of 60 staff, hired over a three-year period; the first year, for example, adds 25 positions. This small increase in staffing will be eliminated during the following six years through retirements, returning CRS to its present staff size in fiscal 2006. In addition, this temporary increase is one of a number of complementary strategies in our overall plan to minimize the risk to our research capacity created by the projected retirements of hundreds of senior staff in a short period of time. I emphasize that this increase is temporary: it does not represent a permanent expansion of the CRS personnel base or of the CRS baseline current services budget.

Effectiveness and Continuity of Service

We believe that our succession initiative is an effective approach to address significant staff loss, while preserving continuity of service to the Congress. While part of our planning for the future entails detailing staff within CRS to meet temporary shifts in congressional priorities and supplementing staff with consultants where feasible, we need to build our long-term ability to maintain quality service to the Congress. Let me briefly describe the reasons for proposing this initiative.

First, this succession initiative would allow CRS to hire the necessary staff in time to develop the breadth and depth of on-the-job knowledge about public policy issues needed to replace departing senior analysts and specialists, permit new staff to be mentored by those who will soon retire, allow us to increase diversity, and enable the new staff to more quickly develop familiarity with congressional processes and procedures. This multiyear initiative will require significant effort to recruit, select, train, and assimilate new staff.

Today there are few "apprentice" staff working with more seasoned CRS analysts. This situation is in contrast to practices that prevail in many professional settings where generally there is an opportunity to develop planned annual additions to the intellectual base—such as associates in law firms, residents in medical settings, junior analysts in investment banking—where typically there are planned, annual additions to the stock of intellectual capital through multiyear apprenticeship programs.

Second, the initiative would allow new staff the time to acquire the appropriate mix of capabilities to serve the Congress:

—Developing a working knowledge of legislative and budget processes as actually practiced.

—Obtaining experience in examining and presenting issues from an unbiased, public policy perspective.

—Gaining knowledge of, and ability to take into account and convey, a broad range of views on issues.
—Developing a working knowledge of specialized subject-area information resources.
—Establishing contacts with experts in academia, government agencies, and elsewhere.
—Becoming proficient in using technology to acquire and analyze information and incorporating it in products for the Congress according to prescribed formats and standards.

In addition, the six CRS-specific qualities that are part of the culture of the Service must be developed—objectivity, timeliness, accuracy, confidentiality, responsiveness, and resident expertise.

Third, hiring some staff at the entry level typically brings aboard personnel who are familiar with the most recent and advanced methodologies and skills being taught or practiced—staff who are able to adjust to evolving demands for professional growth and who invigorate the institution.

I want to underscore the importance of continuity of service—or the institutional memory, as we often call it—provided by CRS. The average tenure of a legislative assistant in the Senate today is 2.8 years; the average legislative director has been on the job 3.5 years. By contrast, our average CRS analyst and information specialist has been building expertise at CRS on issues and how they are addressed within the legislative framework for 18.5 years. These CRS staff provide invaluable expertise, experience, and institutional memory on which Members and congressional staff have come to rely.

I am providing for the record a copy of my report, "Succession Initiative of the Congressional Research Service," which provides more detail on our succession initiative as well as the skills and expertise we seek to maintain.

Thank you, Mr. Chairman, for allowing me to share with you and the other members of this Committee some of our recent accomplishments as well as our challenges for the future. We are grateful for the support of the Senate Subcommittee on the Legislative Branch in the past, and we are committed to working closely with you in the coming years to meet the challenges facing both the Congress and the Service.

DIRECTOR'S REPORT—SUCCESSION INITIATIVE OF THE CONGRESSIONAL RESEARCH SERVICE, MARCH 1997

EXECUTIVE SUMMARY

CRS is requesting funds to finance a succession plan designed to sustain its research capacity through the expected retirements of over half its staff between now and the year 2006. To responsibly manage this expected loss of senior capability, the plan would allow CRS to hire 60 additional full-time equivalent (FTE) staff over the next three years (25 in fiscal year 1998, 25 in fiscal year 1999, and 10 in fiscal year 2000) followed by an equal reduction in staff level during the following six years. By 2006 CRS would return to its current level of 747 full-time equivalent staff positions without any interruption in the quality of its support to the Congress.

By 2006, almost 52 percent of CRS staff will be eligible to retire.

The overall succession plan would allow CRS to hire 60 additional full-time equivalent staff over the next three years to begin a replacement cycle designed to minimize the impact of the potential loss of nearly 400 staff.

Funding for the succession plan requested for fiscal year 1998 would allow CRS to hire 25 additional full-time equivalent employees in fiscal year 1998 to begin the replacement cycle set forth in the plan.

The design of the succession plan is to bring new staff to CRS before its experts retire so that their institutional memory on issues, their knowledge of the legislative process, and the CRS service qualities of confidentiality, objectivity, timeliness, accuracy, and responsiveness which they have mastered can be passed on. This plan seeks to avoid shortfalls in the level and quality of service to the Congress during this period.

The value of the institutional memory of CRS staff to the Congress is suggested by the fact that the average tenure of 18.5 years of CRS staff is in marked contrast to that of most congressional staff (e.g., less than 2 years for legislative assistant).

The plan is effective because it allows CRS to hire, train and mentor new staff at entry-level salaries.

This is not an initiative to permanently increase the Service's staffing. The succession plan would temporarily adjust the Service's FTE's. The proposed initiative an-

ticipates hiring 60 additional FTE's over a three year period, with a subsequent net decrease of 60 FTE's over the following 6 years. By fiscal year 2006 CRS would return to the fiscal year 1997 authorized level of 747 FTE's.

The Service has determined the highest priority staff needs for this initiative and is prepared to undertake a focused recruitment effort to expedite the hiring of these additional staff. Some of the legislative policy areas where the Service projects the need to act quickly are Social Security; Welfare; Transportation; Immigration; Crime and Criminal Justice; Agriculture; Military Personnel; Natural Resources; and Biomedical Policy.

The Service will continue to consult with its appropriations and oversight committees as this initiative progresses.

Throughout this effort, CRS will continue to pursue diversity, in the racial and ethnic makeup of its future staff, and in experience, perspective and skills.

INTRODUCTION

By 2006, almost 52 percent of CRS' staff will be eligible to retire. Unless planning and training of replacement staff can begin soon, CRS' ability to maintain services will be threatened. This, in turn, could compromise CRS' role as the primary congressional source of analysis and evaluation of legislative proposals as well as representational assistance.

CRS Risk Assessment

Background.—The CRS mission and staff were greatly expanded by the enactment of the Legislative Reorganization Act of 1970. A large percentage of staff hired at that time make up the capacity of the Service today. Recognizing this, CRS undertook a methodical two-year assessment of the threat posed to its services by the prospect of concentrated loss of staff due to retirements. This threat and the work CRS had underway to address it were also discussed in the 1996 General Accounting Office audit of the Library of Congress conducted by Booz-Allen and Hamilton. The audit report stated that "CRS is currently conducting planning to sustain its intellectual capital" which "can alleviate the potential pitfalls and costs of any extreme change in its workforce in the future."

In order to more clearly define the risk posed, CRS conducted a survey of all eligible staff to estimate specific time frames within which its staff expected to retire, identify the planned retirements, and analyze the implications of those retirements for its research capacity through the year 2006. The assessment was conducted in order to (1) refine and sharpen the framework CRS uses to identify and prepare for congressional priorities over the next decade; (2) identify the losses CRS is likely to experience over the next several years in specific subject areas and across functional capabilities within CRS; and (3) determine what competencies and expertise will be needed during that time period to match CRS capacity to congressional needs.

Findings.—The risk assessment showed that CRS is faced with a major threat to its ability to maintain services to the Congress resulting from the possibility that over 50 percent of the staff (nearly 400 staff) may retire between now and 2006. The policy areas in which the Service projects an immediate need include: Social Security; Welfare; Transportation; Immigration; Crime and Criminal Justice; Agriculture; Military Personnel; Natural Resources; and Biomedical Policy.

The data regarding retirement eligibility, coupled with staff projections about when they will actually retire, led to the identification of a large number of issue areas where the one or two experts in a given policy area could leave at the same time, leaving CRS with little or no capacity to provide high-level analysis. Fortunately, data show that everyone does not retire on the first day of eligibility, but good management necessitates planning for their retirement to avoid any major disruption of services.

Due to budgetary constraints during the past decade, today there are few "apprentice" staff working with senior CRS analysts. This situation is in contrast to practices that prevail in many professional settings where typically there are planned annual additions to the intellectual base—such as associates in law firms, residents in health and medical practices, and junior analysts in investment banking. In these fields, regular renewal of the stock of intellectual capital occurs through a multi-year apprenticeship program.

The results of the CRS study of potential retirees and additional research and analyses[1] laid the groundwork for the succession plan contained in the fiscal year 1998 budget request.

CRS Succession Plan

Introduction.—The anticipated loss of nearly 400 experienced staff, coupled with the knowledge that it will take 5–10 years to replace the breadth and depth of knowledge about the public policy issues resident in top level analysts and specialists, led to this proposed multi-year initiative. The initiative anticipates a temporary increase in staff by hiring 60 additional FTE's over a three-year period, with a subsequent net decrease of 60 FTE's over the following 6 years. By fiscal year 2006 CRS would return to the fiscal year 1997 authorized level of 747 FTE's. By fiscal year 1998 CRS will be ready to recruit in the highest risk areas, and begin the multi-year effort that will sustain essential services to the Congress.

This initiative would allow CRS to hire and accomplish the most effective training of new staff before veteran expertise is lost. Hiring at the entry-level typically brings aboard personnel who are familiar with the most recent and advanced methodologies and expertise being taught or practiced—staff who are able to adjust to evolving demands for professional growth and who invigorate the institution. Failing to anticipate the need for new expertise usually results in discontinuities between the departure of an existing expert and the hiring of a new one, and reduces capability while a new staffer is acclimating to his or her new CRS role.

In the meantime, CRS will continue to reassign staff to meet the most critical needs, and fill vacancies as they occur. However, the inability to provide a period of mentorship by retirees will result in gaps in coverage and quality of service while new staff members "get up to speed".

The purpose of the succession initiative is not to restore staff lost through downsizing in past years nor to restore discontinued services.

Projected Costs.—As noted above, the succession initiative is based on a temporary increase in staffing—hiring 60 additional staff over a three-year period (twenty-five in fiscal year 1998, twenty-five in fiscal year 1999, and ten in fiscal year 2000) followed by a net decrease of ten FTE's each year from 2001 to 2006—by 2006 CRS would return to the present FTE level of 747.

The following table summarizes the year-by-year costs in comparison with the present base, and also shows the net change from one year to the next.

CRS SUCCESSION INITIATIVE FTE AND COST PROJECTIONS, YEAR BY YEAR

Fiscal year	Net change from prior fiscal year		Net change from fiscal year 1997 (747 FTE's)	
	FTE's	Dollars	FTE's	Dollars
1998	+25	+$1,137,873	+25	+$1,137,873
1999	+25	+1,585,146	+50	+2,723,019
2000	+10	+1,177,560	+60	+3,900,579
2001	−10	−121,962	+50	+3,778,617
2002	−10	−364,210	+40	+3,414,407
2003	−10	−534,403	+30	+2,880,004
2004	−10	−787,452	+20	+2,092,552
2005	−10	−972,059	+10	+1,120,493
2006	−10	−1,120,493	.....	.....

In projecting the costs of the initiative, a number of assumptions were made. First, it was assumed that the fiscal year 1997 staffing level of 747 FTE's will be maintained in each year by full funding of mandatory costs—cost of living and locality pay increases, for example—which will permit rapid refilling of positions which become vacant.

Second, the plan is based on hiring staff at the entry-level, typically at GS–9 or GS–11. It is assumed that these new staff will perform successfully and will therefore progress at normal rates through promotion plans. This is consistent with the

[1] Several private sector succession planning initiatives were useful in assisting the Service develop its plan. Senior CRS managers conducted discussions with Motorola and Proctor & Gamble Company to learn about how these companies approach succession planning. Additional information and insights were also obtained from researching succession planning in such companies as Corning Glass, AT&T, General Electric, and K-Mart.

mix of positions CRS has maintained for decades. As senior staff leave, their positions are usually filled at a lower level, and the new hires promoted as they demonstrate work at the next higher grade. At any given moment, we have staff at different grade levels, each of whom progresses based on performance. The funding in the base assumes that there will be such a mix of staff at different stages in their promotion plans.

Third, the cost projections in the table above include an estimated cost of living increase for each year, based on Congressional Budget Office estimates at the time the proposal was developed. All costs cover both salaries and benefits.

With regard to benefits, the cost of new employees, who are covered by the Federal Employee Retirement System (FERS) in place for all hires after 1984, is significantly higher than the benefit rate paid for the projected retirees, most of whom are covered under the Civil Service Retirement System (CSRS). While the actual benefits will vary for each individual depending upon the specific elections with regard to health and life insurance and other benefit items, on average the Congressional Research Service budget must pay approximately 27.2 percent for FERS employees compared to the average CSRS employee benefit cost of 11.8 percent.

The following table shows the number of staff eligible to retire and the additional full-time equivalent positions requested under the initiative for each fiscal year.

CONGRESSIONAL RESEARCH SERVICE STAFF ELIGIBLE TO RETIRE (CUMULATIVE BY YEAR) AND ADDITIONAL FTE'S REQUESTED UNDER INITIATIVE

[Full-time equivalents (FTE's)]

	No. of eligible to retire (cumulative)	Additional FTE's requested (above 747 FTE level) [1]
Fiscal year:		
1998	95	25
1999	113	50
2000	139	60
2001	175	50
2002	209	40
2003	254	30
2004	314	20
2005	344	10
2006	382	.....

[1] Assumes fiscal 1997 funding will be increased each year to cover mandatory costs, and departing staff will be replaced to maintain an FTE level of 747. The temporary increase in FTE's from 1998 to 2000, with a subsequent reduction of these FTE's (to be completed by 2006), will permit CRS to mentor a small group of replacement staff in a few critical subject areas prior to the retirement of experienced staff.

Timing.—The concept of the initiative is to hire entry-level staff before senior analysts retire. Allowing staff to overlap accelerates the learning process through on-the-job mentoring and allows time for the orderly transfer of institutional knowledge of public policy issues and of the congressional environment and process—knowledge which makes CRS so effective in support of the Congress.

Based on CRS experience with entry-level analysts, several years of on-the-job experience are required for a new analyst to become reliably self-sufficient and to work with topics of greater complexity in meeting the needs of the Congress.

A period of overlap, which will be possible only with funding for additional positions under the succession initiative, is needed for entry-level staff to acquire the knowledge of how Congress and CRS have dealt with issues in the past, and of the legislative process. Once the first group of retirements takes place—and hopefully their replacements will already be here as a consequence of this initiative—these vacancies will be used to anticipate the next group. Ultimately, CRS will replace all of the retirees, but the headstart will allow this to occur in an orderly way without disruptions of congressional support. The plan to provide a multi-year period of overlap in critical subject areas in order to transfer institutional expertise will require significant effort to recruit, select and then train and assimilate staff into CRS.

Recruitment.—CRS plans to recruit through a variety of mechanisms, with emphasis on a very successful approach used in past years—the Graduate Recruit Pro-

gram. Under this program, CRS has conducted intensive recruitment from the graduate public policy schools which are found in universities throughout the country. These students represent a pool of strong candidates, with good grounding in advanced methodological techniques—traits which are necessary to provide Congress with a firm foundation for policy decisions. Many Graduate Recruits will come for a summer between their 1st and 2nd year. The next year, those who are successful will be placed in permanent positions. The program provides the opportunity for both CRS and the students to assess whether this is the right environment for them; it is also an excellent way to attract some of the best students. CRS has reached an agreement with its labor union to reinstate the Graduate Recruit Program, and is awaiting other required final approvals before embarking on this recruitment effort. In addition to Graduate Recruit placements, some positions will be filled through the normal posting process, or through a Law Recruit Program (a variant of Graduate Recruit) designed for law school recruitment.

It is the CRS practice to pursue the institutional gains derived from diversity, in the racial and ethnic makeup of its future staff, and in experience, perspective and skills. A critical component of the Service's recruitment strategy is to attract professionals who are dedicated to public service and who have the greatest potential for remaining with the Service over time.

Alternative Strategies.—The succession initiative is one of a number of strategies CRS is already implementing to help maintain its research and information capacity. Other strategies include detailing and reassigning staff internally, mentoring staff assigned to new areas, and using contractors for certain activities.

As a matter of long-term practice, CRS has reassigned analysts to work on issues that require additional support due to immediate legislative needs. This past year the Service, with the approval and support of its labor organization (CREA), instituted a program that allowed for formal "details". Under this program the Service identifies areas that require temporary assistance as congressional priorities shift, notifies staff of the opportunity to provide this assistance, and selects from among interested staff to fill this need.

CRS continues to carefully examine activities to determine which are appropriate to contract out and which should be performed with in-house staff. The Service has successfully used consultants in a variety of subject areas to provide written products when in-house staff either do not have a specific type of expertise (actuarial services, for example), or when they are fully committed and cannot meet congressional deadlines without temporary outside assistance.

The Service expects that contractors will continue to be an important resource, but that if it is to fulfill the mission that Congress has established, CRS must maintain a shared pool of resident policy experts and information specialists.

Unique Attributes Required of CRS Staff

As a service organization CRS has focused its efforts on six service qualities that it must meet if it is successfully to fulfill the legislative needs of the Congress. These qualities define not only the standards which the organization must meet as it performs its mission, but also frame the attributes that are essential for its staff, both current and future. As CRS undertakes its succession planning and focused recruitment efforts, designed to replenish the loss of critical expertise, it must do so bearing in mind the special skills and talents requisite to the work it performs.

It is therefore incumbent upon CRS to ensure the necessary period of training and mentoring by resident and seasoned experts in order to instill these unique skills in those that are hired and who will be responsible for providing the continuity of service that the Congress expects.

The attributes required of CRS analysts are a combination of subject specialty training, which may be acquired elsewhere, and in-house experience developed over time, working in the congressional setting with the specific responsibilities of such an analyst. Many of these skills are not routinely developed in academic nor in other work environments. Acquiring the proper mix of these capabilities requires not only talent, but "time in training", working along side experienced staff who can guide and assist in the learning process.

These capabilities include, in general:

—Acquiring working knowledge of legislative and budget procedures as actually practiced.

—Obtaining experience with examining and presenting issues from an unbiased, public policy perspective.

—Gaining knowledge of and ability to take account of a broad range of views on issues.

—Learning to present products and services in the manner and form that best matches the needs of the client.

—Developing a working knowledge of specialized subject-area information resources.
—Establishing contacts with experts in academia, government agencies, and elsewhere who have related subject expertise.
—Becoming proficient in using technology to acquire and analyze information and use it in preparing products for the Congress in prescribed formats and standards.

In addition, a summary description of the six CRS-specific service qualities is provided below, accompanied by a listing of some of the skills required to successfully demonstrate these qualities.

OBJECTIVITY

Service Quality

The hallmark of CRS legislative assistance—that its work is non-partisan and objective—must never be compromised. The Congress has available to it a wide variety of sources for research analysis and information. Unlike most of these sources, CRS adheres strictly to a policy of providing products and services which can be relied upon to be free of policy advocacy or partisan or other bias. This imprimatur of objectivity, combined with the other elements of its service quality, makes CRS uniquely valuable in the legislative arena. This attribute was central to the purposes for which CRS was created and remains essential to its future success.

Skills Needed

Acquiring the skill to present policy issues in an objective, non-partisan manner devoid of any appearance of advocating a personal or institutional viewpoint.

Learning to remain independent of prevailing paradigms or assumptions in order to fairly treat all perspectives.

Understanding and practicing the requirement that all Member and committee clients, regardless of party affiliation, majority or minority status, or particular viewpoint receive equal consideration and treatment.

Developing the skill to frame responses in a manner that is clear, unambiguous, and minimizes the risk of misinterpretation in an often polarized environment.

TIMELINESS

Service Quality

The press of congressional business is such that the importance of timeliness as an objective for CRS cannot be overemphasized. Indeed, the speed with which CRS responds to client demands is unique among the many information resources available to the Congress. In order to satisfy expectations, the Service must meet or beat all client deadlines for legislative assistance and anticipate and be responsive to legislative timetables. CRS can only meet complex needs within a reasonable time frame if the Service maintains the requisite expertise. But in order to successfully meet those needs CRS must also be adept at managing conflicting deadlines through the negotiation process, anticipating needs to the extent possible, staying abreast of legislative timetables as they develop on specific issues, maintaining reasonable turn-around times for requests without specific deadlines, and insuring that all delivery methods—both manual and electronic—are as swift and predictable as possible.

Skills Needed

Acquiring the skills to juggle priorities to meet immediate and often unanticipated legislative deadlines.

Developing familiarity with legislative timetables and understanding implicit time constraints placed upon staff and Members at various stages of the legislative process.

Fully understanding that information that is late may be of little or no value to a congressional client.

Learning the skill of anticipating the unique needs of congressional clients as they work through legislatively active topics so that the knowledge base and products necessary to respond to urgent needs are available as needed.

Cultivating a professional demeanor that consistently demonstrates the ability to endure pressures and interpersonal tensions natural to a fast-paced, high-stakes political environment.

ACCURACY

Service Quality

CRS' goal is to provide 100 percent factual accuracy. The analysis and information CRS presents must be accurate and complete whether it originates within CRS or with others. CRS does not shade the presentation of information or its analyses to influence outcomes. The Service places critical thinking and broad and deep subject knowledge on top of solid research when undertaking its work for the Congress. CRS products and services on legislative matters must be reliable, current, and comprehensive. Analysis and information, in whatever form, must be current in relation to the time requested, and written products must reflect all relevant information available as of their dates of release. CRS products should explicitly state the assumptions, methodology, and resources relied upon.

Skills Needed

Developing the ability to balance the need for timeliness with the critical need for accuracy.

Acquiring the facility to maintain the currency of multiple products on a variety of subjects so that they reflect the latest developments.

Becoming adept at the requirement of specifying assumptions, methodologies and sources for all analysis and conclusions.

Developing the ability to make appropriate use of original sources while assessing their limitations and attaching appropriate caveats.

CONFIDENTIALITY

Service Quality

The identity of a congressional client from whom the Service receives a request, the subject of such request, and the specific products and services provided in response, constitute confidential information which CRS will not disclose without prior authorization from the client. In meeting that obligation, the Service has drawn careful distinctions between written products which are advertised as available for congressional distribution, and those written specifically for an individual client with expectations of confidentiality. In the absence of specific authorization to the contrary, CRS always presumes a confidential relationship and acts accordingly.

Skills Needed

Becoming familiar with the rules and procedures pertaining to the handling and sharing of all congressional information.

Developing a trust relationship with all congressional clients.

Becoming facile at working simultaneously for multiple clients with different viewpoints on the same or similar subjects without compromising confidentiality.

RESPONSIVENESS

Service Quality

As a support agency working closely with and exclusively for its congressional clients, CRS is expected to provide assistance which best meets specific congressional needs. Thus, CRS must respond with the most useful, legislatively-relevant products and services. The utility of CRS services depends upon clarity, brevity, product format, and sensitivity to audience expectations and levels of knowledge. To achieve the objective of being "responsive" the Service must maintain close contact with Members and staff generally, as well as with specific committee and Member offices. These relationships allow CRS to become familiar with the needs expressed by clients (and perhaps more importantly, needs which may not be expressed) and the nature of the intended use of requested responses. This close relationship also facilitates negotiations between clients and CRS staff as to appropriate responses.

Skills Needed

Developing the skills of lucidity and brevity.

Understanding client needs and the legislative context in which they arise.

Learning the most appropriate way to present information and analysis in the manner and form that best meets the needs of the clients and is most useful to them.

Developing the skill to present complex issues in language which is easily understood and free of jargon; developing the ability to write concisely in the vernacular of the legislative arena and to translate the language of specific disciplines into common parlance.

Becoming skillful at framing the discussion of issues to contribute to the likelihood of achieving common ground for legislative consideration and debate.

RESIDENT EXPERTISE

Service Quality

The breadth of knowledge, level of expertise, and legislative sensitivity of resident CRS staff are the underpinnings of all support the Service provides to the Congress. CRS must provide expert, multi-disciplinary, and analytical support on all legislative matters before Congress. The concept of "one-stop shopping" for the Congress is critical in a time of wide ranging and complex legislative issues. So too, the institutional memory provided by a diverse CRS staff (made up of individuals who generally have tenure well beyond that of congressional staff) is of great value in dealing with recurring substantive and procedural legislative issues. CRS integration of knowledge from a variety of disciplines, such as law, economics, the social sciences, political science and international relations, as well as science, technology, natural resources, and library and information sciences provides the Congress with a unique source for analyses of the multi-faceted issues before it. This multi-disciplinary staff enhances CRS' ability to anticipate legislative issues and to provide creative, interdisciplinary analyses. This knowledge base must be maintained and nurtured to assure that the quality of service is not compromised.

Skills Needed

Learning to apply academic training and experience in the context of lawmaking.

Developing expertise in legislative procedures and legislative branch organization which cannot be acquired elsewhere.

Applying subject knowledge in an interdisciplinary context, working closely with CRS experts covering virtually all public policy areas.

Acquiring experience over time which becomes invaluable institutional memory that can be used to assist Members and staff on matters and precedents that predate their tenure in the Congress.

Learning how to remain constantly vigilant to new methodologies, programs, and research designs that could be applied to analytical research.

Adapting to information and research technologies available to CRS and the Congress and utilizing those technologies to best serve the client.

CONCLUSION

The past 25 years of experience suggests that it takes at least five years for an entry-level analyst to develop subject expertise and knowledge of the legislative environment sufficient to handle complex issues in the way a senior analyst can. Brief examination of the CRS service qualities reinforces this need to anticipate and prepare for internal staff turnover. New analysts can make this transition more easily if mentored for a few years by senior staff—in this way the previous legislative efforts become part of the knowledge base and improve analysis of each issue. If the Service waits until all of the retirement-eligible leave before replacing them, it will lose the opportunity for such mentoring and will reduce its analytical capacity in a large number of critical areas during the period that new staff are developing expertise.

The average tenure of a legislative assistant in the Congress today is less than 2 years. The average Legislative Director has only been on the job for less than 3 years. Congress cannot obtain the analysis it needs, set against the knowledge of what Congress has done in the past and an in-depth understanding of the legislative process, unless it develops and has continuing access to a shared staff.

As discussed above it is clear that it takes years for a staff member to develop the breadth and depth of expertise Congress needs to provide close support on complex public policy issues. This expertise develops from basic subject expertise (which new staff have) combined with knowledge of how Congress has addressed issues in the past, and from an in-depth understanding of the legislative process which takes years to acquire.

The succession initiative is one of a number of strategies CRS is already implementing, including detailing and reassigning staff internally, increasing mentoring, and using volunteers for certain activities. These measures, while important in providing continuity, cannot in themselves remedy the cumulative expected loss of institutional memory and capability created by anticipated staff retirements.

The purpose of the initiative described here is to provide a multi-year mentoring and development period for new staff to be trained by retiring staff. In this way, CRS hopes to manage the transition smoothly, and maintain its current analytic capacity.

DIRECTOR'S REPORT—CRS STRATEGIC GOALS FOR MEETING CHANGING NEEDS OF THE CONGRESS, DECEMBER 1996

ACCOMPLISHMENTS AND WORK-IN-PROGRESS

MEMORANDUM

CONGRESSIONAL RESEARCH SERVICE,
LIBRARY OF CONGRESS,
December 27, 1996.

TO: All CRS Staff.
FROM: Daniel P. Mulhollan, Director Congressional Research Service.
SUBJECT: Report on work toward CRS strategic goals.

One year ago, in December 1995, I convened senior CRS managers for a two-day session to examine evolving changes in the character and the work of the Congress and to identify goals and initiatives for assuring that CRS would continue to strengthen its support for the Congress by anticipating and meeting its changing needs. At this focused and highly productive session we identified six significant, strategic goals for CRS and a number of specific actions for achieving these goals.

The six strategic goals for enhancing CRS service to the Congress are (1) improving our ability to meet information needs as the Congress addresses public policy issues increasingly through the budget and appropriations process; (2) making creative and effective use of technology to improve our services and internal work processes; (3) strengthening our effectiveness in providing objective support to the Congress during a time of increased political and ideological polarization; (4) positioning ourselves to meet increasing needs for research and analysis regarding state and local developments; (5) developing a framework for decision-making about resource allocation in an environment of constrained budgets; and (6) providing support specifically designed for new Members and staff as they assume their duties, as well as for returning Members and staff taking on new assignments.

Over the last year, support for achieving these goals has come from all quarters of CRS. Approximately 150 CRS employees, representing all divisions and offices, volunteered to serve on six goal-oriented teams. These team members, in turn, consulted widely throughout the Service to gather information, to solicit suggestions, and try out new ideas. They conferred with many individuals and consulted larger groups, including conducting consultative management meetings in each division.

I am pleased to report that all specific actions identified by senior managers in support of the six strategic goals have received effective, conscientious attention. Most of the originally specified actions, and some additional tasks identified by teams while pursuing their work, have been completed. Other actions, by their nature, require and are receiving continuing attention. Those relating to the sixth goal, serving needs arising from increased congressional turn-over, are being pursued in the context of the arrival of the 105th Congress.

Because the six strategic goals derive directly from the needs of the Congress and because we have made significant progress toward achieving these goals, I have highlighted these accomplishments before our appropriations and oversight committees and in discussions with individual Members. Uniformly, congressional reactions have been favorable.

As a direct result of work on the six strategic goals, CRS has already experienced important improvements in its service to the Congress and can look forward to further significant gains. These gains come from establishing or refining organizational arrangements and responsibilities in such areas as technology policies, budget and appropriations coverage, and sharing of Federal/State resources across LC/CRS organizational lines. They come from reviewing and improving CRS policies and procedures including clarifying and emphasizing objectivity standards, developing criteria for allocating resources, and setting performance objectives for the evolving Legislative Information System. They also come from a number of more specific actions such as adopting WordPerfect 7.0 as the next generation word processing package for CRS and initiating appropriate application tests, enhancing the CRS Home Page, including information resource pages, and being selected by both the House and the Senate to provide the official public policy orientation for new Members.

This report summarizes accomplishments and work-in-progress for each of the goal-oriented teams. I want to thank each of you for your direct and indirect support of this process. Our work has been both productive and effective with highly constructive results. We have accomplished many goals we set for ourselves. These accomplishments are reflective of the thoughtful, creative, and analytical staff of CRS. I thank you all for the time and energy you continue to devote to ensure that CRS remains a unique and highly valued resource to the Congress.

BUDGET FOCUS TEAM

The Budget Focus Team has enhanced CRS capacity to meet the analytical and information needs of the Congress as it addresses public policy issues increasingly through the budget and appropriation process. The team reviewed the manner in which the entire Service addresses budget and appropriations-related issues. This team worked in concert with a pre-existing team (the Appropriations Team). Beginning with fiscal year 1996, the Director's Office worked with an interdivisional team whose members became authors of reports analyzing the major issues inherent in each appropriation bill. Their efforts, coupled with those of the Budget Focus Team, addressed seven specific goals and identified additional actions, as specified below.

Goal:

Evaluate adequacy of CRS coverage of budget issues, identify high priority areas and whether client needs are met.

Accomplishments:

CRS will continue the practice begun in fiscal year 1996 of analyzing the issues arising from each of the 13 appropriations bills and preparing an overview of all bills.

CRS will report on all significant budget developments; budget-related products will be regularly updated; and budget products will be easily identifiable.

CRS will continue to develop products covering the four basic components of the budget process: the President's budget, the budget resolution, appropriations, and reconciliation. Specific products to analyze supplementals, rescissions, and continuing resolutions will be created as needed for significant bills when it is determined that a product is required.

Work in Progress:

Starting with the 105th Congress, CRS will enhance coverage and analysis of policy issues that are addressed in the budget and appropriations process. For example: (1) products covering major non-budget policy issues, but with large potential budget implications, will contain an analysis of these implications; (2) on a case-by-case basis, mentors will be assigned by management to work closely with analysts newly assigned to budget-related issues; and (3) all CRS products on policies or programs will cover the implications of the budget or appropriations whenever these implications figure significantly in policy formulation or program change.

Goal:

Address the knowledge base of CRS staff on budget issues, determine training needs, and design an introductory budget course for CRS staff. Evaluate adequacy of resources to support budget-related projects.

Accomplishments:

Examined the current level of budget related training and recommended three levels of training: beginning, advanced and specialized.

Designed a two-day intensive introductory class on the appropriations process. Classes were held for Appropriations Team and Budget Team members and other CRS staff in October and November of 1996 (28 staff members attended). Additional classes will be held in January, with priority given to Budget Team and Appropriations Team members. The Congressional Reference Division conducted a course on budget documents and information sources for members of the Appropriations Team.

Developed the capability within the Library Services Division to acquire, organize, and distribute both paper and electronic budget and appropriation materials to divisions and analysts.

Goal:

Determine the role of CRS in the budget arena vis-a-vis CBO and GAO. Assess adequacy of relationships of CRS staff with staff of CBO, GAO and OMB and agency budget and program personnel.

Work in Progress:

Compared functions of CRS, CBO and GAO in the budget arena. The team found uneven but generally good working relationships with GAO and CBO. Several activities are under way to improve the relationship and exchange of information among CRS, CBO, and GAO, including (1) the Associate Director for Research will review methods of gaining easier access to CBO and OMB computer runs of budget-related material and ways of facilitating access to some other CBO material, includ-

ing scoring of appropriations and other budget bills; and (2) division-level management will identify ways to improve communications between CBO and CRS.

Goal:

Assess adequacy of relationships between CRS staff and staff of authorizing, appropriations, and budget committees.

Accomplishments:

Appropriations reports listed specific analysts responsible for issues covered in the report.

Work in Progress:

Continue to develop closer relationships with the staffs of the appropriations subcommittees.

Goal:

Evaluate the efficiency and effectiveness of the management and coordination of budget related projects.

Work in Progress:

Recommended that senior management adopt a clear and consistent policy involving increased attention to budget products. Coordination of ongoing work across division and office lines in CRS would be facilitated by a team approach working within the existing organizational framework. The team advocated creating an "Advisory Group on the Budget" to coordinate, advise, and consult with the Associate Director for Research on issues related to budget-related products and services. For the fiscal year 1998 budget cycle, coordinators of the appropriations team will play this role in consultation with the Deputy Director.

The Appropriations Team will continue under the direction of the Deputy Director to lead the Service coverage of budget and appropriation issues.

TECHNOLOGY TEAM

The Technology Team sought to make the most creative and effective use of technology in improving CRS services to the Congress and also CRS internal work processes. The team addressed three specific goals and recommended a number of additional actions.

Goal:

Take a snapshot of current electronic infrastructure, including hardware, software, internal and external data bases, staffing for technical support, and training.

Accomplishments:

Interviewed and gathered documentation from CRS offices and divisions to provide a comprehensive view of the current electronic infrastructure of CRS.

Constructed charts outlining the baseline technological infrastructure of CRS and specifying hardware and software capability supporting the major functions and activities of CRS.

Gathered additional information consisting of inventories of CD–ROM's in CRS and of audio-visual equipment and descriptions of electronic activities of the Automation Office teams, the Electronic Research Products Office, the Bill Digest Section, and the Library Services Division.

Goal:

Elicit initial staff input on development of a comprehensive and integrated legislative information system.

Accomplishments:

With the CRS Automation Office, conducted a series of six meetings to which all CRS staff were invited. Staff suggestions included 51 types of data to be considered for inclusion in a Legislative Information System (LIS) and 35 suggested functional attributes for the system.

Worked to ensure that suggestions incorporated in the design and construction of the LIS, as its development progresses incrementally, provides CRS staff with accessible resources for meeting the needs of the Congress.

Goal:

Examine the current process for determining division and CRS-wide technology needs.

Accomplishments:

Developed an understanding of current processes for determining technology needs and formulated recommendations for improving those processes by providing a structure that accommodates change while taking into account effects on and needs of users.

Planning under way to form a CRS-wide technology policy group that will consult with technology users, recommend CRS technology priorities, disseminate relevant technology information, and review and approve implementation plans for new projects. Previously established special-focus groups such as the CRS Web Policy Group and the CD–ROM Policy Group are to be subgroups of the larger CRS-wide group.

Modified the CRS staff Home Page to provide information about automation training opportunities and user tips such as the "Database News," the "CRD Searcher" and similar aids.

Developed a pilot program in the CRS Automation Office for improving troubleshooting support throughout CRS.

Installed Windows 95 as the new operating system for CRS.

Selected the next generation word-processing program for CRS, WordPerfect 7.0, and began efforts to simplify and streamline production processes as an integral part of introducing this software. An interdivisional team is now doing preliminary testing.

Helped design professionally moderated focus group sessions with congressional staff, conducted by Westat, to explore congressional experiences with CRS electronic services. Six focus groups met. The average number of congressional staff participating was eight. Proposals arising from these sessions are now being considered: availability of all CRS products on-line, development of electronic ordering capability, enhancement of search features, and creation of a less complex, more readily accessible Home Page design. Suggestions were also offered for new services for the Home Page.

Work in Progress:

The Technology Team is exploring additional actions for achieving objectives set for the team.

—Establish and attain technology competencies throughout CRS, appropriate for specific jobs and functions.

—Enhance technology support by developing the necessary skills for the requisite number of staff and determine the extent to which technology support staff should be centrally located and supervised or be dispersed throughout CRS.

—Initiate a pilot study to examine the feasibility of establishing a CRS-wide approach to purchasing or subscribing to electronic resources. Planned implementation includes capabilities such as on-line databases, CD–ROM's and specialized software to ensure consideration of evolving choices of electronic resources, compatibility with existing systems, accommodation of needs for paper-based resources, accessibility wherever needed throughout CRS, and minimum costs to CRS.

—Examine alternatives for enhancing electronic production and delivery of CRS products and congressional use of electronic delivery systems.

DECREASING RESOURCES TEAM

The Decreasing Resources Team developed a framework for making decisions about resource allocations and resource use in an environment of constrained budgets in order to continue to place the highest priority on the legislative needs of the Congress. Subteams completed several tasks, including service-wide consultative management meetings to elicit staff perceptions and ideas for improving CRS products and services and supporting systems.

Goal:

Generate processes, criteria, requirements that must be met when any additional resources are sought (personnel and non-personals).

Accomplishment:

Developed selected factors or criteria for divisions and offices to address in seeking additional personnel and postings. These criteria were used to select fiscal year 1996 postings. Criteria included ability to move staff or work to meet changing demands, definition of the scope of the recruitment effort, diversity and upward mobility goals, and overall budget impact. The purpose of the exercise was to focus on the implications of hiring decisions, the necessity of linking hiring with legislative needs, and alternatives to hiring within a division or CRS as a whole.

Goal:

Examine the bases used to determine current allocation of non-personals.

Accomplishments:

Examined the allocation of non-personal resources and recommended changes in the process of making allocations to divisions and offices. Recommended modifications include a reexamination of built-in costs of database and print subscriptions and development of a new, easily understandable sub-allotment process at the beginning of each fiscal year. Opportunities will be provided for divisions and offices to seek changes in allocations throughout the year as needs arise.

Reviewed CRS database and subscription budgets to determine the most efficient ways to utilize these increasingly important resources throughout CRS (See Technology Team section).

Goal:

Determine guidelines for division and office authority for final decision making on already allocated resources.

Accomplishment:

Reviewed and endorsed the current system for final decision making on the disbursement of allocated resources.

Goal:

Elicit staff input to (1) develop a high-priority list of work processes for streamlining within each division or office; (2) identify five or more products, services or activities, within each division and within CRS, for potential elimination, transfer to the Library, or restructuring; and (3) create an environment, among managers and staff, conducive to moving staff and work within and between divisions and offices to improve subject-area coverage and service to Congress.

Work in Progress:

In May 1996 began to elicit ideas on opportunities for efficiencies within CRS and to identify products, services, or activities that might be eliminated, transferred to the Library, or restructured. The Deputy Director and the Associate Director for Finance and Administration conducted discussions with staff in each division and office to gather suggestions throughout the Service.

Continue to track the many specific and useful suggestions being discussed by individual divisions or offices responsible for specific programs or services as well as discussions that are part of current CRS efforts to anticipate increased staff retirements.

Encourage consideration by Division Chiefs of a list of alternatives to explore shifting staff and work to high priority subjects. An independent effort to provide staff details for up to one year, based on an agreement with CREA, provided the kind of flexibility contemplated by this task.

Goal:

Reexamine the need for time accounting.

No modifications were determined to be immediately necessary, but examination of the issue continues.

Goal:

Brainstorm options to ensure uniform application of performance evaluation standards.

Work in Progress:

Continue to examine options that will foster a clearer understanding of performance standards and methods and ensure that all divisions and offices are applying them consistently. This examination continues efforts initiated in 1995 to encourage Division Chief and manager participation in promotion reviews outside their divisions or offices.

Goal:

Identify the impact of ISIS 96 on work processes and make necessary adjustments.

Accomplishment:

Established a service-wide group of coordinators to ensure that the components of the first release of ISIS 96 meets CRS needs. A new team has been established to ensure subsequent releases consider service-wide and individual division and office needs.

Goal:

Complete senior level managerial performance evaluation revisions and seek Library adoption.

Work in Progress:

The Director submitted to the Library in late December 1995 a set of recommendations to Library of Congress regulations governing senior-level managerial performance. CRS will continue to work with the Library in refining and improving these regulations.

Goal:

Distribute to RPC materials on LCR and contract performance provisions.

Accomplishment:

In March 1996 the Office of Policy Compliance completed and distributed to supervisors a CRS Supervisor's Manual providing clear guidance on the meaning and application of Library resolutions as well as collective contractual bargaining provisions relating to staff performance.

OBJECTIVITY AND NONPARTISANSHIP TEAM

The Objectivity and Nonpartisanship Team looked at ways to preserve and strengthen CRS effectiveness in providing objective support to the Congress and ensure inclusion of the broadest possible range of diverse viewpoints in the work of the Service. This team anticipates that the environment in which the Congress acts will continue to be polarized along political and ideological lines. The team's work focused on four specific goals.

Goal:

Consider and modify (if necessary) guidelines for policy review to reflect diverse viewpoints.

Accomplishments:

Reviewed and refined CRS procedures, guidelines, and practices relating to achieving objectivity and nonpartisanship in CRS products and services.

Compiled a set of current CRS guidelines, LC regulations, and other documentation concerning objectivity and nonpartisanship as an aid to understanding policy and practices concerning balance and objectivity. The compilation was distributed to all CRS staff in December 1996.

Goal:

Reexamine CRS disclaimers.

Accomplishment:

Reviewed statements on the CRS Home Page and drafted statements about CRS nonpartisanship and disclaimers regarding non-CRS resources appearing on CRS products and services.

Goal:

Review acquisitions and data base resources to ensure diverse viewpoints.

Work in Progress:

Worked with divisions to review and assess the ideological balance of public policy literature including the Public Policy Literature File. Resulting recommendations for changes in coverage are being implemented.

Goal:

Hold consultative management meetings in each division to discuss the need to recognize diverse view points and to provide opportunities to discuss related problems and issues.

Work in Progress:

Began scheduling for staff meetings in each division to provide the opportunity to consider objectivity and nonpartisanship issues in the context of the new Congress.

FEDERAL-STATE SHIFTS TEAM

The Federal-State Shifts Team addressed increasing congressional needs for research and analysis regarding state and local developments as the Congress shifts

responsibilities for many programs from the federal government to the state level. The team developed four specific goals and identified additional actions.

Goal:

Determine congressional needs for CRS assistance relating to program and policy shifts occurring between federal and state governments.

Accomplishments:

Built on the assumption that the congressional need for CRS information and analysis concerning federal-state policy issues will continue to grow. Such congressional interests reflect a long-term devolution of responsibility and authority and the fact that states are and will continue to serve as laboratories for innovations in many policy areas.

Goal:

Assess the extent to which CRS is currently supporting Congress on federal-state policy issues.

Accomplishments:

Conducted an internal survey of 78 CRS analysts, librarians, and other staff who work on federal-state issues. The survey found that CRS currently devotes substantial resources to providing information and analysis to Congress on federal-state issues. All divisions have responsibility for issues in these areas.

Collected information from all CRS divisions about the types of requests from Congress for information and analysis at the substate geographic level and CRS's ability to answer them. This information is currently being analyzed.

Completed a checklist of CRS products on federal-state issues and issued the product on November 29, 1996 (96–964 L).

Began preparation of a new issue brief on federal-state issues that may be part of an info pack on the subject.

Goal:

Identify problems related to availability, collection, and use of information concerning federal-state policy issues.

Work in Progress:

Actively seek a replacement source for information issued by the now-terminated Advisory Commission on Intergovernmental Relations (ACIR), particularly the report "Significant Features of Fiscal Federalism." The Rockefeller Institute of Government is planning to publish both volume 1 (the survey of state budget and tax laws) and volume 2 (the repackaging of Census of Governments data) in May 1997. CRS will explore these and other possible alternative sources.

Work with Library staff to address access to archived government electronic resources.

Develop recommendations on how to respond to decisions by executive branch statistical agencies pertaining to the availability and utility of information; monitoring changing availability and formats of products; improving accessibility of electronic products to CRS staff; and preserving present data for the future.

Monitor a pilot study now under way to assess state materials received by the Library's Exchange and Gift Division State Documents Unit and to determine the value of this material to CRS and the impact its integration would have on CRS.

Begin to assess the usefulness of commercial on-line systems, such as State Track and Legislate's state regulation files.

Goal:

Identify CRS staff and resource requirements to support Congress on federal-state policy issues.

Accomplishments:

Determined that CRS needs to improve interdivisional and staff communications, develop better ways to communicate with Congress about the work of the Service in this area, and establish better databases and models to facilitate manipulation of large data sets on federal-state developments.

Obtained a prototype version of the Catalog of Federal Domestic Assistance (CFDA) in an electronic database format from Westat. The CFDA electronic database will be integrated into the Education and Public Welfare Division's pilot Program Information Explorer (PIE) to be tested in early 1997. It will allow analysts to locate statutory and administrative information on federal programs and link this to federal budget data.

Work in Progress:

Create an internal CRS federal-state issues Home Page to serve as a vehicle for providing and sharing information within CRS about federal-state issues and the availability of materials relating to these issues. This Home Page will list new reports by CRS and others that focus entirely or in part on the federal-state-local system and relationships. After this staff Home Page is operational (expected early in 1997) information can be made available to congressional offices.

Monitor a pilot project involving the CRS welfare reform team and Lotus Notes, a Groupware application, to facilitate communication and the sharing of information resources regarding federal-state issues.

CONGRESSIONAL TURNOVER TEAM

This team identified ways to prepare CRS to meet congressional needs in an environment increasingly marked by high congressional turnover. Much of the team's work is assigned to subteams that have been or will be established to complete specific actions or groups of actions. Work began in August with a series of focus groups designed to elicit information on CRS services and continues with efforts focused on programs for the 105th Congress.

Goal:

Conduct a focus group review of CRS support for new Members and staff.

Accomplishments:

The social science research firm, Westat, conducted five focus groups with professional staff from 104th Congress new Member offices (one focus group with new Senate offices and four with House offices). Elicited congressional staff perceptions on what services CRS provides, how well CRS meets their needs, how available and objective CRS staff are, and whether or not CRS responds appropriately to sensitive matters.

Identified through these focus groups characteristics of CRS that are especially valued by Congress: ready response, institutional knowledge, coverage on legislative matters, nonpartisan information, complement to committees as information source, and a supplement to office staff.

Gathered suggestions to enhance CRS services. The suggestions ranged from creation of a legislative hotline to increased outreach, better tracking of information requests, and more electronic services. Focus group suggestions are being examined more fully by the team and by the Director's Office.

Goal:

Prepare for the 105th Congress by (a) reviewing and revising orientation materials, programs (seminars, open house, etc.), and correspondence, (b) planning policy issues coverage including products and seminars, (c) organizing new Member seminars, (d) conducting in-person outreach (e.g. office visits), (e) supporting congressional sponsored programs for new Members, (f) exploring additional support targeted at new Members/staff, and (g) developing systematic monitoring and data collection of CRS experience with new Members.

Accomplishments:

Orientation Materials

Produced a new 12-minute introductory videotape on CRS, which will be distributed to Member offices and will be shown at CRS regular weekly briefings on services.

Redesigned CRS printed orientation materials for the 105th Congress to more carefully target and tailor products. A subteam created two new brochures, "Services to Members" and "Services to Congress," the latter designed for staff; two new rolodex cards (one for Members); and a wallet size card for Members with key CRS telephone numbers. The team also created a portfolio describing CRS services with fact sheets on CRS assistance and on each function within congressional offices.

Sent all Members-elect a letter several days after the election describing CRS services; will send a letter to each Member office's administrative assistant and legislative director describing CRS services and offering in-person briefings on CRS.

Seminars and Programs

Received congressional endorsement to provide the official public policy orientation for new Members of the House and Senate. This task included a one-day policy seminar at the Library for Senators-elect on December 5. Five Senators-elect attended. A three-day program for new House Members will be held in Williamsburg

on January 22–24. Both programs received support from the bipartisan leadership of the House and Senate.

Initiated review of current seminars and programs that will be provided directly the first few months of the First Session of the 105th Congress, including the budget seminar series.

Reports and Other Services

Issued the CRS Report, "105th Congress: Key Issues and Early Agenda" (97–1 F), on December 3, 1996.

Installed a Members-only telephone line to facilitate access to CRS analysts and services.

Created a Guide to the Legislative Process on the CRS Home Page.

Evaluating Programs

Review CRS efforts to prepare for the 105th Congress and develop management systems to collect and evaluate relevant information and report findings.

Goal:

Evaluate committee liaison effort and recommend options for the future.

Work in Progress:

Create a subteam to address how CRS can best ensure effective, on-going liaison with the committees of the 105th Congress.

APPENDIX—STRATEGIC GOALS TEAM MEMBERS

BUDGET FOCUS TEAM

Donald Kiefer (ECON), Team Leader

Michael Anderson (CRD)
Patricia Ayers (CRD)
John Blodgett (ENR)
Stephen Daggett (FAND)
Michael Davey (SPR)
John Fischer (ECON)
Sharon Gressle (GOV)
Paul Irwin (EPW)
Jean Jones (ENR)
Nancy Jones (ALD)
Robert Kirk (LSD)
Janet Kline (EPW)
Martin Lee (ENR)
Paul Rothberg (SPR)
Mallary Stouffer (RSH/ERPO)
Patricia Wertman (ECON)
Philip Winters (ECON)

APPROPRIATIONS COORDINATORS

Angela Evans (DO), Team Leader

Michael Anderson (CRD)
Carl Behrens (ENR)
Suzanne Cavanagh (GOV)
Ralph Chite (ENR)
Stephen Daggett (FAND)
Michael Davey (SPR)
Paul Dwyer (GOV)
John Fischer (ECON)
Alfred R. Greenwood (ENR)
Marc Humphries (ENR)
Paul Irwin (EPW)
Nancy Jones (ALD)
Janet Kline (EPW)
Robert Kirk (LSD)
Edward Knight (ECON)
Sylvia Morrison (ECON)
Nonna Noto (ECON)
Larry Nowels (FAND)
Barbara Schwemle (GOV)
George Siehl (FAND)
Sandy Streeter (GOV)
Susan Vanhorenbeck (ECON)
Philip Winters (ECON)

TECHNOLOGY TEAM

Jane Bortnick Griffith (SPR), Team Leader

Richard Ehlke (ALD)
Susan Finsen (FIN)
Peggy Garvin (CRD)
Jeffrey Griffith (RSH)
Steven Hildreth (FAND)
James Jackson (ECON)
Michael Koempel (GOV)
John Moore (ENR)
Richard Rimkunas (EPW)
Stephanie Williams (LSD)

DECREASING RESOURCES TEAM

Richard Ehlke (ALD), Co-Team Leader
Michael Koempel (GOV), Co-Team Leader

Time Accounting
Roger White (ECON)

Consultative Management Meetings
Angela Evans (DO)
Susan Finsen (FIN)
Lynne McCay (CRD)
Donna Scheeder (CRD)

Performance Standards
Charlotte Preece (FAND)
Jay Hadlock (CRD)
Donald Kiefer (ECON)
Bessie Alkisswani (FIN)
James Richardson (LSD)
Jean Jones (ENR)
Clay Wellborn (GOV)
Sharon House (EPW)
Lennard Kruger (SPR)
Karen Lewis (ALD)
Douglas Warshof (POL)

LCR and Contract Performance
Douglas Warshof (POL)
Hugh Elsbree (POL)
Marie Anderson (FIN)
Joseph Broderick (POL)
Gloria Hines (FIN)

Nonpersonals
Research Policy Council

Personnel Resources
Research Policy Council

Senior Level Managerial Performance
Hugh Elsbree (POL)
James Richardson (LSD)
Douglas Warshof (POL)

OBJECTIVITY AND NONPARTISANSHIP TEAM

John Moore (ENR), Team Leader

Pat Ayers (CRD)
Bill Cox (ECON)
Mark Eddy (GOV)
Hugh Elsbree (POL)
James Robinson (POL)
Irene Stith-Coleman (SPR)
Kris Vajs (LSD)

FEDERAL-STATE SHIFTS TEAM

P. Royal Shipp (EPW), Team Leader

Keith Bea (GOV)
Eugene Boyd (GOV)
Thomas Carr (ALD)
Claudia Copeland (ENR)
Kathleen Doddridge (CRD)
Thomas Gabe (EPW)
Peggy Garvin (CRD)
Robert Goldich (FAND)
David Huckabee (GOV)
Gerald Mayer (ECON)
Nonna Noto (ECON)
James Riehl (CRD)
Tangela Roe (LSD)
Alix Salinas (LSD)
Wendy Schacht (SPR)
Margot Schenet (EPW)
Clay Wellborn (GOV)
Jennifer Williams (GOV)

CONGRESSIONAL TURNOVER TEAM

Janet Kline (EPW), Co-Team Leader
Charlotte Preece (FAND), Co-Team Leader

Orientation Video

Robert Bamberger (ENR)
John Blodgett (ENR)
Linda Cox (RSH/SB)
Gary Levine (RSH/AV)
Robert Nickel (RSH/AV)

Orientation Materials

John Blodgett (ENR)
Robert Newlen (RSH/IQ)
Karen Wirt (RSH)

Senate Fair

Mildred Amer (GOV)
Keith Bea (GOV)
Chandell Butler (DO)
Vanessa Cieslak (CRD)

Michael Davey (SPR)
Susan David (RSH/AU)
Mark Eddy (GOV)
Carl Ek (FAND)
Kelly Garcia (RSH/SB)
Kevin Greeley (ALD)
Amy Johnson (DO)
Frederick Kaiser (GOV)
Robert Keith (GOV)
John Kelley (RSH/AU)
Lynne Kennedy (CRD)
Fran Larkins (CRD)
Jennifer Manning (CRD)
Clyde Mark (FAND)
Lynne McCay (CRD)
Robert Newlen (RSH/IQ)
JoAnne O'Bryant (GOV)
Dylan Perkins (RSH/IQ)
Jill Roberts (RSH/SB)
Barbara Salazar (CRD)
Karen Spar (EPW)
Rita Tehan (CRD)
Lorraine Tong (GOV)

105th Report

Karen Alderson (LSD)
Jean Bowers (LSD)
Ted Burch (LSD)
Felix Chin (LSD)
Lisa Dove (LSD)
Kerry Dumbaugh (FAND)
Susan Fletcher (ENR)
Sharon Gressle (GOV)
Robert Howe (LSD)
Paul Irwin (EPW)
Nancy Jones (ALD)
Robert Kirk (LSD)
Lennard Kruger (SPR)
Valentin Leskovsek (LSD)
Terrence Lisbeth (FAND)
Bonnie Mangan (LSD)
Tangela Roe (LSD)
Alix Salinas (LSD)
Margot Schenet (EPW)
Sherry Shapiro (LSD)
Edith Sutterlin (LSD)
Jack Taylor (ECON)
George Walser (LSD)
Karen Wirt (RSH)
Amy Woolf (FAND)

Management Information System

Robert Bury (RSH/AU)
Janine D'Addario (DO)
Edward Ecklund (RSH/AU)
Richard Huang (RSH/AU)
Ernestine Wang (RSH/AU)
Brenda Wesner (RSH/ISIS)

PPI

Claudia Copeland (ENR)
Michael Davey (SPR)

Letters

Chandell Butler (DO)
Janine D'Addario (DO)
Amy Johnson (DO)
Michael Koempel (GOV)
Rosslyn Richardson (DO)

Westat Focus Groups

Walter Albano (LSD)
Bette Alberts (RSH/SB)
Marie Anderson (FIN)
Jane Bortnick Griffith (SPR)
Lizanne Dinoto (RSH/IQ)
Pamela Dragovich (CRD)
Mary Geraghty (RSH/IQ)
Penny Heavner (FIN)
Evelyn Howard (RSH/SB)
Lynne Kennedy (CRD)
Janet Kline (EPW)
DeMarie Lawrence (RSH/ERPO)
Patricia Raap (SPR)
Jill Roberts (RSH/SB)
Kent Ronhovde (RSH)
Mary Smith (EPW)
Karen Wirt (RSH)

New Member Seminars

Vee Burke (EPW)
Joseph Cantor (GOV)
William Cooper (ECON)
Claudia Copeland (ENR)
Linda Cox (RSH/SB)
William Cox (ECON)
Janine D'Addario (DO)
Stephen Daggett (FAND)
Susan David (RSH/AU)
Charles Doyle (ALD)
Susan Finsen (FIN)
Paul Gallis (FAND)
Kelly Garcia (RSH/SB)
Peggy Garvin (CRD)
Jane Gravelle (ECON)
Penny Heavner (FIN)
George Holliday (ECON)
Nancy Jones (ALD)
Robert Keith (GOV)
John Kelley (RSH/AU)

Donald Kiefer (ECON)
Janet Kline (EPW)
Michael Koempel (GOV)
David Koitz (EPW)
Lynne McCay (CRD)
Jennifer Manning (CRD)
John Moore (ENR)
Raphael Perl (FAND)
Charlotte Preece (FAND)
Richard Price (EPW)
Jill Roberts (RSH/SB)
Paul Rundquist (GOV)
Denis Steven Rutkus (GOV)
Wendy Schacht (SPR)
Judith Schneider (GOV)
P. Royal Shipp (EPW)
Stanley Sloan (FAND)
James Stedman (EPW)
Robert Sutter (FAND)
David Teasley (GOV)
Joyce Vialet (EPW)
Ruth Wasem (EPW)
Stephanie Williams (LSD)

THE LIBRARIAN OF CONGRESS,
Washington, DC, July 23, 1997.

The Honorable ROBERT F. BENNETT,
Chairman, Subcommittee on the Legislative Branch, Committee on Appropriations, United States Senate, S–125, The Capitol, Washington, DC.

DEAR SENATOR BENNETT: On behalf of all the Library's staff, I want to thank you for your leadership and support of the Library in the Senate Legislative Branch bill. By a wonderful coincidence, the news of the Senate levels arrived at the Library just as we began a briefing for all of the Library's managers and supervisors about the Library's updated five-year strategic plan.

I enclose a copy of the plan for your perusal. It sets out both clear goals and challenges for all of us at the Library. Our principal challenge is to sustain past gains while becoming a more efficient and effective operation. The Senate appropriations bill for the Library recognizes the importance of the Library's workforce, supports critical areas of technological innovation, and provides additional needed support for security of the Library's collections, data, and workforce.

We are grateful for both your personal support and your leadership on the Committee on behalf of the Library and the entire Legislative Branch.

Sincerely,

JAMES H. BILLINGTON,
The Librarian of Congress.

LIBRARY OF CONGRESS STRATEGIC PLAN (1997–2004)

LETTER FROM THE LIBRARIAN OF CONGRESS

With Congressional support and direction, the Library of Congress has developed over 196 years a massive collection of more than 111 million items, cost-effective institutional networks, and a superbly knowledgeable staff. It directly serves not only the Congress, but the entire nation with the most important commodity of our time—information.

At a time when our collective economic productivity is increasingly based on information and our creative use of individual freedom requires more lifelong learning, the Library of Congress has become increasingly important to the country as a unique resource. Because of its past stewardship and thanks to current technology, the Library can be tapped not only by the Congress and people in the Washington metropolitan area but by schools, libraries, and the private sector everywhere.

Our National Digital Library effort—providing remote electronic access to the multimedia Americana collections here and in other great repositories—has already begun to revolutionize local public access to information and to spur increased interest in learning. Access to this great information bank is expected to stimulate and inspire young and old, and to increase the interest in and demand for libraries, books, and reading.

The future of all the Library's efforts depends on solid gains in the Library's core activities: serving the Congress efficiently; acquiring, organizing, protecting, and preserving a universal collection; reducing arrearages on schedule; and making the Library's newly renovated facilities increasingly useful and hospitable to the Congress, scholars, and researchers.

Our staff has made great gains under the 1993–2000 strategic plan: the National Digital Library effort is ahead of schedule; our arrearages have been significantly reduced; the Library's historic Jefferson Building is re-opening in April; the secondary storage plan and the book preservation efforts have borne fruit; the financial system is being modernized; collections security has vastly improved; and technological progress is well beyond what we imagined when we created the 1993–2000

plan. We fell short in some areas, particularly those related to performance accountability and infrastructure support, and must act decisively to address these issues; we remain accountable to the Congress and the people.

As we adjust our strategic plan, we seek to strengthen and preserve our primary asset, a diverse workforce—renewing it with fresh talent that is both developed within the Library and recruited from outside. We will work smarter with staff who are well trained, motivated, and strongly supported in carrying out the Library's mission in the Information Age. We will embrace change—stressing quality, productivity, and tangible results in all phases of our work.

I am confident that we can and will do what is necessary.

JAMES H. BILLINGTON,
The Librarian of Congress.

INTRODUCTION

The opportunities for the Library of Congress to make major contributions to the Congress and the nation are greater now than ever: to provide services to the Congress as it faces increasingly complex issues; to continue to acquire, organize, preserve, secure and sustain our collections; to make our collections more accessible, both online and off, to the country's schools, libraries, and the private sector; and to make our renovated facilities a true center of scholarly productivity and creativity.

In coordination with the Congress, we have re-examined our management operations to improve our services and to identify priorities critical to our future success. Out of these efforts, we must strengthen accountability. To realize that end we have designed a Management Improvement Plan with specific tasks, timetables, and goals. We will continue to evaluate our operations and our services critically.

We believe that the Library's greatest strength is the knowledge and expertise of its workforce, which, despite job losses, has preserved a widespread devotion to excellence and to the service of the Congress and the nation. In the end, the talents and dedication of a diverse Library staff will enable the Library to achieve and sustain its leadership role in the 21st century.

Another great strength of the Library is its standing, not only as the world's greatest repository of recorded knowledge, but also more recently as a leader in the new age of digital information, through our National Digital Library Program.

The Library's challenge, under the 1997–2004 strategic plan, is to sustain past gains while becoming a more efficient and effective operation. We will do this by using mission and strategic priorities to identify funding and resource requirements. We will also identify specific objectives and action items to use as performance measures.

Our strategic plan maps the changes that will ensure that the Library—the research and information arm of the national legislature and the world's foremost storehouse of knowledge—continues its worthy tradition of collecting, preserving, sharing, and fostering creativity and learning in support of the Congress, the public and the democratic ideal. In so doing, the Library of Congress, in cooperation with other strong institutions, will strive to spark a renaissance in learning.

VISION FOR THE 21ST CENTURY

The Library leads the nation in ensuring access to knowledge and information and in promoting its creative use for the Congress and its constituents.

VALUES

THE EIGHT VALUES OF THE LIBRARY OF CONGRESS

Service.—Best possible service to our constituents.

Quality.—Highest quality in every aspect of our activities.

Effectiveness.—Resources applied in direct support of our mission.

Innovation.—New and creative methods to improve our services.

Fairness.—Fairness and respect in our treatment of all staff and users.

Participation.—Widespread staff involvement in planning, implementing, and improving our activities.

Communication.—Clear and consistent communication with staff and constituents.

Excellence.—Encouragement and support of staff excellence.

MISSION

The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

PRIORITIES

The first priority of the Library of Congress is to make knowledge and creativity available to the United States Congress.

The Congress is the lawmaking body of the United States. As the repository of a universal collection of human knowledge and the creative work of the American people, the Library has the primary mission to make this material available and to identify, analyze and synthesize the information it contains to make it useful to the lawmakers who are the elected representatives of the American people.

The second priority of the Library of Congress is to acquire, organize, preserve, secure and sustain for the present and future use of the Congress and the nation:

—A comprehensive record of American history and creativity. The record of American history and creativity has to be maintained in order both to protect intellectual property rights (a constitutional mandate statutorily exercised by the Copyright Office) and to preserve the record of the past for the sake of future creativity (the constitutional mandate "to promote the Progress of Science and useful Arts").

—A universal collection of human knowledge.[1] A collection that includes all languages and formats is essential to meet the present and potential needs of the Congress (the statutory work of the Congressional Research Service) and of the government more broadly (Law Library, Federal Research Division, general reference services).

All other services and activities of the Library of Congress support the core mission of maintaining and continuing to build on the world's greatest treasury of recorded human knowledge.

The collections must continue to be comprehensive in order to keep pace with the rapid proliferation of information. The Library of Congress is the only library in the world that collects universally. If this time-honored tradition were diminished, the present functioning and future creativity of both the Federal government and the American free enterprise system would suffer.

The third priority of the Library of Congress is to make its collections maximally accessible to (in order of priority): the Congress; the U.S. government more broadly; and the public.

It is unprecedented in human history—yet uniquely American—to offer open public access to an institution that at the same time serves in many ways as the working library of a government and a de facto national library.

The unifying purpose of providing the public with essential library services, such as cataloging and reference help, is to extend as much access to useful information as possible to each of these three constituencies. The National Digital Library is dramatically broadening public access by making the most interesting and important documents of American history and culture remotely available electronically for local schools, libraries, businesses, and homes across America.

The unique and ambitious mandate that the Congress has given its Library during the past two centuries is a stunningly original expression of a broader American democratic ideal. For a democracy to be dynamic and self-correcting, its governing institutions must be not only continuously accountable to the people but also solidly based on a body of knowledge that is both constantly expanding and available equally to those who legislate and to those who elect the legislators.

Equal access to knowledge for both governors and governed, rich and poor, represents an essential minimal form of empowerment in a pluralistic democracy, and has found expression in our system of public libraries and public schools. The Congress has assigned to the Library a series of centralized national functions that are essential to the health of these local institutions: setting bibliographic standards, providing subsidized cataloging, storing the records and artifacts of the copyrighted creativity of America, and creating and delivering nationwide free reading materials for blind and physically handicapped persons.

The Congress has now recognized that, in an age in which information is increasingly communicated and stored in electronic form, the Library should provide remote access electronically to key materials. For the general public, the Congress has endorsed the creation of a National Digital Library Program through a private-pub-

[1] Except for technical agriculture and clinical medicine, which are covered by the National Agricultural Library and the National Library of Medicine respectively.

lic partnership that will create high-quality content in electronic form and thereby provide remote access to the most interesting and educationally valuable core of the Library's Americana collections. Schools, libraries, businesses, and homes will have access to important historical material in their own localities—together with the same freedom readers have always had within public reading rooms to interpret, rearrange, and use the material for their own individual needs.

The fourth priority is to add interpretive and educational value to the basic resources of the Library in order to enhance the quality of the creative work and intellectual activity derived from these resources, and to highlight the importance of the Library's contributions to the nation's well-being and future progress.

Implicit in the broad and international inclusiveness of the Library's clientele (both here and elsewhere) is another ideal of American democracy: the desire to promote the free exchange of ideas.

There are three essential aspects to this priority that are uniquely available through the Library of Congress: greater use by the Congress, government officials, and the private sector of the vast special (i.e., non-book) and foreign language collections that are often unique to the Library and that have generally been underused resources; greater use of the Library's Capitol Hill facilities by scholars for the kind of interdisciplinary, cross-cultural, multimedial, multilingual, and synthetic writing that is important to Congressional deliberation and national policy-making, but inadequately encouraged by either academic specialists, special interest groups, or advocacy-oriented think tanks; and greater use by the general public through programs that stimulate interest, increase knowledge, and encourage more citizens to use the collections in more varied ways both on-site and electronically.

The Library staff will increase its role as knowledge navigators by helping more people find appropriate materials in a swelling sea of unsorted information and pointing them to services and resources unique to the Library of Congress. This requires not merely more development and retraining of staff than the Library has previously been able to do, but also facilitating in new ways more extensive and systematic use by researchers of the distinctive materials that only the Library of Congress has. Programs for the general public, such as exhibits or publications, must demonstrate the value and usefulness of the collections.

Enabling infrastructure

To accomplish its mission and support the Library's four priorities, the Library must have an efficient and effective infrastructure with five key components:

—The mobilization and motivation of human resources in all parts and at all levels of the Library.

There are four important elements within this category: recruiting, assessing, rewarding and holding accountable employees on the basis of objective evaluations of knowledge, skills and performance; training, developing and, where needed, retooling the workforce to perform new functions in new ways; promoting fairness, equal opportunity, and respect for diversity at all levels and in all parts of the Library; and fostering communication by using early and frequent consultation to promote innovation and increase participation in decision-making and in implementing change.

—The provision and delivery of electronic services in order to serve the departments of the Library in the execution of the Library's mission and priorities with speed, quality, and economy.

—The allocation and use of space and equipment in order: to preserve and make accessible the artifactual collections; and to maximize the efficiency, productivity and wellbeing of the staff.

—The operation of modern financial and information systems to facilitate decisionmaking and ensure accountability.

—The operation of effective security systems that ensure adequate access and at the same time provide maximum protection for the staff and patrons, facilities, data, and collections.

OPERATING ASSUMPTIONS

Congressional Support.—Library of Congress managers will work with the Congress to secure appropriate financial and legislative support.

Library Management.—Library Management will make timely decisions consistent with and in support of the Library's mission and priorities.

The Library's Infrastructure.—The Library's infrastructure will be strong, responsive and activist. Human resources support will be provided in a timely and efficient manner; current technology and technology training support will be available on a timely basis; technology forecasting will be fully integrated into the Library's planning; space planning and the execution of plans will be streamlined; financial infor-

mation will be readily available to all who need it; and improved security systems will be in place.

Library Leadership.—Relying on its incomparable collections, the Library will continue taking a leading role in facilitating the information revolution, creativity, and research—ensuring that 21st century Americans will have a well developed, sophisticated and increasingly global supply of information.

Copyright Office.—The Copyright Office, a major source of Library of Congress collections, will remain an integral part of the Library, and it will begin providing copyright deposits in digital form for LC's selection and collections.

Emerging Technologies.—The Library of Congress will keep pace with the new technologies to enable it to remain a leader in the field of librarianship and the delivery of information and to ensure that its collections are developed qualitatively in support of its mission.

Public-Private Partnerships.—The Library will rely on support from a broad range of public-private partnerships and coalitions, both nationally and internationally, to build and maintain the National Digital Library Program and other Library programs. The transition to a national digital library requires the Library to launch an enormous cooperative effort with the American library community and to establish a global digital library coalition to which many libraries and other institutions contribute. The Library will establish policies that encourage such partnerships.

Fundraising.—The Library will continue to seek public-private funding to support its outreach programs.

Quantity of information.—Far more information will be generated in more ways, more places, and more formats than in the past.

Congressional needs.—The knowledge/informational needs of the Congress and the government will be more complex and extensive than ever before.

STRATEGIC PLAN OBJECTIVES

Priority I.—To make knowledge and creativity available to the United States Congress.

Strategic Plan Objectives:

To fulfill all Congressional mandates so well that the Congress confidently continues to rely upon the Library to meet those needs;

To meet or exceed needs and expectations of the Congress for legislative research, analysis and information services at a level of sustained excellence; and

To assure that the Congress is fully cognizant of the services and resources of the Library of Congress, and has ready and reliable access to them.

Priority II.—To acquire, organize, preserve, secure, and sustain for the present and future use of the Congress and the Nation a comprehensive record of American history and creativity and a universal collection of human knowledge.

Strategic Plan Objectives:

To develop and maintain the Library's universal collections in all formats and languages, acquiring them through copyright, gift, exchange, purchase, and transfer, in the most timely and cost-effective manner to support the Library's mission;

To ensure that the Library's collections, both physical and electronic, are appropriately secure;

To achieve arrearage reduction goals;

To provide innovative and effective bibliographic, intellectual, and physical control that is appropriate, timely, and of high quality for all of the Library's collections;

To ensure the preservation of the Library's collections for current and future use, using appropriate preservation treatment and technologies;

To lead the development, maintenance, and dissemination (both nationally and internationally) of standards needed for: effective electronic interchange of documents and bibliographic data; preservation; and the theory and practice of cataloging; and

To organize, sustain and make more usable the record of American creativity through copyright registration, deposit, and recordation systems.

Priority III.—To make the Library's collections maximally accessible to the Congress, the U.S. government more broadly, and the public.

Strategic Plan Objectives:

To lead in the area of electronic outreach by contributing to a national digital library that provides both broad access to the Library's collections and links to other significant, publicly available information, regardless of its location and format;

To make the Library's collections available both nationally and internationally through use of digital technology, lending, and document delivery;

To provide high-quality service to users accessing the Library by telephone, correspondence, and electronic means;

To sustain high-quality service to users of the Library's reading rooms, research areas, and collections;

To broaden awareness and use of the Library's special and foreign-language collections and reading rooms;

To sustain and improve high-quality service to blind and physically handicapped patrons; and

To develop a plan to continue the National Digital Library Program beyond the year 2000.

Priority IV.—To add interpretive and educational value to the basic resources of the Library in order to enhance the quality of the creative work and intellectual activity derived from these resources, and to highlight the importance of the Library to the nation's well-being and future progress.

Strategic Plan Objectives:

To foster creative scholarship in the Library's unique collections including foreign-language and special-format materials;

To promote awareness of the Library and fuller and more varied use of its resources through national and international copyright services, exhibits, concerts, publications, associations, conferences, colloquia, and other interpretive programs.

Enabling infrastructure.—To accomplish its mission the Library must have an efficient and effective infrastructure.

Strategic Plan Objectives:

Financial Services

To provide financial services (budget, accounting, disbursal and travel) to its clients and to conduct program activities, allocate resources, and ensure accountability; and

To improve the Library's financial and legal framework, policies and procedures.

Human Resources

To provide human resources leadership in service to the Library's internal constituency;

To formulate and put in place a comprehensive personnel program that will significantly improve timeliness, efficiency and responsiveness to client needs; and

To promote equal employment opportunity at the Library of Congress and facilitate resolutions of disputes fairly and quickly.

Security

To ensure the security of Library staff, visitors, facilities, collections, and other assets.

Support Services

To promote occupational health and safety and to provide a healthy, safe environment for staff and visitors;

To provide facility management, space, and interior design support;

To provide procurement and logistic support; and

To provide records management, mail distribution, printing, and transportation services.

Technology

To align the Library's current information technology resources with its overall priorities and develop technological architecture that will support the Library's objectives;

To improve information technology customer satisfaction; and

To establish and enforce information technology standards that will ensure compatibility of information technology systems.

THE LIBRARY OF CONGRESS IN THE YEAR 2004

We designed our strategic priorities and objectives (1997–2004) to lead the Library into the 21st century and to promote cooperation with and support for our constituencies. When we accomplish our objectives, the Library, because of its staff and vast and comprehensive collections, will be a major component of a worldwide information network. Modern storage and retrieval systems will be in place, and our integrated information system will support sustained, high-quality service to the Congress, visitors, readers, the Copyright Office, and the core functions and services of the Library. Our efficiency and communication will be greatly improved; our staff,

visitors, collections, and facilities will be protected; and we will serve as a security model for the nation's libraries.

Focused training, education, advancement, and redeployment of our diverse staff and aggressive recruitment of high-quality talent will enable us to fill the gap left by retirements. The resulting well-motivated and gifted staff will harness the latest technology to provide service in the most creative and efficient way.

The promise of the magnificently restored Thomas Jefferson Building will be fulfilled; and the Jefferson Building will be the site of distinguished exhibitions, seminars, educational conferences, and altogether new forms of scholarly communication. Scholars, researchers, and students will, more than ever before in the Library's 200-year existence, be able to mine the Library's unique collections and to make connections across barriers of language, medium, and discipline that will make the Library the most vibrant center of intellectual activity in the world.

The electronic outreach the Library will be making in every Congressional district will significantly contribute to educational renewal and to a fresh, mature appreciation of the richness and diversity of our common American heritages. The model of the National Digital Library will have helped stimulate a number of other national public-private undertakings that will take advantage of much more of the Library's immense basic resources as well as of the special skills of CRS, the Law Library and the Copyright Office to increase the creativity, productivity, and international competitiveness of the United States.

MOVING FORWARD

Using the Government Performance and Results Act (GPRA) as a guide, the Library organized the strategic planning process into two parts. Part one identified the mission, priorities, values, and expectations to take us into the 21st century. Each service unit and support area identified its role in accomplishing the mission, priorities, and objectives. From these individual plans, the Library produced a single unified strategic plan that will drive the planning, programming, and budget process into the future.

In part two of the planning process, each service unit and support area will develop specific action items to accomplish agreed-upon priorities and objectives. Each action item will be assigned to a service unit(s) or individual(s) and be subject to periodic review. The items will also be used in developing performance plans.

In November 1996, the Library created a Planning, Management, and Evaluation Directorate (PMED) to monitor the plan's implementation. PMED and the Financial Services Directorate (FSD) will work jointly with the Deputy Librarian to synchronize and monitor the planning, programming, and budgeting process.

Following the completion of part two, the staff will create the Library's Five-Year Resource Program, which will translate the plan into affordable programs. The first year of the Five-Year Resource Program will become the basis for subsequent budget requests.

OPENING STATEMENT OF GENERAL SCOTT

Senator BENNETT. General Scott, we welcome you.

General SCOTT. Thank you, Mr. Chairman and members of the committee. I thank you for this opportunity to appear with Dr. Billington to present the Library's 1998 budget.

Last September, Dr. Billington appointed me as the Deputy Librarian responsible for the day-to-day operations of the Library of Congress, which is a great national institution. In my 7 months at the Library, I have found that all of the staff have a strong will to succeed and that they are receptive to new ideas.

FACILITATIVE LEADERSHIP

In that time, I introduced a 3-day workshop, called Facilitative Leadership. All of the 557 managers and supervisors have to date completed the workshop. What they learned from the training was a better understanding of how to get more people involved in the decisionmaking process, pushing down accountability and responsibility.

This has been an exciting 7 months for me and we do face many challenges. Some of the challenges I speak of I will highlight in my statement.

MANAGEMENT IMPROVEMENT PLAN

We have developed a plan that encompasses the findings of the GAO and the other audit agencies over the past few years. This improvement plan has specific goals and timetables for individual managers to improve performance in areas critical to library operation—in collection security, in financial management, in human resources, and in other key areas. We are making progress in fiscal year 1997.

With your support, we can make even greater progress in fiscal year 1998 and beyond.

These current management improvement efforts are all part of our long-range strategic plan which also calls for new automation systems across the Library to allow us to work smarter and faster with fewer resources.

This is why in our 1998 budget request we have asked you to make a 5-year commitment to an integrated automated system for basic operations within the Library. Nearly every other major American research library, including Brigham Young University, has converted to modern, commercially available, integrated systems.

Within this past year, these new commercial systems have shown that they are now capable of handling a library the size of the Library of Congress.

AUTOMATED SYSTEM CHARTS

I have four charts that I would like to use to show you what we have done as far as our automated system goes, how it is outmoded, what we desire, and then the costs spread over the next 4 years. You do have these charts in your packet, but I can hold them up and speak to the issues.

Currently, we have a system that resembles more of a smokestack function than it does an integrated function. That means that we do all of the Library's functions a function at a time.

We have 2,000 employees who must rely on this inadequate system at a tremendous cost of time, duplication of effort, and the upkeep of outmoded technology.

As you see on your left, we have actually five large, separate systems and many smaller systems that support the Library's manual functions. Now again, these do not share data. We do some of the inventory and some of the data by hand, which makes it slow and cumbersome, and we have a lot of paper that we have to file and store.

NEW INTEGRATED SYSTEM

All of this impairs not only our operations but it also impairs collection security. So we want to replace the old systems with a single, integrated system to support all of the functions, such as acquisition, such as collection, circulation, and certainly security and related activities.

So the new integrated system that we are asking for will allow for centralizing control and security while streamlining the workflow and helping to reduce and eliminate maintenance costs.

As an example of how the current system is slow and time consuming, you can see on your left [indicating] that if you were to request a book and the item was not where it was supposed to be, it could take up to 20 steps to locate that item. Under the new system, that could be reduced to four steps. Thus, as you can see, it would be a tremendous boon to inventory and knowing where the collections are.

COST FOR INTEGRATED SYSTEM

This chart shows that we are asking you for $5.6 million in 1998 and another $9 million that would be spread over 5 years to complete this project. Now all of these costs will include the hardware, the software, the training, and the data conversion that is necessary to do this. The new system will enable us to redirect some labor to other critical areas—circulation, arrearage, backlog, and you can see that we would not expect to have that redirecting group of staff until about the year 2000.

Putting this in would help us to meet the increased demands on the Library's operations.

In addition to the automation, we also are asking that our near-term goals and requirements be considered by you. We depend on your funding $14.7 million in mandatory wage and price increases, which is the largest single item in our budget.

REDUCTION IN WORK FORCE

We are keenly aware of the competition for resources and that Congress has given the Library very considerable treatment. Despite the committee's best efforts, however, we know we now have little flexibility left to absorb such costs. During the last 5 years, we have had a net reduction in our work force of 435 FTE's, many of them highly skilled professionals. Without congressional funding for these mandatories, we would be forced to cut another 178 positions. That could mean a tangible erosion in services, services that no other institution provides.

TALKING BOOK MACHINES

It is also important that we ask you to give consideration to our request for $2.5 million to acquire 10,000 additional talking book machines. These machines will allow the Library services for 750,000 blind and physically handicapped Americans in every State to continue without interruption.

Again, we need your continuing investment in the future of the Library, in our people, and in our technology. That would enable us to do more than serve the Congress and the Nation with fewer staff.

Thank you for this opportunity. Dr. Billington and I are now available for your questions.

QUESTIONS ON ILS INVESTMENT CHART

Senator BENNETT. Thank you very much.

Can we go back to your fourth chart there?

General SCOTT. Yes, sir.

Senator BENNETT. As I understand it, the red bars are the investment in the present system and they come down by the year 2004 to virtually nothing.

General SCOTT. The red bar is the investment for the new system, what we estimate the new system would cost. It's for us to put in the new system.

Senator BENNETT. OK. Then I don't understand it properly. That's why I am asking the question.

So the red bars are the investment in the new system. Then what are the green bars?

General SCOTT. The green bar would show that we estimate by the year 2000, as a result of this investment in this new system, that we would recoup about $3.4 million in productivity to reallocate to other necessary needed functions, such as the arrearage and collections security.

Senator BENNETT. I am glad to have that because I had understood that the red bar is what you are paying for the present system and that will come down to zero, and the green bar as what you are investing in the new system and the amount of money we have to pay as the combination of the two bars.

General SCOTT. No.

Senator BENNETT. I get it now that the green bar should actually be below the line as a saving.

General SCOTT. The red bar is what it will take for us to put in the new system.

Senator BENNETT. But the green bar is the saving?

General SCOTT. The green bar would be the savings.

Senator BENNETT. Not an expenditure?

General SCOTT. Not an expenditure.

Senator STEVENS. If it is reinvestment, you are really using the people that you are freeing up by the modernization in other aspects and you will not have to hire new people. But it is a reallocation of manpower more than it is money as I understand it.

General SCOTT. Yes, sir; that is correct.

Senator BENNETT. OK. I am glad to get that clarification.

ELECTRONIC TRANSACTIONS

You say that you've got four times the hits on your home page than you had in 1993. Did I understand that correctly?

Dr. BILLINGTON. Yes; well, that is total electronic transactions.

Senator BENNETT. Total electronic transactions. OK.

Has there been a corresponding or any kind of measurable decrease in transactions that are not electronic that would indicate there is any kind of shift away from traditional ways of accessing the Library toward the electronic? Or could you say that has all been incremental?

Dr. BILLINGTON. It is practically all incremental because there has been very little change in the basic amount. We get more than 1 million inquiries every year from around the country and that has stayed fairly constant. These are the traditional reference methods, with people telephoning in or making use of the Library.

There has not been a dramatic change in interlibrary loans which we do free. Other libraries charge for it.

So this electronic access is largely additive. It is very exciting because it means a whole new universe is coming in to use Congress' Library that has never really had access to it before. It shows that the largest single component in those 42 million a month is for the THOMAS system, which shows an interest in the functions of the Congress. But the national digital library, the digitization of the core things in American history for educational purposes is rapidly rising in its usage, too.

Exhibits are also widely used. All of the Library's major exhibits in the last, I guess, 4 years now have been put online. They get greater usage all the time, classroom usage—and so forth.

So there is a very well spread and rapidly developing thing here. That is all incremental. Almost all of it is incremental, added usage of the Library.

YEAR 2000

Senator BENNETT. In one of my other assignments, I am focusing on the challenges and costs of dealing with the year 2000 problem as it affects computers.

General Scott, as you look forward, are you going to have some year 2000 programming problems? How much are they going to cost to fix if they are there? Or are you free of that situation?

General SCOTT. Yes, sir; we are not free of the year 2000 problem. We have started to examine the magnitude of the problem and we have made some assessment that if we are fortunate enough to get the ILS going, that will help us resolve the year 2000 problem. If not, then we still will have a year 2000 problem and we are still looking at the effort it is going to take to resolve it without an ILS. But I don't have a price tag that I can give you right now.

Senator BENNETT. Do you have any kind of estimate? It is not going to be in this bill. Is it going to be in a supplemental or in next year's bill?

General SCOTT. I would like to defer that to Herb Becker or I could give that to you for the record, sir.

Senator BENNETT. Fine. Thank you.

[The information follows:]

THE LIBRARIAN OF CONGRESS,
Washington, DC, June 25, 1997.

Honorable TED STEVENS,
Chairman, Committee on Appropriations, United States Senate, S–128, Capitol, Washington, DC.

DEAR MR. CHAIRMAN: I am pleased to provide the following responses to the several questions you raised in our recent Senate Appropriations hearing. We appreciate and share your concerns, and we are focussing significant resources on these important matters.

Federal Communications Commission ruling on universal access

While interested parties have already convened major efforts to educate potential beneficiaries, much is still unknown about the impact on the Library of this May 7, 1997, ruling. The Universal Service Fund, which could make up to $2.25 billion available annually, will require an organizational structure and procedures which are not anticipated until calendar 1998. Some 65 percent of the K–12 schools are already wired to the Internet,[1] and the Library's National Digital Library (NDL) is

[1] National Center for Education Statistics survey, February 1997.

already being utilized by a large number of schools. The Library's NDL is providing well-organized and rich content on American history and culture that is of broad interest to teachers, students and parents. The Library has been working with teachers for several years specifically to develop materials useful to them. However, the Library does not see technology training as an appropriate part of our mission.

We are continuing to select from those items of broadest interest and importance for the educational community, which is one component of Secretary Riley's 1996 National Long-Range Plan for Educational Technology. The Library will work in consultation with the Department of Education on other elements of the plan as appropriate, but we see our function as being limited to the historical library mission of making quality content more widely accessible.

The Library's own cumulative growth over the last two years, as judged by "hits" or electronic transactions recorded on our website, has doubled each year since 1995. This growth mirrors the increase in Internet users. Our current systems planning and investments are predicated on this pattern of continuing growth. With the universal service initiative, we will continue to monitor its impact closely and revise our planning and resource requirements accordingly. As I stated at the hearing, providing continuing access to our collections is not nearly so costly as the one-time investment needed to digitize a wide variety of different, often multi-media, formats from the Library's collections that we are including in the NDL.

Impact of the Year 2000

Using a model similar to the GAO Year 2000 Conversion Model, the Library is assessing the impact of the year 2000 on our automated systems. Our financial, personnel, reader registration and other commercially-supported systems will be compliant. Our office automation systems will be migrated to newer office systems and will be implemented with Year 2000 compliant software. Our telecommunication (data/voice) systems have been assessed and are already compliant. Copyright systems will be migrated to new software and hardware systems which will be Year 2000 compliant. We have identified specific replacement systems for each retrieval application, such as those in the CRS SCORPIO system, which will be in place for Year 2000 operation.

The Integrated Library System (ILS) requested in fiscal year 1998 is indispensable to making the Library's major bibliographic and inventory controls Year 2000 compliant. Our ILS request-for-proposal provides that the new system comply with Year 2000 requirements that the Senate has identified and endorsed. The most substantive support the Congress can provide the Library to address the year 2000 problem is to fund fully the 1998 ILS initiative.

We will insure that all other automation systems being replaced are delivered with the capacity to manage this problem.

Computer Security

In response to the recent incident where CRS Issue Briefs were compromised, we have thoroughly analyzed the events that allowed unauthorized access. This specific incident happened because of an application programming problem. That problem has been resolved. As a standard practice, we report all automation system "Incidents" to the National Computer Emergency Response Task Force (CERT) which tracks trends and patterns in computer abuses. We have recently cooperated in a pilot program with the National Institute of Standards (NIST) to design an incident-handling system. In addition, with contractor's assistance, we have recently completed a risk assessment of our computer center, and with the help of KPMG, we recently completed an Internet security scan. We are using this information and the identification of high-risk vulnerabilities in these two studies to draft a plan for systems security by the end of July 1997. Preliminary plans suggest that we will need an additional $400,000 in the near future for computer security upgrades. We will provide the Committee with possible additional needs for the longer term and our over-all program for systems security after our plan is completed.

We have implemented improved back-up and recovery procedures through data-vaulting in a cooperative arrangement where we share space in our computer center with the House for its back-up storage equipment, and the House reciprocates. Our workstations are configured with standardized communications software to mitigate against computer viruses and abuses. AT&T provides the Library with a monthly audit of "attacks" against our telecommunications systems. The Library will continue to participate in legislative branch initiatives to refine CAPNET security.

Authority to Deter and Respond to Computer System Breaches

All legislative branch information technology offices should have standardized measures to respond, through legal prosecution, to computer security breaches. The

Library will participate in any procedural or statutory review that seeks appropriate standardization within the legislative branch.

We look forward to continuing this discussion with you and the committee, as well as our colleagues on the Hill. We will, of course, provide more detail or answer any further questions you may have. Thank you again for your continued interest in, and support of, the Library. I have forwarded a copy of this letter to Senator Bennett and to Senator Dorgan. Merely,

Sincerely,

JAMES H. BILLINGTON,
The Librarian of Congress.

MONEY RAISED THROUGH PRIVATE DONATIONS

Senator BENNETT. Senator Dorgan.

Senator DORGAN. Dr. Billington, I wanted to ask you a question about the amount of money that you have raised. You have raised some private donations to the goal of digitizing millions of Library of Congress items and developing a digital library project. As I understand it, you have a private donation goal of about $45 million.

Dr. BILLINGTON. Yes, sir.

Senator DORGAN. And you have raised about one-half of that. I want to ask two questions about that.

COORDINATION OF LOC'S DIGITAL PROJECT WITH OTHERS

One, how is the Library coordinating its work on the digital project with other libraries to prevent duplication of effort?

Dr. BILLINGTON. First of all, we have taken the lead in forming with 15 other major institutions a federation, a digital library federation, in order to coordinate. We have been working with them on standards, on setting standards, and storage protocols. The Library in 1902 assumed for the print culture the major burden of cataloging, which we still assume, which is an enormous and invisible subsidy to the library system of America, as it costs more to catalog a book than to buy it. Likewise, what we are doing in the digital universe is we are coordinating with the major repositories in this federation.

Second of all, we have raised some private money specifically for other institutions, one of which was North Dakota State University, which was a successful competitor in our Ameritech competition. Incidentally, the Library does not pick the winners. We do not want to be in the business of playing God in this respect. But we had some outside panels that are very capable here. This competition stimulated tremendous interest.

We had hundreds, well dozens, of interesting applications from all around. There were 10 winners. We will have two more of these competitions. It is money that we raise, not for the Library, but to bring in others so that this is a genuine national digital collection, even beyond the collections of the Library of Congress.

So we have taken the lead. We have developed a kind of archival protocol which, at the request of the other institutions, we are maintaining and keeping up so that there is a central reference point on this. The work we are doing with the national digital library is setting, I think, standards of searchability and standards of indexing that we are, more or less, coordinating continually with other institutions. So I think this is developing rapidly as a cooperative undertaking.

COST OF DIGITIZING MATERIALS

Providing online access is exciting because it means that we are assuming, I think, a doubling of Internet traffic every year. So we are already in our planning—while it is going to take some upgrading in capacity to deal with—it will not take as much as you would think. The real expense is digitizing materials. That is $60 million, $45 million of which comes from the private sector, is going to do. We are going to digitize 5 million items by the year 2000.

We have about 350,000 already digitized for which we are getting 5.5 million transactions a month directly, and that has only begun. We have 1.7 million items in the pipeline. We have well over one-half now of the private money raised and we are hopeful that we will be able to raise the rest. There is a lot of interest in this and there is also an interest in developing exciting cooperative projects, which we are discussing with a number of people.

LOC'S NETWORK RELATIONSHIPS

What you are really seeing emerge is a new type of library that is going to be available everywhere. You won't even have to go to the library to get this material. It involves all kinds of network relationships.

The Library is trying to enter in and play a facilitative role, as General Scott has told us about. Facilitative leadership does not mean you do it all yourself; rather, you facilitate others to participate. So we already have now 10 other institutions who are digitizing their material with money that we have raised for them.

There will be two more competitions. In addition, a lot of people have been stimulated because of entering this competition to think of digitizing their material. So it is a very exciting cooperative operation.

STORAGE AS A POSSIBLE FUTURE EXPENSE

One of the possible future expenses, of course, is the question of storage. We think that is going to be a distributed activity. It is important that people not only get their collections on the Internet but that they have a stored backup. But we think that is something that other institutions will be able to do, but requires maintenance.

So the burden of central storage is not going to be nearly as great, we do not think, as the heavy startup burden. It is the same thing with the integrated library system. For the year 2000 problem, it is going to be much easier to deal with that if we have an integrated library system and we do not have to make the adjustments on each of these smokestack systems we presently have.

That is another reason for moving ahead with that.

GRANT FROM THE KELLOGG FOUNDATION

We think this is very exciting. It is going to involve some added expense and there will be some unforeseen problems. But these are being talked about in a cooperative spirit among the major institutions. We are also involved, incidentally, in determining what gets into the digital library—that is the core of the Americana—we are involving teachers. We have a $3 million grant from the Kellogg Foundation which we have just completed and we are hoping to de-

vote some of that $60 million to sort of seeding, to getting some of the top notch teachers around the country to advise what it is people really want and, indeed, to establish protocols of how you could use this for teaching purposes.

We are not trying to prescribe a course on American history. We are just simply trying to make accessible to the electronic age what the Congress did just a century ago by opening up public reading rooms and making its Library accessible to the public who could get to Washington. We are now trying to take the best of it, the most interesting and important parts of it, those items of wide interest, make them available to the general public, but particularly to the schools and libraries in the electronic environment.

So we are not really delivering products. We are not going to get engaged in all of that commercial activity. The market will take care of that.

EXPENSE IN DIGITIZATION

The fundamental expense is the problem of digitization itself, which is extremely labor intensive when you are dealing with the wide variety of formats and materials that we have. While the price may come down to some extent, that is still going to be a big expense.

But in other areas, the rapid development of technology and the improvement in the competitive atmosphere which is developing gives promise that, while there will be increasing expenses so that you do not buy yourself into obsolescence, there will also be offsetting economies as the market drives this forward.

FORT MEADE STORAGE FACILITY

Senator DORGAN. May I ask one additional question about the plans that you have for Fort Meade and the additional record storage? You were talking about 1999 in your statement.

Would you describe your long-term plans that provide for expansion beyond that? If so, what are they?

General SCOTT. Yes; we do. If it is all right, I would like to ask Linda Washington to come forward and explain that if it is all right with you.

Senator DORGAN. Yes; and just briefly, please.

FIRST BOOK STORAGE MODULE

Ms. WASHINGTON. We are planning this now. We have coordinated with the Architect of the Capitol the utilization of the Fort Meade facility and we are planning to have our first book storage module ready in mid-1999. Thereafter, we will have another storage module every 2 years. So we do have a 5-year plan for utilization of the Fort Meade facility for book storage and for storage of other material as well.

Dr. BILLINGTON. I think we expect to break ground, do we not, by the end of this year, the Architect of the Capitol, on the first of these?

Ms. WASHINGTON. Correct.

Senator DORGAN. Thank you.

Senator BENNETT. Senator Stevens.

HOOKING SCHOOLS TO LOC INFORMATION SYSTEMS

Senator STEVENS. Dr. Billington, you and I had an informal discussion yesterday, and Senator Dorgan is on the Commerce Committee, too. We were informed about the rapid acceleration of hooking up the schools of the United States to the information systems of the country, if not the world.

Basically, that means hooking them up to you. I want to make sure that we have the funding now to handle that rapid expansion of demand when it comes about. Were you there, Senator, when they talked about the President's program to utilize funds from the universal service concept to hook up all of the schools of the United States? We are not talking about just simple access. It means, I understand, a substantial increase in the total number of classrooms that will be capable of teaching children totally on computer.

Now what that does, in my mind, is say that you have to be ready for that. Will you be ready for it?

Dr. BILLINGTON. Well, I think we will be ready to do our part in that, which will be substantial. But as I already indicated in my answer to the previous question, the way this is developing—the way it has to develop—is in a cooperative network environment. So I do not think all of the burden will fall on us, but a very substantial amount will.

Our present planning assumes, as I say, a doubling of our web site activity every year to the end of the century. I think that is a realistic projection. It is impossible to give you precise figures on this, but I would assume that for constant service, related equipment, and updating in order to keep up with demand, it will cost us perhaps $200,000 a year more. But we don't foresee, you know, major breakdowns. We don't foresee that there is going to be some wild escalation of prices. But there are a lot of uncertainties in all of this.

UPGRADING THE SYSTEMS

I think that we have begun already, for instance, technical planning to upgrade the speed of our Internet connection. We are currently installing increased server capacity, and planning for the acquisition of more. We will soon be implementing a high speed backbone network within our computer center.

All of these are within plans, those actions that are in our current equipment/software based budget, and assume that the technology budget will not be either cut directly by the Congress or indirectly by allocating technology funds to other programs inside the Library.

BUDGET IMPACT

We see three major impacts, budget impacts, resulting from an increasingly digital world and the digital conversion of conventional materials. That is the most predictably expensive thing. We have front loaded a big effort to get these 5 million items in NDL so that we can really make a major impact early on in the educational life of the country. Also we are finding that the experience we are getting is of great value to others and to ourselves, and, with the na-

tional digital library, to our other efforts. But that is the big expense because it is so labor intensive.

ADDITIONAL STORAGE MEDIA

Second, additional storage media will be necessary for these digital collections and data bases. We do not see ourselves assuming the storage burden for everybody else, as other players come into it, because that will be a distributed cost, and the network costs in general are going to be distributed costs.

SOFTWARE DEVELOPMENT

The third expense is software development and maintenance of necessary applications to organize, store, and provide retrieval to the growing volume of digital information. That is a much harder need to estimate.

But the real answer to your question is that this is a major continuing adventure, really, and we are out there in the frontier.

I do not think, though, at least we do not presently foresee, that even this highly accelerated and increased usage is going to cause major, additional expenditures or a very serious breakdown.

Senator STEVENS. Do you have anyone that is acting as liaison with the administration's program to understand the demand that is coming from their activities?

Dr. BILLINGTON. I think we have several committees. I would refer this to Herb Becker who would be the best person to respond to that as the head of our information technology services area.

CONCERNS FOR SCHOOL HOOKUP TO THE INTERNET

Senator STEVENS. It is a simple question. Is there anyone working with the administration to understand the scope of the demands that will come on the Library as a result of the initiative to hook up all of the schools to the Internet?

Mr. BECKER. I should say that we are monitoring very closely what the administration's program is. There are a number of organizations that include people from the Federal Government as well as the library and university community, like the Coalition for Network Information, which track what is going on, which have briefings and seminars and invite administration leaders to talk about their plans.

There are a number of techniques for keeping up with what is going on. There is a group that is part of the information infrastructure task force, an applications group of which I am the Library's member. We used to have formal meetings. Now we communicate mostly by e-mail over the network. So we are aware of the administration's goals that way.

I should also say that we, at the Library, in the technology area, have continuing meetings with the telecommunications industry who are involved in making these infrastructure investments across the country to find out the progress and the speed with which this is all happening.

FEDERAL COMMUNICATIONS COMMISSION

Senator STEVENS. Well, I urge you to get together with FCC and understand what they are doing because they have decided now to use a fund that is available. It won't be the private sector directly. But the private sectors contribute to this fund. That fund will be dedicated to this one, sole objective, and their objective is to have it done by the year 2000. If they have it done by the year 2000 and you are not ready for that onslaught, we are going to face substantial costs which we might be able to handle on an incremental basis now much easier.

So I think you ought to find out about this. It is not going to be an evolutionary thing with industry coming in and hooking up as they want. The cable people thought they would do it over a period of 10 years. The telephone people thought it would be 10, 12, or 15 years. This plan now is to have it done by the year 2000—2½ years away. It is going to happen and it is going to happen with the use of this universal service fund.

I am not going to belabor this but I think it is going to bring you a wave that is a sunami in terms of the impact on the demand for information services and you are the keystone of that.

CONCERNS ON THE YEAR 2000 PROBLEM

I will just leave it there, Mr. Chairman. But on the year 2000 problem that the chairman mentioned, I looked into that substantially when I was chairman of the Governmental Affairs Committee. My conclusion was that if institutions were modernizing their computer systems and integrating the new computers within the system, it was a fairly simple matter to handle the year 2000 problem which, basically, was that the numbers would run out at the year 2000 and you could not compute beyond 2000.

The new computers did not have that impediment built in. I guess their limit is the year 3000, which we don't need to worry about yet, right? [Laughter.]

FUNDING TO AVOID YEAR 2000 PROBLEM

Have you looked to see how much—and you have sort of answered the chairman's question? Is there any additional funding you need now to avoid having a year 2000 problem?

General SCOTT. I would like to take a crack at that. We don't know exactly what we will need right now as far as money goes.

Herb, would you say it would be another 4 or 5 months before you complete all of your assessments?

Mr. BECKER. Yes; that's true.

We have a great variety of systems in the Library. Some of them are being modernized and a solution to the year 2000 problem is exactly what you have said, Senator. It goes away with the replacement system.

Some of the systems are supported by commercial vendors and they are developing new software. Our financial management system is supported by AMS and the next release of that system, which we will implement early in 1998, will be year 2000 compliant. So there are a variety of solutions.

One area where we have the biggest challenge is in what we refer to as our legacy systems that support the direct library activities for which we are proposing a replacement. The ILS would replace those and modernize that whole environment and deal effectively with the year 2000 problem.

Senator STEVENS. I discussed the matter with Arnold Penzias, who was the head of Bell Labs and now he has his own company. He examined it for the Bell system and came to the conclusion that it is manageable for those who are modernizing. It is not manageable for those who are not in a modernization program.

So I think if you have it in the forefront of your mind as you modernize, we should not have any unforeseen demands for money in the year 1999, which is what we would look at. Right?

We can be assured that in 1999 we are not suddenly going to wake up and find out we need hundreds of millions of dollars to replace systems now, are we?

General SCOTT. We do not foresee that. And, of course, as I said, a lot of what we are counting on is getting this new, integrated system.

Dr. BILLINGTON. I think the integrated library system will do precisely what you say. It will give us a central system that, in itself, will be modernized, rather than a lot of inefficient and expensive submodernizations of other systems. So if we can assume that we are going to be going ahead with that, we will have a cost of this conversion that will be much less and that we will try to compute for you in the next few months when our internal study is done.

Senator STEVENS. I am using more than my share of time but I do have one last question, Jim, before I have to leave.

Dr. BILLINGTON. Yes, sir.

DIGITIZING MATERIALS

Senator STEVENS. It is this. You are digitizing new acquisitions immediately, right?

Dr. BILLINGTON. No.

Mr. BECKER. No.

Senator STEVENS. You are not? How do you determine whether you digitize, then, in terms of new acquisitions?

Dr. BILLINGTON. We are not basically digitizing new acquisitions. We are digitizing the most interesting and important elements of past Americana for the national digital library, our digital project. We will shortly be receiving a great number of collection items in digital form. We already have a public catalog and we are receiving digital materials.

Senator STEVENS. Let me back up. One of the reasons you get books is that we have a requirement about providing copies to the Library of Congress. Should we change the law to make sure that any books that are digital and that do have the digital capability, are filed with you in both ways, both as printed and digitized material?

You don't need to answer that now. You can answer it later.

[CLERK'S NOTE.—The information is provided in the committee questions for the record.]

FORT MEADE STORAGE FACILITY

Senator STEVENS. The thing I am getting at right now is this. With your digitized material, you are going to store the stuff that has been digitized.

Dr. BILLINGTON. Yes, sir.

Senator STEVENS. Is that what the Fort Meade facility is?

Dr. BILLINGTON. Well, no, that is not what Fort Meade is for. Fort Meade is for basically storing the large, archival items, books, and other materials.

SECURITY PLAN FOR LOC SYSTEMS

Senator STEVENS. I don't know that the authorizing committee has looked at the security plan. Has it looked at the security plan?

Dr. BILLINGTON. At which security plan?

Senator STEVENS. Security for your systems, both those that are computerized and the storage as far as materials are concerned. You do have a new security plan?

Dr. BILLINGTON. Yes; we do.

Senator STEVENS. Has that been approved by the authorizing committees?

General SCOTT. It has not been approved. We have had preliminary discussions with the authorizing committee staff about review of the plan when completed.

Senator STEVENS. I would like to make sure that it is and that there is a determination made that the existing law is adequate to give you the authority that you need to protect the security of these systems, particularly those that are totally computerized and digitized.

SYSTEM VIRUSES

Some of the things I am hearing now concern a new generation of viruses that can be entered into a system as large as yours. Are we adequately protected?

Dr. BILLINGTON. We have a committee looking into that. We corrected a recent element that was of concern to CRS. That has been taken care of.

We have a committee that is looking into this very thoroughly; this is an important area that we will have some firm policies on that we will present to the committees.

Senator STEVENS. The Department of Defense has some very specific legislative protection and the capability to really retaliate very quickly on anybody who gets involved in this. You ought to have at least equal to that if you are the information center of this Congress and of the Federal Government. So I want to make sure you take it to the legislative committee.

Thank you very much, Mr. Chairman.

SECURITY

Senator BENNETT. Thank you. That was one of my questions as well, the question of security.

I have a list of questions that I will submit for the record and you can respond to them in writing. But I want to underscore what Chairman Stevens said about the issue of security.

General SCOTT. Right. And, as Dr. Billington said, we do have a committee. We have corrected the recent incident in which someone had misfiled some legislative information which caused someone to have access to it.

But we are in the process now of identifying what needs to be done and how much it would cost to make sure that we have the necessary software and procedures to harden it up.

Senator BENNETT. Senator Dorgan, do you have any further questions?

Senator DORGAN. No, thank you.

Dr. BILLINGTON. I would just like to say, Mr. Chairman, on this other issue, that we will also take a hard look at the administration plan to wire schools and libraries and what its implications are. So I assume it will be useful to get back and answer both Senator Stevens' concern and the subcommittee's concern.

Nobody really knows and one isn't even entirely sure, as I understand it, of all of the implications of the plan to get the schools wired up. But we will try to get you an indication of the study, do a special study on this problem and get it to you some time in the next few months.

ADDITIONAL COMMITTEE QUESTIONS

Senator BENNETT. Fine. Thank you very much. We appreciate your being here and look forward to receiving answers to some of our written questions.

If there is nothing further, thank you and we will go on to the Government Printing Office.

Dr. BILLINGTON. Thank you, Mr. Chairman.

General SCOTT. Thank you, sir.

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

ADDITIONAL COMMITTEE QUESTIONS

FINANCIAL AUDIT

Question. The Library recently received a clean opinion on their financial statements. Were there any material weaknesses or reportable conditions associated with the audit, if so, please explain.

Answer. The 1996 financial statement audit report represents a major achievement for the Library as a result of receiving a "clean" opinion on the financial statements, but it also reiterates that more work is needed to address all of the Library's internal control issues. The independent accounting firm, KPMG Peat Marwick, identified one material weakness and seven reportable conditions.

The accounting firm made 43 recommendations to address the need for internal control improvements. Most of the recommendations relate to conditions found during the 1995 audit that require more time to implement. For example, eleven out of the 43 recommendations (26 percent) pertain to improving the safeguarding of the Library's collections—a long-term task. The one material internal control weakness addresses the security practices over information technology systems. The Library has already taken steps to improve these security practices (e.g., requiring that the Computer Security Officer sign off on the separation clearance forms), and the Library is taking additional steps to implement the recommendations.

The 1996 audit found two new reportable internal control conditions—year 2000 compliant software changes were needed and that the Inspector General's oversight functions were limited. The Library is taking steps to address both of these findings.

INTERNAL CONTROL

Question. What has the Library done over the last year to safeguard its assets? Does the Library believe that it now has the internal controls in place to adequately safeguard the collections?

Answer. Over the last year the Library has implemented the following measures to improve safeguarding of the collections: improved and modernized cages and vaults holding high value collections; increased locking of work places in selected areas; updated instructions and procedures for administration of stack passes and key cards; enhanced key control by completing an inventory of 5,000 keys and documenting procedures for key control; imposed restrictions on bringing personal items into selected reading rooms (patrons must use cloak rooms and lockers for personal belongings); installed electronically controlled access system in book storage areas on Capitol Hill; inserted anti-theft strips in nearly 1 million additional volumes, bringing the total number of volumes thus protected to over 5 million; and completed installation of closed-circuit video surveillance cameras and other electronic security systems in newly-reopened areas (reading rooms and stacks) of the Jefferson and Adams Buildings.

Also in the past year, the Library began the multi-year task of assessing risk to the collections (the Heritage Assets), of identifying actions and practices to mitigate those risks that have not yet been addressed, and of implementing those recommended actions and practices. In addition, it is developing a methodology to review those internal controls annually, as part of the annual audit process. A task force comprising representatives from all parts of the Library that have permanent or temporary custodial responsibility for the collections is working with an outside auditing firm to develop a systematic risk assessment of the Heritage Assets (something that has never been done by a comparable institution and for which there is no existing model). The task force has completed a full risk assessment of one collection area (Geography and Map) and has moved on now to do the Copyright Office.

While great progress has been achieved, the Library does not yet have adequate internal controls in place for the over 112 million items which comprise the Heritage Assets. Of the four major areas of control—inventory, bibliographical, preservation, and physical security—the area of greatest vulnerability, inventory, cannot properly be controlled until the full implementation of the ILS, for which the Library has requested funds in fiscal year 1998. Bibliographical controls are addressed by the Library's Arrearage Reduction Plan, which continues to be implemented according to schedule. The single most important initiative for preservation control is the building and proper outfitting of environmentally controlled storage modules at Ft. Meade, for which funds have also been requested.

TITLE 44 PROPOSAL

Question. How will the proposed Title 44 revisions affect the Library's collections and its budget?

Answer. The draft proposal's treatment of the Library is unclear. Specific Title 44 changes would await subsequent legislation.

Several likely changes to Title 44 contemplated by the proposal would be detrimental to Library service to Congress, and to its collections and programs. Examples:

—the possible end to the Library' statutory guarantee of Congressional and other federal publications would greatly hamper the Library's ability to serve the Congress. When Congressional documents were discontinued through the fiscal year 1996 appropriations process, the Library found it necessary to obligate more than $150,000/year to purchase the minimum necessary to fulfill Congress' research needs. This means, for example, that the Law Library has had to reduce its acquisitions of other legal materials by $1 for each dollar spent on the purchase of Congressional documents. It would cost upwards of $1,000,000 to purchase all federal publications, and the Library would need additional resources to identify and request federal documents needed for Congressional research, for exchange purposes and for the collections.

—the proposed elimination of cooperative publications, and vulnerability of our employees to personal civil liability for engaging in cooperative publishing activities, would effectively end private publications, based on the Library's collections, that are now produced under contractual arrangements that benefit the Library as well as the public.

—the implied repeal of the current copyright protection against unauthorized foreign distribution of government publications would end the Library's ability to license foreign distribution of cataloging and other products.

CAPITOL VISITOR CENTER

Question. The Library recently testified before the House Subcommittee on Public Buildings and Economic Development regarding the Capitol Visitor Center. What costs does the Library anticipate it will occur on a one-time basis and on a yearly basis if it is connected to the Visitor Center as currently included in the Architect of the Capitol's plan?

Answer. The means of financing for the construction of the proposed Capitol Visitor Center has not been determined. H.R. 20 envisions totally private funding for Center construction. The cost of constructing the Library-requested auditorium and ancillary viewing rooms are estimated to be approximately $10 million. The costs of constructing a tunnel between the Center and the Thomas Jefferson Building which would allow for the easiest movement of people and materials is estimated at about $5 million with an additional $3 to $5 million needed for interior modifications to the Jefferson Building.

Once the Center is constructed, the Library of Congress will participate by (1) providing unique materials from our collections for the Center's exhibits on the history and role of Congress, and (2) by showing items from our audio and visual collections in the auditorium and other smaller viewing/listening rooms.

It is difficult to estimate resource requirements at this time because the Center's exhibition and program cycles have not been mapped out. We expect that we can do a fair amount of program participation from existing resources. For large projects, such as major exhibitions or programs in the auditorium, we would require additional resources, which we expect would be primarily from private funding.

STAFF LEVEL

Question. In response to a question previously submitted, CRS responded that it was not able to determine whether there had been an increase as projected in requests from offices regarding the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. If that is the case, how does CRS determine staff levels for specific analytic expertise areas?

Answer. CRS division chiefs are responsible for identifying the expertise they need to cover Congress' legislative agenda. They do so through a variety of mechanisms, including assessment of issues or policies which will have certain or likely congressional action in the next Congress, evaluation of the expertise available in CRS, appraisal of the current and expected workload of subject area specialists, and identification of ways in which staff on board can be developed to facilitate shifts in subject coverage. While these assessments and projections are integral to day-to-day management of the research activities in each subject division, there are also periodic formal CRS-wide reviews.

These reviews, led by the Director, assure that hiring, reassignment, and detail, and other resource allocation decisions are made in the context of the legislative agenda and Service-wide needs.

After assessing critical work needs, managers submit to the Director requests for staff resources and include information and analysis as part of the request, including: (1) How does the requested position help achieve the CRS' mission (e.g. new initiative, maintaining workload); (2) What are alternative ways of providing the service (details from other areas, reassignments, contracts, etc.); (3) What is the relationship to our current or expected workload; (4) What is the relationship to existing or anticipated shortage of expertise, including the impact of projected retirements; (5) What is the relationship to legislatively active subject areas and what is the likelihood of the subject area staying on the legislative agenda; (6) How would the position contribute to coverage of other related issues; (7) What are the immediate and future costs of the additional resource; (8) What are the current division and Service-wide capacities to support the legislative agenda in the subject area; (9) What measures has the division already taken to address the need; and (10) What is the appropriate scope of recruitment and what is the likely impact on diversity and upward mobility objectives.

All of these requests are discussed at a Research Policy Council meeting, a weekly meeting held with the division chiefs, associate directors, deputy director and the director. Other managers ask questions and make suggestions about the request, and there is an effort to reach consensus about the highest priorities. After this meeting the director decides on the highest priorities that can be addressed within current budget restrictions.

SECURITY MANAGEMENT PLAN

Question. Has the Library completed its security management plan and has it been presented to the authorizing committees?

Answer. The Library has completed a preliminary security management plan. The plan has been reviewed by the new Director of Security, and he is now making enhancements to it. The enhancements being made to the preliminary plan are adding specific security actions and timetables, and establishing milestones. The final plan will serve as the guiding document for all our security efforts, including collections security, physical security, information security and personnel security.

Finalization of the plan for presentation to the Library's authorizing committees is being given top priority by the Director of Security.

CONGRESSIONAL PUBLICATIONS

Question. What items and approximately how much does the Library pay to the Government Printing Office to secure government documents for its work and collections?

Answer. The Library is currently spending approximately $210,000 to acquire Congressional publications needed for its collections, international exchange, and use by Congressional Research Service (CRS) staff. These publications include hearings, committee prints, the Congressional Record, Statutes at Large, House and Senate journals, the Economic Report of the President, the Budget, Statistical Abstracts, and other documents.

MANAGEMENT IMPROVEMENT PLAN

Question. One of the Management Improvement Plan recommendations last year was for the Library to establish a position of Chief Information Officer. Why has the Library's Executive Committee deferred its decision to establish the position?

Answer. Deputy Librarian of Congress Donald L. Scott was appointed to his position in October of 1996 and charged with managing the day-to-day operations of the Library. General Scott required a six month period to learn, review, and assess the structure, personnel, operations, and present and future challenges of the Library's Information Technology Services directorate. The Deputy has concluded that ITS is a one-of-a-kind unit whose main operations are composed of a mix of internally-developed and commercially-procured automated systems. A great number of those legacy systems are in dire need of replacement with an integrated, off-the-shelf vendor's system. Given the challenges facing ITS, the Deputy Librarian concurs with the external recommendation to establish a CIO position and will recommend to the Executive Committee that the Library proceed with the establishment and filling of this position beginning in July 1997.

POLICE OVERTIME

Question. The Library plans on reducing the amount of overtime worked by its police force to 10 percent and hire additional police to provide necessary coverage. What is the cost savings estimated for fiscal year 1998 due to the hiring of additional police?

Answer. No cost savings are estimated because a new police FTE costs more than equivalent overtime hours. A police person's assignable (regular) work hours total 1,445 out of a total 2,087 payable hours a year (non-assignable hours include leave and training time). In addition, employee benefits (approximately 27.6 percent of total base salary) do not increase for overtime hours. Therefore, one new police FTE that costs $45,930 (including benefits) is equivalent to 1,445 overtime hours that cost $37,382. The Library is planning to reduce excessive overtime to improve the effectiveness and quality of police performance, but this effort will not decrease costs.

FISCAL YEAR 1998 BUDGET PRIORITIES

Question. What are the Library's priorities in its fiscal year 1998 budget?

Answer. The two highest priorities are mandatory pay and price level increases totalling $14.7 million. These increases are needed to maintain current services. Without funding for mandatory pay increases ($10.7 million), the Library would need to cut 178 positions, which is on top of the 435 FTE's lost since 1992—a cumulative cut of 13.6 percent since 1992. A price level increase is necessary to sustain our purchasing power for goods and services including books, machine-readable works, and other materials. The amount of material we can afford to purchase from appropriated funds has declined seriously—from 930,747 pieces in fiscal 1992 to 707,695 pieces in fiscal 1996. We must not permit further erosion in these acquisi-

tions—particularly since these reductions disproportionately hurt precisely those foreign acquisitions which only the Library of Congress makes and which often have growing importance for our international competitiveness. We should not risk depleting what is, in effect, the nation's strategic information reserve. It will have many uses tomorrow that we cannot even imagine today.

The next two highest priorities would be the Integrated Library System ($5.6 million) and security. Investing in technology would enable the Library to re-engineer its major business process and improve productivity. The new system would also improve collections security. The Library is requesting $685,035 to hire additional police officers and to fund various contract security initiatives. Additional security funds are needed to handle the reopening of the Jefferson building including staffing new police posts and installing security equipment. Further, additional security funds are requested for two reader registration stations ($393,410) and for inserting detection targets into items received by the Copyright Office ($242,072).

ILS INSTALLATION

Question. How many FTE's will be saved once ILS is completely installed?

Answer. The Library expects that current staffing levels will be maintained through the year 2000, which will be the first year in which the Integrated Library System (ILS) will have been fully implemented. Major efficiencies will begin to be realized in 2001. During the first few years we will need all existing staff to get the ILS up and running.

From 2001–2005, the workforce is anticipated to be reduced significantly through attrition. Therefore, once the ILS has been installed and staff have been trained, we will need to reallocate the majority of the positions eliminated by the ILS to a variety of critical tasks that have long been understaffed, such as arrearage reduction, collections inventory, and security.

Our initial estimates indicate 120 FTE could be reinvested in crucial areas for arrearage reduction, collection security, and inventory control when the ILS is completely installed and fully operational by year 4 (2003). It must be emphasized that these projections are very preliminary. Until the ILS has been chosen and installed and staff have become familiar with the capabilities of the new system—a prerequisite for the redesign of many Library Services' business processes—the projections will remain rough estimates.

LOC COLLECTION

Question. Would it be helpful for the Library to receive its collection in both a hard copy and in digital form?

Answer. At present, the Library is working from the hypothesis that some kinds of works should be deposited in hard copy only, some in digital form only, and some in both formats. Currently when a work is published in CD–ROM format and hard copy, copyright regulations require that the CD–ROM version be deposited. However, it is most often the case that the CD–ROM and hard copy editions of a work are sufficiently different from each other that they must be registered and deposited separately.

A new Copyright Office initiative—CORDS (Copyright Office Electronic Registration, Recordation and Deposit System)—that will become operational in 1998 will allow digital works to be submitted through the Internet using public key/private encryption technology. The system is in a test phase with Carnegie Mellon, Stanford University and MIT Press as participants. In 1998 the types of works that will be submitted electronically are technical reports, electronic journals and newsletters, books, dissertations, and home pages and websites. From 1999–2004 the Copyright Office will systematically incorporate additional categories of materials, working closely with CRS and Library reading room staff to determine which formats best serve user needs. If we determine that we need both hard copy and digital versions of identical works, the Copyright Office has authority under Title 17 to amend its deposit regulations to require deposit of one copy of each edition. The Law Library under its Global Legal Information Network (GLIN) Project is currently receiving both a hard copy and a digitized format of some countries' official gazettes. This procedure will continue until preservation standards are established to replace hard copies completely. The ultimate goal is to acquire only a digitized format for primary sources of laws.

MANAGEMENT IMPROVEMENT PLAN

Question. According to the MIP, the Library's Executive Committee was to review on March 2, 1997 its previous decision not to establish a Chief Information Officer

position to provide leadership in technology across the organization. What did the Executive Committee decide?

Answer. The Library's Executive Committee has deferred its decision on establishing a Chief Information Officer position.

Question. Which senior Library official will have oversight responsibility for the purchase and implementation of the Integrated Library System (ILS), if approved by Congress, which the Library estimates will cost more than $40 million and require training of more than half the Library's staff?

Answer. If funds are appropriated by the Congress for the purchase and implementation of the Integrated Library System, Deputy Librarian Donald Scott will serve as the source selection authority for the ILS procurement. Barbara Tillett will serve as ILS project manager.

STREAMLINED MANAGEMENT PROCESSES

Question. Who are the members of the Executive Committee and the Senior Management Reporting Group, and what are their separate roles and responsibilities?

Answer. The Library's Executive Committee (EC) is the primary decision- and policy-making body for the institution. Its members are responsible for the achievement of the Library's mission and its priority work. The EC is also responsible for assuring that all key issues are identified and addressed in a timely fashion. The head of each of the Library's seven service units serves on the EC. When there is lack of consensus on an issue, the committee presents options and viewpoints to the Librarian or the Deputy Librarian for his decision.

Members of the Executive Committee are as follows:

James H. Billington, Librarian of Congress
Donald L. Scott, Deputy Librarian of Congress (chair)
Jo Ann Jenkins, Chief of Staff/Senior Advisor for Diversity
Rubens Medina, Law Librarian
Daniel P. Mulhollan, Director, Congressional Research Service
Marybeth Peters, Register of Copyright/Associate Librarian for Copyright Services
Winston Tabb, Associate Librarian for Library Services

The following directors of the primary service functions within the institution rotate serving as the infrastructure representative at Executive Committee meetings. They are considered voting members in terms of decision-making.

Herbert Becker, Director, Information Technology Services
Kenneth Lopez, Director of Security
Lloyd Pauls, Associate Librarian for Human Resources Services
Linda Washington, Director, Integrated Support Services
John Webster, Director, Financial Services

The Senior Management Reporting Group (SMRG), consisting of the primary senior level managers, is the main managerial mechanism for imparting critical information within the institution. The group's weekly meetings are the forum in which the Executive Committee communicates decisions, goals, and assignments. SMRG members are responsible for sharing information on their individual areas of responsibility, as well as bringing forward issues requiring deliberation, coordination, or other action; congressional concerns are given particular priority.

Members of the SMRG are as follows:

James H. Billington, Librarian of Congress
Donald L. Scott, Deputy Librarian of Congress (chair)
Herbert S. Becker, Director, Information Technology Services
Peter Braestrup, Senior Editor and Director of Communications
Jill D. Brett, Public Affairs Officer
Jo Ann Jenkins, Chief of Staff
Lana Jones, Acting General Counsel
Kenneth Lopez, Director of Security
Rubens Medina, Law Librarian of Congress
Daniel P. Mulhollan, Director, Congressional Research Service
Geraldine M. Otremba, Director, Congressional Relations Office
Lloyd Pauls, Associate Librarian for Human Resources Services
Marybeth Peters, Register of Copyrights/Associate Librarian for Copyright Services
John W. Rensbarger, Inspector General
Winston Tabb, Associate Librarian for Library Services
Linda J. Washington, Director, Integrated Support Services
John D. Webster, Director, Financial Services
Andre Carl Whisenton, Director, Dispute Resolution Center

Harry Yee, Chief, Labor Management Relations Office

BUILDING COMPLIANCE

Question. In February before the House Legislative Branch Appropriations subcommittee, the Office of Compliance testified that there were conformance problems, particularly electrical safety issues, with the Library buildings. At the time, no estimates had been prepared on the cost to bring the buildings into compliance. What has the Library done to address the compliance problems? Have any cost estimates been prepared? Will this impact the Library's fiscal year 1998 budget?

Answer. Electrical safety problems identified in Library of Congress Buildings by the General Counsel, Office of Compliance, report of June 28, 1996, "Report on Initial Inspections of Facilities for Compliance With Occupational Safety and Health Standards Under Section 215," are not the responsibility of the Library.

All electrical safety problems identified were in spaces under the control of the Architect of the Capitol (AOC). These spaces included mechanical equipment rooms, elevator equipment rooms, AOC shops, etc. Consequently, the Library has made no cost estimates for correction of the problems. Since this area of action falls under the jurisdiction of the AOC, there will be no impact on the Library's fiscal year 1998 budget.

CONGRESSIONAL ACCOUNTABILITY ACT

Question. At the time of the 1997 Senate appropriations hearing, the Office of Compliance was preparing a study regarding the comprehensiveness and effectiveness of various laws affecting the Library of Congress as well as other legislative branch agencies. What was the outcome of the study?

Answer. The study, presented to the Congress on December 31, 1996, did not make any recommendations, stating that any recommendations this early in the life of the implementation of the Act would be "premature." Rather, the study describes how the legislative branch entities enforce the rights and protections under the statutes they studied and concluded that, "* * * overall, the rights, protections, procedures and relief afforded to employees at the GAO, the GPO and the Library * * * are, in general, comprehensive and effective when compared to those afforded other legislative branch employees covered under the [Congressional Accountability Act]."

While not offering legislative remedies, the study did note some areas where there are discrepancies between the letter and spirit of the CAA and the administration of workplace-related laws at the Library. The study made several references to the fact that Library of Congress employees, uniquely within the federal government, have no appeal to an administrative body independent from, and external to, the head of the agency, with respect to fair employment and other claims.

In the absence of a legislative proposal from the Office of Compliance, the Library will be seeking needed legislative changes through its authorizing committees. These changes include: (1) creation of an avenue to seek administrative relief in fair employment cases through the Office of Compliance, as noted above; (2) technical changes needed in the implementation by the Library of the Family and Medical Leave Act; (3) placing the Library under the Americans with Disabilities Act-public access procedures outlined for the Capitol complex under the CAA; and (4) placing the Library under the labor-management relations provisions of the CAA.

FINANCIAL AUDIT

Question. At the Senate Rules Committee hearing on March 20, 1997, Dr. Billington stated that KPMG had been contracted to do the Library's external audit and the audit report was due at the end of March. The Library has been given a final copy of the report. Do you concur with the findings? Please summarize them and provide the Committee with a copy of the final report when it is completed.

Answer. The Library's consolidated financial statement report for fiscal 1996 was issued on April 30, 1997, and a copy was sent to the Committee. The independent accounting firm, KPMG Peat Marwick, gave the Library an unqualified "clean" opinion on the financial statements and made 43 recommendations for improvements. The Library concurs with 38 and partially concurs with 5.

The 43 recommendations address the one material internal control weakness and seven reportable internal control conditions found by the auditors. Most of the recommendations relate to conditions found during the 1995 audit that require more time to implement. For example, eleven out of the 43 recommendations (26 percent) pertain to improving the safeguarding of the Library's collections—a long-term task. The one material internal control weakness addresses the security practices over information technology systems. The Library has already taken steps to improve these security practices (e.g., requiring that the Computer Security Officer sign off on the

separation clearance forms), and the Library is taking additional steps to implement the recommendations.

The 1996 audit found two new reportable internal control conditions—year 2000 compliant software changes were needed and that the Inspector General's oversight functions were limited. The Library is taking steps to address both of these findings.

Consistent with the 1995 audit report, the 1996 audit report again found that the Library had two areas of noncompliance with laws and regulations—operating gift revolving funds beyond the scope of authority and retaining certain money from the Cooperative Acquisition Program. The Library continues to request legislation to correct both of these issues.

In summary, the 1996 audit report represents a major achievement for the Library as a result of receiving a "clean" opinion on the financial statements, but it also reiterates that more work is needed to address all of the Library's internal control issues.

MANAGEMENT IMPROVEMENT PLAN

Question. According to the Library's Management Improvement Plan (MIP), the Executive Committee has had under consideration since June 1996 the elevation of a Chief Financial Officer's position to focus attention on improving the Library's financial systems and controls. When does the Executive Committee expect to make a decision on this Booz Allen recommendation?

Answer. The Director of Financial Services is the Library's Chief Financial Officer responsible for budget, accounting, financial systems, and disbursing activities. As evidenced by the unqualified audit opinion on our fiscal 1996 financial statements, the Library has improved its financial systems and controls.

LIBRARY TECHNOLOGY

Question. When was the ILS Request for Comment issued? What is the closing date?

Answer. The Request for Comment (RFC) was issued by the Library on December 3, 1996. The 60-day comment period ended on February 3, 1997. All nine vendors who responded to the RFC indicated their intent to respond to the Request for Proposal.

Question. What is the estimated cost of staff training for the ILS? Is it included in the $24,030,000 of earmarked existing resources? If not, does the Library expect to commit other existing resources to cover training costs?

Answer. The estimated cost of staff training related to the ILS is $5,939,605. All of these costs are included in the $24,030,000 figure with the exception of $64,992, which is requested for fiscal year 1999 to pay the selected vendor to "train the trainers."

UNPROCESSED LIBRARY ARREARAGES

Question. From 1992 to 1997 the arrearages were reduced by 43.71 percent. What is the projected date for eliminating the remaining arrearages?

Answer. If current staffing levels remain steady, the Library plans to (1) eliminate the print and map arrearages by December 2000 and (2) reduce the remaining arrearages 80 percent by December 2005.

SYSTEMATIC TRAINING AND DEVELOPMENT

Question. According to the Booz-Allen management review, their assessment of training and development capability revealed a strong need for leadership-management training for all three levels of management.

When do you estimate training in leadership and management developed under the approved continuum concept will begin for: (1) first-line managers; (2) middle management; and (3) senior management?

Answer. We have just concluded a comprehensive three-day Facilitative Leadership Training Program for all Library managers and supervisors. The program was designed to enhance management skills and abilities, particularly those which help build more productive relationships and achieve more focused results.

ACCOUNTABILITY MECHANISMS

Question. To ensure standard applications of the performance appraisal across the Library, an audit is now being conducted of the performance appraisal process for bargaining unit employees. The objective is to make certain they are being conducted in accordance with applicable collective bargaining agreements.

What is the estimated completion date of the audit? Please provide the Committee with the findings of the completed audit.

Answer. We expect to complete the audit no later than December 31, 1997, and we will provide the Committee with a report of our audit findings.

SUPPORT FUNCTIONS' EFFICIENCY AND RESPONSIVENESS

Question. As a way of developing increased communications between labor and management, the Library facilitated a meeting held with the Executive Committee, Chief of Labor Relations, ALHR, three union presidents, and two FLRA representatives. Tentative agreements subsequently were reached with unions on final regulations implementing the Americans with Disabilities Act, the Family Medical Leave Act, and the Family Friendly Leave Act. In addition, they reached an agreement on new fitness for duty procedures for bargaining unit staff.

Have the tentative agreements since been finalized? If so, have they been implemented? Has the agreement on fitness for duty procedures been implemented? If not, what is the estimated date for implementation?

Answer. Bargaining has been completed and new Library regulations issued implementing Americans with Disabilities Act, Family Medical Leave Act, and Family Friendly Leave Act. In addition, bargaining has been completed on new fitness-for-duty medical examination procedures, and the new regulation will be issued shortly.

ACCIDENT COMPENSATION

Question. Included in the 1998 budget request (Salaries—Mandatory—Accident Compensation) are funds to cover $1,034,867 in accident compensation for 1996. The Library's FTE level for that year was 4,114. What was the cost of the Library's accident compensation for each fiscal year 1992 through fiscal year 1996?

Answer. The cost of the Library's accident compensation for fiscal year 1992 through fiscal year 1996 was as follows:

Fiscal year:	
1992	$889,219
1993	1,012,541
1994	1,030,782
1995	940,521
1996	1,034,867

Question. What is the norm for an agency with a staff level of approximately 4,000?

Answer. We consulted with the Department of Labor to determine the norm for an agency with a staff level of approximately 4,000. Their closest comparative figure was the Small Business Administration which had an fiscal year 1996 accident compensation cost of $2,500,000 for a staff of 4,800.

SECURITY REPORT

Question. Computer Sciences Corporation issued its report assessing the physical security of the Library of Congress on August 25, 1995. In Dr. Billington's March 20, 1997, statement for the Senate Rules Committee hearing, he states that the Library Security Management Plan is in place. Does it incorporate all the recommendations of the Computer Sciences Corporation report? If not, which ones are not included and why?

Answer. Regarding the recommendations of the Computer Sciences Corporation (CSC) report, the following is noted:

—The Security Management Plan was not intended to incorporate all the recommendations of the CSC report.

—The majority of the over 800 CSC recommendations are being tracked separately from the Plan.

—Tracking the implementation of CSC report recommendations is best accomplished by a separate process due to the detailed and/or technical nature of the many recommendations.

—Only those CSC report recommendations dealing with broad security program management matters such as structure and policy are included in the Plan.

The new Director of Security, who joined the Library this past February, has reviewed the Security Management Plan and is in the process of adding enhancements. The Plan will be continuously updated to reflect changes in threat conditions, risk factors and security technology.

MANAGEMENT IMPROVEMENT PLAN

Question. Security of People, Facilities, Collections, and Data Systems. March 31, 1997 is the estimated completion date for the risk assessment for the Library collections using reports from Computer Sciences Corporation and other consultants, plus broad input from within the Library. Is it completed? Please provide the Committee with a copy of the report.

Answer. The risk assessment for the Library collections is not completed. Library Services, with the assistance provided by the firm of KPMG Peat Marwick, is leading an Internal Control Review Task Force with the charge of preparing a risk assessment of the Library's collections. The March 31, 1997, estimated completion date shown in the Library's Management Improvement Plan, underestimated the work required to prepare a comprehensive risk assessment. The risk assessment, when completed, will be comprised of a series of individual assessments covering the major collections divisions. Preparation of the collections risk assessment is expected to extend beyond this year because it is a complex and time consuming undertaking. The task force is focusing initially on completing a risk assessment for one division, Geography and Map (G&M). Once the task force has completed the G&M model, estimated to be by July 31, 1997, other collections divisions will prepare their respective risk assessments. Risk assessment results will be incorporated into the Library's Security Management Plan.

LIBRARY SECURITY

Question. As referenced earlier, in fiscal year 1996, the Library contracted with Computer Sciences Corporation to conduct a comprehensive survey of collections security and police operations. As part of its findings, the report indicated that Library police are currently understaffed. The Library's goal is to reduce police overtime (roughly 25 percent of total scheduled hours) to 10 percent of total scheduled hours. Funds to achieve the goal are included in the Library's 1998 budget request. What is the Capitol Police's percentage of overtime and what do they consider an acceptable norm.

Answer. From discussions with the Capitol Police it was determined that their percentage of overtime approximates the Library's overtime goal of 10 percent of total scheduled hours which they consider an acceptable norm.

REVOLVING FUND LEGISLATION

Question. With regard to the finding of the GAO General Counsel concerning the Cooperative Acquisition Program, Dr. Billington recently notified the Committee that: "Absent proper statutory authorization to operate the program under a revolving fund, the Library must reluctantly cease operating the Cooperative Acquisitions Program by October 1, 1997."

This Committee recently approved the reprogramming of funds to temporarily keep alive this program. What is the current status of your legislative proposal?

Answer. The Library submitted draft legislation to Senate Rules and House Oversight; Senate Rules held an oversight hearing in March and the Library was asked to submit additional information. House Oversight also has the draft and we have met with staff counsel to discuss it but no action is scheduled at this time.

CRS WORKLOAD

Question. A comparison of the Library's fiscal year 1997 and fiscal year 1998 Budget Requests shows the following regarding Workload Statistics for CRS Requests and Services Provided Congress:

Fiscal year budget request	Fiscal year—				
	1992 actual	1993 actual	1994 actual	1995 actual	1996 estimate/actual
1997	644,668	615,913	593,000	592,731	[1] 593,000
1998	645,000	607,000	536,000	492,000	487,000
Variance (1998–97)	+332	−8,913	−57,000	−100,731	−106,000

[1] Estimate.

Why are there variances in actual workload statistics for fiscal years 1992 through 1995?

Answer. For fiscal year 1992 the difference in numbers reported results from rounding. For fiscal years 1993–1996, workload statistics previously reported in the

fiscal 1997 request were revised to exclude some data on client use of automated services. CRS recently discovered a programming error in capturing Internet electronic access for House offices and committees, and the decision was made to exclude these questionable data from reported workload. Therefore, statistics from 1993 through 1996 were revised to eliminate the questionable data. Statistics for access to files via modem or hard-wired terminals in the House, and all access from the Senate were found to be valid. The client access data now include only Senate and House access of SCORPIO databases via modem, Senate Internet access, and calls to the CRS Stats Line.

Fiscal 1996 data do include initial client access to the CRS Homepage on the World-Wide Web. This method of counting access is extremely conservative, as it does not record retrieval of documents or complex and lengthy searches. We are continuing to evaluate how we should count electronic services, which is an increasing method of delivering our products to congressional clients, and will very likely revise the methodology as we gain more experience with the new delivery electronic delivery systems.

Question. Based on the fiscal year 1998 budget request, for fiscal year 1992 through fiscal year 1996 there was a cumulative reduction of −24.49 percent in CRS Requests and Services Provided Congress. What is the basis for the projected increase of 13,000 in fiscal year 1997?

Answer. The projection was made last fall, before the legislative agenda and timetable for the 105th Congress was known. CRS projected a slight increase based on historical experience which shows that in some past Congresses, the first session workload for research and analysis requests was higher than in the second session.

At this time we are tentatively projecting a fiscal year total of between 485,000 and 495,000. This guesstimate is based on data trends for the 105th through the end of March, coupled with actual experience during the last quarter of the 104th 2d session. Actual numbers will vary if the legislative agenda changes significantly as a result of national or world events.

Question. Mr. Mulhollan's statement before the House appropriations hearing on February 12, 1997, included the following: "With the overall reduction of CRS, committee staff, and staff of other legislative branch resources, we developed a strategy to respond to these losses and ensure that we avoid unnecessary duplication of effort with the committees and legislative branch support offices. We formulated and implemented a decision-making process within CRS for resource allocation which ensures that we continue to devote our resources to the highest priority work that supports the legislative needs of the Congress." When was the new process implemented? Are there plans to evaluate its effectiveness? If so, please describe, and include a time table.

Answer. The purpose of the new resource allocation process, which was initially implemented in fiscal 1996 and revised in January 1997, is to assure that hiring, reassignment, and detail, and other resource allocation decisions are made in the context of the legislative agenda and Service-wide needs.

CRS managers use a standard format when requesting additional staff or consultant services, and address specific criteria including an assessment of (1) the division and Service-wide capacity to support the legislative agenda in the subject area; (2) measures the division has already taken to address the need; (3) whether staff could be reassigned within the division or from elsewhere in the Service to meet the workload needs; (4) the impact of any projected retirements on research capacity; (5) appropriate scope of recruitment; (6) the impact on diversity and upward mobility objectives; (7) infrastructure requirements; (8) whether the need is most appropriately met through staffing or through consultant services; and (9) the short and long term budget impacts of the request. Decisions are made by the Director after periodic submissions—expected to be quarterly—and after discussion in the Research Policy Council, which consists of the Director, the Deputy Director, the Associate Directors and the Division Chiefs.

The resource allocation process also included an examination of the distribution of non-personal resources, particularly database and print subscriptions. The Research Policy Council agreed on a simplified process and appropriate factors for making division and office suballotments at the beginning of each fiscal year. The process provides mechanisms to reduce or increase division allocations as needs arise.

Evaluation of the process is ongoing; with each use, the Research Policy Council improves information gathering and changes are made accordingly.

CRS PERSONNEL

Question. CRS is requesting funds to hire 60 additional FTE's over the next three years (25 in fiscal year 1998, 25 in 1999, and 10 in fiscal year 2000). During the subsequent six years they plan to return to their current service level of 747 FTE's. At the February 12, 1997, House appropriations hearing, Dr. Billington stated that the Library had a very low turnover rate—about 3.7 annual rate for several years.

For each fiscal year from 1992 through 1996, what percentage of CRS staff was eligible to retire? For each of those years, what percentage of those eligible did retire?

Answer.

	Percent of permanent staff eligible to retire (as of 9/30)	Percent of retirement eligibles who retired during the year (as of 9/30)
1992	5.6	4.7
1993	9.2	4.4
1994 [1]	10.9	31.2
1995	10.3	5.6
1996	11.1	10.5

[1] Retirement incentives of up to $25,000 were offered during fiscal 1994.

Question. CRS has conducted a survey to determine the planned retirements of eligible CRS staff in future years. According to the survey results, for each fiscal year from 1997 through 2000, what percentage of eligible CRS staff plan to retire?

Answer. The retirement survey asked CRS staff, on a voluntary basis, to estimate, as accurately as possible, retirement plans based on current expectations. Each staff member who would be eligible to retire through 2006 was asked to identify the time interval (a two-year span) most likely to correspond with current retirement plans. Nearly 93 percent of staff eligible to retire by 2006 responded to the survey. The raw results are provided below. We are now assessing the impact of these retirements on the overall capacity of the Service to maintain analytic expertise in the areas we believe critical to serving Members and committees in the coming years.

Time period considered most likely for retirement	Total retirements projected by staff (through survey) for time period	Percent of eligible staff likely to retire in each time period (year by year)	Percent of eligible staff likely to retire in each time period (cumulative)
1997–1998	21	5.5	5.5
1999–2000	36	9.4	14.9
2001–2002	41	11.0	25.9
2003–2004	50	13.1	39.0
2005–2006	90	22.8	61.8
2007 and beyond	116	31.1	92.9
Subtotal	354	92.9	
No Response	27	7.1	
Total	381	100	

FEDERAL-STATE SHIFTS

Question. During the 1997 Senate appropriations hearing, the Library made reference to increasing congressional needs for research and analysis regarding state and local government developments as the Congress considers shifting responsibilities for many programs and policies from the federal government to the state level. Has there been an increase in requests from senatorial offices regarding the impact of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) on state and local governments? If so, how significant? Please provide a general description of the types of information CRS has developed to respond to this need.

Answer. We are now developing the capacity to analyze requests on specific issues, but cannot yet do so. Therefore, we do not currently have data on the actual number of requests by Senate offices for the specific issues associated with this legislation. However, we do have distribution data to the whole Congress for the reports we have prepared on these issues, which are elaborated below. Since August 1996 CRS provided 7,041 copies of these reports to congressional clients through the Product Distribution Center.

To answer congressional inquiries on the new federal-state funding and policy relationships and on state-specific information, we have developed a number of products on the issues associated with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. At an overview level, we prepared a report which summarizes state Temporary Assistance for Needy Families (TANF) programs—CRS Report 97–380 (Welfare reform: State Programs Under the Block Grant for Temporary Assistance for Needy Families).

To answer questions about the new state block grant TANF, the CRS welfare team developed an integrated data base about state TANF plans and pre-TANF reforms that states are continuing under waivers. The plans show that some states are delegating more authority to local units of government. The data base enables us to provide details about more than 70 elements of TANF programs, state by state.

In addition, specific reports provide information about aspects of the reform law, such as Alien Eligibility for Benefits Under the New Welfare and Immigration Law (CRS Report 96–617), the provisions affecting Native Americans, Indian Tribes and the New Welfare Law (CRS Report 97–86), Child Care for Low-Income Families: Federal Programs and Welfare Reform (CRS Report 96–780), and New Welfare Reform and Subsidized Public Sector Jobs (CRS Report 97–360).

To answer questions about state funding, we have compiled data comparing TANF grants and child care funding with funds provided under old law, state-by-state. This has included projections of some supplemental TANF funds for states with above-average population growth and below-average federal funding per poor person. A memorandum entitled Grants to the States for Temporary Assistance for Needy Families and Child Care provides state-by-state funding levels under the new TANF and child care block grants.

An issue brief—Welfare Reform (IB93034) analyzes continuing issues, such as proposals to continue benefits for legal immigrants here when the law was enacted, the dispute over application of federal (and state) labor laws to welfare recipients in "workfare" programs; whether generous work exemption provisions of existing state waivers can override TANF's work participation rules; what state spending will count toward the requirement that state maintain 75 percent of their historic spending level; the authority for states to administer TANF through private, religious or charitable organizations; the President's budget proposals related to the new law (extra spending of $22.5 billion over 5 years), and what role, if any, the federal government should play in creating and/or subsidizing jobs for TANF recipients.

A number of reports have been written to (1) provide a side-by-side comparison of TANF with the replaced programs of Aid to Families with Dependent Children (AFDC) and Job Opportunities and Basic Skills Training (JOBS) (New Welfare Law: Comparison of the New Block Grant Program with Aid to Families With Dependent Children, CRS Report 96–720); (2) summarize the omnibus welfare law (New Welfare Law: the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, CRS Report 96–687); (3) describe new SSI rules for children (Supplemental Security Income (SSI) for Children: New Rules, CRS Report 97–340), (4) discuss Child Support Enforcement: New Reforms and Potential Issues (CRS Report 97–408), and (5) present new AFDC program rules (Aid to Families With Dependent Children (AFDC): Program Benefit Rules, July 1, 1996 CRS Report 97–188).

COPYRIGHT OFFICE PROCESSING TIME

Question. In fiscal 1996, the processing time went from nine weeks to 14 weeks. What was the percentage of staff reduction for fiscal 1996?

Answer. The number of staff in fiscal year 1996 declined 1.1 percent from 506 to 500, continuing the loss of trained professionals. Since the end of fiscal 1996, processing time for the bulk of routine claims has claimed steadily to 18 weeks before a certificate is issued. CORDS will enable the Copyright Office to process claims with far fewer staff. However, in fiscal 1998 the percentage of CORDS claims will be very low, and the savings will not be apparent until fiscal 2000. In the meantime the Office will need the additional FTE's to hire examiners and catalogers lost over the past few years to restore processing time to acceptable levels.

COPYRIGHT OFFICE RETIREMENT ELIGIBILITY

Question. What is the Copyright Office staff retirement eligibility rate for 1997 and 1998? Please provide similar retirement eligibility data for the Copyright Office that you did for the CRS.

Answer. The eligibility rate in fiscal 1997 is 9 percent and 11 percent in fiscal 1998. The Chart shows the cumulative eligibility rate through the year 2006, with a total eligibility of 42 percent.

COPYRIGHT CORDS

Question. Contingent on (1) enactment of legislation that permits the setting of higher fees; and (2) increased processing of claims under the CORDS system, when do you estimate the Copyright Office could reduce its fiscal year 1998 request for 502 FTE's and by how much?

Answer. Legislation that would permit the Copyright Office to set higher fees has passed the House and is now before the Senate. Once enacted, the legislation will require the Office to conduct a study followed by administrative hearings to establish a new fee schedule consistent with the objectives of the U.S. copyright system. Then Congress has a 120-day period in which to disapprove the recommended fee schedule. Therefore, we do not believe a fee increase could be implemented before fiscal 1999. A fee increase could permit a reduction in the net appropriation, but reduction in staff would only occur if the workload declined.

CORDS will not enable the Office to reduce the 502 FTE's requested in fiscal 1998. However, CORDS will enable the Office to avoid future increases in staff costs by accommodating an increasing workload and by processing claims more efficiently and in less time without adding as many new FTE's. We estimate that the workload will increase to 635,000 by the year 2000, of which 50,000 will be processed under CORDS, while the remaining 585,000 would still have to be processed using current manual procedures.

MANAGEMENT IMPROVEMENT PLAN

Question. In June 1996 the Library issued a Management Improvement Plan (MIP–96) which was aimed at addressing many of the findings and recommendations contained in the Booz-Allen and Price Waterhouse reviews. It also included items related to the findings of the report by the Computer Sciences Corporation regarding physical security of the Library. An updated plan (MIP–97) was issued in February 1997.

MIP–97.—Sec. 1 Updated Library Plans and Programs Phase II of the development of a Strategic Plan calls for the service units to identify the key tasks necessary to accomplish the goals and identify performance indicators, responsible authorities, resource requirements and time frames needed for completion of each objective. The target completion date for Phase II was March 31, 1997.

Is Phase II of the Strategic Plan completed? Please provide the Committee with a copy of the completed Phase II report.

Answer. The first draft of Phase II has been completed. At the present, the areas of Library that constitute the infrastructure (Human Resources, Financial Services, Integrated Support Services, and Information Technology Services) are modifying their own operational plans in order to support the infrastructure needs of the service units. Phase II will be finalized after the strategic planning committee reviews all the plans and prioritizes the enabling infrastructure's action items based on the available resources. We anticipate this action to be complete by the end of this fiscal year.

ADDITIONAL SUBMITTED STATEMENTS

[CLERK'S NOTE.—The subcommittee has received statements from the Association of Research Libraries and the American Association of Law Libraries which will be inserted in the record at this point.]

[The statements follow:]

PREPARED STATEMENT OF THE ASSOCIATION OF RESEARCH LIBRARIES

On behalf of the Association of Research Libraries, the American Library Association, the American Association of Law Libraries and the Special Libraries Association, we urge the Subcommittee to support the fiscal year 1998 budget request of the Library of Congress.

Last year, in landmark telecommunications legislation, Congress recognized that libraries are primary points of access for the public to participate in the information age. Libraries and librarians have embraced this challenge with enthusiasm. Since many Federal Depository Libraries are housed in academic and public libraries and libraries of all types that utilize the resources of the Library of Congress, some statistics regarding connections to the World Wide Web (WWW) are important. In academic institutions: 83 percent of doctorate granting institutions provide access to the World Wide Web; 67 percent of Master's degree granting institutions provide access to WWW; and it is important to note that access to the Internet outside the Library in these institutions is extremely high, 95 percent and 76 percent respectively. 44.4 percent of public libraries in the United States were connected to the Internet in 1996 and it is anticipated that 60 percent will be connected by the end of 1997. Although only 23.7 percent of public libraries offer full WWW access to the public, the discounted rates now being implemented by the Federal Communications Commission are expected to increase this percentage rapidly. All of these efforts are undertaken with an appreciation of the importance of ensuring citizens with access to needed information resources as well as necessary skills to fully participate in the information age.

The Library of Congress has invested in many technological efforts to promote access to a diverse array of information resources to the public throughout the United States. Programs and activities such as the Library's digitized American Memory collections, the National Library for the Blind and Physically Handicapped, those relating to preservation and cataloging, and electronic information services such as the Global Legal Information Network (GLIN), all serve constituencies throughout the Nation. These and other programs of the Library merit the Subcommittee's continued support.

For the last several years, there has been a rather significant transformation in how information is created, managed, used, accessed, and preserved. Libraries are at the forefront of this change and it has required and will continue to require, investments in infrastructure—technological and human resources. The Library of Congress fiscal year 1998 budget request of $387.6 million (including the authority to obligate $30.4 million in receipts) positions the Library to realize the benefits of the digital networked environment while ensuring that important programs and services are maintained. This request would fund mandatory increases, provide the necessary continuity for many programs, and target selected strategic technological activities such as the Integrated Library System (ILS) and the Global Legal Information Network (GLIN).

Five LC programs are the focus of our interests: Services for the Blind and Physically Handicapped; Electronic Initiatives; American Folklife Center; Arrearage Reduction and Cooperative Cataloging; and Collection Security.

National Library Service for the Blind and Physically Handicapped

The National Library Service for the Blind and Physically Handicapped (NLS) is a critically important service to the Nation. This national library service provides recorded and Braille materials to 777,000 blind and physically handicapped persons and is accomplished via a cooperative network of 142 regional, subregional libraries (state, regional, and public libraries throughout the nation) and two multi-state centers that circulate these resources to eligible borrowers by postage-free mail. Some 23 million items are borrowed annually. The network of libraries also serves as distribution points for specialized playback equipment and accessories. We support the request for $2.5 million for the purchase of cassette book machines to ensure the availability of these machines for the blind and physically handicapped individuals.

Electronic Initiatives

There has been progress in achieving the goal of building a networked-based, distributed program of access to library collections throughout the country, and indeed the world. Recent investments in digital initiatives indicate the need for: many years of sustained support with a particular focus on technological, economic, and human resource issues; changes in how libraries select and collect resources, and how these collections are managed; and greater understanding of how users access these resources.

Integrated Library System

Since the late 1970's, research libraries have invested in systems which permit the integrated processing of records. Such systems or integrated library system(s) (ILS), are in fact, fundamental building blocks of digital libraries and electronic initiatives in libraries throughout the United States. Research libraries have instituted such systems to achieve greater efficiencies and productivity and importantly, to better serve the user community. An ILS can integrate key library functions includ-

ing acquisitions, cataloging, inventory control, serials management, circulation, binding and preservation, searching of the library's holdings, management statistics, and more. The experience of Yale University Library is illustrative of the efficiencies gained in research libraries through the adoption of more effective automated systems. The Yale University Library realized a 70 percent increase in cataloging throughput per full time equivalent (FTE) over the past 10 years, from 762 to 1,325 titles per FTE per year.

The Library's request for $6.1 million for automation projects would include first year funding for an ILS, the Global Legal Information Network (GLIN), and more. This request does not reflect the necessary reprogramming of funds within the Library to move to an integrated model. Such reprogramming is critical to the success of an ILS and would not be unique to the Library of Congress. The Library will benefit from the "lessons learned" by other research libraries as ILS is now the dominate model in the community.

Digital Libraries

A variety and diversity of collaborative projects are underway to explore the potential of digital libraries. Given the number of institutions, collections, and differing constituencies that must be served, there is a need for many models. A number of collaborative projects and programs are exploring these models with an array of public and private partners. The Library is participating in many of these projects. One unique and valuable digital library effort at the Library is the Global Legal Information Network (GLIN), an automation project that began production in the spring of 1995. Under the leadership of the Law Library of Congress, the de facto national law library serving the needs of members of Congress and the American people, GLIN is an international cooperative program in which participating nations share the work of indexing and abstracting each Nation's Official Gazette in exchange for electronic access to the laws of other nations. GLIN is an on-going effort that improves upon traditional acquisitions methods to provide ready electronic access to valuable legal sources of information. Its timely and ready access to the laws and regulations of other countries enables the Law Library to better serve Congress and its constituents. Eleven member countries currently participate in GLIN, and membership is expected to nearly double in the coming year. We fully support all efforts by the Library of Congress to expand GLIN to its full capability, and request the Subcommittee's approval of the Library's appropriations request for this valuable project for fiscal year 1998.

The Library is also participating in the National Digital Library Federation. The Federation is a cooperative program among 16 public and academic institutions. The Library's National Digital Library (NDL) program focuses on American history and culture, adding an important dimension to the work of the Federation and to the building of global digital libraries. In 1996, NDL vastly increased the number of collections on the WWW. There are more than 350,000 digital files available with 1,700,000 digital files in production or under contract for digitization. We applaud the Subcommittee for its support of the Library's digitization efforts and believe that this support provides leverage to the digital library efforts underway in libraries throughout the Nation.

Finally, the Library is engaged in a collaborative effort between ARL and the Association of American Universities. These associations are pursuing a networked-based distributed program for coordinated development for foreign acquisitions of research materials. Three pilot projects are underway for materials that originate in Latin America, Japan, and Germany. The Library of Congress has taken a leadership role in the German pilot project, the cornerstone of which is building the collections and electronic infrastructure to improve access to and delivery of German research resources. This is but one example of the Library's leadership in the acquisition of foreign research resources. The overseas offices service libraries throughout the United States, thus assisting in the building of these collections.

Recently the General Accounting Office noted that the Library of Congress does not have the full legal authority to retain direct and indirect funds from approximately 100 participating research libraries throughout the United States. Our Associations welcome the opportunity to work with the members of the Subcommittee to clarify the Library's authority to continue this collaborative relationship that is both cost effective to the Congress and participating libraries. Continued investment in these initiatives will enable the Library, with other partners, to build digital libraries that will greatly enhance the education, research, and life-long learning opportunities for the public.

American Folklife Center

The American Folklife Center and its Archive of Folk Culture are uniquely qualified to collect and preserve the sound recordings, photographs, histories, and traditions that document the threads that make up our distinctly American society. The Center plays a key role in preserving and presenting American Folklife to the Nation. ALA, ARL, AALL, and SLA support the request for $966,5000 for this important program and were actively engaged in the recent two-year reauthorization. The Associations support continued authorization of the Center.

Arrearage Reduction and Cooperative Cataloging

The Library of Congress, in collaboration with others in the library community, continues to reduce the volume of unprocessed materials. The Library was able to reduce the arrearages this year by 1.5 million items; a reduction of 47.2 percent since 1989. Cooperative programs with others in the library community, and in particular, the utilization of cataloging copy from other institutions has continued and indeed has increased this past year. The Program for Cooperative Cataloging is illustrative of collaborative efforts. 213 libraries are participating in the Program and contributed 14,173 bibliographic records, 97,964 name authorities, 8,074 series authorities, 2,026 subject authorities, and 780 classification numbers. With the introduction of the ILS, even greater productivity and efficiencies should be realized.

Collection Security

The Library requested several evaluations regarding the security of the collections to ensure that these unique resources are secure. The Library is in the process of implementing many of the consultants' recommendations including implementing a Reader Registration System, installation of anti-theft gates in the Library's reading rooms, and more. As in past years, the library community supports the Library's request for additional funding to improve the security of the collections. Funding security measures is yet one more important facet in making the resources of the Library publicly available. The successful integration of the ILS within the Library will also significantly enhance other security related measures.

ARL, ALA, AALL, and SLA look forward to working with members of the Subcommittee and we appreciate your continuing support for the Library and its programs that seek to provide public access to the Library's varied and unique resources.

ORGANIZATIONAL BIOGRAPHIES

The American Association of Law Libraries (AALL).—The American Association of Law Libraries is a nonprofit educational organization with over 5,000 members nationwide. Our members respond to the legal and governmental information needs of legislators, judges, and other public officials at all levels of government, corporations and small businesses, law professors and students, attorneys, and members of the general public.

The American Library Association (ALA).—The American Library Association is a nonprofit educational organization of 58,000 librarians, library educators, information specialists, library trustees, and friends of libraries representing public, school, academic, state, and specialized libraries dedicated to the improvement of library and information services. A new five-year initiative, ALA Goal 2000, aims to have ALA and librarianship be as closely associated with the public's right to a free and open information society—intellectual participation—as it is with the idea of intellectual freedom.

The Association of Research Libraries (ARL).—The Association of Research Libraries is a not-for-profit organization representing 120 research libraries in the United States and Canada. Its mission is to identify and influence forces affecting the future of research libraries in the process of scholarly communication. ARL programs and services promote equitable access to, and effective use of, recorded knowledge in support of teaching, research, scholarship, and community service.

The Special Libraries Association (SLA).—The Special Libraries Association is an international professional association serving more than 14,000 members of the information profession, including special librarians, information managers, brokers, and consultants. The Association has 56 regional/state chapters in the U.S., Canada, Europe, and the Arabian Gulf States and 28 divisions representing subject interests or specializations. Special libraries/information centers can be found in organizations with specialized or focused information needs, such as corporations, law firms, news organizations, government agencies, associations, colleges, museums, and hospitals.

LETTER FROM THE AMERICAN ASSOCIATION OF LAW LIBRARIES

WASHINGTON, DC, *June 12, 1997.*

Honorable ROBERT F. BENNETT,
Chair, Subcommittee on Legislative Branch, Senate Committee on Appropriations, S–125 Capitol, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the American Association of Law Libraries, the American Library Association, the Association of Research Libraries and the Special Libraries Association, we urge the Committee to support fully the fiscal year 1998 budget request of $30,477,000 for the Superintendent of Documents Salaries and Expenses appropriation. We believe that this amount is necessary to maintain the Federal Depository Library Program, through which citizens have no-fee access to government information, as it moves towards a more electronic program. This appropriation request was made by the Public Printer at the June 5, 1997 hearing on the Government Printing Office. We ask that this letter be added to the public record of that hearing.

Transition to a More Electronic Federal Depository Library Program

Recognizing the need to centralize government printing and to establish a mechanism to provide our Nation's citizens with no-fee access to Federal government information, Congress passed the Printing Act of 1895 that created the Federal Depository Library Program (FDLP) within the Government Printing Office. The FDLP has evolved over more than one hundred years to become today one of the most effective and successful partnerships between the Federal government and the American people. The goals of the FDLP are based on principles that Congress and the library community have long affirmed as being essential to our democratic society. These principles were most recently expressed in the Government Printing Office's Study to Determine Measures Necessary for a Successful Transition to a More Electronic Federal Depository Library Program (June 1996). This study was conducted at the request of the conference committee on the Fiscal Year 1996 Legislative Branch Appropriations Act.

We urge this Subcommittee to reaffirm these important principles and to support their implementation through adequate funding for the FDLP:

Principle 1: The Public Has the Right of Access to Government Information.

Principle 2: The Government Has an Obligation to Disseminate and Provide Broad Public Access to its Information.

Principle 3: The Government Has an Obligation to Guarantee the Authenticity and Integrity of its Information.

Principle 4: The Government Has an Obligation to Preserve Its Information.

Principle 5: Government Information Created or Compiled by Government Employees or at Government Expense Should Remain in the Public Domain.

The public's access to government information and the future success of the FDLP will only be achieved if the government, as creator and disseminator of information, staunchly upholds these principles.

Under the direction of the Public Printer, the GPO Study was successful in analyzing many of the complex issues regarding the government's use of electronic information dissemination technologies. Attached to this statement is a letter from our associations to the Public Printer reiterating the continuing concerns of the library community during the transition years to a more electronic-based FDLP. Our two most critical concerns are the public's ability to locate information in a distributed electronic environment and the fundamental need to guarantee that electronic government information will be permanently accessible.

We believe that, as the average user requires assistance in navigating through the complex layers of technology and the confusing maze of government to find the information they require, the role of depository libraries and librarians is more important than ever before. These libraries willingly invest substantial funds to provide highly trained staff, adequate space, costly equipment, and Internet connections so that the public has equitable, ready, efficient and no-fee access to government information in both print and electronic formats.

Your constituents, whose tax dollars fund the collection and dissemination of information from agencies in all three branches of government, use the resources of their local depository library daily to access needed information. The results of GPO's most recent Biennial Survey are startling. In 1995, an estimated 189,000 to 237,000 users each week were provided expert service in locating and using depository materials at the 1,370 partner libraries. These numbers represent people from all walks of life and all levels of experience and technical sophistication. Without the local resources and services provided at depository libraries, these requests for government information would go unmet.

Fiscal Year 1996 Enhancements to GPO Access Commendable

GPO is to be commended for the steady progress in moving towards a more electronic FDLP. The development of the GPO Access system in terms of both increased public use and the growing number of electronic information products that are now available is laudable. With the passage of the GPO Electronic Information Access Enhancement Act of 1993 (Public Law 103–40), Congress sought to develop an access point to information from all three branches of government. In December 1995, we applauded the decision of the Public Printer to provide free public access to all GPO Access products and services. As a result of that decision and the addition of many new titles to the system, recent monthly usage statistics are dramatic. In March 1997, over 4 million documents were downloaded from GPO Access.

GPO has added many new electronic online products that provide timely and important information to your constituents. GPO Access continues to grow and currently includes 48 titles from all three branches of government in more than 70 databases. Some recent additions include the Congressional Pictorial Directory; the Annotated Constitution; the Code of Federal Regulations; historical Supreme Court opinions from the U.S. Air Force's Federal Legal Information Through Electronic (FLITE) file; and the Commerce Business Daily. These databases exemplify GPO's commitment to the continued development of GPO Access to meet the government information needs of the public.

Another example of this commitment is the development in fiscal year 1996 of the Superintendent of Documents (SuDoc) Web site (http://www.access.gpo.gov/su__docs). With the rapid and pervasive growth of electronic government information, one of the greatest challenges for users is simply identifying and locating the database or source that they need. GPO's SuDoc Web site provides centralized bibliographic access to government resources in all formats through the online Monthly Catalog. Another valuable finding tool, GPO's electronic Pathway Indexer, links users to information resources at over 1,274 other federal agency Web sites and indexes over 112,000 pages. In addition, GPO maintains a centralized database that allows users to search through the Government Information Locator Service (GILS) records of twenty-six federal agencies. These finding tools are essential services in a distributed electronic environment.

GPO Fiscal Year 1998 Budget Request Essential

To ensure the continued transition to a more electronic FDLP and continued improvement of GPO Access to meet the government information needs of the public, we urge the Subcommittee to fully support the Public Printer's fiscal year 1998 appropriations request of $30,477,000 for the Superintendent of Documents Salaries and Expenses, of which $25,886,000 will maintain the FDLP. While some may view the move to electronic information as a means of cutting government costs, no data exists to support this assertion. In fact, the opposite is likely to be true particularly during the transition period.

Congress and agencies are channeling substantial funds into developing information resource systems that take advantage of new technologies. It is equally important, however, that the channels of public access to government information remain open, efficient, and technologically relevant. Libraries and your constituents are doing their part by investing in technologies to assist them in accessing electronic information. Congress and the Federal government must continue to invest in systems and services like GPO Access that provide the public with government information. It is essential that GPO receive adequate funding for its many electronic initiatives so that the substantial progress of the past year continues.

Erosion of Federal Government Information from the Public Domain

One of the most serious concerns of the library community is that government entities, pressured by growing fiscal constraints or a failure to understand their full responsibilities under Title 44, circumvent the letter and spirit of the law. Unfortunately, librarians have long found it necessarily to track down missing or fugitive documents for your constituents. Now librarians and users are increasingly frustrated by the steady removal of important government resources from the public domain. The information needs of the American public are not served when agencies move to contract with private publishers and fail to supply these resources to the Superintendent of Documents for distribution to depository libraries. Furthermore, wide access and use of publicly-funded information is substantially impaired when licensing agreements prevent or curtail redissemination. To copyright or restrict distribution and use of government information is anathema to the principles of access that we uphold.

The historical record of key government titles is also jeopardized by the discontinuation of print formats in favor of electronic distribution only. We have long

recommended that format decisions should be based on the value and usability of the materials, and not solely on cost concerns. As directed by the Fiscal Year 1997 Legislative Branch Appropriations Act, the distribution of two of the most important historically-significant Congressional titles, the U.S. Congressional Serial Set and the bound Congressional Record, has been severely cut. ALA and AALL have formally expressed concern with the impact of this decision on long-term public access.

The Serial Set will be limited to only one depository library in each state. The bound Congressional Record, previously limited to only one copy per state, has been eliminated altogether. In neither case has a proven, comprehensive, permanent electronic replacement been developed that ensures long-term public access with the ability to migrate from one technological platform to another. We consider these titles among the core documents of our democracy and vital to the public's right to know. Electronic formats such as CD–ROM at this time fail to meet the necessary standards to ensure permanent long-term access and preservation, nor are they the official, authoritative versions (see attached AALL Resolution and Scientific American article). We welcome the opportunity to work with the Subcommittee on a timetable to guarantee that these core Congressional materials are usable, effective, permanently accessible, archivable and authoritative.

Revision to Title 44 Needed Now

The GPO Study provides a necessary framework to assist Congress in analyzing some of the very complex technical and policy issues that must be addressed as revisions to Title 44 are debated. Despite provisions of the Paperwork Reduction Act of 1995 and OMB Circular A–130, electronic information is not systematically made available to depository libraries. We strongly urge members of the 105th Congress to implement necessary changes to Title 44 so that there is no longer any doubt that the definition of government information extends to electronic resources. In addition, Congress must also continue its oversight of the FDLP and develop incentives to assure that all entities of the Federal government comply with the law.

There are complex implementation challenges and significant costs ahead, particularly in terms of preservation and permanent public access of electronic information. Valuable government information resources, made available through agency Web sites, disappear daily. If these are not systematically captured for permanent, continuous public access, the information is useless to the American public. Any revisions to Title 44 must establish a systematic and comprehensive means for ensuring the preservation and permanent public access of government information. In the print world, this role has been uniquely filled by regional depository libraries. Their collections, located in every state, guarantee that the public will have ongoing and long-term access to publications from all agencies in the federal government. In the electronic environment, however, no equivalent system exists. Publishing agencies are not equipped to permanently maintain online access to electronic data, nor is it in their mission to do so. Nor is it within the mission or scope of the National Archives to provide the general public with ready and reliable access to this information on an ongoing basis.

Libraries play an important part in providing the public with access to online services, and some libraries may have a role in electronically storing and maintaining databases in cooperation with publishing entities. But in the absence of a coordinated national program to systematically capture, preserve, and maintain ongoing access to electronic government data, important information is lost everyday as files come and go from agency web sites and computer servers. GPO has taken a lead in investigating partnership opportunities with agencies and libraries to develop models for permanent public access. These efforts must be supported with appropriations and based in statute on the government's affirmative responsibility to preserve and provide long-term public access to its information.

Mr. Chairman, we are in the process of working with Congress to draft revisions to Title 44 that will guarantee that new technologies realize the potential of the information age by improving public access to government information. Our associations consider the problems of access to government information so pressing that in January we formed an Inter-Association Working Group on Government Information Policy. This group has identified the key issues that need to be addressed by legislation. Our Goals for Revising U.S.C. Title 44 to Enhance Public Access to Federal Government Information are attached.

In addition, we have recently transmitted to members of the Joint Committee on Printing a legislative proposal from the library community to amend Chapter 19, Title 44. This draft bill, the "Federal Information Access Act of 1997," meets our goals to improve the public's ability to access and use government information, paid for by their tax dollars, in all formats. We will be pleased to share the progress of this important endeavor with this Subcommittee. We thank you for your continued

strong support for the Federal Depository Library Program and for this opportunity to enter our statement into the record of your recent hearing.

Sincerely,

ROBERT L. OAKLEY,
Washington Affairs Representative, American Association of Law Libraries.

CAROL C. HENDERSON,
Executive Director—Washington Office, American Library Association.

PRUDENCE S. ADLER,
Assistant Executive Director, Association of Research Libraries.

DAVID R. BENDER,
Executive Director, Special Libraries Association.

ATTACHMENT 1

APRIL 26, 1996.

MICHAEL F. DIMARIO,
Public Printer, U.S. Government Printing Office, 732 N. Capitol Street, N.W., Washington, D.C. 20401.

DEAR MR. DIMARIO: Thank you for this opportunity to respond to the recently released Report to the Congress: "Study to Identify Measures Necessary for a Successful Transition to a More Electronic Federal Depository Library Program." We are responding to your request to submit written comments based on the oral remarks delivered at last week's joint meeting between members of the Working Group and the Advisors. Our comments today reflect the views of the members of the American Association of Law Libraries, the American Library Association, the Association of Research Libraries and the Special Libraries Association.

We are pleased that our associations, which represent more than 75,000 professionals in public, academic and special libraries throughout the country, were included in an advisory capacity during the lengthy study process. We commend the Government Printing Office for carrying out this legislatively-mandated study in a manner that considered the views of all three branches of the government, the library community and the private sector. It is especially noteworthy that members of the Working Group consisted of representatives from key agencies, including the National Archives and Records Administration (NARA), as well as many Congressional staff. It is hoped that one outcome of this collaborative approach will be improved understanding by all stakeholders of the serious issues of concern to libraries and other users of government information as the transition to a more electronic Federal Depository Library Program (FDLP) proceeds.

The FDLP has existed for one hundred and thirty-nine years as a very successful partnership program between the federal government, libraries and the public. This partnership must become even stronger in the future in order that the move to a more electronic program succeeds in reaching its goal: that is, the use of new technologies to expand the public's access to government information. We are pleased with the draft report's principles for federal government information, including the publics right to know and the government's responsibility to disseminate and provide broad and permanent access to its information. The well-articulated goals for an electronic FDLP, as noted in the draft report, must be realized to ensure that these important principles are achieved.

It is especially gratifying that many of the comments and concerns addressed in our previous joint letter to you regarding the Transition Plan were incorporated into the draft report. We do wish to offer some additional general comments on the draft study as there continue to be many areas of serious concern and importance to our members.

Time frame.—We are pleased that the draft report offers a more realistic and technologically feasible five to seven year time frame for the transition. The Transition Chronology proposed in the strategic plan better reflects the nations technological infrastructure: the ability of agencies to create and provide access to information electronically; and the capabilities of libraries and users to effectively utilize such information. We will urge members of the Congressional authorizing and appropriating committees to support this more realistic time frame so that no barriers develop during the transitional years that would reduce the public's access to government information.

Viability of print.—We are pleased that the draft study recognizes the continued viability of a variety of formats, including print, to meet user needs. Format decisions should be based on usage on the needs of the user community, and also on an agency's own dissemination requirements. While electronic information offers

many advantages to paper, including timeliness, the ability to perform full-text searches and to manipulate data, certain types of materials will continue to be more efficiently created, disseminated and used in paper format.

Another problematic area regarding format decisions concerns fee-based products and services; namely, when an agency stops production of a title in print and moves it into a fee-based online service. One example of this is that depository libraries have in the past been able to select the FBIS and JPRS reports in print formats but these are now available online through paid subscriptions to the new World News Connection service of the National Technical Information Service (NTIS). It is planned that by the end of this year these important materials while available only online while the printed and microfiche reports will be phased out. Valuable materials that have traditionally been available to depositories will no longer be included in the program since NTIS does not offer no-fee access to the World News Connection for depository libraries.

Redundancy and diversity.—We are pleased that the draft study recognizes the principles of redundancy and diversity as articulated in NCLIS Principle #5: The Federal Government Should Ensure a Wide Diversity of Sources of Access, Private as Well as Governmental, to Public Information. Redundancy—in access, in formats, and in preservation—is both a necessity and an advantage. It provides a safeguard in case of overloaded systems, natural or man-made disasters, and even government shutdowns.

It is the government's affirmative obligation to ensure permanent access to the information that it produces. In the electronic environment diverse and multiple partners are needed to promote and ensure access and preservation to government information long after its initial creation and dissemination. At the same time a diversity of other public, private and not-for-profit sources is critical to ensuring that information remains available in useful and convenient ways.

Centralization.—We are pleased that the draft study recognizes the need for coordination and centralization to meet the goals of the FDLP. The program in a distributed electronic environment requires coordination to bring all participants together on issues of: (1) standardization and guidelines to ensure ease of locating information and guarantees of long-term access; (2) no-fee access to all government information, including fee-based products and services; and (3) usability. The complexities of these issues, particularly when many agencies are creating their own web sites, seems to be underestimated in the draft report. We commend GPO ACCESS as the legislatively-mandated centralized point of entry to electronic government information and the GPO locator service that assists the public in finding information across diverse government entities. Users must have timely and comprehensive funding aids to the growing vast universe of electronic government information, and centralized coordination is the most efficient means.

In addition to the above general comments on the draft study, we firmly believe that the study's goal of ensuring broader public access through electronic means will not be achieved unless the following concerns are addressed. While details of the draft study and the strategic plan remain to be worked out, these issues are critical to the transition's success. We hope also that the collaborative approach which GPO brought to the study itself will be maintained so that all interested and involved partners, including our associations, may continue to participate in the process.

More data needed.—We remain very concerned that although some useful information was gathered during the study process, neither the draft report, the models developed as part of the task force reports, nor the strategic plan are based on substantive data regarding costs to and capabilities of the government, libraries or the public to produce, access and use predominately electronic information. We believe that a technical scan is necessary and we will urge Congress to approve funding for the Technical Implementation Assistance which the report proposes.

No-fee access.—We strongly support the study's first goal statement which ensures that the public has equitable, no-fee local access to government information through depository libraries. The draft study addresses this issue by suggesting that reimbursement to agencies for fee-based services could come from the Superintendent of Documents. There are no assurances, however, that there will be continued adequate funding to support the transition plan. Consequently, we are concerned that government information for which agencies must recover costs, particularly fee-based products and services, will become a new generation of fugitive information.

Long-term permanent access and preservation.—The draft report acknowledges that issues relating to long-term access and preservation of electronic government information require new relationships, indeed new strategies between all stakeholders: GPO, agencies, NARA and participating libraries. Yet the draft fails to identify what these strategies may entail and the responsibilities for each partner. Long-

term access and preservation issues are critical to the success of the FDLP: thus it is crucial that additional information regarding these activities be provided.

In addition, the draft report includes the recommendation that GPO will assume new responsibilities in the archival arena. Through many years of maintaining preservation and archival programs and collections, libraries have learned that these efforts require significant investments in technological solutions (e.g. deacidification and digitization pilots), personnel, and facilities. To be successful in undertaking new preservation and archiving responsibilities, GPO will need to provide additional detail regarding how such tasks will be accomplished. We suggest that a comprehensive study be undertaken among all partners to guarantee permanent long-term access and preservation. For example, it is not clear how and when GPO would support the "periodic review and refreshing of data to different mediums."

The issues of long-term permanent access and preservation are central to the transition to a more electronic program and thus we are especially concerned that the draft study offers no specifics, no data, no costs and no assurances. We reaffirm that these critical issues are the responsibility of the government and that they must be comprehensively addressed before the transition plan is implemented. The questions are very basic ones: first, how do we assure that electronic information will be available and usable next month, next year, or in twenty-five, fifty, or even a hundred years from now; and second, who will be responsible for ensuring long-term permanent access. In shifting long-term access from depository libraries to the government, as the draft study suggests, we must be assured that funding will remain adequate so that the government can refresh and migrate information. Otherwise, our national historical records will disappear into a black hole and the advantages of electronic information will be nullified.

Copyright-like restrictions.—Principle 5 states that Government information created or compiled at Government expense or by Government employees as part of their official duties, regardless of the format in which it is published, is in the public domain. We strongly affirm this principle and note that some agencies are imposing copyright-like restrictions on electronic information. Worrisome patterns are already being proposed; for example, in the case of agency restricting the downloading of information or its electronic re-transmission. This is an egregious barrier not only to the publics current and long term access to information but also to innovative and creative forces in the private sector to develop enhanced products and services. Further, regarding the proposal of the National Technical Information Service, libraries can neither restrict nor control users from placing electronic information on the Internet.

Fee-based products and services.—In order to fulfill the goals of an enhanced FDLP program, it is vital that materials not currently in the program, such as those created by self-supporting agencies who are by law required to recover their costs, be included. While the draft report proposes models through which these materials would enter the program, the key question is, of course, who is going to pay. GPO suggests that the Superintendent of Documents would reimburse agencies for the cost of including these products and services in the program. However, there are no guarantees that Congress would assure the necessary funding.

This issue addresses the troubling question of cost recovery and quasi-business corporations. Regarding the NTIS proposal for example, it is very troubling that libraries would be asked to become watchdogs to ensure that these electronic materials do not leak out into the public domain. We are also concerned that these or similar restrictions could potentially be used by agencies for access to services for which users have paid subscriptions. A strong affirmation on redistribution without copyright-like restrictions for agency cost-recovery programs is imperative.

Role and responsibilities of program libraries.—We are concerned that since all depository libraries will soon be required to have Internet access and since, according to the plan, most government information will be available in electronic format, even the smallest program library will by default become a "regional" for electronic government information. Requiring all libraries to fulfill the regional depository libraries' statutory responsibilities of access and service will place undue burdens on selectives. In order to prevent this occurrence, more flexibility must be built into the program that allows libraries to provide access to electronic information in a manner they can accommodate. We must all acknowledge the tremendous value of program libraries and it is important to provide incentives for their continued participation in the program.

Conclusion.—These comments on the draft study and the strategic plan supplement our oral comments delivered at last week's joint Working Group and Advisors meeting. We will submit additional comments on the draft study and particularly on some of the specific Task Force Reports within the next few weeks. In particular, we are troubled that some proposed alternative models in several of the Task Force

Reports may not be wholly in accord with the study's affirmed principles and goals and thus are very problematic to our members.

We are especially pleased to see the new draft language of the definitions in Chapter 19, Title 44 that acknowledge that electronic information is explicitly defined in the law as being a key component of the FDLP. It is crucial that Chapter 19 be amended to reflect these changes in definitions and the broader scope of the FDLP to assure that the goals for a more electronic program are achieved.

We believe that funding for the technology grants will provide seed money for small selective libraries which otherwise would be unable to provide access to electronic products and services to members of their local communities. One-time technology grants are a step in the right direction although they may not be sufficient since technology itself changes so rapidly as do user needs. To strengthen the justification for these technology grants we suggest that GPO determine the number of libraries that would be unable to provide access to the expanding array of electronic FDLP materials without these start-up grants.

We would like to make the following recommendations: (1) that the substantial progress and inter-agency dialog achieved throughout the past year continue; (2) that GPO and agencies work together to determine consistency regarding format and standards; and (3) that the Working Group model continue with Information Resource Management representatives from GPO the Library of Congress, the Office of Management and Budget, and the Administrative Office of the United States Courts as well as the library community and users.

We remain concerned that the draft study lacks clear incentives for agencies to participate in the program, particularly when their budgets are being cut. We also firmly believe that means of oversight and compliance must be provided in a meaningful and effective way. Our associations, representing the broader library community, are willing to work with you to supplement and strengthen the study by offering additional information in the following areas: the capabilities of and impact on libraries and users; the role and responsibilities of regional and selective depository libraries; and the troublesome questions of oversight and compliance. Thank you very much for this opportunity to comment on the draft report.

Sincerely,

ROBERT L. OAKLEY,
Washington Affairs Representative, American Association of Law Libraries.

CAROL C. HENDERSON,
Executive Director—Washington Office, American Library Association.

PRUDENCE S. ADLER,
Assistant Executive Director, Association of Research Libraries.

DAVID R. BENDER,
Executive Director, Special Libraries Association.

ATTACHMENT 2.—RESOLUTION ON THE U.S. CONGRESSIONAL SERIAL SET AND THE BOUND CONGRESSIONAL RECORD

WHEREAS, The U.S. Congressional Serial Set and the bound Congressional Record together comprise a significant portion of the official historical record of Congress; and

WHEREAS, The U.S. Congressional Serial Set has been produced since 1813 in a bound, numbered edition, and includes Senate and House documents, congressional committee reports, presidential and other executive publications, treaty materials, and selected reports of nongovernmental organizations; and

WHEREAS, The bound Congressional Record has been produced since 1873 as the official record of the proceedings and debates of Congress in a uniform, numbered edition, superseding its predecessors, the Annals of Congress (1789–1824), the Register of Debates (1824–1837), and the Congressional Globe (1833–1873); and

WHEREAS, The U.S. Congressional Serial Set and the bound Congressional Record are important historical materials for the legal and research communities, particularly for the compilation of legislative histories needed to determine legislative intent in interpreting federal statutes; and

WHEREAS, The U.S. Congressional Serial Set and the bound Congressional Record have been available through the Federal Depository Library Program, providing ready no-fee access to the official version of these important titles in nearly every Congressional district; and

WHEREAS, The U.S. Congressional Serial Set and the print bound Congressional Record, as official, authoritative records of the deliberations of Congress, are pro-

duced on acid free permanent paper to ensure their preservation for future research and scholarship; and

WHEREAS, The production and dissemination of these historically-significant titles in microfiche, CD–ROM or other electronic formats do not at this time meet required standards to ensure permanent long-term access and preservation, nor are they the official, authoritative versions; now, therefore, be it resolved that

RESOLVED, The American Association of Law Libraries urge Congress to continue to fund the production of the U.S. Congressional Serial Set and the bound Congressional Record in the permanent, print versions required for long-term access and preservation; and be it further

RESOLVED, That the American Association of Law Libraries urge Congress to recognize the historical significance of these print titles as the official record of their deliberations, and to guarantee their continued no-fee availability to the American public through local depository libraries; and be it further

RESOLVED, That the American Association of Law Libraries transmit a copy of this resolution to Members of the House and Senate Legislative Appropriations Subcommittees, to other appropriate congressional committees, and to the Public Printer.

Endorsed by the A.A.L.L. Executive Board, July 19, 1996.

ATTACHMENT 3

[From the Scientific American, Jan. 1995]

ENSURING THE LONGEVITY OF DIGITAL DOCUMENTS

(By Jeff Rothenberg)

The digital medium is replacing paper in a dramatic record-keeping revolution. But such documents may be lost unless we act now.

The year is 2045, and my grandchildren (as yet unborn) are exploring the attic of my house (as yet unbought). They find a letter dated 1995 and a CD–ROM. The letter says the disk contains a document that provides the key to obtaining my fortune (as yet unearned). My grandchildren are understandably excited, but they have never before seen a CD—except in old movies. Even if they can find a suitable disk drive, how will they run the software necessary to interpret what is on the disk? How can they read my obsolete digital document?

This imaginary scenario reveals some fundamental problems with digital documents. Without the explanatory letter, my grandchildren would have no reason to think the disk in my attic was worth deciphering. The letter possesses the enviable quality of being readable with no machinery, tools or special knowledge beyond that of English. Because digital information can be copied and recopied perfectly, it is often extolled for its supposed longevity. The truth, however, is that because of changing hardware and software, only the letter will be immediately intelligible 50 years from now.

Information technology is revolutionizing our concept of record keeping in an upheaval as great as the introduction of printing, if not of writing itself. The current generation of digital records has unique historical significance. Yet these documents are far more fragile than paper, placing the chronicle of our entire period in jeopardy.

My concern is not unjustified. There have already been several potential disasters. A 1990 House of Representatives report describes the narrow escape of the 1960 U.S. Census data. The tabulations were originally stored on tapes that became obsolete faster than expected as revised recording formats supplanted existing ones (although most of the information was successfully transferred to newer media). The report notes other close calls as well, involving tapes of the Department of Health and Human Services; files from the National Commission on Marijuana and Drug Abuse, the Public Land Law Review Commission and other agencies; the Combat Area Casualty file containing P.O.W. and M.I.A. records for the Vietnam War; and herbicide information needed to analyze the impact of Agent Orange. Scientific data are in similar jeopardy, as irreplaceable records of numerous experiments conducted by the National Aeronautics and Space Administration and other organizations age into oblivion.

So far the undisputed losses are few. But the significance of many digital documents—those we consider too unimportant to archive—may become apparent only long after they become unreadable. Unfortunately, many of the traditional methods developed for archiving printed matter are not applicable to electronic files. The content and historical value of thousands of records, databases and personal documents

may be irretrievably lost to future generations if we do not take steps to preserve them now.

FROM HERE TO ETERNITY

Although digital information is theoretically invulnerable to the ravages of time, the physical media on which it is stored are far from eternal. If the optical CD in my attic were a magnetic disk, attempting to read it would probably be futile. Stray magnetic fields, oxidation and material decay can easily erase such disks. The contents of most digital media evaporate long before words written on high-quality paper. They often become unusably obsolete even sooner, as media are superseded by new, incompatible formats—how many readers remember eight-inch floppy disks? It is only slightly facetious to say that digital information lasts forever—or five years, whichever comes first.

Yet neither the physical fragility of digital media nor their lemminglike tendency toward obsolescence constitutes the worst of my grandchildren's problems. My progeny must not only extract the content of the disk but must also interpret it correctly. To understand their predicament, we need to examine the nature of digital storage. Digital information can be saved on any medium that is able to represent the binary digits ("bits") 0 and 1. We will call an intended, meaningful sequence of bits, with no intervening spaces, punctuation or formatting, a bit stream.

Retrieving a bit stream requires a hardware device, such as a disk drive, and special circuitry for reading the physical representation of the bits from the medium. Accessing the device from a given computer also requires a "driver" program. After the bit stream is retrieved, it must still be interpreted. This task is not straightforward, because a given bit stream can represent almost anything—from a sequence of integers to an array of dots in a pointillist-style image.

Furthermore, interpreting a bit stream depends on understanding its implicit structure, which cannot explicitly be represented in the stream. A bit stream that represents a sequence of alphabetic characters may consist of fixed-length chunks ("bytes"), each representing a code for a single character. For instance, in one current scheme, the eight bits 01110001 stand for the letter q. To extract the bytes from the bit stream, thereby "parsing" the stream into its components, we must know the length of a byte.

One way to convey the length is to encode a "key" at the beginning of the bit stream. But this key must itself be represented by a byte of some length. A reader therefore needs another key to understand the first one. Computer scientists call the solution to such a recursive problem a "bootstrap" (from the fanciful image of pulling oneself up by the bootstraps). In this case, a bootstrap must provide some context, which humans can read, that explains how to interpret the digital storage medium. For my grandchildren, the letter accompanying the disk serves this role.

After a bit stream is correctly parsed, we face another recursive problem. A byte can represent a number or an alphabetic character according to a code. To interpret such bytes, therefore, we need to know their coding scheme. But if we try to identify this scheme by inserting a code identifier in the bit stream itself, we will need another code identifier to interpret the first one. Again, human-readable context must serve as a bootstrap.

Even more problematic, bit streams may also contain complex cross-referencing information. The stream is often stored as a collection, or file, of bits that contains logically related but physically separate elements. These elements are linked to one another by internal references, which consist of pointers to other elements or of patterns to be matched. (Printed documents exhibit similar schemes, in which page numbers serve as pointers.)

INTERPRETING A BIT STREAM

Suppose my grandchildren manage to read the bit stream from the CD–ROM. Only then will they face their real challenge: interpreting the information embedded in the bit stream. Most files contain information that is meaningful solely to the software that created them. Word-processing files embed format instructions describing typography, layout and structure (titles, chapters and so on). Spreadsheet files embed formulas relating their cells. So-called hypermedia files contain information identifying and linking text, graphics, sound and temporal data.

For convenience, we call such embedded information—and all other aspects of a bit stream's representation, including byte length, character code and structure—the encoding of a document file. These files are essentially programs: instructions and data that can be interpreted only by appropriate software. A file is not a document in its own right—it merely describes a document that comes into existence when the

file is interpreted by the program that produced it. Without this program (or equivalent software), the document is a cryptic hostage of its own encoding.

Trial-and-error might decode the intended text if the document is a simple sequence of characters. But if it is complex, such a brute-force approach is unlikely to succeed. The meaning of a file is not inherent in the bits themselves, any more than the meaning of this sentence is inherent in its words. To understand any document, we must know what its content signifies in the language of its intended reader. Unfortunately, the intended reader of a document file is a program. Documents such as multimedia presentations are impossible to read without appropriate software: unlike printed words, they cannot just be "held up to the light."

Is it necessary to run the specific program that created a document? In some cases, similar software may at least partially be able to interpret the file. Still, it is naive to think that the encoding of any document—however natural it seems to us—will remain readable by future software for very long. Information technology continually creates new schemes, which often abandon their predecessors instead of subsuming them.

A good example of this phenomenon occurs in word processing. Most such programs allow writers to save their work as simple text, using the current seven-bit American Standard Code for Information Interchange (or ASCII). Such text would be relatively easy to decode in the future if seven-bit ASCII remains the text standard of choice. Yet ASCII is by no means the only popular text standard, and there are proposals to extend it to a 16-bit code (to encompass non-English alphabets). Future readers may therefore not be able to guess the correct text standard. To complicate matters, authors rarely save their work as pure text. As Avra Michelson, then at the National Archives, and I pointed out in 1992, authors often format digital documents quite early in the writing process and add figures and footnotes to provide more readable and complete drafts.

If "reading" a document means simply extracting its content—without its original form—then we may not need to run the original software. But content can be lost in subtle ways. Translating word-processing formats, for instance, often displaces or eliminates headings, captions or footnotes. Is this merely a loss of structure, or does it impinge on content? If we transform a spreadsheet into a table, deleting the formulas that relate the table's entries to one another, have we affected content? Suppose the CD in my attic contains a treasure map depicted by the visual patterns of word and line spacings in my original digital version of this article. Because these patterns are artifacts of the formatting algorithms of my software, they will be visible only when the digital version is viewed using my original program. If we need to view a complex document as its author viewed it, we have little choice but to run the software that generated it.

What chance will my grandchildren have of finding that software 50 years from now? If I include a copy of the program on the CD, they must still find the operating system software that allows the program to run on some computer. Storing a copy of the operating system on the CD may help, but the computer hardware required to run it will have long since become obsolete. What kind of digital Rosetta Stone can I leave to provide the key to understanding the contents of my disk?

MIGRATING BITS

To prevent digital documents from being lost, we must first preserve their bit streams. That means copying the bits onto new forms of media to ensure their accessibility. The approach is analogous to preserving text, which must be transcribed periodically. Both activities require ongoing effort: future access depends on an unbroken chain of such migrations frequent enough to prevent media from becoming physically unreadable or obsolete before they are copied. A single break in this chain renders digital information inaccessible, short of heroic effort. Given the current lack of permanence of media and the rate at which their forms evolve, migration may need to be as frequent as once every few years. Conservative estimates suggest that data on digital magnetic tape should be copied once a year to guarantee that none of the information is lost. (Analog tapes may remain playable for many years because they record more robust signals that degrade more gradually.)

In the long run, we might be able to develop long-lived storage media, which would make migration less urgent. At the moment, media with increased longevity are not on the horizon. Nevertheless, the cost of migration may eventually force the development of such products, overriding our appetite for improved performance.

An ancient text can be preserved either by translating it into a modern language or by copying it in its original dialect. Translation is attractive because it avoids the need to retain knowledge of the text's original language, yet few scholars would praise their predecessors for taking this approach. Not only does translation lose in-

formation, it also makes it impossible to determine what information has been lost, because the original is discarded. (In extreme cases, translation can completely undermine content: imagine blindly translating both languages in a bilingual dictionary into a third language.) Conversely, copying text in its original language (saving the bit stream) guarantees that nothing will be lost. Of course, this approach assumes that knowledge of the original language is retained.

Archivists have identified two analogous strategies for preserving digital documents. The first is to translate them into standard forms that are independent of any computer system. The second approach is to extend the longevity of computer systems and their original software to keep documents readable. Unfortunately, both strategies have serious shortcomings.

On the surface, it appears preferable to translate digital documents into standard forms that would remain readable in the future, obviating the need to run obsolete software. Proponents of this approach offer the relational database (introduced in the 1970's by E.F. Codd, now at Codd & Date, Inc., in San Jose, Calif.) as a paradigmatic example. Such a database consists of tables representing relations among entities. A database of employees might contain a table having columns for employee names and their departments. A second table in the database might have department names in its first column, department sizes in its second column and the name of the department head in a third. The relational model defines a set of formal operations that make it possible to combine the relations in these tables—for example, to find the name of an employee's department head.

Because all relational database systems implement this same underlying model, any such database can in principle be translated into a standard tabular form acceptable to any other system. Files represented this way could be copied to new media as necessary, and the standard would ensure readability forever.

FLAWS OF TRANSLATION

Regrettably, this approach is flawed in two fundamental ways. First, relational databases are less standardized than they appear. Commercial relational database systems distinguish themselves from one another by offering features that extend the relational model in nonstandard ways. Moreover, the limitations of such databases are already leading to the adoption of new models. The tables in a relational database cannot transparently show structure. That is, the database could not immediately make it clear that a corporation consisted of one headquarters, five national offices, 25 divisions and 100 departments. Various object-oriented database models (which can represent structure directly) are evolving to satisfy this need. Such rapid evolution is neither accidental nor undesirable. It is the hallmark of information technology.

Furthermore, far from being a representative example, relational databases are practically unique. No other type of digital document has nearly so formal a basis for standardization. Word processors, graphics programs, spreadsheets and hypermedia programs each create far more varied documents. The incompatibility of word-processing files exemplifies this problem. It did not arise simply because companies were trying to distinguish their products in the marketplace. Rather it is a direct outgrowth of the technology's tendency to adapt itself to the emerging needs of users.

As yet, no common application is ready to be standardized. We do not have an accepted, formal understanding of the ways that humans manipulate information. It is therefore premature to attempt to enumerate the most important kinds of digital applications, let alone to circumscribe their capabilities through standards. Forcing users to accept the limitations imposed by such standards or restricting all digital documents to contain nothing but text as a lowest common denominator would be futile. The information revolution derives its momentum precisely from the attraction of new capabilities. Defining long-term standards for digital documents may become feasible when information science rests on a more formal foundation, but such standards do not yet offer a solution.

Translating a document into successive short-term standards offers false hope. Successive translation avoids the need for ultimate standards, but each translation introduces new losses. Would a modern version of Homer's "Iliad" have the same literary impact if it had been translated through a series of intermediate languages rather than from the earliest surviving texts in ancient Greek? In theory, translating a document through a sequence of standards should enable scholars to reconstruct the original document. Yet that requires each translation to be reversible without loss, which is rarely the case.

Finally, translation suffers from a fatal flaw. Unlike English and ancient Greek, whose expressive power and semantics are roughly equivalent, digital documents

are evolving so rapidly that shifts in the forms of documents must inevitably arise. New forms do not necessarily subsume their predecessors or provide compatibility with previous formats. Old documents cannot always be translated into unprecedented forms in meaningful ways, and translating a current file back into a previous form is frequently impossible. For example, many older, hierarchical databases were completely redesigned to fit the relational model, just as relational databases are now being restructured to fit emerging object-oriented models. Shifts of this kind make it difficult or meaningless to translate old documents into new standard forms.

The alternative to translating a digital document is to view it by using the program that produced it. In theory, we might not actually have to run this software. If we could describe its behavior in a way that does not depend on any particular computer system, future generations could re-create the behavior of the software and thereby read the document. But information science cannot yet describe the behavior of software in sufficient depth for this approach to work, nor is it likely to be able to do so in the near future. To replicate the behavior of a program, there is currently little choice but to run it.

For this reason, we must save the programs that generate our digital documents, as well as all the system software required to run those programs. Although this task is monumental, it is theoretically feasible. Authors often include an appropriate application program and operating system to help recipients read a digital document. Some applications and system software may remain ubiquitous, so that authors would need only to refer readers to those programs. Free, public-domain software is already widely available on the Internet. Moreover, when proprietary programs become obsolete, their copyright restrictions may expire, making them available to future users.

How can we provide the hardware to run antiquated systems and application software? A number of specialized museums and "retro-computing" clubs are attempting to maintain computers in working condition after they become obsolete. Despite a certain undeniable charm born of its technological bravado, this method is ultimately futile. The cost of repairing or replacing worn out components (and retaining the expertise to do so) must inevitably outweigh the demand for any outmoded computer.

Fortunately, software engineers can write programs called emulators, which mimic the behavior of hardware. Assuming that computers will become far more powerful than they are today, they should be able to emulate obsolete systems on demand. The main drawback of emulation is that it requires detailed specifications for the outdated hardware. To be readable for posterity, these specifications must be saved in a digital form independent of any particular software, to prevent having to emulate one system to read the specifications needed to emulate another.

SAVING BITS OF HISTORY

If digital documents and their programs are to be saved, their migration must not modify their bit streams, because programs and their files can be corrupted by the slightest change. If such changes are unavoidable, they must be reversible without loss. Moreover, one must record enough detail about each transformation to allow reconstruction of the original encoding of the bit stream. Although bit streams can be designed to be immune to any expected change, future migration may introduce unexpected alterations. For example, aggressive data compression may convert a bit stream into an approximation of itself, precluding a precise reconstruction of the original. Similarly, encryption makes it impossible to recover an original bit stream without the decryption key.

Ideally, bit streams should be sealed in virtual envelopes: the contents would be preserved verbatim, and contextual information associated with each envelope would describe those contents and their transformation history. This information must itself be stored digitally (to ensure its survival), but it must be encoded in a form that humans can read more simply than they can the bit stream itself, so that it can serve as a bootstrap. Therefore, we must adopt bootstrap standards for encoding contextual information; a simple, text-only standard should suffice. Whenever a bit stream is copied to new media, its associated context may be translated into an updated bootstrap standard. (Irreversible translation would be acceptable here, because only the semantic content of the original context need be retained.) These standards can also be used to encode the hardware specifications needed to construct emulators.

Where does this leave my grandchildren? If they are fortunate, their CD may still be readable by some existing disk drive, or they may be resourceful enough to construct one, using information in my letter. If I include all the relevant software on

the disk, along with complete, easily decoded specifications for the required hardware, they should be able to generate an emulator to run the original software that will display my document. I wish them luck.

ATTACHMENT 4.—GOALS FOR REVISING U.S.C. TITLE 44 TO ENHANCE PUBLIC ACCESS TO FEDERAL GOVERNMENT INFORMATION

DEVELOPED BY THE INTER-ASSOCIATION WORKING GROUP ON GOVERNMENT INFORMATION POLICY—MAY 1997

Congress currently is examining ways to improve public access to government information and public accountability of government entities through revisions to Title 44 of the United States Code and other applicable statutes. We affirm that any changes to Title 44, the Federal Depository Library Program (FDLP), or federal government information policies must incorporate the following fundamental principles and goals of public access.

GOAL 1: The law must broaden, strengthen, and enhance public access to all forms of government information.

PRINCIPLES:

The public has the right to access the information produced by their government. All government information in all formats should be published initially by the government and be made available, with no restrictions, to the public through libraries.

To foster an informed citizenry capable of fully participating in our democratic process and provide for economic development, the public must be ensured easy and equitable access to federal government information from the legislative, executive, and judicial branches at no cost to the citizen.

To guarantee the availability of its information, the government should disseminate it in usable formats to the public, libraries, and other information providers and provide timely, equitable, effective, no-fee public access to its information through depository libraries.

Government information created or compiled by government or contractor employees or at government expense must remain in the public domain with no copyright-like restrictions. The public's access to government information must not be denied or impeded by exclusive arrangements that apply copyright-like restrictions on the use or redissemination of government information. Republication of government information is the right of all citizens, and no obstacles should be placed in the way of that right.

AREAS OF REFORM:

Legislation must guarantee the public's fundamental right to government information. Providing for the dissemination of and access to government information is an affirmative responsibility of every entity of the federal government. The definition of "government information" under Title 44 should include information from all government agencies, military agencies, independent regulatory agencies, government corporations, government-controlled corporations, and other establishments in the executive, legislative, or judicial branches of the federal government, as well as information created, compiled, or published under government contract.

Legislation must provide for the availability or dissemination of information in the most appropriate format(s). The format of dissemination must take into account the use of the information and the reliability of the format over time. Legislation should provide for multiple formats for some types of government information to meet users' needs and ensure the integrity, long-term preservation and permanent public access to the information.

The definition of "government information" to be made available to the public and included in the depository program must include all information, regardless of form or format, which is created or compiled by employees of a component of the government, or at government expense, or as required by law, except that which is required for official use only, is for strictly administrative or operational purposes having no public interest or educational value, or is classified for reasons of national security.

Legislation must clarify the definition of "government information" to explicitly include electronic information products and services. The definition of government information must include the broadest possible array of publicly funded information of public interest or educational value and should not be limited only to those materials originally intended for public dissemination (e.g., sales publications, brochures).

Legislation must specify that agency information products and services, including those developed under a fee-based mandate or statute, must be made available to the public at no fee through depository libraries. Legislation should ensure that access to government information is not hindered by exclusive arrangements that apply copyright-like restrictions on use or redissemination of government information.

Legislation must ensure that, regardless of any other agreements or mandates, government information created or compiled at taxpayer expense must be made available to the public at no fee through depository libraries. This includes: government information accessible only through government contracts with private commercial services; cooperative publications, or government information created, compiled, or disseminated through contracts, cooperative research and development agreements, or other formal arrangements.

GOAL 2: The law must strengthen the role of the Superintendent of Documents and the Federal Depository Library Program in providing public access to government information.

PRINCIPLES:

The government must provide a strong, centralized, coordinated, and managed program that provides for the acquisition, bibliographic control, dissemination, and long-term public access of government information at no cost to the public through depository libraries.

To facilitate broad public access to electronic government information, the government must develop, adopt, and utilize government-wide standards for the production, dissemination, and access to government information in electronic formats.

AREAS OF REFORM:

Legislation should strengthen the Federal Depository Library Program, the Superintendent of Documents Sales Program, and the GPO Access online service as essential mechanisms for ensuring public access to government information. [To reflect the impact of electronic technologies on public access, the name of the FDLP should be changed to the "Federal Depository Library and Public Access Program."]

The law must unequivocally state that electronic information be made publicly available and included in the FDLP.

Library services included in the FDLP must span the entire life-cycle of government information (creation, dissemination, access, use, preservation, and evaluation) and include: cataloging and bibliographic control; administration of access to online electronic information products; distribution of physical publications and tangible electronic products; preservation and permanent public access; development of standards; training; feedback and participation in the design and evaluation of government information products and services; and other services that enhance public access to government information. These services must be centrally coordinated to facilitate public access and to meet most effectively the needs of libraries and the public.

Legislation must provide the statutory basis for appropriations for broad public access to government information. This includes the distribution of physical publications to depository libraries at no charge, and to all others at no more than the incremental cost of printing and distribution. Likewise, electronic access to government information should be provided at no fee to the broadest possible audience; in cases where access fees are required, no-fee access must be guaranteed to the public through depository libraries. Adequate appropriations to the FDLP must be included to provide depository libraries with copies of publications and access to online databases. The Superintendent of Documents should be empowered to reimburse publishing agencies at the incremental rate for replicating depository copies of tangible products. Appropriations must cover the costs of producing and disseminating products through the FDLP as well as any costs for software licenses that accompany electronic products.

Legislation must make it clear that regardless of any other legal or administrative requirements, government information must be made accessible to the public through the FDLP; specifically, an agency's mandate to recover costs does not relieve it from fulfilling its depository obligations under Title 44.

Legislation must provide for a centrally managed procurement and production system for government information products and services. Such a system should facilitate the identification of information products for inclusion in the FDLP. It is essential also that the system provide for appropriate penalties and enforcement power to ensure agencies' compliance with their FDLP obligations under Title 44.

Legislation must require that each branch of government develop a standardized system to describe their electronic information products and services at the database

level (e.g., GILS/Government Information Locator Service) in consultation with the national libraries and the judicial branch libraries. These records should provide interactive links to online databases and information resources.

Legislation should provide for the utilization of advisory council(s) that include members from all three branches of government, librarians, and the public.

GOAL 3: The law must establish the affirmative responsibility of the federal government to preserve and provide permanent public access to its information, and to ensure the authenticity of government information.

PRINCIPLES:

The government has an affirmative obligation to guarantee: the preservation of government information to ensure its availability for future generations; permanent public access to government information; and authenticity and integrity of its information to ensure that it is "official."

AREAS OF REFORM:

Legislation must provide for the central coordination of permanent public access to government information. The federal government, including the Superintendent of Documents working in cooperation with the federal agencies, the National Archives and Records Administration, the Library of Congress and other national libraries, depository libraries, and other library partners, must be responsible for establishing and maintaining a system of permanent public access to all formats of government information. Implementation of this should include a distributed system that provides for adequate redundancy and is based on official/contractual agreements between partners. The Superintendent of Documents should be responsible for coordinating and overseeing the formal contracts and interagency agreements that ensure the preservation and permanent public access to government information.

Legislation must account for the public's need to be assured that the information that the government provides is authentic. Policies and practices should provide for "official" versions of government information on which the public can rely in conducting its business and affairs.

GOAL 4: The law must resolve the constitutional or inter-branch issues regarding the oversight and administration of the life-cycle of government information (creation, acquisition, production, bibliographic control, dissemination, and permanent public access) to establish clear accountability and facilitate public access to government information from the legislative, executive, and judicial branches.

PRINCIPLES:

Congress must continue to provide effective oversight in a manner that will ensure that the executive, legislative, and judicial branches of government comply with the principles of public access.

AREAS OF REFORM:

Legislation must provide for strong congressional oversight of government information policies and practices and the power to effect government-wide standards that facilitate public access. Legislation should underscore the important role of Congress in providing public access to government information. As the branch of government closest to the people, Congress must ensure local access to federal government information nationwide.

Legislation must provide enforceable compliance mechanisms for procurement and production systems. Enforcement authority should be established encompassing all three branches of government to ensure compliance with the public access and dissemination requirements of the law.

Legislation must include incentives for agencies and libraries to participate in the depository program. Statutory authority should be provided to ensure agency participation in programs designed to facilitate and provide public access to government information.

DOCUMENT OF THE INTER-ASSOCIATION WORKING GROUP ON GOVERNMENT INFORMATION POLICY

The Inter-Association Working Group on Government Information Policy is a cooperative team of representatives from several major library associations working to enhance public access to government information through the revision of U.S.C. Title 44. Together, these associations represent more than 80,000 librarians, information specialists, library trustees, libraries, and others interested in library issues.

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GOVERNMENT PRINTING OFFICE

STATEMENT OF MICHAEL F. DiMARIO, PUBLIC PRINTER

ACCOMPANIED BY:

WAYNE P. KELLEY, SUPERINTENDENT OF DOCUMENTS
WILLIAM M. GUY, BUDGET OFFICER
CHARLES C. COOK, SUPERINTENDENT, CONGRESSIONAL PRINTING MANAGEMENT DIVISION

INTRODUCTION OF ASSOCIATES

Senator BENNETT. For this next panel we welcome Michael DiMario, the Public Printer, and he is accompanied by Wayne Kelley, the Superintendent of Documents from the Government Printing Office.

I have no opening statement.

Senator Dorgan, do you?

Senator DORGAN. Nor do I, Mr. Chairman.

Senator BENNETT. Fine. We will go directly to our testimony.

Mr. DIMARIO. Thank you, Mr. Chairman. Also with me is Mr. Bill Guy, who is our budget officer.

Senator BENNETT. I'm sorry. I apologize. I was not looking in this direction.

Mr. DIMARIO. Mr. Guy sits to my left. We also have Mr. Charles Cook, who is the head of our Congressional Printing Management Division, who is in the audience but is available to us.

Senator BENNETT. Thank you.

Mr. DIMARIO. In the interest of time, I will briefly summarize my prepared statement which has been submitted for the record.

Senator BENNETT. Without objection, it shall be included in the record.

PUBLIC PRINTER'S STATEMENT

Mr. DIMARIO. Mr. Chairman, I deeply appreciate the time you took from your busy schedule recently to visit GPO and observe our operations. We look forward to working with you through the subcommittee. We also invite other members of the subcommittee to come down and visit, to see our operation, because I think that is an important aspect of understanding what we do.

For fiscal year 1998 we are requesting a total of $114.5 million for those programs requiring annual appropriations directly to GPO. This includes $84 million for the congressional printing and binding appropriation and $30.5 million for the salaries and expense appropriation for the Superintendent of Documents.

The total amount we are requesting is an increase of $3.8 million, or 3.4 percent, over the funding approved in fiscal year 1997.

For congressional printing, we are seeking $2.4 million more than was approved this year due to workload increases anticipated for the second session of the 105th Congress as well as cost in-

creases due to employee pay and expenses for supplies, utilities, and maintenance.

For the Superintendent of Documents salaries and expenses appropriation, we are requesting $1.4 million more to fund unavoidable cost increases as well as the continued transformation of the Depository Library Program to an electronic basis.

My prepared statement includes information on GPO's mission and programs to assist you in your review of our appropriations request.

I specifically want to direct your attention to the fact that our use of electronic printing and information technologies over the past two decades has generated substantial savings for Congress and the taxpayers while improving public access to congressional and other Government information.

Twenty years ago, our congressional printing budget was the equivalent of $209.5 million in today's dollars. Today our budget request is for $84 million, a reduction of nearly two-thirds. That reduction was achieved primarily through our utilization of successive generations of electronic printing and information technologies to serve Congress.

A major outcome of the productivity improvements generated by these technologies has been an ability to downsize our operation significantly. Since the mid-1970's, our work force has been reduced by more than 55 percent, from over 8,200 employees to the current 3,626 employees.

We are continuing to manage downsizing to achieve savings without interrupting critical services to Congress and the public. Our use of electronic technologies means that Congress can achieve improved information services for its own use and for public access. The GPO infrastructure supporting Congress is capable of receiving congressional data in electronic format in order to reduce production costs. Already we are receiving more than 60 percent of Congressional Record copy from the Senate in electronic format.

We provide the necessary standardization of congressional information products as well as the systems for widespread public dissemination of this important information. We are prepared to assist the Senate and the House in electronically disseminating committee materials and we have a pilot program for online access to committee hearings.

Our GPO Access online service currently averages more than 4 million document downloads per month. Now we measure this differently than the Library of Congress does. They are measuring hits on their system. We are measuring actual downloads of documents. So that is an important distinction. GPO Access provides widespread public access to congressional and other Government documents.

We are successfully moving our Depository Library Program toward a predominantly electronic basis as originally directed by this subcommittee. Altogether, GPO's systems and services are dedicated to supporting Congress' move to increase utilization of electronic formats. We have the resources and experience to help make the cyber-Congress a reality.

PREPARED STATEMENT

Mr. Chairman, this concludes my opening remarks. I would be pleased to answer any questions the subcommittee may have. And I would submit my formal statement for the record.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL F. DIMARIO

Mr. Chairman and Members of the Subcommittee, I am pleased to be here today to present the funding requirements of the Government Printing Office (GPO) for fiscal year 1998. In addition to our funding request, I am also providing additional information on GPO's mission and programs.

FISCAL YEAR 1998 APPROPRIATIONS REQUEST

For fiscal year 1998, we are requesting $114.5 million for those programs that require annual appropriations directly to GPO. This is an increase of $3.8 million, or 3.4 percent, over the funding approved for fiscal year 1997. However, it is also $1.2 million, or 2.6 percent, less than the amounts appropriated 5 years ago. The request includes $84 million for the Congressional Printing and Binding Appropriation and $30.5 million for the Salaries and Expenses Appropriation of the Superintendent of Documents. The increase is due primarily to general price level increases, although for congressional printing there are also workload increases in various product categories that are typical for a second session of Congress.

GPO'S APPROPRIATED FUNDING

Unlike the other agencies that come before this Subcommittee, only a small part of our annual budget is appropriated directly to GPO. Our budget instead is financed through a businesslike revolving fund, which is reimbursed by payments from customer agencies, sales to the public, and transfers from our appropriated funds. For fiscal year 1996, the total operating expenses charged against our budget were $835.4 million. Appropriated funds from Congress provided $113.7 million of this amount, or 13.6 percent. They included $82.4 million for Congressional Printing and Binding and $31.1 million for the Salaries and Expenses of the Superintendent of Documents. All other GPO activities were financed through the revolving fund by customer agency payments and revenues from sales to the public. Each year, in addition to our appropriations request, we request congressional authorization for operation of the revolving fund.

The Congressional Printing and Binding Appropriation is critical to the maintenance and operation of our inplant printing capacity, which is structured to serve Congress's printing needs. The appropriation covers the costs of congressional printing, such as the Congressional Record, bills, reports, hearings, documents, and other products. Each year, a substantial volume of this work is requisitioned by Congress. In fiscal year 1996, nearly 2 billion copy pages of congressional products were produced at an average cost of about 4 cents per page, inclusive of all prepress (database preparation) work, printing, binding, and delivery.

The majority of the Superintendent of Documents Salaries and Expenses Appropriation is for the Federal Depository Library Program (FDLP). While some of the funding for this program is for salaries and expenses, the majority is for printing and distributing publications (including publications in CD–ROM and online formats) to depository libraries. As long as Federal publications meet the requirements for depository distribution established by law, the copies must be distributed. In this sense, the volume of this work is controlled by the publishing activities of Federal agencies and Congress.

CONGRESSIONAL PRINTING AND BINDING APPROPRIATION

Our request of $84 million for the Congressional Printing and Binding Appropriation is an increase of $2.4 million, or 2.9 percent, over the amount approved for fiscal year 1997. However, it is $5.6 million, or 6.2 percent, less than the amount appropriated 5 years ago, without adjusting for inflation. Of the total request, $21.2 million, or 25 percent, is for the Congressional Record, including the Index and the permanent edition. Hearings constitute the second largest component of our request, totaling $17.1 million, or 20 percent. Legislative bills together total $11 million, or 13 percent.

Estimated Requirements and Workload.—Based on historical data, in the second session we expect to see increases in certain categories of work, such as Congres-

sional Record pages, but decreases in other categories, such as hearings. Overall operating costs are anticipated to increase marginally due to the increased cost of employee pay and benefits, utilities, maintenance, materials, and supplies. We will continue to work to offset these increased costs with savings from technological improvements and adjusting staffing requirements.

The most significant price level changes anticipated are for the production of the Congressional Record, where due to cost decreases associated with improved production processes and the increased submission of Record text electronically from Congress, we anticipate a 3.5 percent reduction in costs for data preparation. In most other product categories, we anticipate marginal price increases to recover the cost of current services, although most of the increases are at or below the rate of inflation. Altogether, price changes account for approximately $.7 million of the requested $2.4 million increase.

We anticipate workload volume increases during the second session for Congressional Record pages, committee reports, business and committee calendars, bills, document envelopes and franks, and documents. We anticipate workload reductions for committee prints, hearings, miscellaneous publications (since there will be no printing of the Congressional Directory and other publications in the second session), miscellaneous printing and binding (such as letterheads and envelopes), and details to Congress based on trends for reduced requirements.

STUDY ON PRIVATIZING THE CONGRESSIONAL RECORD

In the House report accompanying the Congressional Printing and Binding Appropriation for fiscal year 1997 (H. Rpt. 104–657), we were required to conduct a study, using independent outside experts, to determine if opportunities exist for outsourcing the Congressional Record and the Federal Register. This requirement was based on the rationale, as provided in the report, that "the Congressional Record and the Federal Register workloads are somewhat predictable and sufficiently routine so that it may be possible that one or both products can be outsourced" (pp. 28–29). The report also directed us to consider the option of converting to a two-shift operation in GPO's printing plant.

The Chairman of the JCP has suggested that anticipated reforms to Title 44 may diminish the need for such a study at this time, and that the rapid evolution of technology may impact the need for this study. I concur. Technology initiatives in both the Senate and the House may result in changes to the operations for the production of the Congressional Record. It may not be possible at this time to accurately project all of the technology developments and procedural changes that might result from these plans.

In addition, the basic premise behind the requested study—that the workloads for the Record and the Register are "somewhat predictable and sufficiently routine"—is not wholly accurate. As I have testified many times, these workloads are in fact far from predictable and routine; the Record one night may be 20 pages long, and the next night 400 pages, necessitating daily workload scheduling and production changes. These variances are at the heart of the reason why the Record and the Register are produced in GPO, and not contracted out. I believe what the study is likely to conclude is this very point, at a potentially significant expense to the taxpayers.

SALARIES AND EXPENSES APPROPRIATION

Our request of $30.5 million for the Salaries and Expenses Appropriation of the Superintendent of Documents is an increase of $1.4 million, or 4.8 percent, over the amount approved for fiscal year 1997. The increase is primarily due to price level increases and pay raises and related costs. Of the total request, $25.9 million, or 85 percent, is for the FDLP; $3.6 million, or 12 percent, is for the Cataloging and Indexing Program; $555,000, or 2 percent, is for International Exchange; and $486,000, or 1 percent, is for distribution of publications to recipients required by law.

Estimated Requirements and Workload.—Price level changes and cost increases due to pay raises and related expenses represent $858,000, or about 62 percent, of the requested increase of $1.4 million. The majority of this amount, $631,000, is for price level changes calculated at the assumed rate of inflation for the year (2.7 percent). The remaining $526,000, or 38 percent, of the requested increase is for program changes related to workload, including improvements to GPO Access in order to continue the transition of the FDLP to an electronic basis. We are projecting a decreased number of paper copies distributed to depositories, staffing reductions due to increased efficiencies, and other program cost reductions.

GPO'S MISSION IN THE INFORMATION AGE

An abiding commitment to public access to Government information is deeply rooted in our system of Government. GPO is one of the most visible demonstrations of that commitment. For more than a century, our mission under the public printing and documents statutes of Title 44 of the U.S. Code has been to fulfill the needs of the Federal Government for information products and distribute those products to the public. Formerly, our mission was accomplished through the production and procurement of traditional printing technologies. However, a generation ago we began migrating our processes to electronic technologies, and in 1993 Congress amended Title 44 with the GPO Electronic Information Access Enhancement Act (Public Law 103–40) to require us to disseminate Government information products online. This Act is the basis of GPO Access, our Internet information service.

Today, GPO is dedicated to producing, procuring, and disseminating Government information products in a wide range of formats. In GPO the Government has a unique asset that combines a comprehensive range of conventional production and electronic processing services, procurement facilitation, and multi-format dissemination capabilities to support the information life cycle needs of Congress, Federal agencies, and the public.

We provide printed and electronic information products and services to Congress and Federal agencies through inplant processes and the purchase of information products from the private sector. In fact, we buy approximately 75 percent of all information products requisitioned from us in one of the Government's most successful procurement programs. We disseminate Government information through a low-priced sales program and to Federal depository libraries nationwide where the information may be used by the public free of charge. We also disseminate a growing volume of information via the Internet. We catalog and index Government information products, and we distribute them on behalf of other Federal agencies. Information on all of our programs and services, as well as access to a large and growing range of Government information, is available through our home page on the World Wide Web, at http://www.gpo.gov.

We conduct all of our services in a non-partisan, service-oriented environment that emphasizes the primacy of the customer's requirements for timeliness, quality, security, and economy, and we are committed to achieving the greatest access and equity in information dissemination whether through printed publications, CD–ROM, or online. At the bottom line, our programs reduce the need for duplicative and costly production facilities throughout the Government, achieve significant taxpayer savings through a centralized procurement system, and enhance public access to Government information.

GPO AND CONGRESS

GPO was originally established to provide Congress with immediate, reliable service in a work environment under its direct control. That mission continues today. We produce the daily and permanent editions of the Congressional Record, bills, committee and business calendars, hearings, committee reports, committee prints, documents, stationery, and a wide variety of other products that are essential to the legislative process in Congress. We produce this work in our central office facility on North Capitol Street in Washington, DC, through the creation and storage of electronic databases of publications for printing and dissemination, as well as the provision of CD–ROM, online access, and print-on-demand services. All of this work is funded through an annual appropriation for Congressional Printing and Binding.

Our Congressional Printing Management Division (CPMD) serves as GPO's liaison with the Congress for printing and information product needs. CPMD staff provide assistance to Members and officials of Congress as well as committees and support staffs regarding the printing and electronic availability of congressional information products. The CPMD is also responsible for managing approximately 59 GPO employees detailed to congressional committees and offices to assist with printing requirements. To ensure the timely delivery of printed materials, there are 19 congressional receiving clerks, who are part of the CPMD staff, assigned to congressional buildings. In addition, the CPMD coordinates and maintains distribution lists for all agency requests for congressional products.

Support for the Cyber-Congress.—We have built a core capability for electronic information and communications services to support Congress's information needs. Today, our state-of-the-art electronic systems are characterized by a complex of direct electronic linkages via CAPNET to a variety of congressional offices on Capitol Hill for data interchange. Once considered only the by-product of the print production process, digitized electronic databases of congressional information are now the primary product: they are the databases from which the official versions of docu-

ments are produced in print, CD–ROM, and online access formats and made available to the public through GPO Access, as well as other systems such as the Library of Congress's THOMAS information system.

Our electronic systems and staff expertise position us to continue supporting the development of the cyber-Congress, including the proposed Legislative Information System for the Senate and a comparable House Document Management System. We are committed to supporting Congress's effort to provide more committee materials online to the public.

More than 60 percent of Congressional Record files from the Senate are currently submitted electronically. We are currently working with the Senate Appropriations Committee to provide online dissemination of appropriations hearings. We operate a print-on-demand system in the Senate Document Room that has reduced the requirement for printing extra copies of legislative products, eliminating the need for storage space and providing for effective future distribution. This system, and another print-on-demand system located at our central office facility, are both networked to congressional databases resident at GPO.

Advantages from Electronic Support.—Our electronic systems provide a standardized system for use by both Houses of Congress, resulting in compatibility of production processes and uniformity in the resulting products. They provide for the interchangeable use of databases to produce different congressional publications, generating significant savings. Our systems are a centralized resource where production and dissemination equipment and staffing can be concentrated, yielding significant economies of scale. Finally, they facilitate both production and dissemination. Databases prepared for printing are easily converted into databases suitable for CD–ROM distribution and for online dissemination via the Internet to libraries, schools, offices, and homes nationwide and around the world.

Savings from the Use of Technology.—Productivity increases resulting from technology have enabled us to make substantial reductions in staffing requirements while continuing to improve services for Congress. In the mid-1970's, on the threshold of our conversion to electronic photocomposition, we employed more than 8,200 persons. Today, we have 3,626 employees on board, fewer than at any time in this century. In the past 4 years our staffing has been reduced by 25 percent. The reduction was accomplished while at the same time modernizing and improving our services.

Electronic technologies have significantly reduced the cost, in real economic terms, of congressional publications. In fiscal year 1978, the appropriation for Congressional Printing and Binding was $84.6 million, the equivalent in today's dollars of $209.5 million. By comparison, our approved funding for fiscal year 1997 is $81.7 million, a reduction of nearly two-thirds in real economic terms. This has yielded a savings to the taxpayer of well over $100 million per year. The vast majority of the reduction is due to productivity improvements and staffing reductions made possible through the use of improved technology.

GPO AND FEDERAL AGENCIES

GPO's Printing Procurement Program.—Approximately 75 percent of the printing and information products requisitioned from GPO are procured from the private sector. GPO historically has retained for inplant production only work which cannot be procured on a controlled, timely, and cost-effective basis. The vast majority of the work procured from the private sector is for Federal agencies in the executive branch. We provide procurement services through our central office facility and through a network of 20 regional and satellite procurement offices nationwide. All work for Federal agencies is paid for by the agencies themselves. The payments are processed through GPO's revolving fund.

Our printing procurement program saves a significant amount of money for the taxpayers. The program operates on a highly competitive basis, driving prices down. Approximately 10,000 firms—or about a quarter of the nationwide printing industry, representing nearly 200,000 employees—are registered on GPO's Master Bid List according to their equipment, staffing, and production capabilities. About 3,500 of these firms do business with us on a regular basis, ensuring intense competition for Government printing and information product contracts.

By consolidating the Government's specialized printing procurement skills and resources in GPO, agencies save money in their printing programs. Moreover, agencies achieve savings without giving up essential controls when they work through us. Most of our printing procurements are conducted through direct deal term contracts, permitting agencies to place their printing orders directly with the contractor. Our centralized program utilizes a service infrastructure that allows agencies to directly control the vast majority of their printing needs from the point of origination. Elec-

tronic versions of printing procurement bid solicitations are now accessible from the Internet via GPO's World Wide Web home page.

CD–ROM Services.—Since 1988 we have been a leading Government producer of CD–ROM technology, providing agencies with a complete range of CD–ROM production services. We have received the annual CD–ROM Award from the Special Interest Group for CD–ROM Applications and Technology (SIGCAT), the largest CD–ROM user group in the world, in recognition of the CD–ROM services we provide. The General Accounting Office has cited our CD–ROM program as one of the most cost-effective in the Government, specifically noting that GPO's CD–ROM products are among the least expensive for users.

World Wide Web Services.—For the World Wide Web, we provide database development services, mounting on our servers, database maintenance, access based on agency needs, promotion of the service, training, and user support. GPO Access features a unique service in making most databases available not only in ASCII format but in Portable Document Format (PDF), which provides a searchable database that exactly replicates the printed product.

The New Commerce Business Daily.—We recently entered into an alliance with the Department of Commerce in the development of a new Commerce Business Daily (CBD). The new CBD has made it easier and more timely for agencies to electronically submit notices for inclusion in CBD, significantly reduced the cost per notice for these submissions (from $18.00 to $5.00), allowed for the continuation of a billing and reporting process for these charges, provided support to both agencies and users of the CBD, reduced the time necessary to typeset and compose the printed version, and enhanced the delivery of the final copy to the printing contractor for the production of the daily printed issues. It has also enabled commercial value-added providers who offer CBD products to receive the daily CBD information much faster, in an enhanced format, and at a 20 percent reduction in cost. On April 21, 1997, our CBD partnership with the Commerce Department was the recipient of a "Hammer Award" from the National Performance Review.

Inplant Services.—In addition to procuring printing for Federal agencies, GPO produces work in our central office plant and regional printing plant in Denver. A significant portion of the agency work produced inplant is associated with the Federal Register, and includes the List of Sections Affected and the Code of Federal Regulations. Other work includes U.S. passports, postal cards, the U.S. Budget, and other jobs that are performed by GPO due to concerns for cost, timeliness, and control over sensitive Government information.

The continued need for GPO's regional printing plants has declined. In response, we have closed plants in Chicago, Seattle, San Francisco, and New York, and previously a separate printing and reproduction facility at the Washington, DC, Navy Yard was consolidated with GPO's central office facility. A facility in Alaska, transferred from the GSA, has also been closed. The remaining plant in Denver continues to satisfy regional production and security printing needs.

GPO AND INFORMATION DISSEMINATION

The Printing Act of 1895, which is the basis for the public printing and documents statutes of Title 44 of the U.S. Code, relocated the Superintendent of Documents function from the Interior Department to GPO. By linking the authority for the distribution of documents with GPO's printing operations, Congress created an effective system for ensuring comprehensive public access to the publications produced by the Government. As the success of GPO Access demonstrates, this linkage continues to be an effective means for the development and dissemination of electronic databases in the Information Age.

The information dissemination programs of GPO's Superintendent of Documents include the distribution of publications to approximately 1,400 Federal depository libraries nationwide, cataloging and indexing, distribution to recipients designated by law, and distribution to foreign libraries designated by the Library of Congress which in turn agree to send copies of their official publications to the Library pursuant to international treaty. These programs are funded by the annual Salaries and Expenses Appropriation of the Superintendent of Documents.

The Superintendent of Documents also operates a nationwide sales program. This program, the Government's single largest information dissemination network, operates 24 bookstores in major metropolitan areas around the U.S. as well as an extensive order service equipped to receive mail, phone, fax, and Internet-based orders for publications nationwide and worldwide. This program is funded entirely by revenues earned on sales of publications. The Superintendent of Documents also distributes publications for Federal agencies which reimburse us for comprehensive warehousing and dissemination services. Altogether, we distribute about 100 million

copies of Government publications per year through these programs (not including information made available online).

GPO Access.—GPO Access provides free access to more than 70 Federal databases, including the Congressional Record, the Federal Register, the Commerce Business Daily, Supreme Court opinions, congressional bills and reports, and other publications, as well as Government Information Locator Service (GILS) records for a growing number of Federal agencies. The first online service of its kind established by Congress, GPO Access allows users to locate a wide variety of electronic products available via the Internet and to order Government publications online. GPO Access is the only Government online service providing access to a wide range of information from all three branches of the Federal Government, and the only service providing official access to this important Government information. In April 1997, retrievals topped 4.5 million. During peak usage periods there are more than 15,000 GPO Access sessions per hour.

GPO Access has drawn praise from a variety of sources, including the library community (which gave GPO Access the 1995 James Madison Award), the Federal technology community, the legal community, and others. In December 1996, in a guest column in Roll Call, representatives of the Congressional Accountability Project and the Heritage Foundation together called GPO Access "an enormous success." In January 1997, OMB Watch released a report on Government Information Locator Services which noted that "GPO Access has become the largest single location for GILS services and records in the Federal Government," and that "GPO should be seen as an example to agencies that are struggling with their GILS implementation."

FEDERAL DEPOSITORY LIBRARY PROGRAM

Principles.—The dissemination of Government information to libraries for the use of the public began in 1813, making the FDLP America's oldest "freedom of information" program. From its beginning, the FDLP has been built on several underlying principles:

—A well-informed citizenry, cognizant of the policies and activities of its representative Government, is essential to the proper functioning of democracy.
—The public has a right to Government information which has been prepared and published at public expense.
—The Government has an obligation to ensure the availability of, and access to, public information at no cost to the user.
—The publications provided through the FDLP are a permanent and official source of Government information.
—The public, participating libraries, and the Government all benefit from the efficiencies afforded by a centralized distribution system, such as the FDLP, which ensures the wide availability of Government publications at no charge to the user.

Statutory Requirements.—Libraries are designated as depositories by Senators and Representatives as well as by law. Under the law, we send the libraries copies of all Government publications processed through GPO that are not purely of an administrative nature, cooperatively sponsored, or classified for reasons of national security. These copies are paid for by the annual Salaries and Expenses Appropriation of the Superintendent of Documents. If Federal agencies themselves produce publications that belong in the FDLP, they are required by law to pay for the production and distribution of those copies sent to the depositories. In return for receiving Government information products at no cost, the libraries must make them available to the public without charge and provide appropriate assistance to users.

The majority of the depository libraries are selective depositories which tailor their Government publications acquisitions to local needs, choosing from among 7,000 organizational and series categories. Fifty-three libraries, or roughly one per State (depending on size and resources, some States have no regionals while others have more than one), are regional depositories that receive every publication distributed by the FDLP. They are required to retain permanently every Government publication they receive.

Users.—Based on 1995 data, we estimate that 750,000 to 950,000 persons use FDLP information each month. A 1989 study estimated a minimum of 670,000 depository users per month in academic and public libraries.

Workload.—In fiscal year 1996, nearly 16.4 million copies of about 57,000 titles were distributed to depository libraries in paper and microfiche. In addition, we distributed 639 titles in tangible electronic formats, mostly CD–ROM. All GPO Access databases and services are available to depository users. Our locator services point to an additional 971 agency titles, and there are 1,148 Monthly Catalog records hotlinked to agency Internet sites.

Library Participation.—There are now 1,372 depository libraries, including the 53 regionals. Of these, 55 percent are academic libraries, making the FDLP a major component of the Nation's education and research programs. Another 20 percent are public libraries, 11 percent are law school libraries, 6 percent are State libraries, 5 percent are Federal agency libraries, and the remaining 3 percent are special libraries. All Federal depositories are now expected to offer public users access to computer work stations with a graphical user interface, CD–ROM capability, Internet connections, and the ability to access Government information via the World Wide Web. However, there are still some depositories which cannot fully handle all electronic Government information offerings.

Continuing Justification for the FDLP.—The FDLP will continue to be needed even as Federal agencies put more information on the Internet. The FDLP, funded out of legislative branch appropriations, is the means by which Congress asserts its historical role in keeping the American public informed about the activities of the Government.

Depository libraries have developed skills and collections based on the needs of their local constituents. This affords the public a local setting in which they can use Government information at no charge, regardless of whether they own or can operate a computer, and be assisted by trained Government information professionals.

As authorized by Public Law 103–40, GPO creates a variety of electronic "Pathway" locator services, which enable users to identify and connect to agency electronic resources. Since these activities are funded by the FDLP appropriation, the locator services sponsored by the FDLP may be used at no cost by the public. Within our suite of locator services, the Monthly Catalog on the Web is unique in how it locates both physical items in depository libraries and agency products on the Internet.

The FDLP is the vehicle which provides permanent public access to Government information. Copies of physical items are permanently held for public use in the regional depository libraries. GPO, acting in partnership with other Program stakeholders, including the National Archives and Records Administration and libraries which elect to participate, is leading an effort to ensure that agency Internet products are permanently retained and made accessible to the public.

It will be many years, if ever, before all Government information is available electronically. In the meantime, it is essential to have a single program which is charged with acquiring and distributing the vast array of printed products which the Government produces. Neither libraries nor the public would be well served by having to contact scores of individual agencies for the information they need.

Fugitive Documents.—Many publications produced by the Government fail to be included in the FDLP. Documents that belong in the Program, but which are excluded, are known as fugitive documents. Their absence from depository library collections impairs effective public access to Government information. While many studies of the fugitive document problem have been conducted, the exact number of publications that are not in the FDLP has been difficult to isolate. Sometimes administrative errors are made by GPO in document selection and distribution. Most commonly, however, documents become fugitives from the Program due to their production outside of GPO, such as in agency printing plants. There is also a growing number of fugitive documents due to increased agency use of electronic systems to produce and disseminate their own documents.

Although no study has resulted in a definitive answer, we estimate that more than 50 percent of all tangible Government information products are not being made available to the FDLP. Of these, we estimate that there are about 55,000 scientific and technical documents and reports which are neither printed through GPO nor furnished by the issuing agencies to the FDLP as required by law. The issuing agencies do, however, provide either a printed copy or an electronic image file of each of these documents to the National Technical Information Service (NTIS) of the Department of Commerce.

In fiscal year 1996, NTIS took in about 160,000 scientific, technical, and business-related titles, most but not all of which were published by the Government. We estimate that about 70 percent, or 112,000, of NTIS's total intake belongs in the FDLP. Compared with the 57,000 titles in the FDLP in fiscal year 1996, this leaves about 55,000 fugitive titles which should have been provided to GPO by publishing agencies, had they fully complied with Title 44 requirements.

In addition, there is an unknown number of fugitives which are primarily general, public interest materials produced by agencies other than through GPO. It is virtually impossible to estimate the total number of these titles, but they may well number in the thousands and include such publications as decisions of the Federal district courts and courts of appeals, Federal Election Commission financial disclo-

sure statements, and reports produced by the Library of Congress's Congressional Research Service.

Recently, four major factors have contributed to increasing losses of key general interest publications for the FDLP: (1) electronic information dissemination via agency web sites without notification to the FDLP; (2) decreasing compliance with statutory requirements for agencies to print through GPO or to provide copies of publications not printed through GPO to the FDLP; (3) the increasing trend for agencies to establish exclusive arrangements with private sector entities that place copyright or copyright-like restrictions on the products involved in such agreements; and (4) increasing use by agencies of language in 44 U.S.C. 1903 that permits publications to be excluded from the FDLP if they are "so-called cooperative publications which must necessarily be sold in order to be self-sustaining."

Fugitive documents defeat the purpose of the FDLP and undermine the public's ability to access information critical to their lives. Historically, the FDLP has relied heavily on the ability of the Program to automatically obtain material as it is produced or procured through GPO. With the growing emphasis on electronic dissemination, and decreasing compliance with statutory requirements for agencies to use GPO, identifying and obtaining information for the FDLP is becoming increasingly difficult.

FDLP Compliance Issues.—When an agency uses GPO for production or procurement of a publication (defined in section 1901 as "informational matter which is published as an individual document at Government expense, or as required by law"), GPO ensures that distribution is made through our own processes. If a publication is produced elsewhere than GPO, the publishing agency is required to supply the requisite number of copies to GPO, at its own expense, for dissemination to depositories.

GPO is confronted with two kinds of compliance issues today. First, a number of Federal agencies are seeking new methods of printing information gathered at public expense. These methods do not involve GPO and, as a result, they impede or prevent effective public access to critical Government information. I have reported previously to Congress on several such instances, including such publications as Big Emerging Markets, U.S. Export Administration Regulations, and U.S. Industrial Outlook.

Other efforts are ongoing by agencies that often involve allowing third parties to copyright the information or impose copyright-like restrictions on it. The result is that the information does not get produced or procured through GPO, and the agencies do not provide copies to GPO for distribution to depositories.

A recent example of this is the Journal of the National Cancer Institute. For many years the National Cancer Institute (NCI) procured its Journal (JNCI), a major publication devoted to cancer research, through GPO and it was distributed to depository libraries. In January 1997, however, the NCI notified GPO that it had signed a Cooperative Research and Development Agreement (CRDA) with Oxford University Press, under which "the name of the publication will be retained, and Oxford will assume all responsibility for printing the Journal and will hold copyright to the Journal's content". According to the letter received by GPO, the JNCI "has been privatized, and effective January 1, 1997, ownership of the Journal will be transferred from the National Cancer Institute to Oxford University Press-USA, Inc." The letter also stated that "[b]ecause the Journal is no longer a publication of the U.S. Government, copies of the Journal and JNCI Monographs will not be provided to the Depository Library Program nor will sales copies be available at the GPO bookstore." At the time of this notification, GPO was receiving 827 copies of each issue of JNCI for distribution to depository libraries. We have no further information on the terms and conditions of the CRDA between NCI and Oxford University Press because the NCI's legal counsel has informed us that the details of the CRDA are not public information.

The second compliance issue involves publications in electronic formats. Several agencies have taken the position that Title 44 does not apply to Government information in electronic formats. OMB's Circular No. A–130, "Management of Federal Information Resources," requires agencies to cooperate with GPO for print publications, but only "encourages" cooperation for publications in electronic formats and provides agencies with a rationale for exempting electronic information products from the FDLP based on cost.

An example of this is our recent experience with the NTIS Order Now CD–ROM. NTIS recently converted its printed sales catalog to a quarterly CD–ROM subscription called Order Now. NTIS did not procure this product through GPO. Although NTIS makes this catalog available online on a no-fee basis to depository libraries, the online product does not include the two years' worth of abstracts and indexes available on the CD–ROM. This makes the CD–ROM more complete and useful

than either the online or former printed products. NTIS expressed a willingness to make the CD–ROM available as a benefit to the public and as a promotional tool for their sales program, provided GPO pays the retrieval software licensing fees. After due consideration, it was decided that the Superintendent of Documents could not pay these fees, and that since the CD–ROM was not procured through GPO, NTIS was obligated to provide copies to the FDLP under section 1903 of Title 44. In a letter to the Staff Director of the JCP concerning this matter, NTIS made the statement that "[a]t no time did we consider this to be a question of compliance with Title 44," apparently based on the fact that the publication in question is electronic rather than print. However, without the NTIS Order Now CD–ROM, it will be more expensive for depository libraries to locate and purchase scientific and technical documents. More broadly, such attempts to evade the requirements of Title 44 represent a serious challenge to free public access to Government information through the FDLP.

We believe that the spirit and intent of the law since the FDLP's founding in 1813 has been to make information produced at taxpayer expense available to the public through depository libraries regardless of format. In a 1990 opinion, GPO's General Counsel stated, "[i]t is our opinion that Congress did not intend to carve a distinction based upon the technology employed to disseminate the Government publication and that Title 44 U.S.C. Sec. 1903 governs regardless of whether the publication is in the traditional ink-on-paper format or some new medium." Congress itself created GPO Access in large part to provide for online dissemination of Government information to depositories. While we make every effort to work closely with agencies to ensure the inclusion of their information products in the FDLP in all formats, the continuing agency practice of not providing electronic products to the FDLP is creating gaps in information availability to the public.

Transitioning the FDLP to a More Electronic Basis.—In spite of the contention that electronic information products are not required to be included in the FDLP, Congress has encouraged us to transition the Program to a more electronic basis. The Legislative Branch Appropriations Act for Fiscal Year 1996 required GPO to conduct a study to identify measures necessary for a successful transition to a more electronic FDLP. In response to direction from Congress for broad consultation, GPO formed a group comprising representatives from GPO, the JCP, the Senate and House Appropriations Committees, the Senate Rules and Administration Committee, the House Oversight Committee, the House Government Reform and Oversight Committee, OMB, the Congressional Research Service of the Library of Congress, the National Archives and Records Administration, Federal publishing agencies, the Administrative Office of the U.S. Courts, the depository library community, and others. The final report, titled "Study to Identify Measures Necessary for a Successful Transition to a More Electronic Federal Depository Library Program," was submitted to Congress in June 1996.

Study Conclusions.—Two major conclusions emerged from the study. The first was strong support for retaining the authority for a broad-based public information program in the legislative branch. High value was placed on the presence of the FDLP in every congressional district to directly serve the public in local library settings.

There was also strong support for having a single entity in the Superintendent of Documents to coordinate library-related information dissemination activities. The depository library community has consistently affirmed the utility and cost-effectiveness of a "one stop shopping" approach to acquiring Government information. The study participants agreed that it is not only possible but desirable to increase the dissemination of electronic information to depository libraries within the overall structure of current law and program operations, and that having a central entity to assist libraries and the public in accessing electronic Government information in a distributed environment is more vital now than ever.

Strategic Plan.—The Strategic Plan included in the final Study Report proposes a gradual transition during the period fiscal year 1996–2001. Under the plan, the FDLP will provide official Government information products in a variety of formats to depository libraries. Incorporating electronic Government information into the FDLP will augment the traditional distribution of tangible products with connections to Government electronic information services such as Internet sites. Electronic information will be accessible to the public directly or through depository libraries from a system of Government electronic information services administered by GPO, other Government agencies, or institutions acting as agents for the Government. The FDLP will identify and connect users to electronic information services of other agencies or, when appropriate, obtain electronic source files from agencies for mounting on GPO Access. Tangible Government information products will be distributed to libraries, including CD–ROM's, diskettes, paper, or microfiche, as appropriate to the needs of users and intended usage.

The FDLP will ensure that electronic Government information products are maintained for permanent public access, in the same spirit in which regional depositories provide permanent access to print products. Effective public use of Government information, especially in the less-structured environment of the Internet, also depends on the ability of users to identify and locate the desired information. Through continuation of its cataloging services, and the development of "Pathway" information locator services, the FDLP will meet this need.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement, and I would be pleased to answer any questions you may have.

FINANCIAL MANAGEMENT

Senator BENNETT. Thank you very much. We on the committee want to commend the GPO for your ongoing efforts to improve financial management operations. We understand you now produce financial statements that can be audited and that for years you have received a clean opinion on those statements.

Mr. DIMARIO. Yes, sir.

Senator BENNETT. Further, you have committed yourself to comply with the goals and objectives of the Legislative Branch Financial Managers Council, and that includes adopting the Federal Government's accounting and internal control financial system standards. That will help us in our goal to get auditable statements, consolidated financial statements for the entire legislative branch. It is a continuing source of amazement and frustration to me, coming from the business community to Government, to discover that there are no auditable financial statements in many areas of Congress.

We hope to continue our good working relationship with you and in conjunction with the Joint Committee on Printing, your authorizing committee, to see if we can find other ways to further refine the internal operations.

YEAR 2000 PROBLEM

You were here in the room and heard our conversation about the year 2000 problem with the Library of Congress. As Chairman Stevens said, the year 2000 problem basically divides the old computer people with programs written in Cobol from the new computer people. The new computer people say it's no problem at all, we can fix it in a matter of an hour or so. But the old computer people say hundreds of millions of dollars and 2 years is not enough.

How many of your computer systems are Cobol dependent and, therefore, subject to panic? Do you anticipate any specific dollar figure to remedy this?

Mr. DIMARIO. At this point in time, we are in the process of working on the problem. We have compiled an inventory of computer applications which will be affected by the turn of the century. Some of our applications and data bases have been identified for total replacement while others will be or are being modified to accommodate the date problem.

GPO has acquired two off-the-shelf software packages to facilitate the changes and these packages have worked well with Cobol applications. However, we are still looking for a good package that will assist us in identifying changes to many of our older Cobol ALC programs, and natural programming code of Software AG's ADABASE data base management system, that need to be changed.

We are doing all of that. But we are also changing the way we do business internally. We are planning to implement a client server environment utilizing Oracle and NT tools, and we are designing relational tables and populating them under Oracle and NT. As this effort progresses, we are moving toward data warehousing for the entire GPO.

So at this point in time, we do not foresee major year 2000 dollar impacts, but we are attempting to do it incrementally before that point in time so that we avoid those kinds of problems.

Senator BENNETT. How much money in the fiscal year 1998 budget request is tied to this problem, the year 2000 problem?

Mr. GUY. Our budget request is for the services that we provide to Congress, largely. Our other operations are funded through reimbursements from the agencies that we support and from sales to the public. So we would be recovering costs tied to the year 2000 problem indirectly through our overhead charges, which are allocated to all activities.

Senator BENNETT. But you don't have a single number in the budget for that?

Mr. DIMARIO. No, sir.

What we have is an appropriation request for congressional printing and binding. We are in the process currently and have acquired a specific server to accommodate the legislative branch, but we are absorbing those costs within the existing congressional printing and binding funding.

REVOLVING FUND LOSSES

Senator BENNETT. Your workload has been declining in recent years. You have been continually incurring losses—$21.8 million in fiscal year 1994, $3 million in fiscal year 1995, $16.9 million in fiscal year 1996, and you are projecting losses for 1997. Do you have any plans to avoid losses in 1998?

Mr. DIMARIO. We are continuing to reduce our costs and to attempt to avoid losses in that way. But the losses are generated largely because we do not have all the work flowing into the office that we had anticipated in a given time.

As an example, we anticipated for this particular session of Congress a greater amount of work coming to us from Congress than we have received.

Senator BENNETT. Do we solve your problem by staying in later at night and giving bigger speeches?

Mr. DIMARIO. Yes; to some degree. [Laughter.]

Senator BENNETT. But that may be self-defeating.

Mr. DIMARIO. The funding that we request is based on our anticipated workload.

Under our system of charges and accounting, if we do not have the work, then we will show a loss. What that means is that we will fund the activities in GPO not through the appropriation but through retained earnings that we have from previous years. That becomes a subsidy.

So it is not a loss in the sense of going beyond an appropriation or something of that sort. We are actually under the appropriation and we have come back and accommodated that at the end of certain fiscal years by adjusting reimbursements to actual cost.

With respect to fiscal year 1996, I might point out that of the $16.9 million that was the loss shown, $10 million of that was in our sales program. Mr. Kelley, being well aware of that problem, has attempted through a new planning structure to relieve that situation. We believe we will be in a break-even situation or slightly profitable one within the sales program by the implementation of this program. To a large degree, it focuses on controlling inventory. We have had excess inventory and we are trying to reduce the inventory, and we are trying a new procedure to accommodate that.

Wayne may want to add to this.

Senator DORGAN. If I may ask you, what kind of retainer exists that you can call upon? You indicated that when you exercise an operating loss, you can call upon some retained earnings.

I'm sorry to interrupt, Mr. Chairman.

Senator BENNETT. Not at all.

Mr. DIMARIO. We operate through a revolving fund, and when we have work, we have to reimburse the revolving fund based on the work that we do. The revolving fund over a period of time, 40 years, had built up a reserve.

Senator DORGAN. How much of that reserve now exists? I guess that was my question.

Mr. GUY. The retained earnings is $85 million. That is used for several purposes. It is used for working capital, primarily, to fund the operation of the Government Printing Office. We have revenues of about $850 million a year and we need a certain amount of working capital because we produce the work, provide the services, and then we get paid.

So most of that is tied up and necessary for the operation.

BILLING PRACTICES

Senator BENNETT. I just have one further question relating to your response to Senator Dorgan.

Under current practice, you have up to 3 years in which to bill for work. I found that a little surprising, that you can work until 3 years later to send a bill.

Do you have a reason for this long billing period and does anybody complain about it?

Just help me understand that, please.

Mr. DIMARIO. There are complaints and we are attempting to deal with that issue by working out firm pricing arrangements with the agencies.

But as a general rule, when agencies come to us or the Congress comes, if we are procuring work—and we procure about 75 percent of our work—in the end we are dependent on knowing what that specific contract calls for.

Senator BENNETT. When you say you are procuring your work, what does that mean?

Mr. DIMARIO. We buy the work through private sector contracts. We enter into contracts with contractors around the United States.

Senator BENNETT. My verb for that would be that we subcontract, not that we procure.

Mr. DIMARIO. Yes, sir; we subcontract. If we were in the private sector, that is precisely what we would call it. We are subcontract-

ing to these individuals and we are acting as a contractor to the agencies.

Senator BENNETT. OK.

Mr. DIMARIO. In this process, we are dependent on the contractors providing invoices to us for their work under the contracts that are let. We, in turn, have to pay those contractors who may go back and forth.

As a general rule, we do not bill the agency until the contractor is paid. We have started the practice—and it is totally within the law—because we have come to be cash short at times in this revolving fund, of advance billing the agencies. This provides us the money up front for the product that we are going to provide that we are billing for.

That is accommodating the situation to a large degree. But there has been this past history of not billing for a substantial period of time. We have worked actively with our largest customer, the Department of Defense, to work on an acceptable structure in that regard.

Do you have anything to add to that?

Mr. GUY. Well, most of the work is billed promptly.

Mr. DIMARIO. Right.

Mr. GUY. Some of the jobs do take a while to complete and in some cases we will bill in advance. In other cases, we will wait until the job is actually delivered to the customer before giving the customer a final bill.

Senator BENNETT. Do you have any further questions?

Senator DORGAN. Nothing further. Thank you.

Senator BENNETT. Thank you very much.

Mr. DIMARIO. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator BENNETT. We appreciate your coming in. We appreciate all the hard work you do.

Mr. DIMARIO. Thank you.

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

ADDITIONAL COMMITTEE QUESTIONS

REVOLVING FUND/GPO YEAR END LOSSES/PRINTING RATES

Question. Section 309 of Title 44 requires that the revolving fund be reimbursed for the full cost of services. The GPO revolving fund has sustained losses since fiscal year 1991. For fiscal year 1994 through fiscal year 1996, the losses were:

GPO Revolving Fund

[In millions of dollars]

	Surplus/loss
Fiscal year 1994 actual	−21.8
Fiscal year 1995 actual	−3.0
Fiscal year 1996 actual	[1] −16.9
Fiscal year 1997 est	?

[1] Increase in printing rates went into effect in May 1996.

The fiscal year 1996 revolving fund sustained a loss of $16.9 million, more than five times the fiscal year 1995 loss of $3 million. How much of the losses for 1994, 1995, and 1996 are generated by congressional printing, executive branch work, and

judicial branch work? What steps has GPO taken to prevent similar losses in fiscal year 1997?

Answer. The estimated distribution of the losses follows:

	1994	1995	1996
Legislative Branch:			
Congressional Printing and Binding	($8,500,000)	($3,000,000)	.....
Other Legislative Branch Agencies	(1,478,730)	(235,208)	($614,046)
Subtotal, Legislative Branch	(9,978,730)	(3,235,208)	(614,046)
Judicial Branch	(86,893)	(14,071)	(33,175)
Executive Branch	(18,158,377)	(2,988,721)	(7,015,779)
Subtotal Printing and Binding	(28,224,000)	(6,238,000)	(7,663,000)
SuDocs	6,450,000	3,213,000	(9,248,000)
Total	(21,774,000)	(3,025,000)	(16,911,000)

Printing and Binding revolving fund losses were allocated to the branches of government indirectly based on the proportion of total work billed to each. These losses were the result of several factors. The primary cause of the under recovery in Printing and Binding was that rates were frozen since 1990. While cost savings were being achieved through reductions in the workforce and other measures, significant cost increases had to be absorbed, such as pay raises and supplier price increases. Workloads also decreased.

Section 309(b) of Title 44 requires that the revolving fund be reimbursed for the cost of all services and supplies furnished. In a letter to the Public Printer, dated April 16, 1996, Chairman Thomas indicated that the Joint Committee on Printing (JCP) expects the Public Printer to comply with the provisions of section 309.

Unliquidated obligations, totaling $6.2 million, reimbursed the fund for the full cost of Congressional work in fiscal year 1996. Since rates were not adjusted until May of 1996, the full cost of executive agency work could not be recovered from them because they did not obligate the necessary amounts through requisitions. During fiscal year 1994 and fiscal year 1995, CP&B appropriation accounts also incurred costs which significantly exceeded reimbursements to the fund. The unliquidated obligations, totaling $11.5 million, were reimbursed to the fund during fiscal year 1997. In addition, $1.3 million was reimbursed to the fund during fiscal year 1997 from S&E appropriation accounts for under recovered cost during fiscal year 1994–1996. Losses which were not reimbursed have been financed through reductions in retained earnings in the revolving fund.

In order to prevent similar losses in fiscal year 1997, GPO is reducing staffing levels, investing in technology, and managing rates. However, many factors affecting workload and operating costs are beyond the control of GPO. Unless workload increases substantially and GPO is able to serve a larger share of the Government's printing requirements, it may not be possible to avoid losses in fiscal year 1997.

Question. At the beginning of fiscal year 1997, what was the GPO estimate of the revolving fund revenues and expenses? Was it revised at the end of the second quarter? If so, what were the adjusted estimates?

Answer. At the beginning of fiscal year 1997, GPO budgeted revenue of $843 million and total expenses of $840 million. Through the first half of fiscal year 1997, revenue totaled $403 million and expenses totaled $408 million. This compares to total revenue of $443 million and expenses of $453 million for the first six months of fiscal year 1996. Based on experience to date, revenue is now expected to fall significantly short of the budgeted level. Workload volume has fallen short of projections.

Question. Does GPO now estimate the revolving fund will sustain a loss for fiscal year 1997? If so, how much of a loss?

Answer. In order for losses to be avoided, workloads will have to increase significantly. GPO cannot control the level of work requested by customers. If workloads do not increase substantially, price increases will be necessary. Congressional workloads are expected to increase substantially for the remainder of the year. Agency workloads will largely depend on compliance with the requirement to procure printing through GPO. A significant volume of publications that were previously printed

through GPO and sold through the Superintendent of Documents Sales Program are being diverted to other agencies, such as NTIS, UNICOR, GSA and DAPS, or being "privatized".

DEPOSITORY LIBRARY TRANSITION PLAN

Question. By the end of fiscal year 1998 (assuming funding at or near the fiscal year 1996 level), GPO plans to provide about 50 percent of FDLP information electronically. In his Senate testimony last year on the fiscal year 1997 budget request and in his House testimony this February on the fiscal year 1998 budget request, Mr. DiMario made the following statement: "Significant progress toward a more electronic FDLP can be made by the end of fiscal year 1998 with essentially flat funding. For the out years, fiscal year 1999 and beyond, there are too many variables involved to accurately project program funding requirements at this time."

In the GPO Budget Justification for fiscal year 1998 on page III–6 for 2h (Workload—Misc. Services), it states that the increase ($1,141,000) represents additional expenses needed to transfer the Federal Depository Library Program to an electronic format. Does GPO consider this essentially flat funding?

Answer. The request is essentially flat compared to the amount requested for fiscal year 1997, and compared to fiscal year 1996 and fiscal year 1995 appropriations. The fiscal year 1998 request of $30,477,000 is $350,000 less than what was initially requested for fiscal year 1997; however, it is $1.4 million more than what was approved for fiscal year 1997. The request is essentially flat compared to the $30.3 million appropriated for fiscal year 1996, and the $31.6 million appropriated for fiscal year 1995 (net of a $600,000 rescission). These numbers have not been adjusted for inflation.

As the program transitions from ink-paper to electronic formats, the workload mix is changing. This will cause some object classes, like "Other Services," to increase and others, like printing, to decrease. A major portion of the fiscal year 1998 funding request is for "Other Services" in support of the transition to a more electronic Federal Depository Library Program, including source data file acquisition, preparation, and loading of agency databases into the GPO Access system.

Question. When will GPO be able to project program funding requirements for fiscal year 1999, fiscal year 2000 and fiscal year 2001?

Answer. GPO will submit funding requests for the Federal Depository Library Program for fiscal year 1999 to the Congress in December 1997. We anticipate an overall S&E funding request in the $30 million range for fiscal year 1999. However, in this period of rapid change there are too many variables, such as the initiatives to amend 44 U.S.C., changes in agency printing practices, technological developments, and the like, to allow any early projections for the fiscal year 2000 and fiscal year 2001 requests to be more than purely speculative.

Question. All Federal depositories are now expected to offer public users access to computer work stations with a graphical user interface, CD–ROM capability, Internet connections, and the ability to access Government information via the World Wide Web. However, as of 1995 nearly 25 percent of the depository libraries lacked Internet access for public patrons.

What is the status of this directive? Have there been any new developments or changes in its implementation?

Answer. For fiscal year 1997, House Report 104–657 provided a $50,000 reduction in the Salaries and Expenses Appropriation and a $1,050,000 reduction in the Congressional Printing and Binding Appropriation by converting the Bound Congressional Record to CD–ROM. The Report also directed GPO to produce and distribute the permanent Congressional Record at the direction of the Joint Committee on Printing. Accordingly, correspondence was sent to the Chairman, JCP on March 28, 1997, asking for the distribution requirements of the Record both in CD–ROM and paper. We have not yet received a response.

GPO has been advised of very serious concerns within the depository library community about the discontinuation of the paper format bound Congressional Record in the Federal Depository Library Program (FDLP). Depository librarians view the bound Congressional Record as an essential reference resource which should be maintained in the FDLP in paper format. There are also legitimate questions about the permanency of the CD–ROM format, from an archival medial standpoint, as well as issues concerning computer hardware and software obsolescence. The depository library community considers the permanent Congressional Record one of the core documents of our democracy, one which should, at a minimum, be preserved in paper format for the free use of the public in at least one library in every state.

HOUSE CLERK'S PROPOSED DOCUMENT MANAGEMENT SYSTEM

Question. In Mr. DiMario's testimony on February 11, 1997, before the House Legislative Subcommittee, he voiced several serious concerns about this plan. During his appearance, Mr. DiMario was advised to contact the House Clerk and request a meeting since the two of them had not previously discussed the earlier report or the Clerk's proposed Document Management Plan.

Has Mr. DiMario met with the House Clerk yet? If so, what was the outcome?

Answer. Yes, Mr. DiMario recently had a cordial meeting with the House Clerk to discuss the House's proposed document management system. A new channel of communications has been opened. The Public Printer pledged support for the Clerk's efforts. Over the past three decades, GPO has built a core capability for electronic information and communications services to support Congress' information needs. Today, GPO has state-of-the-art electronic systems characterized by a complex of direct electronic linkages via CAPNET to a variety of congressional offices on Capitol Hill for data interchange. Once considered only the by-product of the print production process, digitized electronic databases of congressional information are now the primary product: they are the databases from which the official versions of documents are produced in print, CD–ROM, and online access formats made available to the public through GPO Access as well as other systems such as the Library of Congress's THOMAS information system.

UPCOMING RULES COMMITTEE HEARING ON TITLE 44

Question. The Rules Committee has scheduled hearings on Title 44 U.S.C. for April 24 and April 30, 1997. The focus of the hearings will be the reform of Title 44 U.S.C. and the implementation of means to assure that the American public retains access to information created by the Federal Government at taxpayer expense.

Has GPO, or any other group, conducted a study or review to determine why GPO customers are seeking alternative printing options which has resulted in GPO's reduced customer base. For example, when was the last evaluation conducted of customer satisfaction with the GPO work product in terms of timeliness, quality, security, and economy in printing?

Answer. The vast majority of GPO's customers are not actively seeking alternative printing options. Misunderstanding resulting from statements in the National Performance Review, which referred to GPO as a "monopoly", and a controversial opinion by the Justice Department's Office of Legal Council, which characterized GPO as having "extensive control" over executive branch printing, have created an ambiguous environment regarding administration policy and direction. This has encouraged agencies to seek alternatives.

There has been misinformation generated over the last couple of years by groups such as the National Technical Information Service (NTIS) and the General Services Administration (GSA) regarding Title 44 and the value of the services that GPO provides. This, and claims that these groups can provide better prices and a less restrictive printing environment, has resulted in much uncertainty and confusion, which has caused some customers to question the need to come to GPO. Some publications previously printed and sold through GPO have been diverted to other agencies.

There has been an increasing tendency for some agencies to attempt to benefit financially from the value of the information they create at taxpayer expense, through such means as copyright-like restrictions. There has been a tendency for certain agencies to occasionally overbuild in-house printing capacity; and, to contract independently for printing, at higher cost. GPO's centralized printing procurement contracts allow the government to aggregate demand, promote broad competition, and obtain the best prices. GPO also offers performance control and other support services that would be too expensive for each agency to duplicate.

The last survey of customer satisfaction was performed by GPO's Office of the Inspector General in 1995. A comprehensive survey of GPO's performance, including timeliness, quality, and economy was sent to 111 of GPO's Executive Branch agency customers. The IG's final report, "Results of the Office of Inspector General Survey of Customer Satisfaction in the Executive Branch," was issued in August 1995. During the survey period, the customer agencies rated GPO's service and performance to be satisfactory or better. Results from interviews conducted with GPO's ten largest billing Executive Branch agencies indicated that, despite some areas of concern, GPO performs a valuable service for them. The GPO entities involved have taken actions to investigate and improve these problem areas.

In 1994, Customer Services surveyed customers to solicit feedback regarding the success of GPO's efforts to improve total operations and to measure how its customers perceived the quality of service they were receiving. Surveys were distrib-

uted each quarter to approximately one-fourth of the customer base, comprising a mix of large, medium, and small customers (as determined by the most recent year-end billings).

The surveys were compiled and analyzed each quarter. Although the results of each survey indicated general overall satisfaction, any problem areas indicated were examined and brought to the attention of the applicable GPO area. Quarterly survey results were then compared to gauge the success of overall efforts to improve service. The results of each survey were provided to upper management and applicable Customer Services personnel.

Because of discussions with OMB, the possible rewriting of Title 44, and the comprehensive nature of the IG's 1995 survey, we have refrained from taking any additional formal customer satisfaction surveys at this time. While we continue to monitor customer satisfaction on a daily basis, we will resume the formal surveys when appropriate. A GAO survey of Federal Agencies in 1987 found that the vast majority of agencies were satisfied with GPO services.

GPO's workload has declined largely because agency printing budgets have been seriously impacted by reductions in appropriations. There has been a shift in format from paper to electronics. This has resulted in a substantial decrease in both the number and size of orders. GPO's printing procurement and information dissemination programs continue to offer the best value and fulfill important public policy goals.

GPO 1998 BUDGET REQUEST

Question. For fiscal year 1998 GPO is requesting $114.5 million for those programs that require annual appropriations directly to GPO. This is an increase of $3.8 million, or 3.4 percent, over the funding approved for fiscal year 1997. The request includes $84 million for the Congressional Printing and Binding Appropriation and $30.5 million for the Salaries and Expenses Appropriation of the Superintendent of Documents. According to GPO, the increase is due primarily to general price level increases, although for congressional printing there are also workload increases in various product categories that GPO states are typical for a second session of Congress.

The following budget items show significant changes to the budget base.

—GPO projects more than a 16.7 percent increase in the number of copies of the Daily Record over the 1997 level.

—GPO projects a 50 percent increase in the number of copies of Business and Committee Calendars.

—GPO projects a 23.2 percent increase in the number of Committee Reports.

For the Daily Record, the Business and Committee Calendars, and Committee Reports, what was the percentage increase in production for the second session over the first for the 101st, 102nd, 103rd and 104th Congresses?

Answer. The percentage increase in the Second Session production (pages) over the the First Session production for each Congress is shown in the following table:

	Congress			
	101st	102d	103d	104th
Daily Record	26.3	14.6	25.0	24.1
Business and Committee Calendars	43.2	101.8	52.6	50.9
Committee Reports	11.8	50.5	22.6	38.6

PERSONNEL

Question. GPO has an FTE limitation in its appropriations language. For the past two years it has been stated in terms of an end-of-the-year staff on board level. For fiscal year 1997 the target is 3,600. GPO projects it will be at 3,550 by the end of fiscal year 1998. During Mr. DiMario's testimony this February before the House Legislative Appropriations Subcommittee, he stated that GPO currently had 3,674 on board.

What is your current on board staff level? Do you still expect to reach a level of 3,600 on board by September 30, 1997?

Answer. As of April 30, 1997, the total on board level was 3,645 employees and the rate of FTE utilization was 3,578 for the month of April. The appropriations language refers to FTE's (Full Time Equivalent) employment at the end of the fiscal year. FTE's are normally less than on board employment because some employees take leave without pay and some employees work part-time. Only paid employment

is counted in FTE's. GPO expects to comply with the ceiling established by the appropriations language and, based on April data, is already below that level.

Question. At a previous Joint Committee on Printing hearing in 1995, several questions were asked about GPO supervisory staff levels. At the time, Mr. DiMario stated that regarding senior level super grades, in 1992 there were 32 and in 1995 there were 22 (a 31.3 percent reduction). However, in the fiscal year 1998 Budget Justification (page V–3), a Summary of Employees by Organization indicates the following:

Organization	1993 Staff	1996 Staff	Percent Decrease
Executive Offices	102	102	.....
Office of Administration	843	690	−18
Procurement Services	775	588	−24
Production Services	1,921	1,500	−22
Customer Services	232	200	−14
Superintendent of Documents	912	719	−21
Grand Total	4,785	3,799	−21

How can both of these statistics be accurate?

Answer. The above table does not identify the number of senior level employees at GPO, but rather is a summary of total employees by organization at the end of each fiscal year. The numbers stated by the Public Printer at the hearing were accurate. As of April 21, 1997, there were 19 senior level employees on board.

Question. Not all of the segments at GPO have shared the burden of downsizing, and those which did, did not share the burden equally. Please explain.

Answer. The Executive Offices for fiscal year 1996 includes 10 employees returning from OWCP (Office Workers Compensation Program) and who have light duty assignments in various office throughout GPO. In fiscal year 1993, employees on this category were not reported in the Executive Offices total, but instead were included in the organizations to which they were assigned for duty.

ENERGY CONSERVATION

Question. Last year GPO proposed legislative language to achieve energy conservation as part of the Fiscal Year 1997 Legislative Branch Appropriations Act. The language was not acted on by Congress.

Please briefly describe last year's efforts, and the current status of this legislation.

Answer. GPO requested authority to enter into contracts for energy conservation services with performance guarantees. These services are estimated to have a potential annual savings of $500,000. The savings would be used to replace inefficient and worn out air conditioning equipment, which is environmentally unsafe, and to upgrade necessary electrical equipment. The Architect of the Capitol was provided this authority when it was included in the National Energy Conservation Policy Act (42 U.S.C. 8287) by Public Law 103–211, dated February 12, 1994; but, GPO was not included.

In the last session of Congress, the necessary language was passed by the Senate, but was not included in the House-passed version. The provision was deleted in conference. GPO was asked to work through the House Commerce Committee on the amendment. GPO has been working with staff of the Commerce Committee on the request.

PRIVATIZING THE CONGRESSIONAL RECORD/FEDERAL REGISTER

Question. In the House report accompanying GPO's Congressional Printing and Binding Appropriation for fiscal year 1997 (H. Rpt. 104–657, pp. 28–29), GPO is required to conduct a study, using independent outside experts, to determine if opportunities exist for outsourcing the Congressional Record and the Federal Register. According to Mr. DiMario's testimony before the House subcommittee last February, GPO recently posted a notice in the Commerce Business Daily.

When do you expect to award the contract and what is the estimated completion date?

Answer. GPO does not have the authority to procure consulting services in excess of $50,000 without the approval of the Joint Committee on Printing (JCP), based on a resolution passed by the JCP in 1987. GPO estimates that the cost of the study could be as much as $600,000. In order to comply with House Report 104–663, GPO

wrote to the Chairman of the JCP requesting approval for the procurement, but approval has not been given.

BY-LAW DISTRIBUTION

Question. About 2,190 copies of the Congressional Record are distributed without charge to recipients designated by Senators.

Please provide a copy of the Senate distribution list.

Answer. The list has been provided to the committee.

PILOT PROJECT FOR ONLINE ACCESS TO COMMITTEE HEARINGS

Question. GPO is currently piloting a system for providing online access to congressional hearings that will assist House committees in fulfilling the recent House rules change requiring online dissemination of committee materials.

Please provide additional information on this project as well as the feasibility, benefits and drawbacks of it being adapted to Senate Appropriations Committee hearings.

Answer. A small pilot was initiated in January 1997, involving GPO, House Committee on Government Reform and Oversight, House Committee on Science, and the Senate Appropriations Committee. Its purpose was to explore the feasibility/cost-effectiveness of providing complete hearings and committee prints online via GPO Access. The advantage was sought to include even submitted material in encapsulated PostScript (EPS), to enable citing the online Portable Document Format (PDF) version as a facsimile of the official printed version. GPO believes that the preferable approach would be for congressional leadership to stipulate (with GPO's assistance/participation), standardized data structures for submission of data to be included in these publications. Such an approach would result in all data being searchable and reproducible in a variety of formats. The pilot procedures have already been successfully employed and could be continued to make critical publications available electronically on an interim basis. The procedures necessitate scanning images to arrive at EPS versions that sometimes require inordinate amounts of computer disk space and tend to exceed some committees' present computer configurations. The pilot is expected to determine whether these functions would be performed by committees, by GPO, or a combination of both, while providing a basis for cost analysis.

In addition to this pilot, World Wide Web (WWW) "home pages" have been incorporated into GPO Access for all House and Senate committees. These WWW pages facilitate listings of, and access to, all publications processed by the committees through GPO. These pages also include extracts from appropriate congressional publications which provide access to committees' membership, jurisdiction, and rules of procedure. The Uniform Resource Locators (URL's) for these pages can be used by committee WWW sites to minimize unnecessary and duplicative processing of publication data. Further development of GPO Access was undertaken at the request of the Senate Committee on Rules and Administration to permit remote WWW sites to link directly to documents resident on GPO's servers. The software has been developed and GPO is in the process of incorporating unique identifiers within each resident document to facilitate its use. A WWW page (http://www.access.gpo.gov/getdoc.htm) is under development to explain how to establish links. This page describes the HTML coding necessary to link directly to documents resident on GPO's WAIS Servers. HTML code from these pages can be copied to remote web sites (such as the House or Senate), to allow direct linking to all documents resident on GPO's WAIS servers. Two different CGI scripting interfaces are described: (1) a text link, (2) a graphic button. External sites desiring to link to a specific document on GPO's servers may choose either of the two interfaces. This method can be used for linking to both text and PDF documents within multi-document databases as well as linking to text and PDF versions of single-document databases.

GPO LONG-RANGE PLANNING FOR THE YEAR 2000

Question. In the GPO 1998 budget request, long-range planning for increased printing requests for the year 2000 is not addressed. Such an increase is likely in view of the fact that in 1989 the Bicentennial Commission ordered 3.7 million pocket-sized copies of the Constitution.

Please describe any long-range planning which GPO has done regarding: (a) printing increases due to the year 2000, (b) conversion of computer systems for the year 2000.

Answer. Regarding printing increases, GPO has requested input from Congressional offices. As the Government printer, GPO does not usually suggest to the Congress or Agencies what to print. The printer's role is to respond to requisitions for printing from the customer source. The printer must maintain up-to-date technology

which will enable, or facilitate economic creation of the desired product. The GPO does maintain up-to-date technology or the ability to procure printing related commodities providing for economy of scale. GPO's long-range planning includes provisions for the continued improvement in the performance of our mission.

Some ideas for printing for the year 2000 would include vehicles which could provide for the reproduction and/or creation of some first class, high quality, printed products as described below:

—Produce two special "Year 2000 Calendar", one for the House and another for the Senate, as had been printed until a few years ago.

—Produce an edition of "The 'Capitol'—Year 2000" which could commemorate the ending of one century and the beginning of another century. This publication is usually printed as a Senate Document.

—"The Constitution of the United States of America" and "Our Flag" are two other examples of publications which could be provided with a "Year 2000" theme. These publications could have wide distribution and would surely provide the recipient with a sense of pride in our Government.

—The "Biographical Directory", "History of the Committee on Ways and Means", "Guide to Former Members Papers, 1789–1987", "Bicentennial Publications on House Record", "Research Guide to Members Papers at Archives", "The U.S. Capitol—a Self Guided Tour", "History of the House", "Establishment of the House", and "Senate Bicentennial Minutes" are other publications which could be suitably designed for a Year 2000 commemoration. These publications and other similar publications were printed to commemorate the Bicentennial of the Congress.

—Another suggestion is to prepare an electronic data base of the "Serial Set" material (House and Senate Documents and Reports) for the past century. This would provide legacy data for on-line research for centuries to come.

GPO has completed a year 2000 impact assessment on mission critical systems. We have compiled an inventory of computer applications which will be affected by the turn of the century. Some of our applications and databases have been identified for total replacement while others will be, or are being, modified to accommodate the date problem. GPO has acquired two off-the-shelf software packages to facilitate the changes. These packages have worked well with COBOL applications. However, we are still looking for a good package that will assist us in identifying changes to many of our older COBOL/ALC programs and Natural Programming code of the Software AG's ADABASE Database Management System that need to be changed. GPO is planning to implement a client/server environment utilizing ORACLE and NT tools. We are designing relational tables and populating them under ORACLE/NT. As this effort progresses, it will set up a Data Warehouse for the entire GPO and thereby reduce the Year 2000 modification effort for the report producing and end-user data access programs. Our goal is to complete this effort well in advance and test all modifications before year 1999. Additionally, we plan to upgrade our mainframe operating system from IBM MVS/XA to MVS/ESA, which will be critical to effectively transition to the year 2000.

GOVERNMENT PERFORMANCE AND RESULTS ACT [GRPA]

Question. Is GPO covered by the GPRA? Please describe any steps GPO has taken to comply with the Act?

Answer. For purposes of the GPRA, "the term 'agency' means an Executive agency under Section 105 * * *". Section 105 of Title 5, United States Code, defines the term "executive agency" as "an Executive department, a Government corporation, and an independent establishment." Since GPO does not fall within any of the above categories or definitions, we must conclude that it is not subject to the provisions of the GPRA.

Last year, a strategic plan on the Federal Depository Library Program was included in the final Study Report, covering the period fiscal year 1996–2001. In 1993, GPO developed a comprehensive strategic plan, but this has not been updated. GPO has testified frequently before various committees of Congress on strategic issues facing the agency, most recently in relation to proposals for Title 44 reform. GPO has developed performance objectives for priority areas and includes them in the annual report.

Question. In response to questions previously submitted regarding the year 2000 computer problem, GPO stated that they have purchased two off-the-shelf software packages, they are looking for a third package for older equipment, and anticipate completing all testing by fiscal year 1999. How much money does GPO expect to spend in fiscal year 1998 to fix the year 2000 problem?

Answer. GPO expects to spend about $1 million in fiscal year 1998 to fix the year 2000 problem. This includes upgrading the mainframe computer, certain application programs, and modifications to software.

Question. The workload at GPO has been declining in recent years. At the same time, GPO has been continually incurring losses—$21.8 million in fiscal year 1994, $3 million in fiscal year 1995, and $16.9 million in fiscal year 1996 ($7 million if losses from the Superintendent of Documents is excluded.) What is GPO projecting for losses in fiscal year 1997? Excluding the Superintendent of Documents program, how does GPO plan to avoid losses in fiscal year 1998?

Answer. Losses in fiscal year 1997 through May total $5.9 million, primarily in the Materials Handling Operations and Printing Procurement. These losses are due to a reduced workload in the Plant and a reduction in the volume of work procured for certain agencies, such as Treasury and the Postal Service. A reduction in paper prices has been a significant factor in losses because GPO is reimbursed partially through surcharges based on the cost of paper. GPO's objective is to break-even for the remainder of the year, but actual results will depend largely on adequate workload levels and a reversal of some of the adverse trends cited above. Upcoming Congressional recesses could result in temporary workload reductions. Demand is not falling in a uniform, predictable manner, but rather fluctuates in a general downward trend. In order to avoid losses, controllable costs will continue to be reduced. Investments in technology will enable continued attrition while allowing services to be improved. Major technology investments are the Integrated Processing System in Documents, an information network in Printing Procurement, and the computer-to-plate system in the Plant. We are expanding electronic means and services. Improved compliance by Executive agencies with title 44 requirements to utilize GPO programs would increase revenue, reduce government-wide costs, and increase the availability of government information to the public.

Question. Under current law and practice, GPO has up to three years in which to bill for work. What is the reason for this long billing period and what would be required for GPO to be able to bill for work within the year the work was performed?

Answer. GPO generally bills for work after it is completed and actual costs are known. Often, jobs are not ready to print at the time of requisition, usually because the customer requires additional pre-press work such as revisions. An example is congressional committee hearings where the final production of the hearing record may take several months, perhaps overlapping fiscal years. Sometimes commercial printers do not bill GPO promptly for the work they perform, which delays GPO's billing process.

The major goals of any change in billing procedure should be to reduce administrative cost, simplification, and control. GPO can advance-bill an estimated amount, rather than the actual cost, before the work is completed. The amount billed would be intended to reimburse the complete cost of a job, regardless of when the work is required and performed. GPO can work with congressional committees and offices to speed up the billing process for their products. The alternative to close out all congressional jobs every year, regardless of their status, and to reissue new requisitions for uncompleted work annually, would impose significant administrative costs on GPO and Congress.

GPO has made a number of improvements to alleviate the delayed billing problem by use of deposit accounts, credit cards, firm pricing, and automating some of the billing functions using personal computers. Congressional rider billings to agencies are now being processed daily rather than after all of the orders for the year are complete. For commercially procured work, where billings are not received from the printing contractors, GPO estimates the job costs and bills the ordering agencies approximately six months after the scheduled delivery date. We have also implemented a firm pricing policy which establishes the amount to be billed when the order is received. Agencies can request that GPO provide a firm price so they can obligate the proper amount of money. We honor all firm price quotes regardless of actual cost.

GPO has been encouraging agencies to use the VISA IMPAC credit card as a method of payment for printing and binding orders. GPO began accepting credit card payments from agencies in May 1994 and the dollar volume has steadily increased to about $300,000 per month. Use of the credit card coupled with a firm price from GPO reduces the billing and collecting cycle time to one day.

Another payment option that GPO offers is a GPO Deposit Account. Under this option, the customer agency deposits an amount of money with GPO and places printing and binding orders against these funds. GPO reduces the Deposit Account by the cost of the orders and sends the ordering agency a statement at the end of

each month which includes a detailed listing of the print jobs and their actual cost and the deposit account balance at the end of the month.

GPO has been able to offer these new streamlined payment options by automating many of the functions involved in the billing and accounting processes. The major goal of these initiatives is to reduce the accounting staff and paperwork at GPO and throughout the rest of the Federal Government, while improving the accuracy and timeliness of accounting information. GPO can work with Congress to utilize these initiatives to speed up the billing process for congressional products.

Question. GPO estimated that there was a $9.2 million deficit in fiscal year 1996 for the Superintendent of Documents account. Please explain why there was a loss and provide details surrounding the program GPO plans to implement to avoid future losses in this program.

Answer. The shutdowns of Federal Government operations during the budget impasse and the Government closure in Washington, DC, due to inclement weather negatively impacted order and sales activity for fiscal year 1996, leading to unanticipated revenue declines. While the Sales Program was not closed during the second Government budget shutdown, many of our customers nationwide mistakenly believed it was. The January 1996 snow storm caused the entire region to shutdown for four days, including GPO's telephone order system in Washington, DC, and publications shipping facility in Laurel, MD.

In the latter half of the year a concerted effort was made to remove from the inventory all publications considered unsalable, resulting in a high unsalable publications expense in fiscal year 1996. Several steps aimed at preventing a future build up of unsaleable or surplus publications have been taken. These include the establishment of new product ordering guidelines and the formation of a team to review product requisitions.

Since the beginning of fiscal year 1997, the sales program has taken steps to improve sales and decrease expenses. Sales revenue has increased from last year. Several of these projects have already resulted in changes that have been fully implemented. Others are expected to take longer to implement and produce results.

Question. In previously submitted questions GPO stated that it estimates congressional workloads to increase substantially for the remainder of the year. How do you estimate your workload levels?

Answer. Workload levels are estimated by analyzing the level of demand for each category or classification of work for previous years. GPO considers such factors as first session year of a Congress; second session year of a Congress; Presidential election years; first year of Presidential term; second year, etc. Consideration is also given for known atypical circumstances. Congressional workload during the first quarter of fiscal year 1997 was very low by historical standards. Therefore, a return to a more normal workload level was expected to result in increased workload. We have seen a significant increase in workload over the past several months in some areas.

Question. In testimony before the Rules Committee this year, it was stated that the "reserves" are at a critically low level. What is considered "critically low" and what are the problems associated with such a "low" level.

Answer. The minimum acceptable cash balance is $15 million. When cash drops to that level, the Comptroller implements GPO's cash management plan which requires issuance of partial billings and advance billings to GPO's customers. These actions cause processing of additional GPO invoices by our customers and in extreme cases could cause us to delay paying suppliers until cash is restored to an acceptable level.

GPO spends an average of $3.6 million per day for normal operating expenses and plans to spend more than $8 million during the remainder of fiscal year 1997 for capital improvements. If cash falls below the $15 million minimum, certain expenditures may have to be deferred until such time as the cash balance is increased.

Question. A previous question asked if the revolving fund revenues and expenses were revised at the end of the second quarter, and if so, what were the adjusted estimates? Your response did not address these questions. Was the revolving fund estimate revised at the end of the second quarter of fiscal year 1997, and if so what are the revised estimates? Based on these revisions, will GPO break even this year? If not what further steps is GPO planning to take to break even?

Answer. At the beginning of fiscal year 1997, GPO budgeted revenue of $843 million and total expenses of $840 million, with a net surplus of $3 million. These amounts have been included on the Monthly Financial Estimates and JCP Financial Package throughout fiscal year 1997. However, during the second quarter we reassessed the GPO's revolving fund financial operations and revised the year-end fiscal year 1997 projection from a $3 million surplus to a $.3 million surplus. Actual financial results of operations through May of fiscal year 1997 are a loss of $5.9 million.

These losses are due to reduced workload in the Plant, a reduction in the volume of work procured, and reduced paper prices. GPO achieved a small net income in the month of May and the objective is to break-even for the remainder of the year. Actual results will depend largely on adequate workload levels. We are continuing to attrit the workforce in an effort to balance this major controllable cost with anticipated revenues. GPO management will continue to monitor the workload and revenues in the final quarter to determine whether additional financial cost control measures become necessary.

Question. In response to a previous question, you state that workloads will have to be increased significantly in order for GPO to avoid losses. Are there not other steps GPO can take to avoid these losses?

Answer. Financial results are very closely correlated with changes in workload levels. Apart from efforts to increase workload, customer service, and enhanced services, GPO is reducing costs and investing to become more efficient. GPO has achieved significant reductions in employment and overtime over the past four years, and continued cost reduction is planned. Planned investments focus on the use of information and communications technology.

Question. Does your response to a previous question suggest that GPO plans to do more work in-house than it originally planned?

Answer. Based on experience to date, GPO does not expect in-house workload to exceed the level planned, but does expect an increase in the remainder of the year over the first four months.

Question. How will that affect the agency's printing procurement program?

Answer. The increase in plant workload is expected from increased customer requirements for core products generally performed in-house, not from diverting work usually procured.

Question. How does the Government Printing Office forecast its revenues and expenses? Are they based solely on the previous year's level of activity, or is there some other more reliable measurement upon which GPO bases its estimates?

Answer. Revenue, in particular, cannot be forecast with reliability because of the many uncontrollable and unpredictable factors involved. The following factors are considered in forecasting revenue and expense, many of which are largely qualitative in nature:

—Past trends in workload, including cyclical patterns.
—The impact of information technology on workload mix.
—Known or anticipated changes in workload planned by customers.
—Initiatives that might impact on compliance with title 44.
—Activities of competing agencies, such as DAPS and NTIS.
—Economic factors, such as paper prices, and rate adjustments.
—The impact of capital investments.
—Projected workforce level.
—Cost factors, such as wage agreements and supplier price increases.

Question. It has been suggested that agencies be required to prepare an annual printing plan as part of their budget submission. Would GPO find this a helpful tool for its internal programming purposes? What other uses could GPO find for such a plan? Please provide the committee with an outline of the question which should be asked in such a planning tool.

Answer. This would help GPO planning. GPO could assist OMB in the technical evaluation of these plans. They could provide information to aid the process of determining whether to establish, maintain or expand internal capacity or to rely on commercial sources through GPO's printing procurement program. GPO can be a resource for availability and estimated cost information to aid in this decision making process. The following information would be useful:

How do you estimate prospective printing costs?

—How are cost saving options considered, including optional production methods, papers, trim sizes, and new technologies?
—Do you utilize the expertise of the Government Printing Office?

If your plan includes in-house production,

—How are costs determined?
—Do demands fluctuate?
—How do you balance capacity with demand?
—How are costs compared with what is available from the private sector?
—Is the private sector able to provide required service levels? At what cost? How is this determined?
—Did you utilize the expertise of the Government Printing Office?
—How do you plan to take advantage of new technologies?

The Superintendent of Documents would find annual agency printing plans a useful tool in tracking down fugitive publications for distribution to the Depository Li-

braries. The Sales Program would find these plans helpful in alerting us in advance to new products, changes in publication scheduling for recurring products, and the discontinuing of existing products. This would be particularly useful for planning sales promotions and in forecasting anticipated customer demand. The following information would be helpful, if included in the plan:

—Title of publication or subscription.
—Expected date of publication.
—Is publication for in-house use only? If not, what is the Target market for that product?
—Expected size and binding type if printed.
—If not printed, then expected alternative format.
—Planned distribution method; free, Internet only, sales by agency, sales by GPO, Depository Library program, distribution by other second party in government or private industry.
—Is product to be co-produced and distributed with a private company?
—Will agency do any advertising prior to making the publication available for distribution?
—Is publication required to be produced by law?
—Is publication of public interest or educational value?

Question. You have forwarded to the Joint Committee on Printing a proposal to acquire computer to plate technology. What is benefit of that technology?

Answer. The two major benefits of computer-to-plate technology are: (1) the GPO will be able to continue to significantly reduce its workforce in areas of the plant directly involved in the printing processes; and (2) GPO will retain the capability of delivering a comparable volume of quality print products to Congress at reduced labor costs, without diminishing its ability to produce electronic products. Potential labor cost reductions and the large volume of time-critical work which can be processed with fewer GPO personnel resources insures the cost-effectiveness of this equipment.

Other benefits:

—Establish networked, high-speed, fully-automated platemaking capabilities, saving both labor and materials.
—Greatly reduce the need for negatives and manual imposition, thereby eliminating redundant images of the same data, as well as several steps in the production process.
—Greatly reduce film and chemical disposal/recycling and environmental concerns.
—Greatly reduce film and plate handling and the corresponding damage/spoilage.
—Greatly reduce film contact problems due to the elimination of film.
—Improve scheduling as well as increase productivity.
—Create electronic storage of imposition where none previously existed.

Question. What cost savings do you anticipate with its implementation?

Answer. The estimated annual savings of two-thirds of the staffing will be accomplished over a period of three years. It is assumed that about one-third of the savings will be achieved in the first year; two-thirds in the second year; and a full $7,345,000 in the third year. The reason that the savings are so large is that in order to make a plate GPO must first create negatives and then use them to make a plate. The direct to plate system eliminates the need to make a negative and also streamlines the plate making process. The operating and maintenance cost of some current equipment will be saved, and total space requirements will be reduced, as cameras and processors are surplused.

Recognizing that the savings will be achieved gradually, it still makes good sense to proceed with procurement to gain the benefits in the production process. The revolving fund has enough cash to purchase the direct to plate systems which are estimated to cost $1,625,000. The cost of the equipment will be capitalized and appear on GPO's statement of financial position as a fixed asset. The equipment will be depreciated over a 5 year period which will generate depreciation expense of $325,000 per year ($1,625,000/5 = $325,000) which will appear on the statement of income and expense each year for five years.

Question. How long will it take for those savings to be realized?

Answer. The system will pay for itself in about one and one-half years. Labor cost reductions will begin in the first year and will be fully accomplished within three years of installing the new technology. The reduction in labor will be accomplished through normal attrition, retraining, and voluntary reassignments.

Question. Is there a specific volume of work which must be maintained in order for this technology to be cost effective?

Answer. A specific volume of work would have to be maintained during the short pay back period to insure that acquisition of the technology was cost-effective. How-

ever, since computer-to-plate (CTP) requires only a bare minimum of employees, cost effectiveness is assured. The large volume of agency work being processed provides additional assurance.

Question. Are there other technological changes which must occur before this technology is effective or useful (e.g. Should the House and Senate be electronically transmitting all their proceedings to GPO in an identical language before this technology can be useful)?

Answer. This has no bearing on whether GPO's employment of CTP technology would be useful or cost effective. No other technological changes are necessary to make GPO's employment of CTP technology useful and cost effective.

Question. If so, would it not be more practical for other steps to be taken before the JCP approves your request?

Answer. JCP approval of the pending request will permit continued attrition of the workforce presently assigned to these activities and materially reduce labor costs, without adversely impacting the capability to process a comparable volume of work.

Question. The Joint Committee on Printing has asked the House Appropriations Committee to reconsider its request that GPO undertake a study to determine what Congressional printing needs could be outsourced. This request was made in light of current review of Title 44 and other policy considerations currently affecting GPO. If the request to fund the acquisition of computer to plate technology is approved, will that lock GPO and the Congress into a situation where economically it will be impractical or impossible to consider outsourcing Congressional printing needs in the future?

Answer. Although the CTP request before the JCP has a 5-year depreciation period, the system will pay for itself through savings in a much shorter period of time. Additionally, a large volume of Executive Branch publications are expected to be processed utilizing this same CTP equipment. Whether the work is outsourced or continues to be produced by GPO, any CTP expenditures would be completely recovered by the time such outsource contracts can be fully implemented.

GENERAL ACCOUNTING OFFICE

STATEMENT OF JAMES F. HINCHMAN, ACTING COMPTROLLER GENERAL OF THE UNITED STATES

ACCOMPANIED BY:

J. DEXTER PEACH, ASSISTANT COMPTROLLER GENERAL FOR PLANNING AND REPORTING

JOAN M. DODARO, ASSISTANT COMPTROLLER GENERAL FOR OPERATIONS

RICHARD L. BROWN, CONTROLLER

INTRODUCTION OF ASSOCIATES

Senator BENNETT. We will now go to the General Accounting Office.

We welcome the General Accounting Office. I am not sure I have the right names here. I do not want to repeat my gaffe of last time.

We have James Hinchman, who is the Acting Comptroller General of the United States, and he is accompanied by Mr. Dexter Peach, Assistant Comptroller General for Planning and Reporting; Ms. Joan Dodaro, Assistant Comptroller General for Operations; and Mr. Richard Brown, Controller.

Thank you. We commend GAO for its ability to handle a 25-percent reduction in your budget over the past 2 years. I understand that that kind of downsizing can be painful. But in my visits with you, I have found you willing to accept it and implement it without complaint. That is kind of rare around here. We want to make it clear that it does not go unnoticed and unappreciated.

You have maintained the number of products you produce, increased the timeliness of your jobs, and reduced the job duration and cost while absorbing that 25-percent cut. So it is appropriate that you are the watchdog of Congress. If you have been able to do it yourself now, go out and get them to do likewise, whoever the them may be in the circumstance.

We look forward to your testimony.

Senator Dorgan, do you have an opening statement for this group?

Senator DORGAN. Mr. Chairman, I only want to observe that the GAO in my judgment does really outstanding work. The work that they have done for me and others and for the committees on which I have served has really been extraordinary work. I have felt a great regret in the past several years where on a number of occasions the GAO, I think, was unfairly victimized by statements by some in Congress—not many, but by a few. I think it unfairly characterized GAO's work.

My own impression is that this watchdog agency provides the kind of service to Congress that we cannot get elsewhere. We spend through the Appropriations Committee well over $1 trillion, over $1.5 trillion a year, and the ability to call on an agency like the

GAO to evaluate how is this money spent, what the taxpayer gets for this expenditure is critical.

I am not convinced that we did the right thing in making the kind of sizable cuts that were made. But the climate here I guess required that that be done. I just would express regret at some statements that have been made over the last several years which I felt were not fair.

The GAO may be like every other agency. It may have its failings as well. It may be that I am not aware of these. But my own experience has been a first rate experience with this organization and I hope very much that we can find the resources to continue the GAO as the premier watchdog agency, that all of us can have confidence in and that we can continue to trust due to your important work.

So, Mr. Chairman, thank you very much.

Senator BENNETT. Thank you.

Mr. Hinchman.

Mr. HINCHMAN. Thank you, Mr. Chairman. I have a prepared statement, and with your permission, I would like to summarize it briefly this morning, if that is acceptable.

Senator BENNETT. You have not only our permission but our encouragement.

Mr. HINCHMAN. Thank you, Senator. I ask that my statement be put in the record.

Senator BENNETT. Without objection.

HIGHLIGHTS OF STATEMENT

Mr. HINCHMAN. I only want to make two very brief points. First, I believe we are accountable to you for our stewardship of the taxpayers' dollars that you give us. I want to say a couple of words about this year's appropriation.

As you pointed out, we are completing a downsizing of the agency primarily due to a 25-percent funding reduction over 2 fiscal years. We are now below 3,500 staff. That is the lowest level since before World War II. It represents a one-third decrease from the 5,300 level where we were in 1992.

I think we have downsized successfully and maintained our productivity and our contribution to the work of the Congress.

We now have in place a spending plan for this year which is consistent with the 25-percent funding reduction, and we will successfully complete the downsizing this year within the funding which has been provided.

The initial indications are that this year's performance will be equal to last year's, and that we will be able to maintain the productivity to which we have been committed in order to support the oversight and legislative agenda of Congress.

So, overall, I think our report to you about our stewardship is a positive one. Our downsizing has been difficult, but successful, both in terms of reducing expenditures and in terms of maintaining institutional capability and level of service to the Congress.

My second point is just a brief word about our 1998 request. Having completed that downsizing, our goal now is to stabilize the agency and normalize its operations at the new, reduced level of

staffing. For that purpose, we have asked for an increase over this year's funding.

The most important part of that request is for our mandatory cost increases—those increases we cannot control. Essentially, those are statutorily mandated pay adjustments and statutorily and regulatorily mandated increases in the contributions that we make for employer retirement plans and employee life and health insurance plans.

We know that resources continue to be limited and that you face difficult budget decisions. We are striving to be prudent stewards of our resources. But if we are to stabilize the agency and normalize its operations, we do need the resources to meet these uncontrollable cost increases.

PREPARED STATEMENT

I think those are the two points that we have to make today. With that, let me stop, and any of us would be happy to answer any questions that you may have.

[The statement follows:]

PREPARED STATEMENT OF JAMES F. HINCHMAN

Mr. Chairman and Members of the Subcommittee: I am pleased to be here today to testify on GAO's fiscal year 1998 budget request. GAO has undergone major changes over the last few years, including significant cutbacks in people and resources. Our budget request for 1998 reflects needs that have resulted from some of those changes.

The General Accounting Office was created to help ensure that taxpayers' dollars are wisely spent. We seek to fulfill this mission by encouraging honest, efficient management and full accountability throughout the federal government. We serve U.S. interests by providing Congress, other policymakers, and the public with accurate information, unbiased analyses, and objective recommendations on the use of public resources.

The issues we examine span the breadth of national and international concerns, including health care, financial management and accountability, law enforcement and banking, information technology, national security, energy and the environment, aviation security, defense procurement, education and employment, transportation, tax administration, income security, housing, international relations and trade, and many others.

About 78 percent of GAO's work during fiscal year 1996 was done at the request of Congress. GAO is required by law (Public Law 67–13) to do work requested by congressional committees and assigns equal status to requests from committee chairs and ranking minority members. More and more in recent years, congressional legislation has mandated GAO audits and evaluations, and to the extent possible within resource constraints, GAO also responds to requests from individual members. Finally, GAO undertakes assignments independently in accordance with its basic legislative responsibilities.

While audits and evaluations are the most visible aspects of GAO's work and absorb the largest share of its resources, GAO has other important functions. We prescribe accounting standards for the entire federal government, in conjunction with the Office of Management and Budget and the Department of the Treasury, and issue generally accepted government auditing standards for all levels of government entities. We also issue legal decisions on matters involving government revenues and expenditures, such as protests against the award of federal government contracts.

FISCAL YEAR 1996 ACCOMPLISHMENTS AND HIGHLIGHTS

During the past year, we marked two important milestones. We bid farewell to Charles A. Bowsher, who retired as Comptroller General at the end of his 15-year term on September 30, and celebrated our 75th anniversary of service to Congress and the nation.

GAO is proud of its long tradition of service to Congress, the contributions it has made toward improving federal government operations, and congressional actions based on GAO recommendations. In fiscal year 1996, GAO provided Congress and federal agencies with recommendations for measurable financial benefits and management improvements and with numerous testimonies, audit and evaluation products, and legal opinions.

As a result of GAO's recommendations and audit findings, the legislative and executive branches took actions with financial benefits of over $17 billion. These actions included budget reductions, costs avoided, appropriation deferrals, and revenue enhancements that are directly attributable to or were significantly influenced by GAO's work.

Further, we made other recommendations and documented audit findings that resulted in or contributed to improvements in the effectiveness and efficiency of government operations and services. Although these improvements cannot always be quantified in monetary terms, their impact is significant because they lead to a better-run, more streamlined government. Past experience shows that about 70 percent of our key recommendations are implemented within 4 years, through the passage of implementing legislation and agencies' corrective actions.

In all, we produced 1,306 audit and evaluation products. These products include 908 reports to Congress and agency officials, 217 formal congressional briefings, and 181 congressional testimonies delivered by 68 GAO executives before 85 congressional committees and subcommittees. We also provided 29 statements for the record to congressional committees and subcommittees and produced 3,041 legal decisions.

ACTIONS TAKEN TO ABSORB THE 25-PERCENT BUDGET REDUCTION

As you are aware, our budget was reduced in fiscal years 1996 and 1997 by a total of 25 percent from the 1995 level. Since employee compensation constitutes about 80 percent of our budget dollars, most of the actions taken to manage the budget reductions necessitated a loss of people. Today, as a result of those reductions, GAO's staffing is at its lowest level since before World War II.

To manage the reduction in staff, we continued the hiring freeze which has been in place since 1992, obtained Congress' permission to pay "buyouts" to employees willing to leave voluntarily, and offered early-out retirement to eligible staff. Several hundred staff were also involuntarily separated as a result of the closure of three field offices and the elimination of many administrative, technical, and support positions, mostly at headquarters. In addition, GAO transferred its claims function to the executive branch. At the end of fiscal year 1996, we had about 3,500 staff on board, which amounted to a 35-percent workforce reduction since fiscal 1992.

In addition to reducing staff, we also substantially reduced funding in other areas. For example:

—Promotions and awards were frozen during the last 2 years, and GAO has not funded bonuses since fiscal year 1992.
—We reduced the amount budgeted for office rent by over $11 million through the closure of offices and the consolidation of local audit sites and offices at our headquarters building.
—We reduced funding for travel, training, subscriptions, supplies, and equipment by almost 40 percent.
—We have reduced funding for information management technology by 38 percent since fiscal year 1995 and have deferred most of our capital investment.

In all, funding reductions already taken at GAO will total over $1 billion over the next 5 years.

FISCAL YEAR 1998 BUDGET REQUEST

Having worked hard to successfully implement this 25 percent reduction in our appropriations in fiscal years 1996 and 1997, we believe an increase in our funding is essential in fiscal year 1998 if we are to stabilize our organization and maintain our capacity to serve Congress effectively. We are therefore asking that the Subcommittee consider a fiscal year 1998 budget of $368,828,000 to support our staff of 3,500 people and an full-time equivalent staff level of 3,450. The increase included in this request is for five purposes: mandatory pay and benefits increases; price-level increases to cover the higher costs of transportation, printing, supplies, personnel services, and other essential mission support goods and services; pay-related costs for promotions and employee recognition, which we have foregone in recent years; information technology upgrades; and maintenance and repair of GAO's headquarters building.

Mandatory pay and benefit increases are the most important piece of our request. Without the funding to cover uncontrollable costs such as locality pay, cost of living, and personnel benefits increases, we will have to reduce our staff level even further. The people who work at GAO are our most valuable resource, and a further reduction in staff will hamper our ability to maintain our current level of operations.

It is also important to offset other uncontrollable inflationary increases, such as the higher cost of travel and transportation, printing, and supplies. Without the funding to cover these costs, further funding reductions will be necessary, impairing our capacity to function effectively.

In addition, funding for promotions and employee recognition will help us to retain and recruit the talent needed to continue our support of Congress. We are losing many of our key people to executive branch agencies and professional firms offering pay incentives, such as promotions, bonuses, and awards, that GAO has been unable to offer for several years.

Investment in our information technology program is needed to replace older and nearly obsolete computer equipment and software, as well as to upgrade our systems to support GAO's new reengineered job processes. While the network and data collection software applications are in place and fully operational, we need to upgrade workstations, software, applications, and network operating system hardware and software. We need these upgrades to ensure continued efficient operation and to maximize the productivity gains that information technology makes possible.

Finally, the GAO building, built in the early 1950's, continually requires maintenance and repair to ensure a safe, healthy, and efficient work environment for our people.

CONCLUDING REMARKS

For over 75 years, GAO has assisted the Congress in carrying out its legislative and oversight responsibilities, shifting its focus and updating its operations to accommodate changing congressional needs. Through the results of our work in many diverse areas, GAO has given Congress a high rate of return on its investment, in which Congress can take justifiable pride. Each year, GAO's goal is to identify at least $10 billion in financial benefits. Although this amount fluctuates from year to year, between fiscal year 1992 and 1996, financial benefits totaled over $103 billion, or nearly $50 for every dollar appropriated for GAO.

We recognize, Mr. Chairman, that resources are limited throughout government. GAO is committed to holding down costs wherever possible, as our record demonstrates, and we have sought to be prudent in our budget submission. However, if GAO is to maintain its long tradition of service to Congress, the agency needs the resources necessary to maintain a strong and effective organization. This includes the funds necessary to pay for mandatory increases in people-related costs and increases in the prices of the goods and services we buy. We also need to address those capital investment and facility maintenance needs that should not be deferred.

This concludes my statement. We would be happy to answer any questions the Members of the Subcommittee may have.

GAO BUILDING USAGE STUDY

Senator BENNETT. Thank you.

I would like to talk about your building. I understand from my visit there that you have one floor that presumably you won't need.

Mr. HINCHMAN. That's correct.

Senator BENNETT. Also you have an asbestos removal problem on that floor. Does it make sense for you to do an internal study of yourself on this and report back to the House and Senate as to whether or not you will eventually need that space, or the alternative of having a tenant move in there and charge the tenant for the cost of the asbestos removal and the renovation? Or have you already come to a determination as to which way you think you ought to go?

Mr. HINCHMAN. I think we ought to do the study and report back to you.

Obviously, the original plan for the renovation of the building was developed at a time when we were a larger agency. As you cor-

rectly point out, it is now clear that we will not need one floor of the facility, and I think it is appropriate for us to examine all of the alternatives for the use of that floor and to report to you. I think we can do that in a relatively brief period of time.

CONSOLIDATED FINANCIAL STATEMENT

Senator BENNETT. OK. Under the Chief Financial Officers Act, the CFO Act, you have been very involved. Do you have any summary you can give the committee on your experience with this act and how you are fulfilling your responsibilities? Any general observations about how it is working?

Mr. HINCHMAN. The goal of the Chief Financial Officers Act, as you are aware, Mr. Chairman, is to get the financial management and reporting of the Federal Government in order. I think that basically means bringing to it the discipline that has characterized financial management and reporting in the private sector, and in State and local government, for that matter, for decades.

In order to carry out that responsibility, we are pursuing three major initiatives. First, we are working with OMB and Treasury to develop standards for financial management and for accounting and auditing of those financial systems. Second, we are working with the inspector general community and OMB to develop a comprehensive plan for auditing those financial reports. That is going to take a large effort, not only by us but by the inspector general community and by private accountants as well, working under contract for the inspectors general. Then, finally, we are doing some of the most important agency audits ourselves. We are currently auditing major components of the Treasury Department, for example, and major financial management issues in Defense.

Hopefully, out of all of that will come a consolidated financial statement for the United States next spring. I think everyone is committed to that goal, and we will be required to render an opinion on that statement.

I think that will be an important milestone. I don't know what that opinion is going to say. But I do know that we will have made enormous progress toward the goal of providing the kind of accountability for our financial resources that we expect of private companies in this country and that the market demands of State and local government.

BIENNIAL BUDGETS

Senator BENNETT. I was very impressed by the testimony of Mr. Raines before the Governmental Affairs Committee. He addressed this issue. The subject was the question of a 2-year budget. He said if you give me a 2-year budget, I can then put the "M" into "OMB." Right now I do nothing but the "B."

Coming from the private sector, as he does, he said that the idea of an annual close of books is terrifying to many of these agencies. Where I come from, you want a monthly close, which is just beyond conception. [Laughter.]

Mr. HINCHMAN. Yes.

Senator BENNETT. I was enormously impressed with him. Based on that brief experience, I am telling people he is the most impressive Director of OMB of either party that I have ever seen. I am

delighted to hear you say that you are working closely in that effort.

Mr. HINCHMAN. Yes; and with him and with Mr. Koskinen, his deputy for management.

Senator BENNETT. Senator Dorgan.

PROCESS FOR SELECTING COMPTROLLER GENERAL

Senator DORGAN. Mr. Hinchman, you have been serving as the Acting Comptroller General since September of last year.

Mr. HINCHMAN. Yes, sir; since September 30.

Senator DORGAN. Is the process underway to find a permanent successor to Mr. Bowsher? Can you describe where we are in that process?

Mr. HINCHMAN. Under the statute, a commission composed of 10 congressional leaders is responsible for developing a list of individuals to recommend to the President for the Comptroller General position. That commission is composed of the President pro tempore of the Senate, the Speaker of the House, the majority and minority leader of each House and the chair and ranking minority member of our two oversight committees, Governmental Affairs in this body and Government Reform and Oversight in the other body.

From that list, the President either selects a name or sends the list back for further names. Once he has found a person he finds acceptable, he then nominates that person who then goes through a full confirmation process before the Senate.

The commission has not yet met. However, there have been discussions among both members of the commission and their staffs, laying the groundwork for that process.

Senator DORGAN. I guess you probably cannot answer this, but it is bizarre to me that 9 months after Mr. Bowsher left, the commission established to, at least, recommend names has not even met.

Mr. HINCHMAN. I leave it to the members of the commission to decide what their schedule is.

Senator DORGAN. I did not really expect you to answer that question.

Mr. HINCHMAN. I have spent the last 6 months throughout our agency talking about our responsibilities during this interim period. I think we see ourselves, all 3,500 of us, as trustees, stewards accountable to this committee and to others for our management of this agency over this interim period. We leave it to you to decide when it is time for us to have a new Comptroller General and who that new Comptroller General should be.

Senator DORGAN. That was very diplomatic. [Laughter.]

NEED FOR CONGRESSIONAL COMMISSION TO MEET

It seems to me, though, Mr. Chairman, that we ought to begin to stimulate and agitate. The leadership of an agency, of any agency, is important. I am not suggesting that there is not now leadership. But establishing a permanent solution for leadership is very important.

It appears to me that there has been a dropping of the ball here if, after 9 months, we do not even have a commission meeting and making some recommendations.

I don't know what the reason for that might be. But maybe you and I should look into this.

Senator BENNETT. I don't know, either. But I agree with you completely. I understand that in this circumstance, the statute says the old Comptroller General cannot serve until his successor is in place. He serves for—is it 15 years?

Mr. HINCHMAN. Yes, sir.

Senator BENNETT. The 15 years is up and then he is gone. So you don't have here the circumstance that you have elsewhere where the person can hang around until his successor is in place.

I am as appalled as you are and agree with you that we probably ought to start stimulating our respective leaders.

Senator DORGAN. Perhaps we could agitate with a joint letter indicating that this commission which, apparently, exists should meet and should make recommendations. I think there should be a goal here established of, at least, by 1 year after Mr. Bowsher has left that a leader be selected for the GAO.

I don't have other questions. Again, I appreciate the work of the General Accounting Office. I will continue, as a Member of Congress, to call on you and rely on the services that you provide for us. We appreciate very much your work.

Mr. HINCHMAN. Thank you, sir.

YEAR 2000 PROBLEM

Senator BENNETT. We will have some other questions that we will submit to you in writing.

So that we have a degree of continuity through this whole hearing this morning, let me ask you about the year 2000 problem and how you are prepared to deal with it and if you have any money in this 1998 request for that.

Mr. HINCHMAN. We have included within our strategic plan for information and resource management a solution to the year 2000 problem. We are addressing that problem, both by making the changes that we need to make in software which we expect to continue to have in use by the time we reach 2000, and by assuring that software which we acquire for replacement purposes between now and then does not include that problem.

I feel comfortable that we have that problem under control.

We are also, by the way, doing an extensive amount of work in assisting executive branch agencies in addressing that problem as well, and have a large body of work underway to identify where that problem exists and how it can be solved.

ADDITIONAL COMMITTEE QUESTIONS

Senator BENNETT. Thank you very much for coming in. Thank you for all you do.

I share Senator Dorgan's admiration for the work product you produce.

Mr. HINCHMAN. Thank you, Mr. Chairman.

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

ADDITIONAL COMMITTEE QUESTIONS

Question. What is the status of your downsizing efforts?

Answer. In fiscal year 1997 GAO completed its downsizing efforts, which began in fiscal year 1992 with a GAO-wide hiring freeze. Since fiscal year 1992, we have dropped from about 5,325 to about 3,500 staff—a reduction of approximately 34 percent. To accomplish this reduction of more than a third of our staff, we conducted two voluntary separation incentive programs involving buyouts and early outs; closed 12 field offices and 2 overseas locations; reduced administrative, professional and support staff through a reduction-in-force (RIF); and transferred the claims adjudication function and staff to the executive branch.

In anticipation of becoming a smaller organization, we began in 1995 to re-design our job processes, with a goal of producing quality work more quickly and at lower cost. This was a project we had been working towards for several years. The budget climate provided added incentives to continue to assess how we do our work and how we can get it done employing fewer and fewer resources.

Our production shows that we are clearly doing more with less—our staff is working harder and more efficiently, and we are taking advantage of available technology. After completing the downsizing, we believe that our diminished resources are better aligned (headquarters issue areas and regional core groups) and better balanced (support staff versus mission staff).

Because of the downsizing, we have been able to bring all our staff back from audit sites and temporary space into the main GAO building without having to complete asbestos removal and renovation of all seven floors of the GAO building.

Our fiscal year 1998 budget request reflects funds needed to stabilize the agency and return to "normal" operations. A first step to returning to normal was to reinstate human resource systems that had been frozen or otherwise stopped in recent years. We lifted a 5-year hiring freeze, and have added a few staff to fill critical specialized vacancies. We also had a limited round of promotions, ending a 2-year freeze.

We need to continue to upgrade technology (workstations, software applications, and network system hardware) to allow staff to maximize the productivity gains that information technology makes possible.

We also need to complete work on abating and renovating the GAO building to make it a more positive work environment for our staff.

In addition, we have requested funding to reinstate our employee awards and recognition system, which we have not used since 1992, and to implement a revised incentive awards program, dormant for several years. If we are able to accomplish these initiatives, we may be able to stem the tide of key people leaving GAO for positions with executive branch agencies and professional firms offering these incentives.

Question. Last year the committee recommended that GAO produce an assessment of its downsizing experience, including lessons learned and recommendations that could be helpful in other downsizing situations. Please summarize that assessment.

Answer. As GAO experienced its downsizing, we learned several lessons that might prove useful to other agencies facing similar circumstances. Of primary importance was advance knowledge and foresight regarding the nature and extent of pending reductions which allowed GAO to plan actions to maintain productivity and efficiency, and to take advantage of emerging technological capabilities, while we reduced personnel and operating costs. We believe it is vital to make necessary decisions quickly and decisively and ensure they are communicated to affected staff. Once downsizing actions are complete, it is important to stabilize the organization and return to normal operations as quickly as possible. A discussion of our experiences were included in a letter, dated May 16, 1997, to the Chairman, Committee on Appropriations, Subcommittee on the Legislative Branch, United States Senate.

LETTER FROM JOAN M. DODARO

ASSISTANT COMPTROLLER GENERAL OF THE UNITED STATES,
GENERAL ACCOUNTING OFFICE,
Washington, D.C., May 16, 1997.

The Honorable ROBERT F. BENNETT,
Chairman, Subcommittee on the Legislative Branch, Committee on Appropriations, United States Senate.

DEAR MR. CHAIRMAN: During our 1997 Senate appropriations hearings, the Committee recommended that GAO produce an assessment of our downsizing experience, including lessons learned and recommendations for similar or different procedures in different situations. This letter responds to that request.

As you know, in July 1995, the Committee committed to reducing GAO funding by 25 percent from fiscal year 1995 levels by the beginning of fiscal year 1997, a

period of about 14 months. We were fortunate that the Congress allowed us to spread the cuts over two fiscal years, and that we were given the authority to develop new reduction-in-force (RIF) regulations allowing us to minimize disruption to our operations.

To operate under this reduced budget, we had to lower our staff level from about 4,350 to 3,500 staff. This was successfully accomplished (as of September 30, 1996, GAO had 3,492 staff on board) through an early out/buyout program, the transfer of our claims function to other agencies, the closure of three field offices, a RIF of support staff, and normal attrition. To meet our staffing objective while maintaining a high level of productivity, we re-engineered our work processes and enhanced our use of technology. This enabled us to successfully perform our mission responsibilities while adjusting to a dramatically smaller workforce. As we implemented these changes, we learned several lessons that might prove useful to other agencies facing similar circumstances.

Anticipate Change

By the early 1990's, it was becoming clear that budgetary restraint was necessary. After discussion with our Appropriations Committees, and facing an uncertain financial future, we began to take steps to reduce both personnel and operating costs. To reduce personnel costs, we initiated a hiring freeze (begun in 1992); conducted an "early-out/buyout" program (1993) during which about 400 staff left voluntarily; and closed 8 field office locations (1993). To reduce other operating costs, we introduced videoconferencing GAO-wide (1993) which reduced travel costs; and subsequently connected all GAO offices agency-wide computer network and voice message telephone system, reducing the need for some support functions and staff.

All these steps were taken or underway prior to the 25 percent budget reduction. Had we waited until the 25 percent cuts were finalized, our position during the ensuing reductions would have been much more difficult, requiring a much larger involuntary reduction-in-force. Accordingly, it might be wise for agencies to anticipate reductions and take cost-cutting steps before they are mandated.

Move Quickly and Decisively

In June 1995, the Comptroller General appointed a high level team of managers to assess the impact of potential funding reductions, and to recommend how to downsize the agency. The team was given a short deadline, reporting back in late July. On August 7, 1995, the Comptroller General adopted the recommendations, which included closing three additional field offices, offering buyouts and early outs as approved by Congress, and a RIF of support staff. These recommendations were sudden, dramatic, and quite sobering.

At the same time, the Comptroller General issued a memo to all staff outlining the downsizing steps that would follow. The memo also established time periods for each activity and assigned responsibility for carrying out the recommended tasks. Throughout late 1995 and all of 1996, this timetable was adhered to scrupulously. Management decisiveness and determination was an important ingredient in efficiently and effectively implementing a painful set of decisions which cost hundreds of effective and productive staff their jobs.

Ensure Constant, Effective Communication

In the year leading up to the major downsizing announcement, GAO had attempted to keep employees informed about events in Congress that could affect the agency, especially its funding levels. The normal means were used: staff meetings, memoranda, electronic mail, and video conferences. Unfortunately, in the midst of congressional budget deliberations, and before Congress had finalized our funding level, misinformation and rumors often outnumbered facts.

Once the downsizing plan was announced, an extensive agency-wide communications strategy was established to communicate the truth. Initially, the focus was on the recommendations of the downsizing team, especially to those in the most adversely affected units. The Senior Executive Service (SES) core was educated on the plan to help them effectively address staff concerns. Numerous meetings and briefings were held so that all staff could learn about the downsizing firsthand from the implementing managers and ask questions as it moved forward. In addition, the team that was established to develop new RIF regulations held a first round of briefings for all interested staff to learn of their concerns and then a second round to describe proposed regulations and obtain staff comments on them.

Technology was a big asset in communicating quickly and efficiently all personnel. Important information, including draft RIF rules was posted on the agency-wide computer network, making it immediately available, unfiltered, to everyone. Similarly, telephone voice mail served us well in communicating efficiently.

Ensure Personnel Records and RIF Rules are Up-to-date

Key components in a RIF include the RIF rules, staff position descriptions, employee appraisal scores, and other employee information such as veteran's status and employment dates. For agencies anticipating a RIF, it is imperative that RIF regulations and employee data are up-to-date and accurate. It is also important to insure that the information is verified well in advance of the RIF, and that last minute changes to position descriptions or job assignments are not made. Inaccurate employee records, or assignment changes increase the mistrust in an already negative atmosphere, and can lead to legal challenges.

Educate Managers About RIF Ramifications

A RIF is traumatic not only to the affected staff, but also to the managers who deliver the bad news. The way managers deal with RIFed staff can affect the implementation of the RIF. GAO briefed the managers in the units where the RIF's were to occur on what was going to happen. Our Office of Counselling and Career Development briefed these managers on what reactions to expect from employees, and distributed a handbook suggesting ways to handle emotional reactions and potential security issues. The handbook also contained numerous questions typically asked by staff facing a RIF, and suggested responses to various situations. We believe that preparing our managers in this way contributed to the relative lack of problems in our RIF.

Provide Assistance to Affected Staff

The most difficult aspect of downsizing was the traumatic affect it had on hundreds of individuals who had served GAO well over the years. The agency contacted each RIFed employee and offered them a full range of services, including counseling, job search and development, résumé assistance, outplacement, and other services to staff affected by the downsizing decisions, both in headquarters and the closing field offices. The services started shortly after the August announcement was made, and continued until about three months after the last involuntarily separated staff had left the agency. Most of the eligible staff took advantage of the services. Information available to us indicate that the services helped many former staff members make a successful transition to other employment.

In addition to outplacement and career counselling services, GAO provided detailed information to staff on severance pay and retirement benefits that would accrue to those who were RIFed or left voluntarily—information vital to helping them choose the best option for them.

Providing such information and services is obviously important for the people whose lives have been disrupted by job loss. It is also important to those who remain to know that their colleagues are receiving assistance.

Return Human Resource Functions to Normal as Soon as Possible

Anticipating reduced funding levels, GAO took numerous steps outlined above. In addition, we eliminated our pay-for-performance system bonuses in 1993, and froze promotions and reassignments in 1995 and 1996. In essence, several of our human resource functions were temporarily suspended. We believe it is necessary for the morale of the remaining staff to return human resource functions to normal operation as quickly as possible after the RIF. In GAO's case, in March we promoted evaluators for the first time in 2½ years, and have begun hiring a limited number of specialists and technical experts to replace attritions.

GAO has emerged from a dramatic reduction ready and able to provide quality service to the Congress. We have taken steps to further streamline our job management processes to allow us to be more responsive to the Congress and to maintain our productivity. Smaller than at any time since World War II, we have been able to retain the integrity and efficacy of the agency, as we look forward to future challenges.

Sincerely,

JOAN M. DODARO,
Assistant Comptroller General for Operations.

Question. Over the past few years the GAO has been making large investments in technology. How much has GAO spent on Information Technology since fiscal year 1996?

Answer. Our information technology budget funds a variety of services, under lying agency operations, including mainframe computing services for administrative systems, local and long distance voice communications, video conferencing services, network customer support, and maintenance and support for hardware and software. In fiscal year 1996, GAO spent $24.7 million on information technology (IT). The current estimate for fiscal year 1997 IT spending is $21 million.

Since fiscal year 1996, GAO has spent very little on IT investments, deferring most technology investments because of budget limitations. We have restricted our investments to critical hardware and software purchases to support GAO's network and improve network management and labor support for (1) upgrades to the data collection and analysis application and (2) preparatory efforts to convert our network operating system to Novell's Netware 4.x, our desktop operating system to Windows 95, and applications suite to Office 97, replacing our existing, but obsolete, installed base of software (e.g., WordPerfect 5.2, which is no longer supported by the vendor).

Investments in earlier fiscal years (specifically, dating back to fiscal year 1992), allowed GAO to implement a wide area computer network linking staff throughout the agency; integrate video-conferencing and voice mail into its operations; implement an automated data collection and analysis application streamlining routine audit assignment tasks and providing greater access to GAO workpapers; reengineer the audit process to streamline the way work is done and ensure consistent high quality products; and publish and distribute GAO reports electronically on the Internet. Because this technology was in place, GAO was able to reduce the average cost of jobs, increase the percentage of products delivered on time, improve product quality, and increase measurable financial benefits resulting from GAO's audit findings and recommendations—despite significant budget and staffing reductions.

Question. What is GAO requesting in the fiscal year 1998 budget for technology?

Answer. GAO is requesting $5.1 million for crucial investments needed to operate and maintain GAO's technology base. The increase would be targeted primarily to (1) replacements of and/or improvements to aging microcomputer workstations and network hardware (such as servers, routers and storage devices), (2) completion of efforts to migrate GAO to Windows 95 and MS Office 97, and (3) initial design efforts to migrate some of GAO's administrative systems from costly mainframe systems to a client/server environment. The investments are necessary for GAO to ensure efficient operation and maximize productivity gains and timeliness made possible through technology—and to continue to be responsive to congressional information needs.

Question. Has video conferencing saved enough travel money to offset its costs?

Answer. GAO has installed video conferencing in headquarters and all its field offices and has a pilot on desktop video in Seattle, Portland, Richland, and Sacramento. GAO uses video conferencing in carrying out mission work and for training and other administrative activities. In terms of mission work, video conferencing has allowed dispersed workgroups in headquarters and field offices to conduct meetings—focusing on key decision points in an audit assignment, coordination between audit sites, and development and review of briefing documents and draft reports without the need to travel. In addition, GAO has used video conferencing to coordinate with other government agencies and the Congress. GAO has also used video conferencing for training and found the approach both timely and effective. And, GAO uses video conferencing for management and administrative matters, such as staff meetings, when it is cost effective to do so.

GAO has conducted two assessments of its videoconferencing program. The assessments found videoconferencing an effective means of helping GAO accomplish its mission and identified benefits, including significant savings in travel costs and time. Participants in the assessment reported that video conferencing was typically as effective as traveling to meet "in person." Participants also reported extensive non-quantifiable benefits that enhance product quality and/or reduce cycle time. They include having key decision makers present at the same time, enabling developmental staff and specialists to be present, making decisions in a more timely manner, improving coordination and teamwork between sites, avoiding potential rework, and providing more timely training. Our assessment report covering fiscal 1993 noted that GAO avoided 650 days of travel time and approximately $400,000 of travel expenses during that period. While these figures have not been updated, given the increased usage of video conferencing and increased costs to travel, the dollar savings should be even greater. (Current agency-wide operating costs—which include maintenance, technical support, as well as recurring and usage charges for telecommunications services—are $750,000.)

Question. Much of GAO's work is done at the request of the Congress—either by statute or individual request. Of the total number of jobs completed last year, how many were statutorily required and how many were requested by Members or Committees?

Answer. During fiscal year 1996, GAO issued 1,306 audit and evaluation products. Of these products, 1,139 or 87 percent were requested by committees or members of Congress (1,021), or mandated (118). The remaining 167 or 13 percent resulted

from important, self-initiated work undertaken as part of GAO's basic legislative responsibilities.

During fiscal year 1996, 78 percent of GAO's available audit resources were spent on work requested by the Congress and 22 percent on self-initiated work.

Question. Once a request is made, does GAO make a determination as to what jobs should be done and what jobs should not be done?

Answer. The source of a request for GAO work is a major factor in determining what jobs should be done. In this regard, GAO is required by law to respond to legislative mandates and to undertake work requested by congressional committees. As a matter of policy, GAO assigns priority to requests from both committee chairs and ranking minority members. Requests from individual Members are undertaken to the extent resources are available. GAO also undertakes important self-initiated work. The ability to pursue such issues that auditors or investigators uncover in the course of their work is essential to the maintenance of generally accepted standards of independence and impartiality. Such self-initiated work has been instrumental in alerting the Congress to emerging problem areas ranging from the identification of growing problems in the thrift industry in the mid-1980's to more recent work highlighting the need for management reforms in federal programs especially susceptible to waste, fraud, abuse, and mismanagement.

GAO's planning process also guides decisions on which assignments to pursue. GAO has developed an agency-wide strategic plan that emphasizes several broad areas of importance to guide the work of the entire agency for the next two or three years. In addition, each of GAO's issue areas prepares multi-year strategic plans after consulting with congressional staff (both majority and minority) agency, academic, industry, and other experts to identify important national issues. Decisions on assignments included in these plans are influenced by such factors as the extent of congressional interest, the possibility for cost savings, and the potential for significantly improving government programs.

Question. Do you inform requesters of the cost of their request before the work is performed?

Answer. GAO has reengineered its job management process using best practices found in the public and private sectors to increase its efficiency and to enhance its ability to produce timely, high quality products at reduced cost. For congressional requesters, the new process means greater focus on them and a more business-like working relationship. Requesters receive a prompt response and GAO meets with them early in the process to reach agreement on the scope, approach, and associated resource implications of completing requested work. GAO follows up the meeting with a written commitment to deliver its work within agreed-upon timeframes.

Using its new job management process, GAO has substantially reduced an assignment's average and median duration and cost, while increasing significantly its ability to meet the date it commits to for producing a product. For example, the median duration of a GAO assignment in fiscal year 1996 has decreased by 18 percent when compared to fiscal year 1995 and 47 percent when compared to fiscal year 1994. Similarly, the median cost of a GAO assignment has decreased by 19 percent and 40 percent, respectively. GAO expects further improvements in these efficiency measures as more of its jobs go through, and benefit from, the redesigned process.

QUESTIONS SUBMITTED BY SENATOR BYRON DORGAN

Question. Please specify the consequences if GAO received no additional funding or a funding reduction in fiscal year 1998.

Answer. Faced with the twenty-five percent funding reduction over fiscal years 1996 and 1997, GAO developed a plan in concert with Congress to reduce agency staffing to 3,500. To achieve this reduction, we maintained the hiring freeze imposed in 1992, managed an early retirement program, offered separation incentives to staff willing to retire or leave GAO, closed several field offices, transferred functions and staff to the Executive Branch, and conducted a reduction-in-force for administrative and support staff. During this time we also reengineered our work processes and benefited from technology enhancements made in prior years, thus helping us maintain productivity as we downsized.

This plan was executed with the understanding that at the end of the 2-year period, we would stabilize at 3,500, promote and reward staff, undertake necessary technology improvements and become a smaller, more stable organization. The downsizing plan did not allow for reductions below the 25 percent level. To absorb mandatory pay increases and uncontrollable price increases or further, unplanned reductions would seriously affect our ability to maintain our current workload and meet the needs of our congressional customers.

Zero Additional Funding

In considering the various funding scenarios, it is important to realize that, to stay even, GAO's fiscal year 1998 budget would need to be increased by about $18 million just to fund mandatory increases in personnel and other uncontrollable costs such as pay raises and the anticipated, January congressionally-approved increase in agency retirement contributions.

Because of these mandatory increases, level funding would seriously impact GAO's ability to serve the Congress. GAO would lose much of what remains of its flexibility in undertaking assignments for congressional committees. In many issue areas, we would likely be forced to extend waiting times before we could begin assignments and we would find it difficult to respond to requests for rapid turnaround evaluations.

On the personnel side, level funding would mean that GAO could only support a staffing level somewhat under 3,300—more than 200 full-time equivalent staff below our authorized level. GAO would maintain the hiring freeze imposed in 1992, and continue the freeze on awards and recognition programs imposed in fiscal year 1993. We would be unable to correct the skills imbalance in specialized areas created through continued downsizing. Funding for technology would be limited to a maintenance level, while not allowing needed upgrades to keep pace with technological capabilities widely available in the private sector and other agencies of the government. Additional reductions will be imposed in all program areas, which affect staff morale and our ability to maintain productivity levels, and our need to retain qualified, motivated staff.

A Funding Reduction

A funding reduction would begin to erode GAO's ability to carry out its statutory responsibility to serve the committees of Congress. Serious imbalances in GAO staff resulting from such a reduction would make our ability to undertake assignments problematic; some assignments would have to be refused for lack of expertise or lack of personnel to carry them out, and waiting times would increase. More specifically, further staff erosion, combined with an inability to replace lost staff expertise in technical areas like information management technology and accounting would place GAO's mandated financial audit work as well as work on high risk information systems at risk.

A funding reduction in fiscal year 1998 would necessitate reductions in GAO's staffing level. The continued hiring freeze, our inability to promote and reward good staff, and the necessary budget cutbacks in technology, training, and travel would almost certainly have a significant negative effect on staff morale. The likely outcome would be increased attrition of our most skilled staff and further serious delays in getting the agency back to normal operations.

Question. GAO is required by law to respond to legislative mandates and to undertake work requested by congressional committees and the majority of its resources are devoted to these purposes. GAO also has authority to conduct self-initiated work as part of its basic legislative responsibilities.

Why is it important for GAO to be able to conduct some work on a self-initiated basis?

What benefits have resulted from GAO's self-initiated work in prior years?

Answer. Over the past several years, the proportion of GAO's resources spent at the specific request of the Congress has ranged from 70 to 80 percent of available audit resources. The remaining audit resources are devoted to important, self-initiated work undertaken as part of GAO's basic legislative responsibilities. Specifically, during fiscal year 1996, 78 percent of GAO's available audit resources were spent on work requested by the Congress and 22 percent on self-initiated work. Although there is no congressional sponsor at the start of GAO's self-initiated work, the majority of this work is ultimately addressed to congressional committees because of their interest and legislative or oversight responsibilities.

Self-initiated work is essential to any audit organization. The ability to pursue issues that auditors or investigators uncover in the course of their work is essential to the maintenance of generally accepted standards of independence and impartiality. Self-initiated work undertaken by GAO has been instrumental in alerting the Congress to emerging problem areas and has provided information and analysis on some of the most pressing matters faced by the Congress such as the growing problems in the thrift industry in the mid-1980's, the more recent gaps and weaknesses in the regulation, accounting, and management of derivative products, and serious financial management systems and information problems across government. Every year, this work leads to significant financial benefits and improvements in the efficiency and effectiveness of government operations.

Question. The Health Insurance Portability and Accountability Act (better known as Kassebaum/Kennedy) enacted last August requires that GAO contract for a comprehensive study of the effects of Medical Savings Accounts (MSA's), both on the individual and small group health insurance markets. GAO is to report to Congress not later than January 1, 1999.

What is the nature of the study, and what is its status?

Answer. The Health Insurance Portability and Accountability Act (Public Law 104–191) requires that GAO contract with an organization with expertise in health economics, health insurance markets, and actuarial science to conduct a comprehensive study regarding the effects of medical savings accounts in the small group market on: (1) selection, including adverse selection, (2) health costs, including any impact on premiums of individuals with comprehensive coverage, (3) use of preventive care, (4) consumer choice, (5) the scope of coverage of high deductible plans purchased in conjunction with such accounts and, (6) other relevant items.

In order to provide the best possible information to Congress about MSA's, we designed a study that consists of 4 parts: A study of insurers; A study of MSA enrollees; A study of financial institutions; and A study of small employers.

In February 1997, we issued a Request of Proposal to firms having the competence and necessary experience to perform this complex work. In early April, we completed the proposal evaluation process and qualified four firms to bid on task orders to perform this work; these firms are well-known for their experience in the conduct of large scale health insurance-related surveys and analyses.

We also completed and awarded the first two of what we anticipate as at least six task orders. At this time, work is underway on the survey of insurers, and the design of the survey of MSA enrollees. We expect to provide Congress preliminary information on the MSA insurance market in the fall of 1997.

Question. Downsizing an organization the size of GAO can be a very complex management task. People don't always leave from the places that are most beneficial. Are your people able to move effectively from one area of expertise to another, or are you finding some areas where expertise is becoming very thin? If you are not able to hire for another year, and in fact have to reduce staff even more, will there be some functions critical to GAO's mission that will not be able to operate?

Answer. The closure of three regional offices as well as many suboffices, the elimination of one headquarter's division, the retirement of many experienced staff, and the reduction-in-force of almost thirty percent of our support staff have resulted in many staff reassignments throughout the agency. However, one of the impacts of the downsizing has been the disproportionate loss of employees who are skilled in technical areas. For example, we have reassigned staff from other parts of the organization into technical positions such as accountants, financial systems specialists and information systems analysts wherever possible, but we have not been able to compensate for the loss of capability experienced in these critical disciplines over the past four years. It has now reached the point where we must hire some additional staff with the right skills from outside GAO if we are to meet our responsibilities under the Chief Financial Officers Act and properly support Congressional efforts to reform the government's financial and information management systems. We also need to begin to develop a strategy for hiring other technical experts in certain areas where we have critical staff shortages, such as statistics and health care. Although this re-balancing effort will take some time, it is essential that we begin this fiscal year.

If GAO maintained the hiring freeze imposed in 1992, we would be unable to correct the skills imbalance in specialized areas created through continued downsizing. Further funding reductions would begin to erode GAO's ability to carry out its statutory responsibility to serve the committees of Congress. Serious imbalances in GAO staff resulting from a further funding reduction would make our ability to undertake assignments problematic; some assignments would have to be refused for lack of expertise or lack of personnel to carry them out, and waiting times would increase. More specifically, further staff erosion, combined with an inability to replace lost staff expertise in technical areas like information management technology and accounting would place GAO's mandated financial audit work as well as work on high risk information systems at risk.

NONDEPARTMENTAL WITNESSES

STATEMENTS OF:

JANET S. ZARGORN, CHAIR, AMERICAN BAR ASSOCIATION STANDING COMMITTEE ON THE LAW LIBRARY OF CONGRESS

HON. BILL ORTON, FORMER U.S. REPRESENTATIVE FROM UTAH

Senator BENNETT. I understand there is one additional witness. Senator Dorgan has to leave, but I am happy to welcome an old friend.

We welcome Janet Zargorn from the American Bar Association, accompanied by former Congressman Bill Orton, who is always welcome.

We understand you have an issue you want to raise with the committee regarding the Library of Congress and we will be happy to receive whatever you have to tell us.

Ms. ZARGORN. Thank you. I am the chair of the American Bar Association Standing Committee on the Law Library of Congress. On behalf of the ABA I want to thank you, Mr. Chairman, for allowing me to make this very brief remark.

The Standing Committee on the Law Library of Congress was created 60 years ago to support the Law Library of Congress' goal and mission. It is an institution which we believe is the preeminent legal resource in the entire world.

I know you have already heard their appropriation request this morning from Dr. Billington. So I will summarize my remarks.

We believe that the Law Library of Congress is one of the critical institutions in preserving American democracy and that the Library of Congress and the Law Library in particular serve Congress as its research arm in many ways. But it also serves the public. Right now, it is engaged in a very unusual challenge, which is trying to help many of the emerging nations and countries of the world to access their own statutes and regulations and, in fact, use the U.S. democratic process and our legislative process as a role model.

I am a law librarian, so as a law librarian, I can say that I think, as we sit on the edge of the digital century, it is critical to cost effective research, but certainly to increasing access to information that we use technology. I think that the Law Library of Congress through its global legal information network has really assumed a leadership role. I am very proud of it.

We at the American Bar Association are doing what we can to help support them. We don't think there is any more powerful statement that America can make than actually showing the rest of the world that our citizens and our Congress have free and open access to all of our laws, our statutes, our regulations, our legal cases and briefs, and by, in a very nonthreatening way, helping them to do the same for their citizens.

While we understand at the bar that you have a lot of demands for very scarce appropriation dollars, I think the Law Library has done a very good job in using the dollars that they have had. They have cut costs to the maximum. But at this moment in time, we hope that the committee will consider their request favorably for their appropriation because we think they need to preserve both their American law collection as well as to move forward on automation so that we will have the ability to export this technology and our unparalleled legal resources as a model for the rule of law throughout the world.

I would like to ask the committee's indulgence and ask that Bill Orton be allowed to speak for a moment.

Senator BENNETT. Of course.

PREPARED STATEMENT

Ms. ZARGORN. We are very honored that he had agreed to join me on the committee and to help me with my work in behalf of the Law Library. He will become a formal member of the committee in August.

[The statement follows:]

PREPARED STATEMENT OF JANET S. ZAGORIN

Mr. Chairman and Members of the Subcommittee, the American Bar Association (ABA) appreciates the opportunity to present testimony on the fiscal year 1998 Legislative Appropriations budget. My name is Janet S. Zagorin. I am Chair of the American Bar Association (ABA) Standing Committee on the Law Library of Congress. This testimony is being submitted on behalf of the ABA at the request of N. Lee Cooper, President of the Association.

In my non-volunteer life, I am a law librarian. I am currently the Director of Practice Development of the New York-based law firm of Stroock & Stroock & Lavan LLP. I appreciate the opportunity to testify on behalf of the ABA in support of the budget request of the Library of Congress and its Law Library.

With over 348,000 members, the ABA is the world's largest professional organization. Due in large part to a sophisticated volunteer network, the ABA has been able to play a crucial role in ensuring that our government is committed to leadership in the development and maintenance of a first-rate library. It is our hope that the Library of Congress and its Law Library continue to receive adequate funding.

The ABA has given special focus to the Law Library of Congress through its Standing Committee on the Law Library of Congress, which was created in 1932 because the Association was committed to its growth as the nation's principal repository of legal literature and sources. And we have watched in awe as that collection has become one of the most prestigious and comprehensive legal collections in the world. It is an archive of the best that the world's legal minds have produced, and also a living resource that reflects our vision of democracy and promotion of the rule of law throughout the world. As Americans consider the globalization of our economy, the spread of democracy, and the advancement of fundamental freedoms and human rights, Congress' commitment to the Law Library of Congress becomes more imperative.

The Library of Congress has requested $387.6 million for fiscal year 1998 (which includes $30.4 million in authority to use receipts), a net increase of $25.7 million or 7.1 percent over its current budget. More than half of this request, or $14.7 million, is needed for mandatory pay and unavoidable price increases for goods and services. Since 1993, the Library has been forced to absorb many such increases and now, as it prepares for 1998 and beyond, there is no flexibility left to absorb these costs. These kinds of cuts adversely affect every department of the Library, including its Law Library. While we appreciate Congress' continued interest and support for the Library of Congress during these austere fiscal times, we urge you to prevent further erosion of its workforce and resources.

Of the remaining $12.3 million in the requested increase, $6.1 million is targeted for automation projects that will improve the Library's efficiency and effectiveness both in internal operations and in public access to the collections. One such project

is the Global Legal Information Network (GLIN), developed and directed by the Law Library.

GLIN is an innovative effort involving government partners throughout the world who share via the Internet the full text of their nation's laws and regulations. It performs the dual function of expediting the Law Library's research services to Congress as well as promoting international communication, exchange, and comprehension of legal information.

As the Library of Congress continues to meet new technological demands, its challenge to remain a leader in serving the Congress and the nation, without adequate resources, becomes more difficult. While economic realities are forcing our major public institutions to be more competitive, current technology is simultaneously providing opportunities to be cost-effective. GLIN, as part of the entire digital effort of the Library of Congress, reflects the Law Library's efforts toward that end. Moreover GLIN, a true multinational database, enables the Law Library of Congress to enhance its leadership role in providing expertise on matters of interest to Congress and the nation.

Although the Congress is the priority client of the Library of Congress and its Law Library, I know that you will agree that this important institution renders a great deal of valuable service to the nation. That service should be supported by the Congress because it enhances the lives of all of us. Given the challenges of today's world and the great resources of the Library, it should be made more—not less—accessible.

I know that you are facing many difficult choices as you search for savings in the Legislative Branch budget, but I hope that you will spare our nation's Library in that search. As it has in recent years, the Library has requested only the vital essentials and a modest increase to continue to meet the demands of its strategic plan and a rapidly changing world. Its Law Library, likewise, must be able to continue to maintain its role as a global legal information center.

Faced with the necessity of developing a leading presence in the electronic age while maintaining its preeminent legal collection, the Library of Congress must have adequate funding to continue to serve our nation's law makers, the legal community, and the public. We believe that proper funding is vitally important to ensure the integrity of the Law Library's collections and the services dependent upon them.

Finally, as we celebrate the valiant restoration and reopening of the Thomas Jefferson Building, we are reminded that the Library of Congress is a tremendous source of pride for the nation and a true symbol of its founding ideals. At a time when nations all over the world are questioning their leaders, their systems of justice, and their very foundations, it is imperative that we support the primary institution that preserves the knowledge and ideas that sustain us as a community and a nation.

Mr. Chairman and Members of the Subcommittee, the American Bar Association appreciates your courtesy in allowing me to appear before you today. We hope that you will look most favorably upon the budget request of the Library of Congress and its Law Library.

Senator BENNETT. You are always welcome, Bill.

Mr. ORTON. Thank you. I have a request of the committee before giving testimony.

As you know, having been away from the Congress for less than 1 year, I am under restrictions for postemployment activities in contact with Congress. I don't believe that my support of an appropriation for the Library of Congress violates that, but I have received an opinion from the House Ethics Committee that there is an exception for sworn testimony before committees of Congress. So I would request, if you could, to swear me in so that I could meet that exception and there would be no question about my appearance here.

Senator BENNETT. We will be happy to do that. I am interested because sometimes we have suggested to witnesses that they be sworn, and they take exception to that. They resent that.

You will just have to trust my memory.

Raise your right arm. Do you swear that the testimony you shall give before this committee shall be the truth, so help you God?

Mr. ORTON. I swear.

Senator BENNETT. Thank you. You are now appropriately protected.

Mr. ORTON. Thank you. [Laughter.]

It is a pleasure and I will be very brief. I did not submit prepared testimony.

I support the testimony of the American Bar Association's standing committee. I just want to make the point that, as a former Member of Congress, while I was in Congress, recognizing that the principal purpose of the Library of Congress is to support Congress and provide for the needs of Congress, I had an opportunity on many occasions to use the Library's services. I know that they are not only the preeminent law library but the employees there are striving to do the very best job for the least dollar that they possibly can do. And having served on the Budget Committee in the House, and I know you have served in the Senate, it is my impression that we have cut more than the fat out of the Library of Congress.

They have had to assume expenses, the normal increasing expenses as a result of inflation, and so on, out of other portions of their budget, and there is just no more room left to take any more.

They are requesting an increase and, as they move to digital operation so that they can go online with all of the various services which will have tremendous cost savings to the Congress as well as the public, it does cost money to do that. And particularly, since I am here in specific support of the Law Library of Congress, as they are developing the global legal information network, GLIN, as part of their digital process, it is costly to do this. But it is extremely beneficial.

I served on the Foreign Affairs Committee and also independently with the Center for Strategic International Studies, CSIS, as a member of the St. Petersburg Commission, and on that commission I know that in Russia, as I have met in meetings with them, we have, as the commission—I know that the Nation of Russia has relied upon the information from the Library of Congress and the Law Library of Congress as they are trying to develop their statutes so that they will be able to fully interface their open market society with the Western countries, including the United States.

So it is an area where we can't afford to be foolish in our cuts, simply to cut money and balance the budget. There has been no stronger supporter of a balanced budget in Congress than myself. But I also believe I am one of the strongest supporters of the Library of Congress and I am here to support their full request for the increase that they have put in as a line item increase.

I would encourage you, if at all possible, to include that in your appropriation.

Senator BENNETT. Thank you very much.

As I said in my opening comments at the beginning of the hearing and certainly including the Library of Congress, as a member of this subcommittee, working with Chairman Mack when there was a change in control, we did work hard to reduce legislative branch appropriations in the 104th Congress, and we feel pretty good about what we accomplished.

Having accomplished that, I am not sympathetic to the demand that is coming out of the House that we now freeze at those levels. I think a freeze implies that we did not exercise our stewardship in the 104th Congress. I think we did, and appropriate increases relating to mandatory pay increases and appropriate inflation now make sense from the base level that we laid down.

So I am sympathetic to what you are saying here and wanted you to know, in case you had not picked up that earlier comment on my part, that this subcommittee, speaking not only for myself but for the other members of the subcommittee with whom I have had obvious conversations, is not disposed to go along with the House call for a freeze.

SUBCOMMITTEE RECESS

Your testimony is very helpful. We will pay close heed to it.

Mr. ORTON. Thank you.

Ms. ZARGORN. Thank you very much for your time.

Senator BENNETT. Thank you for coming in.

The subcommittee is recessed.

[Whereupon, at 11:38 a.m., Thursday, June 5, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 1998

TUESDAY, JUNE 10, 1997

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

The subcommittee met at 10:04 a.m., in room S–128, the Capitol, Hon. Robert F. Bennett (chairman) presiding.

Present: Senators Bennett and Dorgan.

OFFICE OF COMPLIANCE

STATEMENTS OF:
GLEN NAGER, CHAIRMAN OF THE BOARD
RICKY SILBERMAN, EXECUTIVE DIRECTOR

ACCOMPANIED BY:
DENNIS DUFFY, GENERAL COUNSEL
JAMES STEPHENS, DEPUTY EXECUTIVE DIRECTOR FOR THE HOUSE
PAM TALKIN, DEPUTY EXECUTIVE DIRECTOR FOR THE SENATE
BETH HUGHES-BROWN, BUDGET OFFICER

OPENING STATEMENT OF HON. ROBERT F. BENNETT

Senator BENNETT. The subcommittee will come to order.

This morning we are scheduled to hear testimony from the Office of Compliance, the Secretary of the Senate, the Sergeant at Arms, and the Architect of the Capitol in their budget requests for 1998. We will start with the Office of Compliance. We have as witnesses, Mr. Glen Nager, Chairman of the Board, and Ms. Ricky Silberman, Executive Director.

I want to commend the Office of Compliance for carefully reviewing their budget and keeping their budget request not only within bounds of inflation, but they actually have a 0.3-percent reduction from their fiscal year 1997 level.

That is the good news in statistical terms. The bad news in overall terms is it is only $9,000. Folks who would love to spend that elsewhere will find that that is relatively small, but nonetheless you start out with a small budget and any kind of reduction is much appreciated.

Mr. Nager, we will go with you.

STATEMENT OF CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. NAGER. Thank you very much, Mr. Chairman. It is obviously an honor for me to be here. Today marks the first time that the

Office has appeared before this committee and it is the first time I have had an opportunity to appear before you.

As a private citizen for most of my life, and as a public servant for a small portion of it now in this part-time position, it is a special honor to be here before you today.

The Office of Compliance was established by the Congressional Accountability Act as an independent office within the legislative branch. It has a Board of Directors of private citizens who are experienced in the labor and employment laws made applicable to Congress by the Congressional Accountability Act.

As Chair of the Board, my first responsibility was to appoint the four officers who would serve on a full-time basis and provide the full-time management for the Office. We have assembled that team and I think it is a remarkable team that has done remarkable work in the first 2 years, including work with respect to the budget to try to keep this as lean an agency as we can and still perform the required statutory functions.

If the chairman would allow me the honor, I would like to introduce these officers to you.

Senator BENNETT. We would be delighted.

Mr. NAGER. The Executive Director is Mrs. Ricky Silberman. Sitting behind me starting with my right is Mr. Dennis Duffy who is the General Counsel of the Office, Beth Hughes-Brown who is our Budget Officer, and then behind me is Mr. Jim Stephens who is the Deputy Executive Director for the House of Representatives, and Pam Talkin who is the Deputy Executive Director for the Senate.

During our first 2 years as a Board, we have devoted the bulk of our time to putting out the regulations required for each of the laws that the Congressional Accountability Act applied to the legislative branch. The Office has implemented mediation and counseling programs designed to facilitate compliance with those regulations and the underlying laws. As of December 31, 1996, all of the regulations that the Congressional Accountability Act asked the Board to promulgate, have been promulgated and either have been approved by the Congress, or are awaiting approval by the Congress.

With that initial phase completed, the Board now is turning to its other principal task which is the adjudication of cases that have been filed and have not, unfortunately, been resolved in the mediation and counseling processes that precede Board consideration.

The bulk of the Office's activities, though, are in the mediation, counseling, and case processing areas, and these operations are under the direction and responsibility of the Executive Director—including identifying the funding needs of the Office. So, if I might, I would like to turn to Ms. Silberman to discuss the operations of the Office and our budget request.

Thank you for the opportunity to appear before you.

Senator BENNETT. Thank you, sir.

TESTIMONY OF THE EXECUTIVE DIRECTOR

Ms. Silberman.

Ms. SILBERMAN. Mr. Chairman, it is a pleasure for me to be here and to thank you and the committee and its staff, particularly Christine Ciccone, for your guidance and support. Getting this

fledgling agency started has been no small task, but we are now 2 years into it. The chairman described us as lean. I hope we are not lean and mean, but we try to be lean and tough and fair.

The Congressional Accountability Act of 1995 applied for the first time 11 employment and labor laws to the legislative branch and created the Office of Compliance, an independent agency with a unique structure and responsibilities, to implement, administer, and enforce the CAA. Today I would like to very briefly summarize how the work of the Office and the Board has been organized in order to fulfill the important promises of this landmark legislation, and why we come before you today with the budget request that we do.

Under the CAA, the Board, composed of five experienced labor and employment lawyers appointed by the bipartisan leadership of both Houses who serve on a part-time basis, has responsibility for promulgating regulations, conducting statutorily mandated studies and reports, and considering adjudicative appeals arising from complaints filed under the CAA, as well as other specifically designated decisions.

Operational responsibilities are assigned to the four statutory appointees whom Chairman Nager introduced. We are appointed by the Chair with the Board's approval. As the Executive Director, I am the statutory chief operating officer of the Office, and the Deputy Directors for the Senate and the House have their own statutory roles. With the General Counsel, together we are responsible for, among other things, the alternative dispute resolution and adjudicative systems, the education and information function, which is enormously important, the liaison function with the Senate and House, and for developing recommendations to the Board for substantive regulations.

Additionally, the CAA assigns responsibility to the Executive Director for promulgating procedural regulations, and to the General Counsel for the inspection and prosecutorial functions arising under OSHA and ADA and the investigation and prosecution of unfair labor practices under the labor-management relations section of the CAA.

Thus, the Congress has assigned certain responsibilities to the Board, certain responsibilities to the Executive Director, and certain responsibilities to the General Counsel. One of the great challenges that we have had in organizing and staffing the Office has been to keep those functions and responsibilities separate which, by statute and principles of constitutional and administrative law, must be separate, while at the same time maintaining the flexibility to get the job done with as few full-time staff as possible.

Although the Office is operating with far fewer people than we originally thought necessary to fulfill the mandates of the CAA, we have with this small, lean, full-time staff promulgated hundreds of pages of regulations, researched and written reports and studies, developed and disseminated voluminous educational materials, and I am proud to say have met every statutory obligation imposed by the CAA in a timely manner. I think that is because we recruited and hired staff who not only have the requisite qualifications but also the talent and versatility to perform the various functions mandated under the CAA.

I should add here that the decision to out-source mediators and hearing officers was based on principles of both separation and cost effectiveness, as well as the necessity of having their great experience and wide-ranging expertise available to us on an as-needed basis.

ALTERNATIVE DISPUTE RESOLUTION AND CASE PROCESSING

I want to take just a couple of minutes to describe the Office's core function which is what we are spending a lot of the money that you are giving us on, and that is the alternative dispute resolution and case processing system which is predicated on the notion that an informed, regulated community, and early resolution of disputes is best for everyone, that is, both employees and employers.

Thus, the system is designed to be front-loaded with information and counseling so that disputes can be resolved as early as possible. To that end, the Office provides information on the rights and responsibilities under the CAA with briefings, printed materials, brochures, posters, factsheets, manuals, a web site which has been used as a model for other agencies, a 24-hour automated telephone information response system and trained counselors who answer questions and give advice informally. The formal process begins with counseling, followed by mediation, both of which are prerequisites to filing a complaint under the CAA either in Federal court or in the Office of Compliance.

Strict confidentiality is maintained during both counseling and mediation, and that is mandated under the statute. The Congress made very clear that that is something that they felt was very important, and that is something that we have sought to maintain, and have, in fact, maintained.

Our adjudicatory process consists of a hearing in which an independent hearing officer ascertains the facts, applies the law, and renders a written decision which can then be appealed to the Board. The requirements of confidentiality of independent experienced mediators and adjudicators as well as the availability of the same remedies as provided in Federal court ensure the essential perception and reality of the credibility, neutrality, and fairness of our processes.

Our written testimony describes these functions and accomplishments in detail, and I thought you might be interested in a very brief snapshot of how well the alternative dispute resolution and adjudication systems, the core functions of the Office, are working. They went into effect on January 23, 1996.

Between January 23, 1996, when the act went into effect and May 31, 1997, the Office has received over 2,400 calls and visits from employees and employing offices requesting information. The vast majority of the employees making inquiries did not find it necessary to go further in the process. In fact, as of May 31, only 184 formal requests for processing, which is the way the actual complaint is started, were filed and many of these were resolved satisfactorily very early in the process. Following the counseling period, there have been 138 requests for mediation and 85 cases have been closed or settled during the counseling and mediation period. We still have 59 cases in which that period is ongoing, so we cannot draw conclusions about these cases yet.

The bottom line is that in the 17 months since the act went into effect, 15 complaints have been filed with the Office, five hearings have been held, and the decisions of the hearing officers in those cases are now being appealed to our Board. I think it is significant that of the 184 formal requests for counseling, only two legislative branch employees have filed cases in Federal district court.

In the 18 short months since this Office came into existence, much has been accomplished. We have endeavored to fulfill our statutory mandate faithfully, effectively, and in a cost-efficient manner. Although we come before you today better able to assess our experience and project from that experience our future needs, of course, there remains the uncertainty that is a concomitant of sailing in unchartered waters—which is what we have been doing from the beginning. But at this point I think it is fair to say that the processes are working extremely well. This speaks not only to the good work of the Office but more importantly to the commitment of Congress to the important principles of the Congressional Accountability Act.

PREPARED STATEMENT

The Chairman and I are here to answer your questions, and I thank you very much for the opportunity to be here today.

[The statement follows:]

PREPARED STATEMENT OF RICKY SILBERMAN

Mr. Chairman and Members of the Subcommittee, I am pleased to present the budget request of the Office of Compliance (Office) for fiscal year 1998. The Office of Compliance, an independent office within the legislative branch of the Federal Government, is authorized by the Congressional Accountability Act of 1995 (CAA) to apply the rights and protections of eleven labor and employment laws to covered employees of the legislative branch. The Office is charged with implementing and enforcing the provisions of the CAA, providing education and information regarding the provisions, and administering a neutral dispute resolution and adjudication process for claims arising under the Act.

To carry out these functions, the Office is requesting $2,600,000 for fiscal year 1998, a decrease of $9,000 from the Office's fiscal year 1997 appropriation, with no increase in staff, based on an analysis of the agency's actual expenditures during its first year of operations. The request includes: funding for 19 full-time equivalent positions (FTE's); funding for a 3 percent cost of living increase for salaries; a reduction of 20 percent in personnel benefits; and a 23 percent reduction in other services, primarily for hearing officers, mediators, and court reporting services.

This request is based on two assumptions: that the Office of Compliance will remain co-located with the Library of Congress, and that the Office's caseload will remain at roughly its current level. Additional funding and staffing will be requested should either of these assumptions prove erroneous.

Additionally, sections 210 and 215 of the CAA, which mandate investigations and allow for hearings with regard to both the public services and accommodations provisions of the Americans with Disabilities Act and the Occupational Safety and Health Act, went into effect on January 1, 1997. Although the Office is requesting the same number of FTE positions as in fiscal year 1997, we cannot predict how the major new ADA and OSHA functions will affect staffing requirements. Finally, pursuant to section 230 of the CAA, we submitted a study to Congress on December 30, 1996, on the application of the employment and labor laws incorporated in the CAA to the General Accounting Office, the Government Printing Office, and the Library of Congress. Should Congress decide that GPO, GAO and/or the Library of Congress should be covered under all of the provisions of the CAA, additional funding and staffing will be requested for the Office of Compliance.

OFFICE OF COMPLIANCE'S AUTHORITY AND RESPONSIBILITIES

The Congressional Accountability Act of 1995 (CAA) established an independent Office of Compliance ("Office") in the federal legislative branch. In addition to the five-member Board of Directors who serve on a part-time basis, the CAA establishes four statutory officers: the Executive Director, the Deputy Executive Directors for the House and Senate, and the General Counsel.

Under the CAA, the Office is charged with establishing and administering alternative dispute resolution procedures, including adjudicative hearings and appeals for covered legislative branch employees. The CAA requires the Office's Executive Director, subject to Board approval, to adopt rules governing the procedures of the Office, and requires the Board to adopt substantive regulations for implementation of the CAA.

The Office is also charged with providing education and information to Members of Congress, other employing offices, and employees of the legislative branch. Additionally, the Office of the General Counsel is charged with enforcement of the sections of the CAA dealing with unfair labor practices, safety and health, and disability access. This includes investigation and prosecution of claims under these sections, and periodic inspections to ensure compliance with health and safety, as well as disability access requirements.

In general, the CAA applies the rights and protections of eleven labor and employment statutes to covered employees within the legislative branch: the Fair Labor Standards Act of 1938, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Family and Medical Leave Act of 1993, the Occupational Safety and Health Act of 1970, chapter 71 of title 5 of the U.S. Code (relating to Federal service labor-management relations), the Employee Polygraph Protection Act of 1988, the Worker Adjustment and Retraining Notification Act, the Rehabilitation Act of 1973, and chapter 43 of title 38 of the U.S. Code (relating to veterans' employment and reemployment).

On January 23, 1996, key provisions of the law took effect, covering the House of Representatives, the Senate, the Capitol Guide Service, the Capitol Police, the Congressional Budget Office, the Office of the Architect of the Capitol, the Office of the Attending Physician, the Office of Compliance, and their employees. On October 1, 1996, section 220, the labor management section of the CAA took effect, as did the OSHA and ADA sections on January 1, 1997.

Before discussing our request in detail, the following describes the primary functions and processes of the Office, highlighting our major accomplishments of fiscal year 1996 and noting the changes we anticipate in the upcoming fiscal years.

DISPUTE RESOLUTION PROCESS

Information, Counseling, and Mediation

The Office provides covered employees in the legislative branch with a neutral, confidential, and efficient process for resolving disputes relating to employment rights and protections. Employees and employing offices may, at any time, seek informal advice and information on the procedures of the Office and the rights, protections, and responsibilities afforded under the CAA. The Office responds to all inquiries on a confidential basis, and tracks both the number and the nature of the inquiries.

Under the CAA, employees must request counseling and mediation under the auspices of the Office of Compliance before filing a formal complaint. If the employee's concerns are not resolved during the 30-day counseling period and the employee requests mediation in a timely manner, the Office provides neutral, trained mediators to assist the parties in resolving the dispute. The period for mediation is generally 30 days, but may be extended at the request of the parties. Pursuant to section 416 of the CAA, all counseling and mediation is confidential.

Adjudication

After counseling and mediation, if the dispute remains unresolved, the employee may choose either to pursue the claim through the adjudicative hearing process under the auspices of the Office, or file suit in Federal District Court. An employee who elects the adjudicative procedures of the Office must file a formal complaint with the Office. The Executive Director appoints an independent Hearing Officer to consider the case and render a written decision, which may be appealed to the Office's Board of Directors. The Board of Directors issues written decisions, which may then be appealed to the U.S. Court of Appeals for the Federal Circuit. The administrative hearing process offers speedier resolution and confidentiality, while offering the same remedies as civil action.

Since January 23, 1996, when the CAA's dispute resolution process went into effect, a total of 2,420 requests for information were made to the Office directly, or to the Office's information line. In fiscal year 1996, a total of 61 formal counseling requests were filed. Of these, 23 were resolved during, or were not pursued past, this early stage of the alternative dispute resolution (ADR) process. Twenty-five requests for mediation were received in fiscal year 1996. Two hearings were held, involving nine complainants.

In the first eight months of fiscal year 1997, a total of 123 formal counseling requests were filed. A total of 113 requests for mediation have been received thus far in fiscal year 1997, some resulting from cases initiated in fiscal year 1996. Sixty-two cases were either resolved during, or not pursued past, the counseling and mediation stages of the ADR process. Three hearings have been held, and two more are scheduled.

Although we are still working with limited statistics, the data demonstrate the effectiveness of the ADR process provided under the CAA. Because sufficient information is provided on an informal basis, the vast majority of potential claims never reach the counseling stage. Other claims are resolved in counseling, and thus do not require mediation. Mediation has been most effective in resolving many cases either through settlement, or by providing the employees with information that satisfies them that further proceedings are not warranted. Complaints have been filed in only a very few of our cases, necessitating hearings after the mediation stage. The ADR system is working as Congress envisioned.

The Office has developed a computerized case-tracking system in order to meet statutory time frames, efficiently manage and report to Congress as mandated.

INSPECTIONS, TECHNICAL ASSISTANCE AND INVESTIGATIONS

Occupational Safety and Health

Pursuant to section 215 of the CAA, the Office of the General Counsel (OGC) conducts regular periodic inspections—at least once each Congress—of all facilities in which employees covered by the CAA work. On the basis of these inspections, the OGC reports on compliance with the provisions of section 5 of the Occupational Safety and Health Act of 1970, as applied by section 215 of the CAA. The OGC also assists the Office of the Architect of the Capitol and other covered entities, by arranging for inspections and other technical assistance at their request.

In fiscal year 1996, the OGC completed the initial inspection of all facilities of the House of Representatives, the Senate, the Capitol Guide Service, the Capitol Police, the Congressional Budget Office, the Office of the Architect of the Capitol, the Office of the Attending Physician, the Office of Compliance, the Library of Congress, and the General Accounting Office, between January and June of 1996. The report submitted to the 104th Congress detailed findings on almost 20 million square feet inspected. I am pleased to transmit with this testimony a copy of this report (which was printed and bound by the Government Printing Office, as were the other attached reports).

Effective January 1, 1997, under section 215 of the CAA, the General Counsel is responsible for receiving and processing requests for inspections, and for inspecting and investigating facilities and issuing citations regarding violations of occupational safety and health standards.

Public Accommodations under the Americans with Disabilities Act

Pursuant to section 210 of the CAA, the Office of the General Counsel conducts regular periodic inspections—at least once each Congress—of all facilities in which employees covered by the CAA work. On the basis of these inspections, the OGC reports on compliance with the rights and protections against discrimination in the provision of public services and accommodations established by the Americans with Disabilities Act, as applied to covered facilities by section 210 of the CAA. The OGC also assists the Office of the Architect of the Capitol and other covered entities by arranging for inspections and other technical assistance at their request.

Between January and June, 1996, the OGC completed the initial inspection of the House of Representatives, the Senate, the Capitol Guide Service, the Capitol Police, the Congressional Budget Office, the Office of the Architect of the Capitol (including the Senate Restaurant and the Botanic Garden), the Office of the Attending Physician, and the Office of Compliance, and submitted a report on the findings to the 104th Congress. A copy of the report is transmitted with this testimony.

Effective January 1, 1997, the General Counsel is authorized by section 210 of the CAA to receive complaints of alleged violations of the public accommodation provisions of the Americans with Disabilities Act. He is to investigate such charges and,

if warranted, issue and prosecute complaints against any entity responsible for correcting the alleged violation.

Labor-Management Relations

Effective October 1, 1996, the Office has carried out the Board's investigative authorities under section 220(c)(1) of the CAA, involving issues concerning the appropriateness of units for labor organization representation, the duty to bargain, and exceptions to arbitrators' awards. Since that time, three representation petitions have been filed, two pre-election investigatory hearings have been held, and two elections have been conducted.

The General Counsel is responsible for receiving and investigating allegations of unfair labor practices filed under section 220 of the CAA, and for filing and prosecuting complaints of unfair labor practices with the Office.

The Office of the General Counsel has received a total of 188 requests for information and/or technical assistance since July 1, 1996, under sections 210, 215, and 220. Most of these have been regarding the OSHA and ADA provisions of the CAA. Eight requests for inspection have been filed under section 215 (safety and health), and five unfair labor practices charges have been filed under section 220.

EDUCATION AND INFORMATION

The CAA mandates an ongoing education and information effort by the Office. The Office provides to Congress, other employing offices of the legislative branch, and covered employees information on the laws applied by the CAA, the Office of Compliance, and its procedures for dispute resolution and adjudication of claims, as well as any other information the Office deems necessary.

During fiscal year 1996, a 330-page reference manual was distributed to approximately 600 employing offices that included summaries of the eleven laws applied by the CAA, a question and answer section for each law, and a complete set of the Office's procedural and substantive rules, updates, and other materials. Periodic updates to the manual are distributed to all employing offices throughout the year. In addition, a poster providing information on the eleven laws applied by the CAA, the Office's address, and phone numbers was distributed to all employing offices; an informational brochure containing brief summaries of the eight laws applied by the CAA on January 23, 1996, employee rights and protections, and the procedures of the Office was mailed to the residences of the 26,000 employees covered by the CAA. Briefings were presented by the Office to employing office staff to provide information and guidance on the CAA; the sessions were videotaped for use in district offices and for loan to new employing offices; and introductory briefings on the CAA were conducted for covered employees. The first quarterly newsletter, The CAA News, containing updated information on the CAA was mailed in October to the residences of the 20,000 employees covered by the CAA.

A world wide web site was developed and implemented for disseminating Office of Compliance information via the Internet. The web site (www.compliance.gov), is maintained on a GPO server and is accessible via GPO's ACCESS system; it is updated on an ongoing basis. An interactive telephone information line was established which directs callers to recorded information, or to an Office staff member who can discuss claims and provide resource referrals, and keeps statistics on how many calls are received by category. The CAA also requires the Office to publish statistics on the use of the Office by covered employees. We anticipate publishing the first such report based on statistics for the year ending June 30, 1997, and annually thereafter.

REGULATION WRITING

The CAA requires the Executive Director, subject to Board approval, to adopt rules governing the procedures of the Office. The CAA further requires the Board to adopt, subject to Congressional approval, substantive regulations implementing provisions of the Fair Labor Standards Act, the Family and Medical Leave Act, the Employee Polygraph Protection Act, the Worker Adjustment and Retraining Notification Act, Titles II and III of the Americans with Disabilities Act, the Occupational Safety and Health Act, and the Federal Service Labor-Management Relations Statute, as applied by the CAA.

During fiscal year 1996, the Office reviewed thousands of pages of executive branch regulations, solicited comments and consulted extensively with interested parties in developing substantive regulations and procedures. Comprehensive procedural rules for the Office were developed, published for comment, and adopted and issued on December 22, 1995. The substantive regulations implementing the Fair Labor Standards Act, the Family and Medical Leave Act, the Employee Polygraph

Protection Act, and the Worker Adjustment and Retraining Notification Act, as applied by the CAA, became effective on January 23, 1996. The regulations for the implementation of the three remaining laws made applicable, i.e., OSHA, Titles II and III of the ADA, and the Federal Service Labor-Management Relations Statute, were developed, published for comment, and adopted by the Board between February and December 1996. The procedural rules were then amended to provide for implementation of sections 210, 215 and 220.

STUDIES AND REPORTS

The CAA mandates several studies to be completed during fiscal year 1996 and 1997. Under section 230 of the CAA (2 U.S.C. § 1371), the Administrative Conference of the United States (ACUS) was required to undertake a study on the application of the rights, protections, and procedures under the eleven employment and labor laws in the CAA to the General Accounting Office, the Government Printing Office, and the Library of Congress and their employees. Pursuant to section 309 of the Legislative Branch Appropriations Act for Fiscal Year 1996, the Board was made responsible for this study, which was presented to Congress on December 30, 1996.

Section 102(b)(2) of the CAA required the Board to submit a report to Congress on the applicability to the legislative branch of employment laws, beginning on December 31, 1996, and every two years after that. The report was submitted to Congress on December 30, 1996.

Sections 210(f)(2) and 215(e)(2) of the CAA required the General Counsel of the Office to submit, at least once every Congress, a report to Congress and the Office of the Architect of the Capitol containing the results of the periodic inspections required by the CAA. These studies, discussed in the Inspections, Technical Assistance, and Investigations section above, must also outline the steps necessary to remedy a violation, describe the consequences of each violation, and estimate the cost and time needed to correct the violation. The initial section 210 and section 215 studies were presented to Congress on June 28, 1996.

Much of the research for and writing of the section 102(b) and section 230 studies were completed in fiscal year 1996. For the section 230 study, the Office conducted outreach and collected data from the three instrumentalities, as well as other interested parties. For the section 102(b) study, all new and existing legislation was surveyed, including regulations relating to the terms and conditions of employment of employees and access to public services and accommodations. Reports on both studies may be found on the Office's home page (http://www.compliance.gov), and I am pleased to present a copy of each to you with this testimony.

The Board has approved an interim section 102(b) study on those sections of the CAA laws not specifically incorporated into the CAA. We anticipate the publication of this interim study early in fiscal year 1998. In addition, as noted, section 102(b) of the CAA mandates the examination of all new and existing legislation on a biannual basis. The second full 102(b) study will be conducted during fiscal year 1998, and the report will be issued in early fiscal year 1999.

ADMINISTRATIVE AND FINANCIAL IMPROVEMENTS

Accomplishments in fiscal year 1996

Early in fiscal year 1996, the Office occupied a small suite of offices in the Adams building of the Library of Congress on a temporary basis. It was expanded with considerable assistance from the Library and its staff in January of this year.

The Office developed a budget and accounting system that complies with Generally Accepted Accounting Principles, tracks expenditures by primary process or function, complies with appropriations law, and, voluntarily, with FAR guidelines. The new system was implemented on October 1, 1996. The Office also implemented the Debt Collection Improvement Act of 1996, which required all new vendors to be paid via electronic fund transfer (EFT) effective on July 26, 1996. Although requiring that existing vendors be paid via EFT is not mandatory until January 1, 1999, the Office has already achieved upwards of 85 percent compliance with this requirement. The Office also prepared and submitted its first President's and Legislative Branch budgets and justifications.

With considerable help from Library of Congress financial, budget, and personnel staff, we planned for and effected a change in the agency that provides administrative support—from GSA to the LOC. The Library now provides disbursement and budget support, obligations and voucher processing, and payroll services through the National Finance Center. The Office has on-line access to both the Library's Federal Financial System and Reports Management System, for purposes of producing reports and analyzing budget status.

The Office developed and installed a completely internal Local Area Network (LAN). The primary consideration in the design of the LAN was strict compliance with section 416 of the CAA, which requires confidentiality in most of our processes; therefore, its design allows for no external physical connectivity. The e-mail, word processing, spreadsheet, and other software used by Office staff reside on the LAN. The cabling for the network was provided and installed by the Library of Congress and the Architect of the Capitol. The majority of the equipment was obtained from the Office of Technology Assessment.

In order to ensure consistency with statutory time frames, efficiently manage and report to Congress as mandated, the Office's computerized case-tracking system has been developed and also resides on the LAN, in test mode. The system is both flexible and highly secure, also in accordance with the confidentiality requirements of section 416 the CAA, allowing even Office staff to access data only on a "need-to-know" basis.

The Office implemented a phone system, voice mail system, and the world wide web site and interactive information line discussed in Education and Information above. The Office has Internet access, access to Westlaw on-line legal information services, and access to the Architect of the Capitol via e-mail, and we are linked to the Library of Congress's Federal Financial Services on-line system, all of which are via stand-alone computer (not connected to the LAN). The Office also developed and implemented a disaster recovery system for its confidential data. All files are backed up regularly on magnetic tape, and stored off-site.

The Office established a small internal library of legal publications. For other publications, the Office relies on the collections of the Library of Congress.

FISCAL YEAR 1998 REQUEST

The Office of Compliance's fiscal year 1998 budget request of $2,600,000 reflects a $9,000 (−0.3 percent) decrease from the fiscal year 1997 appropriation of $2,609,000. The request is predicated on two assumptions—that the Office will remain housed within the Library of Congress, and that the current workload will remain fairly constant.

Since its inception, the Office has been located in the Adams building of the Library of Congress. Pursuant to an agreement with the Library, the space was expanded to accommodate our initial operations. On this basis, no additional funding for moving expenses, rent, utilities, or system and phone wiring has been included in this request. If the Office is required to relocate in fiscal year 1998, additional funding will be sought in a supplemental request.

Although the Office is requesting the same number of FTE positions as in fiscal year 1997, we should again note that the CAA has not been in effect long enough to accurately predict future needs. It is similarly difficult to predict how the added responsibility of the ADA and OSHA functions will affect staffing requirements. In addition, on December 30, we submitted a study to Congress on the application of the employment and labor laws incorporated in the CAA to the General Accounting Office, the Government Printing Office, and the Library of Congress. Should Congress decide that GPO, GAO and/or the LOC should be covered under the CAA, additional funding and staffing will be needed for the Office of Compliance.

Similarly with respect to projected costs for mediators, hearing officers, and court reporters, this budget request was extrapolated from fiscal year 1996 actual data that represented only two months of hearings and five months of mediations. Moreover, the Office's new functions under sections 210 and 215 of the CAA will include investigations and hearings with regard to both the public services and accommodations provisions of the ADA, and OSHA, and the labor management sections of the CAA. These functions could increase the need for mediation and hearing-related services.

Costs for employee benefits are expected to be approximately $88,000 less in fiscal year 1998 than had been projected for fiscal year 1997. Our fiscal year 1997 request had been based on the average benefits ratio experienced by other agencies which did not turn out to be an accurate predictor.

We continue to hire permanent full-time staff who are capable of performing the range of functions for which the Office has responsibility. Thus, we are requesting a total of $35,000 for the services of temporary employees, who will be needed to fill in on a targeted basis.

Based on fiscal year 1996 actual expenditures, increases in postage, courier services, long distance data communications, and office supplies are requested, as is an increase in printing and reproduction, necessitated by the numbers of publications required to fulfill our statutory mandate for education and information. We are also requesting a $14,000 increase in equipment over the fiscal year 1997 request.

The Office is requesting a total increase of $10,000 for cost-reimbursable services specified in our interagency agreement (IAG) with the Library of Congress, including copying, manual labor, and graphics design.

No specific amount is requested for the Awards and Settlements appropriation, as the Office can predict neither the numbers nor amounts of awards in advance. In the first eight months of fiscal year 1997, the Executive Director approved disbursements of a total of $36,429 to five complainants.

CONCLUSION

In the less than two years since this Office came into existence much has been accomplished. We have endeavored to fulfill our statutory mandate faithfully, effectively, and in a cost efficient manner. Although we come before you today better able to assess our experience and to project from that experience our future needs, of course there remains the uncertainty that is a concomitant of sailing in uncharted waters. But at this point, it is fair to say that the processes are working extremely well. This speaks not only to the good work of the Office, but, more importantly, to the commitment of Congress to the important principles of the Congressional Accountability Act.

Senator BENNETT. Thank you very much.

Senator Dorgan.

Senator DORGAN. Mr. Chairman, my regrets for being late. I have been involved in some meetings on the disaster bill which is obviously consuming the interests of my constituents and me and that has delayed me. I apologize.

Senator BENNETT. More than understandable.

Senator DORGAN. I do not have any questions at the moment, but I appreciate very much the testimony and the good work of the witnesses.

Senator BENNETT. I do not have any serious questions that we need to spend a lot of time on. We will submit some questions in writing that we would ask you to respond to.

SPACE IN LIBRARY OF CONGRESS

I understand you are housed in space within the Library of Congress and that there are a number of items in your budget that go to reimburse the Library. Could you briefly summarize what those are and give us your view as to what the future may hold in terms of where your offices might be and what that might do to future expenses?

Ms. SILBERMAN. Right now we have an administrative support services contract with the Library of Congress. We felt that that was the most cost-efficient way to get such things done as payroll and disbursements, because we are contiguous. They have given us very, very good service in these things. We switched from GSA to the Library of Congress.

With respect to our space, it is kind of an awkward question, Mr. Chairman. We are very happy in the space. We do not know how happy they are to have us continue to be in that space.

Senator BENNETT. If it is nice space, they want it back. [Laughter.]

Ms. SILBERMAN. Well, I am sure that is true. Like with everything else on Capitol Hill, space is the most difficult issue, and I have to tell you that when I came up here after 11 years with the EEOC in the executive branch, I had absolutely no idea that the first 5 months of my tenure would be consumed by finding this homeless agency some space. I will not go into that story now. It is not really for public consumption.

At any rate, suffice to say that we are happy where we are. We understand that there are certain questions that need to be explored with our landlord. We do not think we are probably the best people to explore those questions, but if we have to move, there is no doubt that that will mean added costs for us which we did not factor into this budget request. The balance of interests with respect to how those costs are best allocated is not something we can speak to.

What we wanted was space that was close to the constituents so that if people needed information and help, they could come to us easily, that was relatively secure in terms of the confidentiality requirements—and the Library has done a wonderful job in helping us to make that happen—and that was most cost efficient. We have done that now.

ADDITIONAL COMMITTEE QUESTIONS

Senator BENNETT. OK, fine. Thank you very much for coming in. Our best wishes to you. It sounds from your testimony that your primary emphasis is on prevention not adjudication. I wish I had the same feeling about many of your sister efforts in the private world where the gotcha mentality seems to reign and they are not so interested in preventing things from happening or helping people understand. I commend you for that and look forward to visiting with you next time.

Ms. SILBERMAN. Thank you so much.

Senator BENNETT. Thank you very much.

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

ADDITIONAL COMMITTEE QUESTIONS

Question. The Office of Compliance determined that generally the rights of employees at GPO, LOC and GAO were comprehensive and effective. However, the Office did note that some gaps exist—what are these gaps?

Answer. The study under section 230 of the CAA evaluated the rights and protections at the instrumentalities by making comparisons with the rights and protections under the CAA. Following this methodology, the study identified the following gaps:

Substantive rights.—Employees at GPO are not covered under the Worker Adjustment and Retraining Notification Act or the Employee Polygraph Protection Act of 1988.

Adequacy of administrative processes.—LOC employees have no right of appeal to the EEOC or to any other administrative body external to, and independent from, the Library when the Librarian of Congress denies a complaint of employment discrimination. Nor can a Library employee appeal to an outside agency when the Library takes action against the employee in violation of the Family and Medical Leave Act. GPO is not subject to the investigatory or enforcement authority of any outside agency in the occupational safety and health area. Nor can a GPO employee apply to an outside regulatory agency if the Public Printer denies the employee's complaint of discrimination on the basis of disability, or if the employee wishes to enforce rights under the Uniformed Services Employment and Reemployment Rights Act.

Adequacy of judicial processes and relief.—Employees at GPO, like most federal civil service employees, do not have a private right of action for violations of the Family and Medical Leave Act or the Uniformed Services Employment and Reemployment Rights Act. Furthermore, while GAO and Library employees have been granted a private right of action under the Family and Medical Leave Act, they may not be entitled to a jury trial, because courts ordinarily do not provide jury trials in cases against the federal government without express statutory authority, and no statute expressly authorizes jury trials in cases brought under the Family and Medical Leave Act. For similar reasons, jury trials may be unavailable to employees of

all three instrumentalities in cases under the Age Discrimination in Employment Act, the Fair Labor Standards Act, and the Equal Pay Act. Employees of the three instrumentalities, like most federal civil service employees, are also not entitled to recover compensatory damages under 42 U.S.C. § 1981 or liquidated damages under the Age Discrimination in Employment Act. Finally, while GAO employees may have their discrimination complaints adjudicated administratively, and may then obtain judicial review in a court of appeals, a judicial decision has left some uncertainty as to whether GAO employees may pursue a discrimination complaint as a civil action.

Adoption of substantive regulations.—In issuing an order to establish its labor-management program, GAO exercised discretion under the General Accounting Office Personnel Act to establish limits on appropriate bargaining units and on the scope of bargaining that are more restrictive than the provisions of the Federal Service Labor-Management Relations statute, 5 U.S.C. chapter 71, as made applicable by the CAA.

Question. Are there instances in which GAO, GPO, or LOC are governed by laws enforced by executive branch agencies, and in other instances where the same agency has the law enforced by a legislative branch agency, i.e.: the Office of Compliance?

Answer. The situation described in the question is present at GAO and LOC, but not at GPO. With respect to GAO and LOC, certain laws are enforced by executive branch agencies (i.e., executive branch agencies may impose regulations, hear and decide employee complaints, conduct investigations, and/or take enforcement actions), while other laws are enforced by the Office of Compliance. With respect to GPO, some laws are enforced by executive branch agencies, but no laws are enforced by the Office of Compliance with respect to GPO. Furthermore, some laws are to be implemented by the three instrumentalities themselves, without enforcement by either an executive branch agency or the Office of Compliance.

The following chart lists the laws made applicable to Congress by the CAA, and identifies where executive branch agencies enforce these laws with respect to GAO, GPO, and LOC, where the Office of Compliance enforces the laws, and where neither an executive branch agency nor the Office of Compliance enforces the laws.

Laws made applicable to Congress by the CAA	Executive branch or legislative branch agencies that enforce the law with respect to—		
	GAO	GPO	LOC
Employment discrimination laws	Regulatory authority is exercised by the Comptroller General and the GAO Personnel Appeals Board (PAB).	EEOC, except that, under the Americans with Disabilities Act, regulatory authority is exercised by the Public Printer.	Regulatory authority is exercised by the Librarian of Congress.
Fair Labor Standards Act	Office of Personnel Management (OPM)	OPM	Department of Labor. Also, OPM may hear some employee claims.
Family and Medical Leave Act	OPM until 12/30/97. Beginning on 12/30/97, under an amendment made by the CAA, regulatory authority will be exercised by the Comptroller General. The PAB may hear some employee claims.	OPM. Also, the Merit Systems Protection Board (MSPB) may hear some employee claims.	OPM until 12/30/97. Beginning on 12/30/97, under an amendment made by the CAA, regulatory authority will be exercised by the Librarian of Congress.
Occupational Safety and Health Act	Office of Compliance, beginning on 12/30/97. (Now, reports must be filed with the Labor Department.).	The law is to be implemented by GPO. Also, reports must be filed with the Labor Department.	Office of Compliance, beginning on 12/30/97. (Now, reports must be filed with the Labor Department.).
Federal Service Labor-Management Relations Statute.	Regulatory authority is exercised by the Comptroller General and the PAB.	Federal Labor Relations Authority	Federal Labor Relations Authority.
Worker Adjustment and Retraining Notification Act.	Office of Compliance, beginning on 12/30/97.	Law does not apply	Office of Compliance, beginning on 12/30/97.
Uniformed Services Employment and Reemployment Rights Act.	Office of Compliance, beginning on 12/30/97. (Now, OPM, Labor Department, Office of Special Counsel, MSPB.).	The law is to be implemented by GPO. (Also, the Labor Department may investigate and seek compliance by informal means.).	Office of Compliance, beginning on 12/30/97. (Now, the Labor Department may investigate and seek compliance by informal means.).
Employee Polygraph Protection Act	Office of Compliance, beginning on 12/30/97.	Law does not apply	Office of Compliance, beginning on 12/30/97.
Public access provisions of the Americans with Disabilities Act.	Regulatory authority is exercised by the Comptroller General. Additional administrative remedies and procedures become effective on 12/30/97 under an amendment made by the CAA, but the Comptroller General remains responsible for implementation.	Regulatory authority is exercised by the Public Printer. Additional administrative remedies and procedures become effective on 12/30/97 under an amendment made by the CAA, but the Public Printer remains responsible for implementation.	Regulatory authority is exercised by the Librarian of Congress. Additional administrative remedies and procedures become effective on 12/30/97 under an amendment made by the CAA, but the Librarian of Congress remains responsible for implementation.

Furthermore, at all three instrumentalities, certain civil service laws outside the scope of the CAA are enforced by executive branch agencies. For example, the Office of Personnel Management (OPM) enforces laws on position classification and grading with respect to GPO and LOC. OPM, the Office of Special Counsel, and the Merit Systems Protection Board also enforce laws on prohibited personnel practices, adverse actions, and RIF's with respect to GPO. OPM's regulations on premium pay and on flexible and compressed work schedules apply to GAO, and OPM's regulations on benefits and annual and sick leave apply to all three instrumentalities.

U.S. SENATE

OFFICE OF THE SECRETARY OF THE SENATE

STATEMENT OF HON. GARY SISCO, SECRETARY OF THE SENATE

ACCOMPANIED BY:

SHARON ZELASKA, ASSISTANT SECRETARY OF THE SENATE

STUART BALDERSON, FINANCIAL CLERK OF THE SENATE

LOUISE CAMPANALE, SPECIAL ASSISTANT, FINANCIAL MANAGEMENT INFORMATION SYSTEM AND LEGISLATIVE INFORMATION SYSTEM

OPENING REMARKS

Senator BENNETT. The next panel will be the Secretary of the Senate. We will have the Honorable Gary Sisco. Gary, I ask you to introduce whomever you have with you.

Mr. Sisco, we want to welcome you before the committee. This is your first time testifying as Secretary of the Senate.

The Office of the Secretary has been actively pursuing two large projects: Implementation of the financial management system and the legislative information system.

Mr. SISCO. That is correct.

Senator BENNETT. We look forward to hearing about your progress in these areas and whatever other information you wish to share with us.

Senator Dorgan, do you have any opening remarks?

Senator DORGAN. No; I welcome Mr. Sisco and appreciate the service he is giving the Senate. We have great cooperation from his office, and since this is his first appearance, we are here to say welcome and we are anxious to hear your testimony.

INTRODUCTION OF ASSOCIATES

Mr. SISCO. Thank you. Mr. Chairman and Senator Dorgan, I do thank you for the invitation to appear before the committee today to present the fiscal year 1998 budget request for the Office of the Secretary. This is a short summary which should run only 10 to 12 minutes, and the longer statement has been submitted previously in writing.

This is my first appearance before the committee, and it is an honor and a pleasure to have served as the Secretary of the Senate since October. I look forward to working with this committee and each Senator and the full Senate in the future.

With me this morning are three people whom I want to introduce: Sharon Zelaska, who is the Assistant Secretary, who supervises the day-to-day administration of the Secretary's office, and by law she would perform most of my duties in the event of my absence. She came to the Senate in February, bringing two decades

of experience in the Congress and in the executive branch of Government.

Also here is someone familiar to you, Stuart Balderson, the Financial Clerk of the Senate. He has submitted to you a separate report concerning the overall budget of the Senate and the requests there. My testimony this morning will be limited to the Secretary's office itself.

Also here with me this morning is Louise Campanale. Ms. Campanale, who comes to us from one of the major big six national accounting and consulting firms and who has an M.B.A. in accounting with a lot of experience, has joined the office as a special assistant to me for financial and legislative systems development to make sure we move these two systems along.

In addition to Sharon, Stuart, and Louise, there are other people here, and there are more than 200 capable and dedicated staff who make up the departments of the Secretary's office. I just want to go on record that I think their contributions have been highly valued. They have been easy to work with and they are essential for us to continue to perform the constitutional responsibilities of the Senate.

As Secretary, I serve as the Senate's chief legislative, administrative, and financial officer. My responsibilities are established variously in statutes, in rules, resolutions, and precedents of the Senate, and in direction from the Senate leadership and the committees, of course. But all of our responsibilities have a common focus and that is to enable or assist the Senate in fulfilling its role within our constitutional form of Government.

In this statement this morning, though, my main emphasis is where we are now and where we are going in the future with your support and the support of the Senate.

PROPOSED BUDGET FOR FISCAL YEAR 1998

I have proposed a budget for the Office of the Secretary for fiscal year 1998 of $14,942,000, of which 89.1 percent, or about $13,431,000 is for salaries and $1,511,000 is for expenses. Compared to last year, there is a freeze on expenses and the salary request is a 5.64-percent increase.

This increase includes $342,000 for cost-of-living allowances, $75,000 for potential overtime as we take on these new responsibilities, $150,000 for new positions, and $150,000 for merit-based salary increases. There is no increase, as I said, for the total expenses, but there are some realignments based on past spending patterns and some increases that are narrowly focused to bring us into target with what we want to do today and looking forward.

Broadly stated, the priorities that I am operating under and that are driving the budget are, first, to preserve the best and improve the rest of our current legislative, administrative, and financial services to the Senate.

Second, to implement, under strategic planning—working very closely with the Rules Committee and the Sergeant at Arms—in the areas of improved financial management and legislative information management.

Third, to achieve our vision—the Senate and the House vision—for the Capitol visitor center.

I think the budget request being presented is sensitive to the demand of the leadership of the Senate, the Appropriations Committee, and the American public that Government become more efficient. But, we did not put it together with the emphasis on cutting for cuts' sake. We exist to serve the Senate.

In 1995 to 1996, the Secretary's office absorbed a reduction across the board of 12 percent. For the current fiscal year, 1997, my predecessor requested what was essentially a freeze of the 1996 budget, and since 1995 we have taken on significant new responsibilities without any significant new funding, and we have got two major initiatives coming up.

For these reasons and others, I am not looking for cuts, as I said, for the sake of cuts, but wherever I can, I am going to save dollars and make us more efficient. For example, after my arrival in October, at the end of 1996, we consolidated the Office of Printing Services with the Document Room, resulting in a new Printing and Document Services Division, and we had some significant salary and office space savings by that consolidation and it made sense at the time.

STRATEGIC PLANNING

Strategic planning was initiated under the direction of the Committee on Rules and Administration long before I came to the Senate, but since I have been here, I have been active in the process and I am fully committed to it, as are the leaders and the Sergeant at Arms.

Through strategic planning, the Senate has directed us to take on infrastructure and operational issues that have been pending before, as well as to assume some new important responsibilities. Where the Senate has asked that we undertake large scale projects, new or reallocated resources will be needed.

Strategic planning has focused at the outset on four major operational and technological areas. Two we have mentioned—the financial management and legislative information systems—are the focus right now. Two others are human resources management and procurement reform.

FINANCIAL MANAGEMENT INFORMATION SYSTEM

On financial management, I am renaming FMS–II as FMIS. It is a new day. I am not superstitious, but I think it is time to rename it and move on.

The objective of the financial management information system, or FMIS, is to develop and implement an obligation- and accrual-based financial management system that will provide for accounting and tracking and reporting and analysis of our financial information, which can produce an auditable consolidated financial statement for the entire Senate. FMIS will benefit all the Senate offices and the committees and everyone who works here by allowing all of us to control and track expenditures of their individual accounts.

FMIS will replace, by October 1, 1999, several obsolete systems, including the Disbursing Office's general ledger system, which now operates on a cash basis rather than an accrual basis, and the Sergeant at Arms' accounting system for payables, which is isolated

from the Disbursing Office system. The installation of a new general ledger system also will resolve—prior to it being a problem for us—the year 2000 problem. Within the same timeframe, the Disbursing Office's payroll system will be made year 2000 compliant. So, that would not be a problem for us.

As you are already aware, the old FMS–II experienced significant delays from its outset. In 1995 you appropriated $7 million for the system, and the 1997 act extended availability of those funds through the year 2000. Candidly, when I took office last October, little progress had been made and only $200,000 had been spent.

I have a handful of top priorities. FMIS is the No. 1 priority and I plan on catching it up to implementation as we move forward.

LEGISLATIVE INFORMATION SYSTEM

The legislative information system, or LIS, like FMIS is a comprehensive Senate-wide information system that has long been needed. The Senate continues to rely on the information system that has been dated from the 1970's. Last year the Legislative Branch Appropriations Act mandated that we do it and that we implement it.

The Legislative Branch Appropriations Act of 1997, as I said, directs the Secretary to develop and implement LIS under the oversight of the Committee on Rules and Administration. We are committed through the strategic planning and just through day-to-day management to have it online as soon as possible but no later than December 31, 1999. It will be a system that will be about preparing, storing, retrieving, and tracking and distributing legislative information to each Senate office and each committee, and each other interested person who is tied to the system, through their own personal computers on their own desks.

An early phase of LIS became available as of last week. We have installed the amendment capture distribution system, the new equipment and software allowing the bill clerks to scan the floor amendments in the Chamber as they come to the desk. The clerks add the amendment numbers. They will add the bill numbers. They will add who the sponsor is, and then they will electronically scan that and it will enter the system. Then Senators and staff can view it from their own personal computers.

The chairman and ranking member of the Rules Committee announced that about 10 days ago and we have a followup letter that went out yesterday on that particular phase of the legislative information system. Through the testing that we have done, we have had really good feedback from some Member offices. I think maybe it was in your office, Senator Dorgan.

The legislative information system will begin with the floor functions, but it has significant potential for many other additional kinds of information that can be added once we get it installed. It can be designed to provide ready access effectively to anything that may aid a Senator in being knowledgeable to create informed public policy.

As you know, no funds have been provided specifically for LIS to this date. I was given authority—the Secretary was—last year to extend surplus funds from FMS–II subject to the committee's approval. I have not made a request to date but will need to do so

unless we receive the $5 million for LIS that is in the supplemental appropriations bill. If that passes, we will not be requesting any more money for LIS. If it does not, we will ask for transfers over from the financial management money that was allocated previously.

At this point, the system cost is subject to a number of variables that we will flesh out during the strategic planning process and that we are evaluating. For example, the system implementation that we originally planned to be done by Senate staff might instead be more effectively done by an outside contractor. We are looking at those things.

SENATE LIBRARY

I will touch on the Senate library. In 1994 the Appropriations Committee provided full funding for the relocation of the Senate library in the amount of $4,900,000.

Our intent remains the same, which is to create a state-of-the-art library facility in space that is more conveniently located to Senators' and committee offices. The Rules Committee has designated space in the Russell Building, which I found would be quite sufficient, right next to the CRS offices that are over there now. The Architect of the Capitol is at present doing asbestos removal from that space, and it is in the planning process. So, we will come with a new plan for that. I think it will be in Russell. We propose that it would be in Russell, as opposed to the more elaborate $4.9 million plan, and that will keep the volumes that are needed in the Capitol in the Capitol, but the others will be in the Russell Building in redesigned space there. I think we can do that with less money than has been approved.

PERSONNEL MANAGEMENT

One other area that I want to note is personnel management. In terms of the internal personnel management of the Secretary's office in 1997, I think we have got a particularly important personnel challenge in the future.

During 1996, as you know, the Secretary's office introduced its first job classification and compensation system through the Hay Group, and new market salary ranges were established for specific positions. In light of the requirements of the Congressional Accountability Act, it was absolutely necessary for that to have been done. But there remain questions as to how certain jobs in the Secretary's office which do not have any direct counterpart in the executive branch or in private industry could be compared.

This committee in its report last year commended the efforts but noted that certain positions with little comparability to private sector occupations are essential to the Senate's constitutional responsibilities.

The Hay system, we found, is useful in organizations with one-of-a-kind jobs, but I do not think it gave enough weight to the institutional knowledge of the Senate that is required in certain positions here. Therefore, since October I have exercised my discretion to modify the Hay system and to make adjustments for some positions, recognizing institutional knowledge and some other unique

circumstances, and I would plan under good management to continue to do so in the future.

Further, we will begin adjusting salaries for specific positions in the Secretary's office and awarding increases to specific employees on a merit basis. Though the new system is still under study—and I should receive it by the end of this month, the end of June—its essential feature will be to link future salary increases to merit, productivity, skill, service, or other factors that are measurable and that demonstrate the value of that employee to the Secretary's office and to the full Senate.

SUCCESSION PLANNING

The positions within our office that depend on institutional knowledge and experience present us with a major challenge for the future. We have people in these key positions, and particularly within the legislative departments, but not exclusively there, who are or will be eligible to retire in the near future. Positions with duties in the Chamber, as well as some others, can require 4 to 8 years of on-the-job training to master—at the clerk's desk in the Chamber, for example. We need to plan now to maintain the constitutionally essential functions that these departments perform.

I went into that in more detail in the full statement, but basically there are five or six people here in key positions, in the Chamber or otherwise in the Senate and the Secretary's office, that are critical, but who are eligible for retirement now or who could retire in 1 year or 2. In some cases there is a gap because no people have been brought in underneath for on-the-job training to move up over time.

So, accordingly, I am beginning a process to plan for succession into these essential positions in future years with no disruption in any critical function, looking first from within the Secretary's office itself and hiring from the inside. But this might require us, or probably will require us, to identify a number of prospective new hires who are highly qualified, possibly with experience in a related field, who are able to commit to a career in the Senate or for a long-term basis as they learn how to meet the professional standards that these individual positions require. Not this year, but our future budget for salaries will take that into account. The 1999 budget will take that into account.

CAPITOL VISITORS CENTER

Last and quickly, the Capitol visitors center. November 17, 1800, was the date that Congress met in the Capitol for the first time. So, for nearly 200 years the Capitol has stood as the world's greatest visible symbol of representative democracy for people coming here from within the country—our citizens—and for others from around the world.

At the request of the leaders and the Rules Committee, I have at least temporarily taken the lead in preparing a Senate bill that would authorize construction and fundraising for a Capitol visitors center. We have had a series of meetings with the Architect of the Capitol on various issues, with the Senate historian and curator, with the Sergeant at Arms and with the House Clerk and the Sergeant at Arms of the House to consider educational components,

and also—a big, big point, I think—the security component of the new Capitol visitors center and what that could do for us there.

I believe that the hard construction costs can be raised without the use of taxpayers' funds, other than the front-end funding to allow the project to begin. Further, the visitor center will not impact my budget directly, even though key staff, myself, and others within the Secretary's office will need to make some major contributions of our time.

We have got $24 million, or just in excess of $24 million, in privately raised money now in the existing Capitol preservation fund, and there is little doubt in my opinion, and the opinion of others that I talk with, that this money can be raised to build the Capitol visitors center from private sources and that the fundraising effort would be successful in doing that. If, however, sufficient funds for the project are authorized and set aside and appropriated at the outset, to be used as needed to draw against whatever money we have now or that we raise privately, then the visitor center can be begun without delay and built within the targeted completion date of November 2000. Even though that is aggressive, it will be a nice thing to open on the 200th anniversary of the moving of the Government here from Philadelphia. It would let the Architect go ahead and let construction contracts and proceed while we raise the money. While the appropriated funds can be drawn, they would be repaid or offset as we raise money.

So, I am preparing that with everyone's input on the Senate side, and am looking to the leadership of the Senate and the House to pass that as soon as we can. I am personally committed to it and my staff and I will assist in every way that we possibly can.

PREPARED STATEMENTS

So, that took a little longer than I hoped for, but that completes my statement and I am, of course, available for questions.

[The statement follows:]

PREPARED STATEMENT OF GARY SISCO

BUDGET SUMMARY

OFFICE OF THE SECRETARY OF THE SENATE

	Amount	Percent
Fiscal year 1997 budget:		
Payroll Budget	$12,714,000	89.4
Operating Expense Budget	1,511,000	10.6
Total	14,225,000	100.0
Suggested fiscal year 1998 Budget request:		
Payroll Budget	13,431,000	89.9
Operating Expense Budget	1,511,000	10.1
Total	14,942,000	100.0

EXPENSES—OFFICE OF THE SECRETARY

Item	Amount available fiscal year 1997 Public Law 104–107	Budget estimate fiscal year 1998	Difference
Historical office:			
Books and documents	$2,500	$2,500	.....
Photographic supplies	7,000	7,000	.....
Library:			
Online information services	47,000	47,000	.....
Microform publications	31,000	35,000	+$4,000
Books	12,000	12,000	.....
Subscriptions	20,000	20,000	.....
Standing orders	20,000	20,000	.....
CD–ROM	4,000	4,000	.....
Audio/visual materials	500	500	.....
Office of Conservation and Preservation	3,000	5,000	+2,000
Book preservation	5,000	5,000	.....
Office of Public Records (Public Law 92–342)	8,000	10,000	+2,000
Travel and registration fees (Public Law 94–59)	12,000	60,000	+48,000
Consultants (not more than two) (Public Law 95–26)	25,000	75,000	+50,000
Legal reference volumes and dictionaries (Senators' offices) (Public Law 92–51)	80,000	90,000	+10,000
Contractual legal and administrative services and miscellaneous expenses	295,000	270,000	−25,000
Disbursing office: Payroll forms, notary fees, supplies, and insurance	29,000	15,000	−14,000
Orientation and training (Public Law 95–94)	10,000	10,000	.....
Newspapers	25,000	25,000	.....
Senate service awards (S. Res. 21, Sept. 10, 1965)	23,000	23,000	.....
Postage	1,000	1,000	.....
Education of Senate pages (Public Law 98–51 and Public Law 98–125) (S. Res. 184, July 29, 1983)	58,000	58,000	.....
Stationery	50,000	50,000	.....
Senate Commission on Art (Public Law 100–696, Nov. 18, 1988)	28,000	33,000	+5,000
Representation expenses (Public Law 100–71, July 11, 1987)	30,000	50,000	+20,000
Office of Captioning Services (Public Law 101–163, Nov. 21, 1989)	235,000	163,000	−72,000
Senate Chief Counsel for Employment	450,000	420,000	−30,000
Total	1,511,000	1,511,000	.....

LEGISLATIVE DEPARTMENTS

Bill Clerk

The Bill Clerk records official actions of the Senate, keeps an authoritative historical record of Senate business, enters daily legislative activities and votes into the automated legislative status system, and assigns numbers to all bills and resolutions.

Legislative activity.—The legislative materials processed by the Bill Clerk during the last two Congresses are included in the following comparative chart.

LEGISLATIVE SUMMARY

	104th Congress	103rd Congress
Days in Session	343	291

LEGISLATIVE SUMMARY—Continued

	104th Congress	103rd Congress
Hours in Session	2,875″/55′	2,513″/15′
Measures Passed	822	938
Measures Reported	509	608
Roll Call Votes	919	724
Senate Bills	2,199	2,569
Senate Joint Resolutions	65	232
Senate Concurrent Resolutions	74	80
Senate Resolutions	324	294
Quorum Calls	5	8
Amendments Submitted	5,439	2,655
House Bills	472	498
House Joint Resolutions	31	54
House Concurrent Resolutions	68	80
Senate Reports	398	433
Roll Call Votes	919	724

As indicated, the volume of legislative materials processed by the Bill Clerk during the 104th Congress was 76 percent higher than during the 103rd Congress, a result largely due to a substantial rise in the number of amendments submitted and roll call votes recorded, despite a general decline in the number of bills introduced over the past six years.

Relations with GPO.—Although relations with GPO's Congressional Desk remained good, the work product was affected by the retirement of experienced printers, coupled with cutbacks in overall staff. The record on specific GPO printings for the 1996 calendar year is summarized below:

—Star Prints.—The number of Star Prints authorized was down to 13, continuing a three-year trend in such printings.

—"Bates List".—Overnight rush printing was ordered on 34 occasions.

—"Committee Discharges": The Secretary discontinued printing of "committee discharge" bills, saving approximately $200,000 during the 104th Congress.

Projects.—Two significant projects occupied the Bill Clerk in "spare" moments during the 104th Congress:

—LEGIS 2000: The system used by the Bill Clerk for entry of status information is being reviewed and will be incorporated into the Legislative Information System (LIS).

—Amendment Scanning: After a year of discussion, the scanning of proposed amendments will be a reality as of June, 1997. The effect this may have on our workload is unclear; current plans are to incorporate this additional work into the Bill Clerk's daily routine.

Daily Digest

The Daily Digest section of the Congressional Record provides a concise accounting of all official actions taken by the Senate on a particular day. All Senate hearings and business meetings (including joint meetings and conferences) are scheduled through the Daily Digest, and are published in the Congressional Record.

Chamber Activity.—The Senate was in session a total of 132 days, for a total of 1,036 hours and 45 minutes. There were 2 quorum calls and 306 recorded votes.

Committee Activity.—Senate committees held 522 hearings and 184 business meetings (total 736), contrasted with 795 hearings and 227 business meetings (total 1,022), during the 2nd Session of the 103rd Congress.

All hearings and business meetings (including joint meetings and conferences) are scheduled through the Office of the Senate Daily Digest and are published in the Congressional Record and entered in the LEGIS hearings file. Meeting outcomes are also published by the Daily Digest in the Congressional Record each day.

Government Printing Office.—Continuing a practice in preceding Congresses, the Daily Digest office discusses with the Government Printing Office problems encountered with the printing of the Daily Digest section. Corrections or transcript errors have become very infrequent.

HEARING/BUSINESS MEETING STATS–1996

	Hearings	Business meetings	Totals
January	14	3	17
February	43	8	51
March	122	32	154
April	59	19	78
May	89	23	112
June	76	34	110
July	67	27	94
August	7	7	14
September	60	29	89
October	10	2	12
November	3	.....	3
December	2	.....	2
Totals	552	184	736

HEARING/BUSINESS MEETING STATS–1994

	Hearings	Business meetings	Totals
January	18	2	20
February	100	25	125
March	161	26	187
April	99	17	116
May	133	26	159
June	86	49	135
July	67	26	93
August	50	21	71
September	52	22	74
October	22	13	35
November	2	.....	2
December	5	.....	5
Totals	795	227	1,022

Enrolling Clerk

The Enrolling Clerk prepares, proofreads, corrects, and prints all Senate passed legislation prior to its transmittal to the House of Representatives, the National Archives, the Secretary of State, the United States Claims Court, and the White House, as applicable.

During 1996, 54 enrolled bills (transmitted to the President) and 11 concurrent resolutions (transmitted to the Archives) were prepared, printed, proofread, corrected and printed on parchment.

A total of 476 additional pieces of legislation were enacted or agreed to by the Senate, requiring processing and printing from this office.

Executive Clerk

The Executive Clerk prepares a record of actions taken by the Senate in executive session (proceedings on nominations and treaties) which is published as the Executive Journal at the end of each session of Congress. A daily Executive Calendar is prepared when nominations, treaties, or resolutions are pending.

Nominations.—During the second session of the 104th Congress, there were 523 nomination messages sent to the Senate by the President, transmitting 26,211 nominations to positions requiring Senate confirmation. There were 11 messages withdrawing nominations previously sent to the Senate during the first and second sessions. Of the total nominations transmitted, 223 were for civilian positions other than lists in the Foreign Service, Coast Guard, National Oceanic and Atmospheric Administration and Public Health Service. In addition, there were 1,558 nominees

in the "civilian list" categories named above. Military nominations received this session totaled 24,430 (6,213 in the Air Force, 8,720 in the Army, 7,165 in the Navy and 2,332 in the Marine Corps). The Senate confirmed 33,176 nominations this session. A total of 748 nominations were returned to the President pursuant to the provisions of paragraph 6 of Senate Rule XXXI at the sine die adjournment of the 104th Congress.

Treaties.—Fourteen treaties were transmitted to the Senate by the President during the second session of the 104th Congress for its advice and consent to ratification, which were ordered printed as treaty documents for the use of the Senate (Treaty Docs. 104–23 through 104–36).

The Senate gave its advice and consent to twenty-eight treaties—ten without reservation and eighteen with various conditions, declarations, understandings or provisos.

Executive Reports and Roll Call Votes.—Twenty-five executive reports relating to treaties were ordered printed for the use of the Senate during the second session of the 104th Congress (Executive Repts. 104–11 through 104–36).

The Senate conducted four roll call votes in executive session, three on or in relation to nominations and one on the START II treaty.

Operations of the Executive Clerk.—This office was contacted early last year with concerns about the military serial numbers (i.e., Social Security numbers) appearing in the Congressional Record as part of the nomination process. Since the Record is available on the Internet there was apprehension about the possible fraudulent use of names and social security numbers. At the suggestion of this office, and with the agreement of all four branches of the Armed Forces, only the last four digits will be used, thereby eliminating any foreseeable problems in the future.

In an effort to modernize the publication of the Executive Journal it was decided to obtain a desktop publishing system. This required the acquisition of new computer hardware in December, which delayed publication of the 1996 Executive Journal.

Journal Clerk

The Journal Clerk takes notes of the daily legislative proceedings of the Senate in the "Minute Book" and prepares a history of bills and resolutions for the printed Senate Journal that is in effect the index of legislative action. The Senate Journal is published each calendar year.

Publication of Senate Journal.—The 1996 Senate Journal was completed on December 18, 1996. The Journal totaled 882 pages representing 132 days of Senate session. This compared with a total of 1,244 pages for 1995, representing 211 days of Senate session. The fall break gave us a chance to "catch up" since 1994 was the first year we type-set the Journal "in-house".

Legislative Clerk

The Legislative Clerk sits at the Secretary's desk in the Senate Chamber and reads aloud bills, amendments, the Senate Journal, Presidential messages, and other such materials when so directed by the Presiding Officer of the Senate. The Legislative Clerk calls the roll of members to establish the presence of a quorum and to record and tally all yea and nay votes. This office prepares the Senate Calendar of Business, published each day that the Senate is in session, and prepares additional publications relating to Senate class membership and committee and subcommittee assignments. The Legislative Clerk maintains the official copy of all measures pending before the Senate and must incorporate into that measure any amendments that may be agreed to. This office retains custody of official messages received from the House of Representatives and conference reports awaiting action by the Senate. In addition, this office is responsible for verifying the accuracy of that information entered into the LEGIS system by the various offices of the Secretary.

Summary of Activity.—The second session of the 104th Congress was typical for a presidential election year. The Senate completed its legislative business as early as possible before the elections and adjourned on October 3, 1996. During 1996, the Senate was in session 132 days, over 1,000 hours and conducted 306 roll call votes. There were 260 measures reported from committees, 476 total measures passed and there were 267 items remaining on the Calendar at the time of adjournment. In addition, there were over 2,300 amendments submitted.

Official Reporters of Debates

The Official Reporters of Debates prepare and edit for publication in the Congressional Record a substantially verbatim report of the proceedings of the Senate, and serve as liaison for all Senate personnel on matters relating to the content of the Record. The Chief Reporter functions as editor-in-chief of the Senate portion of the

Record, and the Coordinator of the Congressional Record functions as technical production manager of the Senate portion of the Record.

Electronic Submission.—The Reporters continued the practice of having all spoken words of floor proceedings transcribed by this office sent to GPO over the fiber optic system. Although this system has not decreased the workload of this office, it should result in substantial cost savings in the preparation of the Record by GPO, in that they no longer have to rekeyboard the transcript prepared by this office.

Additionally we are encouraging Senate offices to submit electronic versions of Record statements as well via the Senate's cc-mail system. The extra steps within this office of processing and formatting to conform with Record style will continue, however. At this point it should be noted that this processing of electronic files would not be possible without the continued cooperation of GPO in providing this office with a detailee. The current GPO detailee provides immeasurable contribution by entirely processing the electronic transcript files for shipment to GPO; this frees the Chief Reporter and Coordinator of the Congressional Record to, among other things, request of offices a data version to accompany the printed statement when none is provided, and to deal with the resulting heavy volume.

Morning Business.—The Morning Business section experienced a marked increase in items processed for the Congressional Record; the statistics reflect a 140 percent increase in Executive Communications due to the passage of Public Law 104–121 (The Contract with America Advancement Act of 1996) which requires that every regulation be sent to the Congress for review. Further, concurrent resolutions were up 100 percent; amendments were up 74.7 percent; President's Messages were up 67.6 percent; resolutions were up 57.3 percent; joint resolutions, up 44.4 percent; petitions, up 40.4 percent; and bills up 39.7 percent.

Cost Savings.—During 1996, the office adhered very strictly to policies preventing duplicate printing of amendments offered during debate. In January 1996, a 10-page maximum was established for an amendment to be printed in the body of the Record at the time the amendment is offered. (During the prior year the limit was 15 pages.) Amendments in excess of 10 pages are referenced at the time of offer and printed one time only in the Morning Business portion of the Record under "Amendments Submitted." This policy has produced substantial cost savings. Vigorous enforcement of the provisions of paragraph 13 of the Laws and Rules for Publication of the Record, the "two-page rule", entailed many telephone calls and trips to the floor, informing staff and Senators of the procedure necessary to have extraneous materials printed in the Record that exceed the two-page limit, but has resulted in substantial savings.

Parliamentarian

The Parliamentarian advises the Chair, Senators and their staff, committee staff, House members and their staffs, and administration officials on all matters requiring an interpretation of the Standing Rules of the Senate, the precedents of the Senate, and provisions of public law affecting the proceedings of the Senate.

The Parliamentarian's office advises the Chair, Senators and their staff and committee staff, as well as House members and their staffs, administration officials, the media and members of the general public on all matters requiring an interpretation of the Standing Rules or precedents of the Senate, unanimous consent agreements, or provisions of public law affecting the proceedings of the Senate. The office is responsible for the referral of all legislation introduced in the Senate, all legislation received from the House, and all communications received from the Executive Branch. The office works extensively with Senators and their staffs to advise them of the jurisdictional consequences of particular drafts of legislation, and evaluates the jurisdictional effect of proposed modifications in drafting.

The atmosphere that surrounded the parliamentary process in 1996 resulted in an unprecedented number of questions that the Parliamentarian's office was asked to resolve. These questions often required hours of meetings with competing groups of staff. At every stage of the budget cycle, this office was called upon to arbitrate large numbers of budget-related questions. The Byrd Rule on extraneous matter in reconciliation bills led to intensive analysis. Concern about the budget deficit promises to keep the budget process (with all of its parliamentary complexity) in the forefront of the legislative agenda.

Printing and Document Services

Printing and Document Services documents Senate printing expenses and functions as GPO liaison to schedule and/or distribute Senate bills and reports to the Chamber, Senate staff, and the public; provides page counts of Senate hearings to commercial reporting companies, orders and tracks all paper and envelopes provided the Senate, provides general printing services for Senate offices, and assures that

Senate printing is in compliance with Title 44, U.S. Code, as it relates to Senate documents, hearings, committee prints, and other official publications.

Background.—In February 1996, the Office Services staff were merged into the Office of Printing Services. In December 1996, Printing Services was merged with the Document Room, forming the new Office of Printing and Document Services. From an administrative standpoint, the responsibility for printing and/or distribution of most of the Senate's official Title 44 printing is now housed within one office. The coordination of all Senate documents, hearings, committee prints, and miscellaneous publications between the Senate and GPO is our responsibility, as is the distribution of Senate and House legislation. Additionally, virtually all Senate blank paper, letterhead, and envelopes are ordered through this office.

The merger and move from the Capitol into the Hart building also made eminent sense from a practical standpoint. The office is closer to its "customers," in that ninety-five per cent of the offices served are located in the Senate office buildings. This provides better access for Senate staff, and more timely deliveries to Senate offices.

Total Publications.—During the second session of the 104th Congress, 504 publications (hearings, committee prints, Senate documents, Senate Publications) were printed. This compares with 657 publications printed during the second session of the 103rd Congress, or a decrease of about 23 percent.

Hearings Transcripts and Billing Verifications.—Billing Verifications are the vehicle by which reporting companies request payment from a committee for their transcription services.

	1995	1996	Increase/ decrease (percent)
Billing verifications	1,195	782	−35
Transcribed pages	210,839	66,188	−32
Average pages/committee	10,039	2,545	−25
Transcribed pages cost	$690,336	$440,875	−36
Average cost/committee	$32,873	$16,957	−48

Paper, Letterhead, and Envelopes.—Printing and Document Services provides and maintains an accounting of blank paper, letterheads, and envelopes for all Senate offices. The total blank sheets and letterheads ordered in 1996 were about 72.5 million sheets, a decrease of almost 58 million sheets compared to 1995. Envelope use continued to decline. In 1996, the Senate used about 7.6 million envelopes, compared to about 12 million in 1995.

Service Center.—In September 1995, at the direction of the Rules Committee and the Joint Committee on Printing, the Secretary's Office undertook responsibility for management of the GPO/JCP Service Center. The Service Center (now located in SH–B–07) is staffed by experienced GPO printing specialists who provide Senate committees and the Secretary's Office with complete publishing services for hearings, committee prints, and preparation of the Congressional Record. Services include keyboarding, proofreading, scanning, and composition.

During 1996, the Service Center assisted 14 committees with the preparation of 116 hearings, committee prints, and Senate documents including the Tribute to Reverend Halverson, and the Tributes to Senator Dole.

Congressional Record.—Total approximate cost to produce the Record was $13.1 million. Based upon the percentage of content and distribution quantities, the proportional Senate cost was $5.9 million, the House cost was $6.8 million, and all other recipients $412,400. Per copy cost is about $8.57 (Record costs are based upon GPO estimated appropriation costs, not including costs to produce the Record Index or microfiche copies).

Legislation.—The office captures data regarding all printed versions of all measures considered in the Senate. Beginning in the 105th Congress, it will capture House measures as well. For brevity, the following information is summarized by major category of legislation, such as Senate bills. Each category includes the successive versions in which all measures were printed during their legislative cycle (such as a Senate bill which is introduced, placed on the Calendar, read the second time, read the third time and passed), including Star Prints. Information relating to specific versions of all legislation is available. The following table is for the second session of the 104th Congress.

Measure	Count	Number of pages	Senate cost	Total cost
Senate Bills	859	22,851	$1,500,000	$2,200,000
Senate Reports	199	8,404	600,000	825,000
Senate Resolution	136	710	45,500	64,000
Senate Joint Resolution	22	1,044	75,400	101,800
Senate Concurrent Resolution	41	540	42,600	47,400
House Bills (in Senate)	328	11,440	528,200	1,050,000
House Joint Resolution	17	86	3,600	7,800
House Concurrent Resolution	41	218	14,800	19,900
House Conference Report	34	9,004	800,300	907,500
Treaties/Executive Reports	33	1,765	149,400	152,900
Public Laws	236	5,044	400,000	450,200
Totals	1,946	61,106	4,200,000	5,800,000

Document Services.—The Document Services section coordinates requests for printed legislation and miscellaneous publications with other departments within the Secretary's Office, Senate committees, and the Government Printing Office, to ensure the most current version of all material is available, and that sufficient quantities are in storage to meet projected demand.

The primary responsibility of this section is to provide services to the Senate. However, it also serves the general public, the press, and other government agencies. Requests for material are received at the walk-in counter, through the mail, by FAX, and recorded messages. Recorded messages and FAX messages operate twenty-four hours a day, and are filled the same day they are received, as are mail requests.

Summary of Annual Statistics.—The following chart summarizes activities and trends in Document Services from 1987 through 1996.

Calendar year/Congress/session	Calls received	Percent change	Mail requests	Walk-in requests	Staff requests	Total requests	Percent over previous year
1988: 100/2nd	107,871	20,579	104,000	79,163	N/A	203,742	N/A
1989: 101/1st	114,580	24,415	103,540	85,488	N/A	213,443	+5
1990: 101/2nd	154,497	23,322	105,823	96,330	N/A	225,475	+6
1991: 102/1st	158,714	29,301	112,700	94,503	N/A	236,504	+5
1992: 102/2nd	144,478	21,634	187,790	64,543	N/A	273,967	+16
1993: 103/1st	135,035	23,679	143,468	64,752	N/A	231,899	−15
1994: 103/2nd	128,463	20,460	128,314	54,919	4,934	203,693	−12
1995: 104/1st	134,062	22,704	112,463	45,466	10,182	180,633	−11
1996: 104/2nd	110,742	15,140	136,352	35,479	8,043	186,971	+4

DOCUTECH DATA

	Count	Run length	Original pages	Printed pages	Cost each	Total cost
1995:						
Totals	1,042	93,136	31,682	1,800,000	$0.39	$36,459
Daily average	5.5	490	167	9,583	N/A	191.89
1996:						
Totals	762	43,710	43,478	3,200,000	1.46	63,727
Daily average	4.6	342	225.4	12,784	N/A	255.86
Agencies printing—1995:						
Totals	81	237,265	9,908	2,400,000	.20	47,227
Daily average	1.5	4,313.9	180.1	42,931.1	N/A	858.68
Agencies printing—1996:						
Totals	284	302,625	84,852	5,100,000	.34	101,834
Daily average	1.8	1,800	527	31,622	N/A	632.51

Captioning Services

The Office of Captioning Services provides real-time captioning of televised Senate floor debates for hearing-impaired persons. The office also provides the unofficial transcripts available to offices on the Senate Intranet.

Real-time captioning refers to the live electronic subtitling of the audio portion of a television program by specially trained court reporters utilizing computers and specialized translation software. The Office of Captioning Services was established in 1991 to provide access to Senate debates to the hearing impaired in conjunction with passage of the Americans with Disabilities Act. The captioning text is also provided to Senate offices on the intranet. The office provides other captioning services for the Senate and Senators upon request.

Technology Update.—Real-time captioning software upgrades during 1996 provided stability and reliability and additional functionality. Upgraded broadcast router display panels in each of our two control rooms improved our ability to monitor our work product, systems status and activity in the Chamber. Quality is advanced through continuous tracking of translation data and weekly peer reviews.

ADMINISTRATIVE OFFICES

Disbursing Office

The Disbursing Office compiles Senate budget estimates for presentation to the Committee on Appropriations, maintains and disburses all Senate appropriated funds and all Senate payrolls, interprets and carries out all matters related to budgeting, appropriations, compensation, payroll deductions, retirement, life and health insurance, and other employee benefits authorized for members and staff.

Front Counter—Administrative and Financial Services.—The Front Counter is the main service area of all general Senate business and financial activity. It is the receiving point for most incoming expense vouchers, payroll actions, and employee benefits related forms, and is the initial verification point to insure that paperwork received in the Disbursing Office conforms to all applicable Senate rules, regulations, and statutes. All new Senate employees (permanent and temporary) who will be working in the Capitol Hill Senate offices are administered the required oath of office and personnel affidavit and provided verbal and written detailed information regarding their pay and benefits. Numerous inquiries are handled daily, ranging from pay, benefits, taxes, Senate laws and regulations, in our commitment to provide the highest degree of customer service.

The Front Counter issued approximately 1,500 cash advances for official Senate travel; received more than 25,000 checks from Senate entities; administered oath and personnel affidavits to more than 3,000 new Senate staff; maintained brochures for 28 Federal health carriers, and distributed approximately 2,500 brochures to staff during the annual FEHB open season.

Payroll Section.—The Payroll Section maintains the Payroll/Personnel System and is responsible for the following: processing, verifying and warehousing all payroll information submitted to the Disbursing Office by Senators for their personal staff, by Chairmen for their committee staff, and by other elected officials for their staff; issuing salary payments; processing overtime payments; maintaining the Automated Clearing House (ACH) Fedline facilities for the normal transmittal of payroll deposits to the Federal Reserve; distributing the appropriate payroll expenditure and allowance reports to the individual offices; issuing the proper withholding and agency contributions reports to the Accounting Section and transmitting the proper Thrift Savings Plan (TSP) information to the National Finance Center, while maintaining earnings records for distribution to the Social Security Administration, and maintaining employees' taxable earnings records for their W–2 statements, which are prepared by this section.

In 1996, the Payroll Section designed a new Payroll Information Notice (PIN) and new W–2 mailer. The new PIN forms are cheaper to produce and mail, and are more informative, and qualify for U.S. Postal Service mailing discounts. The combined savings to the Senate from both forms are more than $20,000 annually.

Employee Benefits Section.—The Employee Benefits section administers Senate employees' health and life insurance and retirement programs for the Senate. The section's work includes research and verification of prior Senate or other federal service for new appointees. The section prepares these forms for payroll input and after they are returned, verifies the accuracy of the information when the Official Personnel Folder is received. Employment verifications for loans, the Bar, the Federal Bureau of Investigation, the Department of Defense, and for outside insurance are completed. Unemployment claim forms are completed, and employees are counseled. Department of Labor billings for unemployment paid to Senate employees are checked and submitted by voucher to the Accounting Section to be paid. Designa-

tions of Beneficiaries for life insurance, retirement, and for unpaid compensation are filed and checked by the section.

Seminars were held for outgoing and incoming Members' staffs, as well as Committees facing reorganization. Information disseminated included retirement, health and life insurance, unemployment, and Ramspeck privileges.

Since 16 Members left office, the section's work in the end of 1996 included approximately 700 new appointments; 700 termination packets, counseling and processing, retirement planning and processing, and providing records to other agencies hiring former Senate employees. Since most of the Members leaving were long term Members who were retiring, our retirement caseload set a new record (250 retirement cases).

Audit Section.—The Audit Section is responsible for auditing vouchers, answering questions regarding voucher preparation, monitoring payments related to contracts, training new Office Managers and Chief Clerks in Senate financial practices, training Office Managers in the use of the Senate Office Accounting System (SOAS), and producing the Report of the Secretary of the Senate. The Section also maintains the Senate's central vendor file (MODA) and monitors the Fund Advance Tracking System (FATS) by ensuring that advances are charged correctly, vouchers repaying such advances are entered, and balances adjusted for reuse of the advance funds.

The Audit Section received and audited approximately 82,200 vouchers in 1996. This is a 7 percent decrease from 1995. These include vouchers from: Senators' Offices—51,200 vouchers (62 percent of all vouchers) of which 22,650 (28 percent of all vouchers) were for travel; Sergeant at Arms—14,700 (18 percent of all vouchers); Stationery & Gift Shop—7,500 (9 percent of all vouchers); and Others—8,800 (11 percent of all vouchers).

Training sessions were conducted for 28 new Office Managers/Chief Clerks and 25 SOAS users.

Accounting Section.—The Accounting Section compiles the annual operating budget of the United States Senate for presentation to the Committee on Appropriations, and ensures adherence to appropriation limitations established by the Legislative Branch Appropriations Act, and Title 2 of the United States Code. The Accounting Section accomplishes its control of appropriation limitations through the maintenance of the general ledger of the Senate.

Monthly financial reporting requirements to the Department of the Treasury include a Statement of Accountability that details all increases and decreases to the Accountability of the Secretary of the Senate, such as checks issued during the month and deposits received, as well as a detailed listing of cash on hand. Also reported to the Department of the Treasury on a monthly basis is the Statement of Transactions According to Appropriations, Fund and Receipt Accounts that summarizes all activity at the appropriation level of every penny disbursed by the Secretary of the Senate through the Financial Clerk of the Senate. All activity by appropriation account is reconciled with the Department of Treasury on a monthly and annual basis. The annual reconciliation of the Treasury Combined Statement is also used in the reporting to the Office of Management and Budget as part of the submission of the annual operating budget of the Senate.

The Accounting Section also transmits all Federal tax payments on a monthly basis for Federal, Social Security and Medicare taxes withheld from payroll expenditures as well as the Senate's matching contribution for Social Security and Medicare to the Federal Reserve Bank. The Section also performs quarterly reporting to the Internal Revenue Service and annual reporting and reconciliation with the IRS and the Social Security Administration. Payments for Senate employee withholding for state income taxes are reported and paid on a quarterly basis to each state with applicable state income taxes withheld. Monthly reconciliations are performed with the National Finance Center regarding the Senate's employee withholding and agency matching contributions for the Thrift Savings Plan. All employee withholdings and agency contributions for life and health insurance, and federal retirement programs are transmitted to the Office of Personnel Management on a monthly basis. Any adjustment to employee contributions to any of the health, life and retirement plans from previous accounting periods are also processed by the Accounting Section.

Internally, the Accounting Section prepares and transmits ledger statements monthly to all Member offices and all other offices showing payroll and non-payroll expenditures. These ledger statements detail all of the financial activity for the appropriate accounting period with regard to official expenditures in detail and summary form. On a semiannual basis all committee ledgers are reconciled with the Accounting Section records, and the results are reported to the Committee on Rules and Administration. Also, on a semiannual basis, the Accounting Section prepares necessary reports and information to be included in the Report of the Secretary of

the Senate. On a monthly and semiannual basis, a complete reconciliation of the Senate payroll is performed.

Currently, more than 9,000 active ledger accounts are tracked daily through the Disbursing Office Voucher Entry System (DOVES). All voucher reimbursement payments, checks written, deposit and adjustment entries are processed in this system. While routine maintenance and enhancements to the DOVES system continue, the primary focus is to prepare for the replacement of the Senate general ledger system. The Senate currently operates on a cash basis accounting system. With the implementation of the new general ledger system (FMS–II) there will be a conversion to an accrual and obligation-basis accounting system.

Office of Human Resources

The Office of Human Resources implements and coordinates human resources policies, procedures, and programs for the Office of the Secretary of the Senate including hiring; training; performance management; job analysis; compensation planning, design, and administration; leave administration; records management; job advertisements and postings; employee handbooks and manuals; employee relations; and organizational planning and development.

Several key personnel programs were developed and implemented during 1996, with a primary goal of ensuring consistency and equity throughout the organization and complying with the requirements of the Congressional Accountability Act.

Job Classification and Compensation System.—The Office of the Secretary's first job classification and compensation system was implemented in June 1996. This new system was a joint endeavor between an Office of the Secretary Steering Committee and a Project Team comprised of the Office's Director of Human Resources and Hay Management Consultants (or the Hay Group). The team used Hay's point factor job evaluation system to evaluate the content of each job within the Office. Widely recognized as the most advanced and effective way to determine equitable compensation, the Hay Method is used to establish consistent relationships, expressed in precise points, for jobs within and between organizations. These points were then compared with compensation data from Hay's National Survey of All Organizations, market rates were determined, and salary ranges were established. These salary ranges—representing the continuum along which each employee can expect to progress based upon merit, or quality of performance—were provided to each employee. Now, in addition to ensuring compensation equity throughout the Office of the Secretary, employees have greater visibility into job worth and pay and greater individual control over future compensation decisions and career development.

Employee Handbook.—The Office's Employee Handbook underwent a major revision on October 1, 1996, to incorporate policy stemming from the Congressional Accountability Act and, where appropriate, to clarify or strengthen some earlier provisions. Major changes include (1) rules governing the acceptance of gifts, including foreign gift rules and travel; (2) mass mailing reporting requirements; (3) the public law and Office policy on employment of relatives; (4) Office compensation practices, including the overtime provisions of the Congressional Accountability Act, new employee pay classifications, and time and attendance reporting; and (5) leave policy, including a new "leave year," carryover provisions, and a Family and Medical Leave Act (FMLA) Reserve account.

Time and Attendance System.—In order to accurately report time worked, the Office developed a new time sheet, appointed time keepers for each department, and conducted training for time keepers and/or department heads. This system allows time to be maintained, calculated, and reported on the employee's personal computer and cumulative data to be maintained and tracked for major time-off categories and for extra time worked.

Library

The Senate Library is a legislative and general reference library which provides both traditional and computerized information services and cataloging and maintains a comprehensive collection of congressional, governmental and other publications for the use of Senate offices and the press.

Information Services.—Information Services was established as a function from the merger of two previously separate functions, Legislative Tracking and Reference Services. This merger was in response to changing patterns of client demand for library services. Reference requests for the period 1989 through 1995 increased (75 percent) while the number of legislative tracking requests declined (38 percent) during the same period. The decline in legislative tracking requests was due to the availability of online access to the information in Senator's offices. This anticipated shift allowed the Library to focus resources on the research needs of the Senate.

Technical Services.—Organizational changes, including reassignment of work flow, modification of tasks, and revisions of position titles and job descriptions, were undertaken to facilitate the final stage of a three-year process to fully implement the Library's integrated library system (DataTrek). Centralization of the acquisitions, cataloging and circulation functions on DataTrek has resulted in the closing of two separate in-house databases as well as the mainframe-based SLCC database, formerly maintained by the Senate Computer Center. These changes have redirected resources toward providing quicker and more efficient access to collection resources, thereby allowing Library staff to respond more effectively to Senate requests. Anticipated vendor-developed software will allow direct access to our catalog by Senate offices via the Senate Intranet.

Acquisitions.—The reality of flat and reduced budgets for the past three fiscal years, coupled with the rising cost of publications, resulted in a reduction in the overall number of books, standing orders, subscriptions and microform titles purchased. In 1996, the number of congressional documents also declined from the previous year, due in part to an increased effort by committees to hold down printing costs, which resulted in fewer documents printed. The decline in books and congressional materials was offset by an increase in the number of executive branch publications received cost-free through the Depository Library Program administered by the Government Printing Office. Consequently, acquisitions of all types of material increased 9 percent over the pervious year.

Cataloging.—The number of bibliographic records added to the library catalog in 1996 was 5,800 an increase of 26 percent over the previous year. This was the result of a concerted effort to complete the retrospective cataloging of executive branch publications. In addition, 26,000 item records were created, each containing the barcode and other information needed to permit the borrowing of these materials by Senate staff.

Conservation and Preservation.—The Office of Conservation and Preservation provided valuable assistance by funding a cleaning project in the Library's space located in the basement of the Adams Building of the Library of Congress. This cleaning, which had last been done about ten years ago, is necessary for the long-term preservation of Senate materials. In addition, the OCP repaired and cleaned numerous 19th and early 20th-century volumes in order to permit their use by Senate staff.

Public Relations.—Library personnel participated in 30 orientation seminars sponsored jointly by the Secretary of the Senate and the Sergeant at Arms. These seminars are the primary means to inform Senate staff of services available through the Library. The Library launched its homepage on the Senate Intranet in March 1996. On September 24, 1996, the Library hosted a reception to celebrate the 125th anniversary year of the establishment of the Senate Library in 1871. Senators Thurmond, Hatfield, Byrd, Cochran, Simon and Robb were in attendance along with an estimated 350 patrons, colleagues and friends of the Library.

Library Relocation.—In December 1995, the plan to relocate the Senate Library was placed on hold pending a review by the Senate Committee on Rules and Administration. In October 1996, the Secretary of the Senate requested that the Library explore options to move staff and portions of the collection to designated space in the basement of the Russell Senate Office Building. A new proposal was submitted in November 1996.

Office of the Senate Chief Counsel for Employment

The Office of Senate Chief Counsel for Employment is a non-partisan office established at the direction of the Leadership in 1993, after enactment of the Government Employees Rights Act, which established a hearing process for allegations of employment discrimination in the Senate followed by court review. With enactment of the Congressional Accountability Act of 1995, which brings the Senate under 11 federal laws regulating the employer-employee relationship in the private sector, the Office provides legal advice and representation to Senate employing offices in all areas of employment law.

Background.—The Office of the Senate Chief Counsel For Employment ("SCCE") is a non-partisan office formed in 1993 at the direction of the Leadership. It is charged with providing legal advice and representation of Senate offices in all areas of employment law. Collectively, the office's attorneys have more than 55 years of experience at major national law firms representing clients in employment litigation and labor law matters.

Pursuant to the Congressional Accountability Act (CAA), each Senate office is a separate employer; the Senate as a body cannot be sued under that law. Accordingly, each of the 180 offices of the Senate is an individual client of the SCCE, and each office maintains an attorney/client relationship with the SCCE.

Compliance with the Congressional Accountability Act.—Most provisions of the CAA became effective in January 1996. A primary responsibility of the SCCE is to advise Senate management about their obligations under the CAA, and the number of requests the SCCE received for legal consultation in 1996 was more than twice the number in 1995.

The SCCE advised Senate offices about the CAA and assisted them in complying with it through four principal means: addressing the Senators, giving large group seminars for AA's and office managers, providing legal advice to offices on an individual basis, and preparing and distributing written information. Specifically, the SCCE did the following:

—Spoke to Senators at 4 policy lunches (2 Republican and 2 Democratic) to advise them of their legal obligations under the CAA;
—Gave a 90-minute orientation speech to Senators-elect regarding employment and labor laws;
—Presented 14 large group seminars (75–200 attendees) to Administrative Assistants, Chiefs of Staff, Office Managers, Staff Directors and/or Chief Clerks regarding employment laws and the implementation of the CAA;
—Met individually with 98 of the Members' offices, at their requests, to advise them about how to comply with the CAA while minimizing costs;
—Responded to more than 1,850 telephone requests from Members' offices for information/advice about employment law matters. Most of these requests required at least one face-to-face meeting with the office's Chief of Staff and/or Office Manager;
—Prepared sample employee handbooks and other forms for offices' use in complying with the CAA, including a sample employee handbook, employee performance evaluations, a sample time sheet, sample job descriptions, exempt/non-exempt questionnaire, etc.; these were prepared and provided in both hard copy and on disk;
—Prepared and distributed to all Senate offices a management guide pertaining to the Occupational Safety and Health Act;
—Prepared a several-hundred page manual for Senators-elect entitled "Management's Rights and Obligations" under the CAA; and
—Prepared and distributed a manual for all Senate offices to inform them of their obligations under the CAA.

Defense of Senate Offices in the Federal Court and at Hearings.—The second major activity of the SCCE in 1996 was defending Senate offices in federal court and at hearings involving alleged violations of employment laws. The SCCE defended Senate offices in 15 such cases, under the CAA and the predecessor Government Employees Rights Act. These cases were brought against Members' offices (both sides of the aisle), the Sergeant at Arms, and the Secretary of the Senate. The SCCE either won or successfully negotiated a resolution to 13 of the 15 cases with the remaining two cases still pending.

In other instances, the SCCE negotiated and prepared separation/termination agreements for Senate offices. These involved situations where a Senate office learned, either directly from the employee or indirectly, that the employee was considering initiating a case against the employing office. Working with the employee and/or his/her attorney, the SCCE successfully resolved the matter.

Representation of Capitol Police in Union Organizing Drive.—The SCCE has assisted the General Counsel for the Capitol Police in his representation of the Capitol Police Board in the unionization of the Capitol Police.

Advising the Senate about CAA Regulations.—A fourth major activity of the SCCE in 1996 was to advise the Senate about the CAA regulations proposed by the Office of Compliance.

Office of Conservation and Preservation

The Office of Conservation and Preservation develops and coordinates programs directly related to the conservation and preservation of Senate records and materials for which the Secretary of the Senate has statutory authority. Responsibilities of the office include deacidification, phased conservation for books and documents, collection surveys, and contingency planning for disaster response and recovery.

Leadership.—For more than twenty years, this office has bound a copy of Washington's Farewell Address for the annual Washington's Farewell Address ceremony. In 1996, the volume was bound for and read by Senator Daniel K. Akaka.

Seven marbled paper slipcases were fabricated for the book, The United States Capitol: Photographs by Fred J. Maroon, and were presented to visiting dignitaries.

Three hundred seventy-two items were matted and framed, including resolutions, photographs, letters and photographic compilations.

At the direction of the Secretary of the Senate, and through the Office of Interparliamentary Services, fifteen photo albums illustrating a congressional trip to Canada and Southeast Alaska were embossed with Senator's names.

At the request of the Secretary of the Senate's Office, four books titled, The Senate 1789–1989, were embossed and presented to the French National Assembly on behalf of the United States Senate.

Senate Library.—In 1996, conservation treatments were completed for 276 volumes. 374 books were prepared and sent from the Senate Library to the Government Printing Office (GPO) for binding.

In consultation with the Senate Librarian, monies from the 1994 Book Preservation Fund (established for the preservation of the Senate Library books) funded cleaning of books housed in the Senate Library vault located at the Library of Congress, Adams Building.

Office of the Senate Curator.—The office assisted the Office of the Senate Curator in the preparation and installation of two exhibits. As in past years, the office again repaired, matted and framed a quantity of graphics for display in various areas of the Senate wing of the Capitol.

Historical Office.—At the request of the Senate Historian, our office bound thirteen volumes of the circa 1940 Acceptance of the Statue of Huey P. Long for Senator Russell B. Long.

Miscellaneous Projects.—We continue to utilize our spray deacidification system, encapsulator, and dry mounting press. This year we deacidified 153 items, encapsulated 145 items, and dry mounted 115 items.

At the request of the Chairman of the Appropriations Committee, Senator Hatfield, four books about the Vietnam War were bound in leather for presentation.

At the request of Senator Kerrey of Nebraska, we bound two leather books, and matted and framed one item with Senator's signatures for Senator Exon's retirement from the United States Senate.

At the request of the Democratic Policy Committee, ninety-eight folders were embossed with the name of each of the committee members.

The office continued conservation treatment of Appropriation Bills from 1877 to 1943. We completed twelve books, last year, with seventy-eight books remaining for conservation treatment. These books are part of the Appropriations Committee collection.

Office of Senate Security

The Office of Senate Security was established in 1987 by Senate Resolution 243 (100th Congress, First Session). The office is responsible for the administration of classified information, personnel, communications and computer security programs in Senate offices and committees. Under the policy direction of the Leadership, it serves as the Senate's liaison to the Executive Branch in matters relating to the security of classified information in the Senate.

Personnel Security.—OSS initiated requests for personnel security clearances on 165 Senate employees during 1996. OSS conducted or hosted 81 security briefings for Senate staff. An OSS Web Page was developed to facilitate the dissemination of security information to Senate offices.

Counterintelligence.—OSS conducted, with the FBI, a review of the foreign intelligence threat to the Senate, and the OSS Director attended a foreign counterintelligence course taught by the FBI.

Document Control.—2,563 classified documents were processed through OSS' automated document control system. 3,418 classified documents, no longer required for the conduct of official Senate business, were destroyed. Secure storage of classified material in the OSS vault was provided for 120 Senators, committees and support offices. This arrangement keeps to a minimum the number of different storage areas throughout the Capitol and Senate office buildings, thereby affording classified material greater security.

Secure Meeting Facilities.—OSS secure conference facilities were utilized on 704 occasions during 1996. 340 hearings/meetings/briefings were conducted in OSS' three conference rooms. In addition, OSS provided to Senators and staff secure telephones, secure computers, a secure facsimile machine, and secure areas for reading classified material on 364 occasions.

Technical Surveillance Countermeasures.—At the request of the Department of Defense, the Deputy Director presented classes on TSCM techniques at the Interagency Training Center (ITC). The ITC is the Intelligence Community TSCM training facility.

Automation Projects.—A new local area network was installed during 1996. The new network includes hardware and software for all office applications, including a new classified document control system. Two PolicyNet terminals were installed

at OSS, to provide Senate employees access to a classified, interagency computer network. PolicyNet provides on-line access to intelligence reporting and analysis, permits secure video conferencing, and facilitates multimedia presentations.

Classified Document Imaging System.—The processing and storage of classified material for the Senate is one of the most important tasks performed by the office. OSS receives approximately 2,200 classified documents from 98 different departments, agencies and commercial sources yearly. The office maintains about 3,400 classified documents consisting of 103,000 pages for 106 Senate offices.

The current archive space for classified documents is reaching critical mass. The physical aspects of OSS data storage needs to be reduced. Migrating these documents into electronic form exponentially reduces the documents into a set of very manageable compact disks. This would eliminate the physical document as the media for long term storage of Senate classified material.

A system analysis will be conducted to identify the appropriate hardware and software to accommodate the new function. As OSS recently upgraded the office local area network, the new network should be able to accommodate additional hardware and software to implement a document imaging system.

Senate Stationery Room

The Stationery Room provides stationery and other office supplies for Senators committees, and offices of the Senate. At the request of Senate offices, stationery items not carried by the store can be obtained through special order.

Fiscal year 1996 statistical operations

Gross sales	$2,961,635
Sales transactions	88,367
Generated purchase orders	58,584
Vouchers processed	6,785
Metro fare media sold	5,547

For fiscal year 1996, gross sales were down by $275,593 though the number of sales transactions increased by 25,955.

The Stationery Room customer base consists of approximately 242 offices and or other legislative organizations which are located in nine buildings, many of which have multiple locations. In addition to offices' official requirements, the Stationery Room also accommodates staff members' personal purchases.

The Stationery Room carries approximately 1,250 items in inventory, supplied by 200 vendors throughout the United States.

Stationery Room personnel spent considerable time during 1996 preparing, planning and coordinating activities associated with election of 15 new Senators and their entry into the Senate community.

Interparliamentary Services

Interparliamentary Services is responsible for administrative, financial, and protocol functions for all Interparliamentary conferences in which the Senate participates by statute: the North Atlantic Assembly; Mexico-United States Interparliamentary Group; Canada-United States Interparliamentary Group; and Interparliamentary Union. It also handles arrangements for special delegations authorized by the Leadership and for other Senate delegations.

The Office of Interparliamentary Services has completed its fifteenth year of operation as a department of the Secretary of the Senate. IPS is responsible for administrative, financial, and protocol functions for all interparliamentary conferences in which the Senate participates by statute, for interparliamentary conferences in which the Senate participates on an ad hoc basis, and for special delegations authorized by the Majority and/or Minority Leaders. The office also provides appropriate assistance as requested to other Senate delegations.

The statutory interparliamentary conferences are: North Atlantic Assembly; Mexico-United States Interparliamentary Group; Canada-United States Interparliamentary Group; and Interparliamentary Union.

Known by many in the Senate as the "protocol office", Interparliamentary Services maintains regular contact with the Office of the Chief of Protocol, Department of State, and with foreign Embassy officials. Official foreign visitors are frequently received in this office and assistance is given to individuals as well as to groups by the IPS staff. The staff continues to work closely with other offices of the Secretary of the Senate and the Sergeant at Arms in arranging programs for foreign visitors. In addition, IPS is frequently consulted by individual Senators' offices on a broad range of protocol questions. Occasional questions come from state officials or the general public regarding Congressional protocol.

On behalf of the Leadership, the staff arranges receptions in the Senate for Heads of State, Heads of Government, Heads of Parliaments, and parliamentary delegations. Required records of expenditures on behalf of foreign visitors pursuant to Section 2 of H.R. 1827–33 are maintained in the Office of Interparliamentary Services.

As in previous years, all foreign travel authorized by the Leadership is arranged by the IPS staff. In addition to Delegation trips, IPS provided assistance to eight individual foreign trips. Also, Senators and staff authorized by Committees for foreign travel continue to call upon this office for assistance with passports, visas, travel arrangements, and reporting requirements.

IPS receives and prepares for printing the quarterly financial reports for foreign travel from all committees in the Senate.

In May, the 37th Annual Meeting of the Canada-U.S. Interparliamentary Group was held in Southeast Alaska. Arrangements for this successful event were handled by the IPS staff.

Planning is underway for the 36th Annual Meeting of the Mexico-U.S. Interparliamentary Group which will be held in 1997. Also, in 1997, advance work, including site inspection, will be undertaken for the 38th Annual Canada-U.S. Interparliamentary Group Meeting and the 1999 British-American Parliamentary Group Meeting, both to be held in the United States.

In 1996, IPS moved its office from S–414A of The Capitol to SH–808.

INTERPARLIAMENTARY SERVICES—TRIPS IN 1996

March 31–April 9—Codel Hatfield: Costa Rica, Brazil, and Chile. (Senators Hatfield, Pell, Simpson, Heflin, and Murkowski).

April 3–12—Codel Daschle: Hungary, Serbia, Bosnia, Albania, Macedonia, Slovenia, and Croatia. (Senators Daschle, Hatch and Reid).

April 15–19—Interparliamentary Union—Spring Meeting. Chairman: Senator Burns. (No Senators attended).

May 3–5—Mexico-U.S. Interparliamentary Group—Zacatecas, Mexico. Chairman: Senator Hutchison. Vice Chairman: Senator Dodd. (Senators Hutchison, Murkowski, Brown, and Coverdell).

May 10–14—Canada–U.S. Interparliamentary Group—Southeast Alaska. Chairman: Senator Murkowski. Vice Chairman: Senator Murray. (Senators Murkowski, Chafee, Pryor, Grassley, Gorton, Jeffords, Mack, Burns, Bennett, Inhofe, DeWine, and Grams).

May 16–20—North Atlantic Assembly—Spring Meeting. Vouliagmeni, Athens, Greece. Chairman: Senator Roth. Vice Chairman: Senator Heflin. (Senators Roth, Heflin and Akaka).

June 29–July 8—Codel Cochran: Indonesia, Vietnam, and Hong Kong. (Senator Cochran).

September 16–21—Interparliamentary Union—Fall Meeting—Beijing, China. Chairman: Senator Burns. (No Senators attended).

November 8–17—Codel Daschle: Japan, Vietnam, China, Hong Kong and Taiwan. (Senators Daschle, Glenn, Leahy, Dorgan and Kempthorne).

November 16–21—North Atlantic Assembly—Fall Meeting—Paris, France/London, England. Chairman: Senator Roth. Vice Chairman: Senator Heflin. (Senators Roth, Heflin, Hollings, Sarbanes, Hatch, Warner, Grassley, Specter, Murkowski, Breaux, Mikulski, Akaka and Bennett).

INTERPARLIAMENTARY SERVICES: OFFICIAL FOREIGN VISITORS IN 1996

January 22—Members of Parliament of South Africa (11)

January 31—Delegation of Russian Officials (5)

January 31—North Atlantic Assembly Defense & Security Committee (19)

February 8—Standing Committee of the Nordic Council (9)

February 13—Members of Parliament of Ukraine, Romania, and Slovak Republic (18)

February 13—Congressional Scholars from Brazil (2)

February 29—Secretary General and Members of Parliament of Romania (4)

March 12—Members of Parliament of Belarus (12)

March 29—His Royal Highness The Duke of York (1)

May 7—Members of Parliament of Ukraine (5)

May 8—His Excellency Dr. Janez Drnovsek, Prime Minister of the Republic of Slovenia (3)

May 23—Ms. Sue-chung Chang, Section Chief, National Assembly of Taiwan (1)

June 20—His Excellency Mangala Samaraweera, Minister of Posts and Telecommunications of Sri Lanka (6)

June 26—His Excellency Lennart Meri, President of the Republic of Estonia His Excellency Algirdas Mykolas Brazauskas, President of the Republic of Lithuania His Excellency Guntis Ulmanis, President of the Republic of Latvia (12)

June 27—Mr. Ming-chuan Chen, Council for Economic Planning and Development of Taiwan (1)

July 9—Delegation of Parliamentarians from Russia, Ukraine, Belarus, Kazakhstan, Georgia, and Uzbekistan (14)

July 10—Delegation from National People's Congress of China (4)

July 10—Delegation of European Parliament Members (16)

July 25—Delegation from Chamber of Deputies and Senate of Romania (3)

July 25—Members of Parliament of South Africa (4)

July 29—North Atlantic Assembly Bureau Meeting (10)

July 31—His Excellency Mohammed Hosni Mubarak, President of the Arab Republic of Egypt (6)

September 19—His Excellency Dan Meridor, Minister of Finance of Israel (5)

September 23—Mr. Roman Romanovich, Deputy Secretary of the Russian Federation Council (1)

September 27—Her Excellency Wu Yi, Minister of Foreign Trade and Economic Cooperation, People's Republic of China (10)

October 4—Members of Parliament of Bangladesh (10)

October 9—Members of Parliament and Government Officials from France (12)

November 15—Members of Parliament of Uzbekistan (3)

Senate Gift Shop

The Senate Gift Shop provides for the sale of United States Senate memorabilia and gift items to the general public, Senators and their staff, and foreign visitors in accordance with Public Law 102–392, October 6, 1992.

The Senate Gift Shop completed its first full year of operation supporting two locations. The main store opened in October 1992 in Room 180 of the Russell Senate Office Building, and the second, a sales counter, opened in November 1995, in the Capitol Building across from the Appointment Desk.

The Gift Shop provides unique, Senate-specific mementos for sale at convenient locations. Sales have dramatically increased in the last twelve months and, for the first time, exceeded $1,000,000 for a fiscal year. As in previous years, the Gift Shop will be introducing a number of new products in 1997.

The continued sales growth makes it necessary to consider increasing and improving the warehousing and mail order areas that are now available.

The Gift Shop is currently working with the Stationery Room on separating and upgrading the current computer system that is now a shared unit. We are considering several different methods of achieving this and will take into consideration growth projections and the potential future needs of both the Gift Shop and the Stationery Room.

Office of Public Records

The Office of Public Records receives, processes, and maintains records, reports, and other documents filed with the Secretary of the Senate under the Federal Election Campaign Act, as amended; the Lobbying Disclosure Act of 1995; the Senate Code of Official Conduct: Rule 34, Public Financial Disclosure; Rule 35, Senate Gift Rule filings; Rule 40, Registration of Mass Mailing; Rule 41, Political Fund Designees; and Rule 41(6), Supervisor's Reports on Individuals Performing Senate Services; and Foreign Travel Reports. The office provides for public inspection, review, and reproduction of these documents.

Byrd Amendment.—The final filings under the Byrd Amendment (a filing obligation repealed by the Lobbying Disclosure Act of 1995) generated submissions from 36 Federal agencies totaling 141 reports with 276 pages.

Federal Election Campaign Act.—The Act required Senate candidates running for election in 1996 to file quarterly, pre-election and post election reports in an election year. Candidates running for election in a year other than 1996 filed semi-annual reports. Filings totaled 6,791 documents containing 95,584 pages.

Federal Regulation of Lobbying Act.—This law was repealed effective January 1, 1996. From October 1995 through January 1996, 9,205 reports totaling 56,599 pages were filed, processed and made available to the public.

Lobbying Disclosure Act of 1995.—The Lobbying Disclosure Act of 1995 superseded the Federal Regulation of Lobbying Act effective January 1, 1996. The goals we established and met were: (1) to develop forms and informational material for outreach to the filing community; (2) to determine the scope and nature of automation for the resulting filings; (3) to review the filings for accuracy and completeness; and (4) to provide the appropriate context for the information to the public and

press examining the reports. As of September 30, 1996, 3,557 registrants represented 8,188 clients and employed 11,702 individuals who met the statutory definition of "lobbyist." The lobbying documents were microfilmed and indexed into a temporary data base pending the development of an automated data base system to include imaging (for paper copies received) and electronic components. The Public Records staff has reviewed the filings and is notifying those whose forms are incomplete.

Public Financial Disclosure.—A total of 2,821 reports and amendments were filed containing 16,089 pages. There were 484 requests to review or receive copies of the documents.

Senate Rule 35 (Gift Rule).—On January 1, 1996, the revised Senate Rule 35 took effect as a result of passage of S. Res. 158 on July 28, 1995. The Rule contained four new filing requirements for Senators and Senate staff. The office received over 1400 reports totaling 1560 pages during fiscal year 1996.

Registration of Mass Mailing.—Senators file mass mailings registrations quarterly. The number of pages filed were 781.

Public Inquiries.—From October, 1995, through September, 1996, the Public Records office staff assisted more than 2,700 individuals seeking information from reports filed with the office. This figure does not include telephone assistance. A total of 115,217 photocopies were sold in the period.

Automation Activities.—During 1996, Public Financial Disclosure reports were scanned using optical imaging technology. Due to passage of the Lobbying Disclosure Act, the lobbying function will be converted from microfilming to optical imaging (for paper reports) before the Federal Election Campaign Act application. The office has been working to develop an automated data base that is able to accept non-paper transmissions (electronic filing) as well as paper filings.

Senate Historical Office

Serving as the Senate's institutional memory, the Historical Office collects and provides information on important events, precedents, dates, statistics, and historical comparisons of current and past Senate activities for use by members and staff, the media, scholars, and the general public. The Office advises senators, officers, and committees on cost-effective disposition of their non-current office files and assists researchers in identifying Senate-related source materials. The Office keeps extensive biographical, bibliographical, photographic, and archival information on the more than 1,700 former senators. It edits for publication historically significant transcripts and minutes of selected Senate committees and party organizations, and conducts oral history interviews with retired senior Senate staff.

Vice Presidents of the United States, 1789–1993.—Working with Senator Mark Hatfield, the Historical Office completed a series of 44 chapter-length essays tracing the career of each Vice President through 1993. The Government Printing Office published the resulting 700-page book in April 1997.

Fiftieth-Anniversary Histories of the Republican and Democratic Policy Committees.—In cooperation with the Senate Republican Policy Committee, the Office completed an 80-page narrative history of that organization for publication in mid-1997. Work also advanced on a companion volume detailing the first half-century of the Democratic Policy Committee.

Minutes of the Republican and Democratic Party Conferences, 1903–1964.—The Office is editing for publication the official minutes of each party conference, dating from the start of the twentieth century through the mid-1960's. Democratic Conference minutes are ready, subject to Conference review. Work is proceeding on a companion volume for the Republican Conference.

Documentary History of the United States Senate.—The Historical Office is currently at work on two volumes in this ongoing project designed to bring together fundamental sources illuminating development of the Senate's constitutional powers and institutional prerogatives. Volume One deals with the impeachment process; Volume Two details the evolution of the Senate's rules.

Biographical Guides.—The Historical Office continued to maintain and update its large biographical databases, including the Biographical Directory of the United States Congress, 1774 to present (Senate entries), Senators of the United States: A Historical Bibliography, and Guide to Research Collections of Former United States Senators, 1789 to present.

Oral History Program.—During the year, the Office conducted oral history interviews with the following former Senate officials: Secretary of the Senate Kelly Johnston, Senate Legal Counsel Michael Davidson, Enrolling Clerk Brian Hallen, Democratic Secretary C. Abbott Saffold, and Charles Caldwell, a staff member of former Senator Ralph Yarborough (D–TX).

On-line Reference Service.—In March the Office began providing on-line reference assistance to Senate offices and the public via the Internet. The Office offers information on the Senate's history and practices, and biographical and bibliographical information on former members.

Senate Chronology.—The Office began a chronology outlining significant events in the Senate's institutional history. This work, currently comprising 1,200 entries, is approximately half-way to the point where it can be considered reasonably comprehensive.

Senators' Office Records Management and Disposition Assistance.—The 104th Congress saw sixteen senators depart. The Office provided extensive assistance to these closing offices.

Committee Records Management and Disposition Assistance.—By year's end, the Office had processed 1,700 cubic feet of committee records for transfer to the National Archives.

Educational Outreach: Historical Information for the Senate Home Page.—Beginning with September, the Office produced a home-page feature entitled "This Month in Senate History." The entries for each month highlight approximately twenty institutionally significant events that have occurred during that month throughout more than 200 years of Senate history. The Office also participated in the construction of a "Quick Time Virtual Reality Tour of the Senate."

Advisory Committee on the Records of Congress.—The Historical Office provides staff support to this eleven-member permanent committee, which meets twice a year to advise Congress on the management and preservation of its records.

Photographic Collection.—The Office maintains a collection of approximately 30,000 still pictures that includes photographs and illustrations of most former senators, as well as news photographs, editorial cartoons, pictures of committees in session, and related images documenting Senate history. The Office provided photographic reference assistance to congressional offices, scholars, journalists, and publishing houses, and furnished photographic images to individual requestors. The photo historian instituted a system ensuring coverage of the contemporary Senate by photographing each committee while in session, collecting formal portraits of each incumbent Senator, and identifying and capturing significant Senate events.

Office of the Senate Curator

The Office of Senate Curator, under the direction of the Senate Commission on Art, administers the museum programs of the Senate for the Capitol and Senate office buildings. The Curator and staff suggest acquisitions, provide appropriate exhibits, engage in research, and write and edit publications. In addition, the office studies, identifies, arranges, protects, preserves, and records the historical collections of the Senate, including paintings, sculpture, and furnishings, and exercises supervisory responsibility for those chambers in the Capitol under the jurisdiction of the Senate Commission on Art. All records of research and documentation related to these areas of responsibility are available for use by members' offices, the media, scholars, and the public. With the establishment of the United States Capitol Preservation Commission, the Senate Commission on Art became the designated recipient of objects with Senate association received by the Preservation Commission.

Exhibitions and Publications.—The Curator's office maintained an active exhibition program, installing four new exhibits in the Senate wing of the Capitol, including a major presentation on "Isaac Bassett: The Venerable Doorkeeper, 1832–1895." An exhibit panel for the painting The Battle of Lake Erie was developed, as part of a continuing effort to provide educational information to visitors. In addition, the office installed the second in a series of interactive exhibitions.

In the area of publications, the office redesigned and reprinted the small booklet on the Lyndon Baines Johnson Room (S–211), and the brochures The United States Capitol and Congress and Postmarked Washington D.C.: Visitors to the Capitol, and finalized printing of the publication on the Dedication and Unveiling of the Statue of Richard Brevard Russell, Jr.

Historic Chambers.—The Curator's staff continued to maintain the Old Senate and Old Supreme Court Chambers, coordinating periodic use of both rooms for special occasions. Along with general care and maintenance, other concerns included reconditioning two historic clocks and repair of water damage to the Old Senate Chamber ceiling. Work was completed on a permanent ramp in the Old Senate Chamber, which meets ADA compliance for historic structures.

Collections: Acquisitions and Management.—A number of significant works and documents were donated to the Senate collection, including a portrait of Senator Hattie Caraway (D–AR), the full-length painting of Senator Mike Mansfield (D–MT), a portrait of Senator Lee Slater Overman (D–NC), the "Isaac Bassett Papers," and objects from the Smithsonian's Warshaw Collection of Political Memorabilia. A

major collection of 68 drawings detailing the filming of the movie Advise and Consent was obtained for the collection, and the Curator's office acquired 111 19th century prints.

In the area of collections management, the staff processed incoming and outgoing loans for the Senate leadership, continued to loan and monitor the approximately 280 reproduction prints in offices under the jurisdiction of the Secretary of the Senate, assisted several Senator's offices with loans, and continued to research and catalogue the extensive Clifford and Jim Berryman political cartoon holdings.

Conservation and Restoration.—The office completed the first phase of the reorganization and reinterpretation of the vice presidential bust collection, had professionally cleaned and conserved the 20 vice presidential busts in the Senate Chamber, and began conservation on the frame for the painting The Electoral Commission and the frame and painting Leiv Eiriksson Discovers America.

Collaborations, Educational Programs, Events.—The staff continued to assist the seminar program under the Secretary of the Senate and the Senate Sergeant at Arms by presenting three new lectures to Senate staff. The office collaborated with the Senate Historical office in a new educational venture with C-SPAN, presenting short historical programs, narrated by a Senator or Senate officer, highlighting some aspect of the Senate's history or art.

Automation.—The office worked closely with the Senate Computer Center to expand the Curator's homepage on the internet and develop a virtual tour of the Capitol using QTVR technology.

Plans for 1997.—Conservation concerns continue to be a priority, with plans to conserve several major paintings in the Senate collection. Two new exhibits are scheduled, along with explanatory labels for several works of art. Publications planned include booklets on the history of the Foreign Relations Committee Room, the Presidents Room, and the Vice President's Room. Editing and fact-checking of the Guide to Senate Fine Arts is scheduled, as is work on the second volume highlighting the Senate's collection of prints. A comprehensive disaster preparedness, management, and response plan will be developed for the Senate collection.

Senate Page School

The Senate Page School provides for the education of Senate pages pursuant to Public Law 98–51, Public Law 98–125 and Senate Resolution 184, July 29, 1983.

Summary of Accomplishments.—The Senate recess this past fall provided the Page School with the opportunity to offer additional instructional time during the months of October-December. Normally, school is conducted between the hours of 6:15–9:45 A.M. For the three months of recess, school was conducted from 7:15–11:15 A.M. Additionally, school was in session on average an additional half day a week. School also met on three Saturdays during the fall 1996 semester.

Field trips were taken to various historic sites, government buildings, museums, and theatrical performances. Speakers included college and military representatives. Dr. Ogilvie, Chaplain of the Senate, Kelly Johnston, then Secretary of the Senate, and Bob Dove, Senate Parliamentarian, shared information about their work in the Senate.

New equipment and software were purchased and installed. Six computers for student use were installed in the math classroom to accommodate the math curriculum. CyberPatrol, a software package which allows regulated access to the Internet was ordered and a CD tower which will allow for further networking has been delivered. A color printer has also been delivered.

A new precalculus text, a replacement physics text, and an updated American history text were purchased. An advanced composition test was also selected and purchased, as well as a workbook for all English classes.

A PSAT preparation course was offered this fall to interested pages and the PSAT was administered on the national testing date. Foreign language tutors worked with students in the areas of French, Latin, Spanish, and German. The Page School staff remained the same as in the previous year. The four teachers taught a combination of eleven courses this year. All faculty attended "The Critical Thinking Workshop"; the science teacher participated in the Space Policy Institute workshop conducted at George Washington University; the English instructor attended a workshop entitled "Developing Writing and Thinking Skills Across the Curriculum," and was selected to participate in a summer offering at the Holocaust Museum; the social studies instructor attended the 1996 History Forum in Williamsburg, Virginia last fall.

Summary of Plans.—Students will complete their semester curriculum. Needs of the incoming students will determine the second semester schedule. Supervised study exists for pages attending Page School less than a semester. Extended day schedules, tutoring by teachers on an as-needed basis, and individualized small

group instruction will continue. These various strategies will provide for the delivery of the curriculum.

Foreign language tutors will accommodate the needs of the incoming pages. Field trips to Williamsburg and Baltimore are planned for the second semester. The focus is on historic and political significance as well as architecture. College visits are incorporated where possible as a critical component of the junior year curriculum.

The self-study phase of the accreditation process by the Middle States Association of Colleges and Schools will be completed by the staff. Plans to host the accreditation visitors will be finalized, and, hopefully, the visit will take place spring 1997.

Staff development opportunities will be explored. A review will be conducted in all subjects to determine which, if any, textbooks need to be replaced. Software will be reviewed and new requests will be investigated. The Windows scheduling component of the records management system will be installed.

Information Systems Department

The staff of the Department of Information Systems provide technical and user support for the Office of the Secretary of the Senate. Information Systems staff also work closely with the Government Printing Office (GPO), the Senate Computer Center (SCC), and the Senate Office of Telecommunications (Telecom) on technical issues and joint projects. The Department provides technical and user support for the ten computer systems in the Office of the Secretary of the Senate (five Novell LAN's; three Windows NT LAN's; a retail computer system in the Stationery Room; and a FileNet imaging system in the Office of Public Records).

Improvements to the Secretary's LAN's.—The Senate chose Windows NT as the standard network operating system several years ago and the Secretary's Office will use Senate-supported systems whenever possible. Every new system installed in 1996 was a Windows NT system, and additional conversions from Novell to Windows NT are planned. This may allow the Office of the Secretary to rely on the Senate Computer Center and I-Net for some system support.

The Secretary's Novell LAN supports approximately 175 users in the Capitol and the Senate Hart Buildings. The LAN operating system was upgraded, new servers were installed in October, and all 386 PC's were replaced with new Pentium computers.

Telecom and the Secretary's IS staff worked together this year to migrate the Office of the Secretary from the older technology of accessing the mainframe via coax cabling and controllers to accessing it via IP and the fiber optic cabling backbone now in place. Also the Secretary's network cable configuration was upgraded to switched ethernet.

Several technology resources were made available for use by all Secretary staff: laptop computers and portable printers; a high-end scanner; a low-end color printer; Lexis/Nexis and Westlaw commercial information services; and Internet e-mail and World Wide Web access.

Several departments have had repetitive tasks automated using the macro scripting language in Word Perfect. When a new version of WordPerfect is installed, all the macros must be updated and re-coded. These scripts should be written in a programming language independent of any application. Microsoft Visual Basic 4.0 and Delphi were purchased and computer staff will begin recreating WordPerfect macros in Visual Basic when feasible.

For a variety of reasons several Departments have their own computer systems. In most cases the separate systems hold unique applications. In some cases, separate LAN's were set up for security reasons.

The Official Reporters' and Captioners' LAN.—The Official Reporters and Captioners have a separate Novell server. They use specialized software called Computer Aided Transcription (CAT) for translating their steno code into English. The Xscribe CAT software was upgraded to the newer version. Also in 1996 we upgraded the Novell LAN operating system and installed a new server and, to support their heavy printing needs, a high-end printer was purchased and installed.

The Senate Gift Shop's LAN (in two separate locations).—At the request of GAO, for security reasons, the Gift Shop LAN cannot be connected to the Secretary's LAN or to the Senate Fiber Network (SFN). The Gift Shop LAN houses their inventory and transaction records. Plans are underway to set up some workstations in the Gift Shop that would be connected only to the Secretary's LAN to provide cc:mail and internet access.

The Page School's LAN.—The Page School currently has a Novell LAN, but a Windows NT LAN will be installed in the near future. Users include the administrative staff, teachers, and students. Administrative staff use the Blackbaud program for students records and grades. These records are confidential. In 1996 Internet access and e-mail was provided to students and staff and CyberPatrol, a software package

which regulates access to the Internet was installed to prevent access to unacceptable sites. A CD tower was purchased and will be installed in early 1997.

The Office of Senate Security's LAN.—The Office of Senate Security inventories and tracks all classified information that comes into the Senate. In the Fall of 1996 their system was completely upgraded from a Novell system to a new Windows NT LAN with top-of-the-line equipment and a new Document Management System was purchased. For security reasons, the computer systems in Senate Security cannot be connected to any other system in the Senate so two PC's connected to the Secretary's LAN (and not to their LAN) have been installed so that staff can have access to cc:mail and the internet.

The Senate Disbursing Office LAN.—In 1996 the Disbursing Office installed a Windows NT LAN in Disbursing for desktop applications, and attempted to install a server to run DOVES, the general ledger. The office automation upgrade was fine, but the upgrade of the DOVE's server caused data to be corrupted and after almost two-weeks of attempts to salvage the upgrade the Disbursing Office had to roll-back to their original system. Thus, the Disbursing Office still maintains one separate 3–Com LAN for DOVES.

The Office of Public Records (OPR).—OPR uses FileNet, a UNIX-based document management and imaging system, for maintaining public records such as lobbying forms; campaign finance reports; and financial disclosure reports. PC's are available to the public for searching, viewing, and printing these documents. The FileNet workflow system includes scanning the original document into the database, inputting some data regarding the document, and then microfilming it for archival purposes. In 1996 we installed a unique, high-end, Kodak 990D scanner that handles the dual functions of digitizing images and microfilming documents.

When the Lobbying Disclosure Act was signed into law, a system to capture only the minimum identifying data on each report filed was created. A complete database system for lobbying is being developed.

A working group has been established to tackle the many issues currently facing OPR, including: upgrading the System Hardware and the FileNet; finishing applications for on-site public access to the records; and developing a system for remote public access via the internet.

One staff member of the Department has been assigned to OPR as full-time Systems Administrator, and the Senate Computer Center has assigned a full-time programmer to write an application to allow the public access to various filings, including: Financial Disclosure Reports, Campaign Finance Reports, and Lobbying Reports. Currently only the Financial Disclosure part of the application is finished. Development continues on the other modules.

Senate-wide information technology projects authorized by the Secretary

The Strategic Planning Process Initiative.—The strategic planning project was initiated by the Rules Committee in early January 1996. The first meeting set up a structure for the project. A management team, consisting of the Secretary of the Senate, the Sergeant at Arms, and the Chairman and Ranking Member of the Rules Committee (or their representatives). A Working Group of representatives of these offices began meeting and identified several items which we felt were significant and should be looked at during this process, including: an integrated legislative information system; an integrated financial management system; internet services; desktop strategies (technology at each person's workstation); security; constituent mail systems; customer service and support; video conferencing; and infrastructure. Advisory groups studied each issue and produced final reports.

Consultants with an expertise in strategic planning have been hired to formalize the strategic planning process in the Senate.

The Senate Legislative Information System Initiative.—The Legislative Information System (LIS) initiative will automate the preparation of legislative information moving closer to a paperless process and provide comprehensive search mechanisms for helping users access the information they need without having to know where that information is stored. Legislative information is currently created and maintained by several different offices in the legislative branch, and official information (legislative information that has reached the Floor) is not available online until the next day.

Other legislative branch agencies are currently redesigning their legislative information systems. With proper cooperation and communication among the legislative branch agencies we can develop systems that work together, without unnecessary duplication, and that meet everyone's needs. To achieve our objectives, this project will require a sustained, multi-year effort by the Senate, in coordination with the House, and supported by the legislative branch support agencies.

The 1996 Legislative Branch Appropriations Act required the LOC to undertake a study and submit a plan for developing a single, integrated legislative information system. The goal was the development of a system that would reduce duplication and at the same time improve the quality of the legislative information available to the entire Congress. In 1996 we successfully worked with the appropriators to have the authority and funding for this project addressed in statute (see Title I, Sec. 8 of the 1997 Legislative Branch Appropriation Act).

Designing the System.—The Senate, through a standard RFP procurement process, contracted with KPMG/Peat Marwick to provide a design concept for the Legislative Information System, and at the option of the Senate, to draft a detailed requirements document for inclusion in a solicitation should the Senate decide to proceed with the actual development of the System. Specifically, KPMG performed the following functions:

Developed of an overall, high-level, design concept:

—Conducted an operational analysis of the existing legislative rules and procedures;

—Analyzed and assessed the needs of the potential users of the System;

—Analyzed and recommended potential system designs and architectures to capture information from document creation and that include workflow and tracking capabilities;

—Analyzed existing applications for potential integration into the new system and recommended development of new internal applications, where needed;

—Identified aspects of the existing legislative process which are not subject to automation; and

—Explored the benefit and feasibility of integrating existing commercial legislative and news services into the Legislative Information System.

Developed an overall program plan:

—The final deliverable by KPMG was an overall implementation plan based upon the design concept approved by the Senate. This program plan included a project schedule; identified resources required to develop the System; and established a multi-year project budget with a detailed breakdown of first-year expenditures. KPMG finished their study and provided the program plan on January 24th. The Secretary of the Senate, the Sergeant at Arms, and the Staff Directors of the Rules Committee met and accepted the final report.

A Program Office, staffed by KPMG and Senate staff, was established in early 1997 and a project manager was hired. The program office and project manager will set up a management structure for the remainder of the LIS project; detail the scheduling and staffing for six subprojects; manage and track the projects through their completion; produce a detailed RFP for publication; and provide oversight on the development of the LIS system.

Full Text Amendment Scanning Project.—KPMG developed functional requirements for an amendment scanning system. They recommended using a document management system similar to what might be used in the larger LIS system. Based on KPMG's design, the SCC developed the amendment scanning system in two months. The Bill Clerks receive the xeroxed copy of the amendment and scan it in within minutes of its introduction on the Floor. The amendment number, bill number, and sponsor are added to the record and the amendment is available for viewing by all Senate staff with a browser and Acrobat Reader. A pilot test is underway and in a few weeks it will be released to the full Senate.

The Senate/House SGML Data Standards Initiative.—The Secretary of the Senate and the Clerk of the House are working together to establish a standard for data exchange. That standard will be the Standard General Markup Language (SGML). Each Legislative Branch agency was surveyed about their ongoing SGML projects. We contracted with The Mulberry Group, to analyze agency survey responses and make recommendations as to our next step. Based on the findings of the Mulberry report and negotiations between the Clerk and Secretary, the next step is to begin work on developing a SGML DTD (an agreed upon structure) for Bills. A Committee of representatives from the Senate (including staff from the Secretary, the SAA, and the Legislative Counsel), House, Library, and GPO will work together on this project.

Internet Technologies: The Senate WWW Home Page.—The Senate World Wide Web (WWW) Home Page was one year old on October 20, 1996. The Page had been averaging 50,000 hits a day and that number rose to about 70,000 per day in September 1996. The Secretary's Office is responsible for the legislative and institutional content of the Home Page.

The Financial Management System (FMS–II) Project.—This project will take the Senate from a cash-based to an obligation-based accounting system. It will provide online data entry of purchase and voucher information, and storage and retrieval

of scanned images of supporting documentation for viewing side-by-side with voucher data. The Secretary has hired a high-level Project Manager to run this project.

As a first step in the "paperless" bill paying process envisioned under the FMS–II project, the project team, in previous years, developed the Senate Office Accounting System (SOAS), a Paradox-for-DOS-based standalone system, used by Senate offices to prepare vouchers and track office accounts. This system eased the administrative burdens of bill paying for Office Managers and introduced the concepts of obligation-based accounting to the Senate. During 1996, the project team continued to enhance SOAS, provide "follow-up" training for new users, troubleshoot hardware and software problems, and write procedures for using the system.

The project team arranged access to SOAS for departing Senators so that vouchers can be prepared for invoices received after the Senator's term expires. SOAS records were copied from each Senator's office requesting it, and were copied to either a PC in the Disbursing Office available by appointment to Office Managers from these offices, or to the PC of a former Office Manager who accepts a job in a new Senator's office. Although requested, the project team did not copy data to the personal PC's of any former Office Managers.

A first version of the Senate Time and Attendance Reporting System (STAR) was virtually completed by January 1996. This system was developed before the governing regulations were issued by the Office of Compliance. The initial version had a standard Monday-Sunday workweek. Deployment was halted when it became apparent that users needed a system that provided for variable workweeks. Incorporating such flexibility required a near total rewrite of the system that was completed only near the end of 1996. The new version not only allows offices to have different workweeks, but allows offices to establish different workweeks for each employee. The new version of the system has been in operation in two pilot offices since June 1996 while it was under development. In December 1996 it was deployed to three additional pilot offices. These offices have had some suggestions for change and enhancement that are being incorporated as it is deployed further. The system will be provided to additional pilot offices during the Spring of 1997.

During 1996, the Request for Proposals that was issued in 1995 for the central accounting system, which will be the core of the overall new Senate Financial Management System, was canceled and a different solicitation—a Letter of Interest—was issued to the seven vendors with such products on the GSA Schedule. Responses were received from five companies. Evaluations were put on hold pending the Secretary's employment of a high-level Project Manager.

During the year, a Memorandum of Understanding was entered into with the Department of the Treasury, Financial Management Service, Center for Applied Financial Management for assistance in evaluating proposals and in installing and implementing the new system.

Advisory Committee on the Records of Congress.—An eleven-member permanent committee, established by Public Law 101–59, meets twice a year to advise Congress and the Archivist of the United States on the management and preservation of the records of Congress. Its Senate-related membership includes appointees of the Majority and Minority Leaders, the Secretary of the Senate, and the Senate Historian.

A Task Force on the Impact of Technology on Archival Documentation of Congress will compile an inventory of major computer systems in use in the Senate and the House of Representatives, identify permanently valuable information, and make recommendations for data migration and preservation. The Task Force in conjunction with representatives of the Clerk of the House is in the process of identifying all types of electronic data in the Secretary's office that need to be archived. A draft report is due to the full committee in June.

BIOGRAPHICAL SKETCH OF GARY L. SISCO

Gary L. Sisco was elected and sworn in as Secretary of the Senate on October 1, 1996. Born and raised in Bolivar, Tennessee, he was educated at the University of Mississippi, where in 1967 he earned a bachelor of science degree in civil engineering, and The George Washington University, where in 1970 he earned a master of science degree in administration.

Secretary Sisco served in the United States Army from 1968 to 1970. In 1970, he rejoined IBM's Memphis, Tennessee, Data Processing Division, where he had been employed prior to entering military service. A year later, he joined the staff of Senator Howard H. Baker, Jr. (TN). He left Senator Howard Baker's staff as executive assistant in 1973, when Lamar Alexander appointed him manager for his 1974 campaign for governor of Tennessee. Mr. Sisco then served, from 1975 to 1977 as administrative assistant to U.S. Congressman Robin Beard (TN).

From 1977 until 1996, Mr. Sisco was in the real estate investment business in Nashville, Tennessee. Secretary Sisco is married and has three children.

PREPARED STATEMENT OF STUART F. BALDERSON

Mr. Chairman, I appreciate the opportunity to present to your Committee, the Budget of the United States Senate for fiscal year 1998.

Mr. Chairman, the fiscal year 1998 budget estimates for the Senate have been included in the Budget of the United States Government for Fiscal Year 1998. This Budget has been developed in accordance with requests and proposals submitted by the various offices and functions of the Senate. The total budget estimates for the Senate are $522,751,000, which reflect an increase of $39,156,000, or 8.10 percent over the amount appropriated for fiscal year 1997 and does not reflect any adjustments to these estimates which may be presented to your Committee during these hearings. The total appropriations for the Senate for fiscal year 1997 are $483,595,000. An individual analysis of the budget estimates for all functions and offices has been included in the Senate Budget Book, previously provided to your Committee.

The budget estimates for fiscal year 1998 are divided into three major categories as follows:

Senate Items	$83,847,000
Contingent Expense Items	394,928,000
Joint Items of the Senate	43,976,000

Specifically, Mr. Chairman, the increase for fiscal year 1998 over the fiscal year 1997 enacted levels is a result of: (1) $15,989,000 increase in the budget estimate for Senators' Official Personnel and Office Expense Account to fully fund the allowances which are under-funded as a result of the consolidation of population categories, increases in the populations of various states, and the increase in the Legislative Assistance Allowance authorized in the Legislative Branch Appropriations Act, 1993; (2) $5,034,000 for the anticipated 2.8 percent cost of living increase for fiscal year 1998, and the annualization costs of the fiscal year 1997 cost of living adjustment; (3) $3,737,000 for personnel adjustments other than the cost of living, attributable primarily to Expenses of Inquiries and Investigations, and to the Capitol Police, including $141,000 for Capitol Police comparability increases; (4) $210,000 for estimated overtime costs, excluding Capitol Police; (5) $3,453,500 increase in agency contributions applicable to the cost of living adjustments and other personnel increase requests; (6) $10,732,500 increase in non-payroll expense requests, attributable primarily to the Office of the Sergeant at Arms and Doorkeeper.

Mr. Chairman, I submit for the consideration of your Committee, the Budget of the United States Senate for fiscal year 1998.

Senator BENNETT. Thank you. You anticipated a number of the questions that I was intending to ask. We appreciate that and we appreciate your service.

HEARING TRACKING SERVICE

Let me stray a little bit to ask you a question you are probably not prepared for, so you might want to think about it. But in the legislative information service, think about how difficult it would be to add a tracking service of hearings so that someone could call in—someone being not only the public, but more particularly perhaps a Senator's office—and say what hearings are scheduled on *x* number of days and what conflicts exist between Senators. You could track that Senator Dorgan, for example, had this hearing coinciding with a Democratic leadership meeting that is taking place simultaneously and he has to shuttle back and forth between the two of them. A chairman of a subcommittee could access and realize that if this hearing were scheduled at 10 o'clock, the members of the subcommittee would run into these kinds of conflicts. If the hearing were at 11 o'clock, they would be alleviated somewhat and so on.

Do you have a view as to how tough that would be to implement?

Mr. SISCO. My view is that that would be fairly simple to implement, to design, and incorporate into it. I think the key to that would be having everyone participate and actually input their own schedules where there would be good information in it.

We have retained KPMG Peat Marwick to do a design document with all the requirements for LIS, and this and anything else that you would want we can put in there and see what would be required to do it. But my take is that that would be an excellent thing to do and would be easy to do.

Senator BENNETT. I would appreciate your doing a little work on that.

As I go around to my fellow Senators in my assignment from Senator Lott to talk about ways in which the Senate can be restructured to make it more efficient, I find other Senators list this as one of their most serious complaints. Their schedules are constantly conflicting. I realize you probably cannot train committee chairs to ever pay any attention to anybody's initiatives but their own, but if this service were available and some kind of moral suasion out of the leader's office could be brought to bear on committee and subcommittee chairs to get them to check with this and try to make their schedule a little more compatible to the circumstances of the committee members, we might begin to move in the direction that people would like us to move around here.

I would appreciate it if you would give that some thought, and then at some point we might visit again about it.

Mr. SISCO. I will.

Senator BENNETT. Some quick housekeeping questions. When your office receives a voucher, how long does it take before the vendor is paid?

Mr. SISCO. When I got here, it was 6 to 7 weeks. There were five or six positions in the Disbursing Office that were not filled and they were short-handed. We addressed that. Stuart Balderson and his people have done an excellent job. We have added some people and without raising unrealistic expectations, we are now down below 2 weeks.

The first goal was to pay our bills within 30 days, which ought to be done with no problem. Second, to make sure that we pay them on time. Third, to get discounts, and just move them up on a responsive basis.

Right now I am informed that we are under 2 weeks and that is what we plan to continue to do. If anyone in the room knows anything to the contrary, I would like for them to see Stuart and me afterward.

Senator BENNETT. OK, very good.

Are the amount of discounts available for prompt payment a significant amount of money? Are we talking about—what percentage if the bill is paid within 10 days?

Mr. SISCO. I have not personally looked at that. I was going on the assumption that with the funds there and with the obligation there, that once we got caught up and we were looking at the financial system, that whatever money there is there for prompt payment or for discount, that we ought to get it.

Senator BENNETT. Prior to your coming, the office began to look into cost savings that could be generated by consolidating the Office of the Stenographers and the Hearing Impaired Transcribers. Do you have any information on where that study is or what became of it?

Mr. SISCO. Senator Bennett, I have read that study and it probably has some merit just from an organizational standpoint or an efficiency standpoint. But candidly, it is not a high priority of mine—it has not been and it is not right now—with everything else that we have got going. It is something that I will continue to review, but again the critical thing there, I think, is service—getting the information from the floor and getting it transcribed timely and accurately and getting it in written form. But I do not have a plan for that right now.

Senator BENNETT. OK, thank you very much.

As I say, I think you covered the other questions in your statement. If we decide you did not, we will send you a question or two in writing. But we appreciate your being here and we appreciate your service to the Senate.

Mr. SISCO. Thank you, Mr. Chairman.

OFFICE OF THE SERGEANT AT ARMS AND DOORKEEPER

STATEMENT OF HON. GREGORY S. CASEY, SERGEANT AT ARMS

ACCOMPANIED BY:

LORETTA SYMMS, DEPUTY SERGEANT AT ARMS
LARRY HARRIS, ADMINISTRATIVE ASSISTANT
CHRISTOPHER DEY, CHIEF FINANCIAL OFFICER
DUANE RAVENBERG, HEAD OF TELECOMMUNICATIONS

INTRODUCTION OF ASSOCIATES

Senator BENNETT. We now go to the Sergeant at Arms' office, and I understand in the proper tradition of the modern Senate, the Sergeant at Arms has some charts. [Laughter.]

Mr. CASEY. You would expect nothing less, would you?

Senator BENNETT. We cannot have a debate on the floor of the Senate without a bunch of charts.

Mr. CASEY. I have some props too.

Senator BENNETT. OK, very good.

For the record, Greg Casey is the Sergeant at Arms and he is accompanied by Ms. Loretta Symms, the Deputy Sergeant at Arms, and Mr. Larry Harris, the Administrative Assistant. Mr. Casey, we are happy to have you here and look forward to seeing your charts and watching your visual aids.

Mr. CASEY. I hope I do not disappoint you, Mr. Chairman, with the charts.

I would like to introduce one other individual joining me at the table, the Chief Financial Officer for the Sergeant at Arms, Mr. Christopher Dey.

Senator BENNETT. Mr. Dey, we welcome you as well.

SUMMARY STATEMENT

Mr. CASEY. Thank you, Mr. Chairman. I am Greg Casey, the 34th Sergeant at Arms and the Doorkeeper of the Senate, and it is an honor for me to be with you today. I am familiar with all the staff sitting along the back wall and compliment the chairman on having such competent individuals with him.

Mr. Chairman, when the majority leader told me he was going to make me the Sergeant at Arms, he gave me a very clear two-part mandate. The first was to make sure that the financial operations of the Sergeant at Arms were properly run. The second was to look at the management functions to make sure that we could increase the service to the Senators in a cost-efficient manner.

With the help of retired Senator Hank Brown, we put together a skilled evaluation team that built on an audit that was done of the Sergeant at Arms in 1994. The evaluation team concluded that we did, in fact, have the necessary financial tools in place to ensure that we are running in a proper fashion.

That evaluation team also told us, however, that we needed to get on with the massive restructuring of the Sergeant at Arms' office.

As part of the study for that evaluation team, I had this organizational chart prepared. This chart represents the current operations of the Sergeant at Arms. As you can see, it is a vertically oriented conglomerate of nonintegrated functions. This is not an organization. It is a group of organizations that have been strung together over the last 20 years or so.

In it, more than 25 separate managers reported directly to the Sergeant at Arms, and in this nominal chain of command, as many as 70 employees were not accounted for. Duplication of effort was common. Consistency in compensation, evaluation, and performance measurement did not exist. What little planning and communication existed between these various departments served only the interests of the individual units. There was little concern for the organization as a whole or for the Senate as a customer.

In this format, Member offices were subjected to four separate inventories by four separate departments. Under this format, we had one SAA department developing a technology that was totally inconsistent with the technological standard being developed in another Sergeant at Arms' department.

In this structure, printers are procured and maintained by the computer center, copiers procured and maintained by the service department, and fax machines procured and maintained by telecommunications. I am sure there are many in this room who have a single machine in their house that performs all three of those functions.

I think it should be obvious that advances in technology and the passage of time have erased whatever reason we had to build this kind of a stovepipe structure.

To improve our productivity, Mr. Chairman, we needed to do more than nibble at the edges of change in this organization. We needed to do some profound, systemic reengineering.

Interestingly enough, this is not the first time that the Senate of the United States has come to exactly that same conclusion. This is the commission report on the operations of the Senate, 1976–77. It was an exhaustive study of how the Senate does business. Included in that is an extensive study of administrative operations, including our own.

Here is the conclusion. "The administrative structure of the Senate is antiquated, fragmented, and lacking clear lines of authority and responsibility."

Among its recommendations was that, "The administration of the Senate services needs to be reorganized within a unified modern management structure with clear lines of authority and responsibility."

Unfortunately, the structure that was so maligned in this report 20 years ago is essentially the same structure I just showed you on the chart.

Now, in 1995 the Senate Rules Committee contracted with Performance Engineering Corp. They gave them the charge to come back with a review of the Senate's information technology infrastructure. This is that report. In short they said—and I quote—

"The Sergeant at Arms should develop a new organizational structure." The report gave us a list of things that we should probably pursue in order to implement that new organization. Unfortunately, that report went largely unheeded.

Now, the need for changing the way we do business as a Government and a Senate is not new. Congress recently passed several laws that require Federal agencies to adopt strategic planning and performance measurements, such as the Clinger-Cohen Act, the CFO Act, the Government Performance and Results Act, among others.

I even have a quote from Vice President Al Gore's "National Performance Review" talking about the need for dynamic change.

There is also a great deal that we do in the Sergeant at Arms and the Senate as a whole, Mr. Chairman, that simply must be changed because the Congressional Accountability Act makes us change it.

Mr. Chairman, I think it was clear from the get-go that the Sergeant at Arms' office needed to change the way we did business, and we are.

Our vision for the future is this. I think you can see from this chart that we have really sort of changed our approach. In the organization that we are building, we focus on improved service quality, increased efficiency, maximum responsiveness to clearly identifiable customer bases within the confines of available resources. While this is still very much a work in progress, you can see that this is a totally different model—this is a horizontally integrated model—than the one that you just saw. We can focus on planning, product development delivery, customer service, and quality assurance. We do this with a Sergeant at Arms institutionwide approach rather than a unit-by-unit one, recognizing that we have a clearly identifiable customer base and that is who we need to serve.

One of the differences between what we are creating and what we were before is that all of our engineers will be in the technical operations division, whereas now we have engineers spread all over our operation working on piecemeal bits of technological answers to problems that people bring to our attention. We are going to put our engineers in one place and say that your job is to develop a technological vision for the future of the Senate. That is what we are going to do there.

Also, we have gathered together a centralized customer support program, and so for the first time, there will be one person who is going to be the central point of contact for every office in the Senate helping to develop answers to questions that Senate offices may have before they become problems. We are going to do that over here in the customer relations program.

We have developed an office operations division. Anybody who works in an office knows it is very difficult to know who you call when you have a problem. We have all experienced that. Instead of trying to educate all the offices as to whom that may be, we are developing a 228–HELP line so that all you have to know is to call 228–HELP. When you get that line, we will be able to give you the answer that you need.

Mr. Chairman, moving from where we are now, where we have been for two decades, to this new organization is going to be a chal-

lenge. We have started it step by step in a logical fashion. It is going to take us some time. The challenge is not only making the reorganization work, but that we are not going to be allowed to miss a step in performing those services under the old organization as we get there.

I have some interesting statistics in how our workload has also gone up considerably that I will give you near the end of the presentation.

Even so, I think we have taken some logical first steps, but there are far too many for me to go into them all here. Time does not allow us to do that unless, of course, you ask me to do that. But I would like to give you just a few examples.

We have created a Capitol division, and within the Capitol division, which basically takes care of the Capitol and the historical functions of the Sergeant at Arms, we have the Doorkeeper. The Doorkeepers are one of the oldest parts of the Sergeant at Arms' operation. As it is one of the most historical changes to the Sergeant at Arms, we decided to start there in implementing our management philosophy.

We reengineered their operations. We trained them. We set down some standards. We have invested in our Doorkeeper corps. As a result, we believe that we get a far more professional Doorkeeper corps providing far better service, and we have done this while also reducing the FTE's in the Doorkeepers by 20 percent.

As we proceed, we are going to analyze each element in the Sergeant at Arms' office in the same way, applying the same kind of management philosophy, analyzing each position and each responsibility as we go, hopefully, with similar results. We are going to find out that we are going to have to do things a lot better. We are also discovering that we are going to have to do things a lot differently.

A case in point is long distance billing. We went before a bipartisan meeting of office managers, and they complained about the huge amount of paperwork that goes along with long distance billing. We did some investigating and found that we were spending $1 for every 90 cents we collected. It did not make a whole lot of sense, so we simply eliminated the charge-back provision.

But I think nothing is more indicative of the kind of change we are talking about than what we are proposing to do with support for State offices. Currently we have an arbitrary set of numbers that restricts State offices to a particular square footage, along with some artificial barriers on the kind of equipment that you can use in those offices.

Now, the Sergeant at Arms' office provides every State office that you have with furniture and equipment at no cost to those individual offices, whether you have 5 offices or 10 offices. We are on the line to have to support those offices.

That did not make any sense to us. In the age of increased communication, it makes sense that your offices and others are going to put more of their resources in their home States where both the services are delivered and where the voters are. Rather than trying to artificially restrict the expenses for those offices arbitrarily, which is 40 percent of our expense budget, providing for those State offices, we came up with the solution that we offered to the

Rules Committee. The Rules Committee has granted permission for us to move ahead with developing the following program.

We will give each Senator a budget, much the same as we do with the computer budget, and say that, you can do this how you see fit, allowing you to develop the kind of offices that you want, the kind that best meet your constituent philosophies. We believe in the long run this is not only going to be a better solution for the Senators, but it is going to be a better solution for the taxpayers as well.

We also created a project management tracking system. This is the first time this has ever been used here in the Senate. What it gives you, the oversight committees, is the ability to look at the way we are spending money in the Sergeant at Arms' office, to know what the purpose is, to know how much money we have spent, and to know whether we are on target or not. It gives us, the managers, the same information so that we, at a glance, can know what we are doing, how we are doing it, and whether or not we are keeping up with where we are supposed to be. This good management practice has been incorporated into quarterly reports, the first of which your office should have already received.

Now, the beauty of this is twofold. No. 1, this is going to give you a report on major expenditures, the projects and initiatives in the Sergeant at Arms' office, without regard to the organization. This particular project deals with enterprise management. It will be the same project in the new organization as it was in the old organization.

Additionally, we think this is going to be important for us as we move away from product development into more project and contract management for the future.

As I alluded to earlier, the human resource management part of the Sergeant at Arms' operation has not served the Senate very well. If we are to demand more from our employees, we must be prepared to provide our employees with the tools they need to improve and the incentives required to award that improvement.

To that end, we have hired a top-notch human resource professional and we have begun an extensive management training program. We now have a standard system on pay outlines Sergeant at Arms-wide, something we did not have before. We just finished training 120 front-line managers in the Sergeant at Arms' operations on how to perform on a consistent basis our personnel evaluations, as well as ADA training and FMLA training.

Yesterday we awarded a job classification and salary range study, much the same as what the Secretary's office had done last year.

We have instituted an employee awards program and already presented five merit awards in the first 6 months of this year. We are planning other programs that will award performance and help us retain the kind of skilled and technical professionals we are going to need in the new millennium.

Other near-term efforts include a career path program within the Sergeant at Arms' operations, family/friendly leave programs, and the institution of individual technical training.

The recent flooding in the Midwest also highlighted some problems that we had. We need to be rapid and flexible in supporting

affected Members' offices when they are faced with such disasters. We found that we not only needed to change our own regulations and the way we respond to Members' needs, but we had to get some changes made in Federal law. With your help and the help of Senator Dorgan, those technical corrections were in the disaster supplemental that got vetoed, but I am confident that those technical corrections will make it into law.

Senator BENNETT. I doubt that those were the reasons for the veto.

Mr. CASEY. Good, glad to hear that. [Laughter.]

That makes me feel better.

But I think the point there is that we need to be far more capable in our response to the needs of our Members, and I think what we have put together is a program to do just that.

As the Senate's primary contracting officer, our General Counsel has implemented progressive contract management techniques. These have resulted in significant savings to the Senate and the taxpayer. This check is a check that we presented to the majority leader and Senator Warner in April. It basically represents our share or the taxpayers' share of the proceeds that came about from what is known as a gainsharing practice. This practice creates financial incentives for both the contractor and for the client to increase productivity. We received national attention and kudos from all across the country for our efforts in this area, and our General Counsel deserves congratulations for that effort. We hope this will be the first of many such aggressive contract renegotiations.

We also did some renegotiations which I did not mention earlier with regard to telecommunications and our telecommunications department was able to generate significant savings there as well.

OFFICE OF THE SERGEANT AT ARMS AND DOORKEEPER FISCAL YEAR 1998 BUDGET REQUEST

[In millions of dollars by fiscal year]

Description	Current organization					Proposed organization				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
Operations and maintenance	95.3	95.2	102.6	106.1	109.3	95.3	95.2	95.2	95.2	95.2
Capital expenditures	4.6	18.1	17.0	13.1	14.4	4.6	18.1	17.0	13.1	14.4
Total budget	99.9	113.3	119.6	119.2	123.7	99.9	113.3	112.2	108.3	109.6

Now, unfortunately, Mr. Chairman, the budget request which you have been given for fiscal year 1998 was prepared prior to the implementation of this reorganization. It neither reflects the cost savings we anticipate through better management, nor the organizational groupings under which we will soon be operating.

Even so, we developed this budget last fall integrating our new operation philosophy. We divided our budget into operations and maintenance and strategic initiatives, or capital budget.

Our prepared budget request for fiscal year 1998 is $113 million, an increase of $13 million over 1997, or 13 percent.

OFFICE OF THE SERGEANT AT ARMS AND DOORKEEPER FISCAL YEAR 1998 BUDGET REQUEST—CAPITAL EXPENDITURES

[In millions of dollars by fiscal year]

Description	1997	1998	1999	2000	2001
Telecom infrastructure	.....	2.0	4.0	2.8	2.4
Telecom network upgrades	1.7	11.0	7.2	6.5	8.5
Year 2000 compliance	.....	.8	1.0	.4	.1
Financial systems	1.3	1.5	2.0	1.0	1.1
LEGIS reengineering	1.2	1.7	1.7	1.8	1.8
Other	.5	1.1	1.1	.6	.6
Total capital expenditures	4.7	18.1	17.1	13.1	14.4

Our ongoing operations and maintenance budget is essentially flat at $95 million. That reflects the nominal reduction in FTE's that we anticipated last fall when we began this reorganization. Virtually all of the increases are the result of easily identifiable capital expenditures for strategic initiatives, infrastructure, and capital improvements. They aggregate a total of $18 million in 1998, an increase of $13 million.

As you can see, they are mainly in the area of telecom infrastructure, finishing up work in the Russell, and moving into the Dirksen Building, as well as wiring, and providing network telecoms for State office operations. This was identified as a need because we had a lot of offices whose systems were too slow, and I think you are probably aware of exactly what we are talking about.

There is a series of longer-term options that we can go into, but you can see that it is clearly identifiable where that money is to be spent.

In 1998 we have a request on salaries of $35.1 million. That is a 3-percent increase over 1997 and essentially reflects the cost of living.

Now, Mr. Chairman, I will go out on a limb here. Had we been able to prepare our budget submission today and its outward projections subsequent to the completion of our reorganization, it would have reflected the reduction in FTE's and O&M which is now being realized. Even some of the increases in capital expenditures we believe would be moderated, as the ongoing information technology strategic planning in which we are now engaged adds a discipline to technological improvements that currently does not exist.

It would have looked more like this, had we been able to prepare the chart. The difference is rather striking. In 2001, the budget we had originally prepared was $123.1 million. This one was $109.6 million.

Now, obviously this is based on some preliminary information. We have to finish this kind of a budget analysis of the new organization when that organization is completed before we can submit that to you as the plan for where we really want to go.

As indicated earlier, we were able to significantly reduce the FTE requirements for our doorkeeper operation by implementing some sound management philosophy. Although it is premature to forecast year-end figures right now, the Sergeant at Arms' organization is currently running 50 to 80 FTE's below what we had anticipated, and we are currently $3 to $5 million below projections on salaries.

I would remind you that with some of these savings, we are going to ask for reprogramming which will be necessary to offset the deferred organizational infrastructure that I referenced earlier, in particular, the human resource aspects of it.

Now, what this does not include or this organization does not include is the product of the ongoing strategic planning that is being led by the Rules Committee in conjunction with the Sergeant at Arms and the Secretary of the Senate. There will be probably some suggestions for major changes and some major cost shifts between these offices or inclusions that are not reflected here.

Again, Mr. Chairman, I am honored to be here today. I am also very proud of the dedicated men and women who serve the Senate in the Office of the Sergeant at Arms. As you can see, we have embarked on a fairly aggressive program, and as we move forward to address these challenges, I could not ask for a finer group of people with which to work, and in that regard, I am truly blessed. I would like for them to raise their hands, my crew who are here.

[A show of hands.]

PREPARED STATEMENT

Mr. CASEY. This is truly a fairly remarkable group of people, Mr. Chairman, and I am blessed to have them working with me.

I look forward to working with you and Senator Dorgan, and I would be glad to answer any questions that you may have.

[The statement follows:]

PREPARED STATEMENT OF HON. GREGORY S. CASEY

Thank you Mr. Chairman. I'm Greg Casey. On six September of 1996, the Senate elected me the 34th Sergeant At Arms and Doorkeeper. It is an honor for me to appear before you today.

Mr. Chairman, when the Majority Leader told me he was going to nominate me for this position, the Leader gave me a clear two part mandate. First, evaluate the financial operations to insure their propriety. Second, evaluate and manage the operations in such a way as to increase service to the Senate in the most efficient and productive manner possible.

Retired United States Senator Hank Brown graciously agreed to help lead a skilled evaluation team to assist in this effort. Building on a General Accounting Office audit done in 1994, the team concluded in their January 1997 report: "* * * we concur with the GAO and believe that the Sergeant at Arms financial operations have the necessary internal controls in place to insure proper financial management."

They also emphasized the critical need to begin strategic planning and reorganize and reengineer the operations of the Sergeant at Arms.

As part of this evaluation, I had prepared this organizational chart of the current operations of the Sergeant At Arms. As you can see, it is a vertically oriented conglomerate of non-integrated functions.

More than 25 separate managers report directly to the Sergeant At Arms and more than 70 employees worked outside this chain of command.

Duplication of effort was common, consistency in compensation, evaluation and performance measurements was not.

What little planning and communication existed between departments, served the interests of each unit and not the organization as a whole or its customers.

In this format, member offices are subjected to four separate inventories by four separate departments; one each for telecommunications, computer and general office equipment and one for furniture.

One SAA department was developing a product that was inconsistent with the technical operating standards being developed by another department.

In this structure, printers are procured and maintained by the Computer Center, copiers by the Service Department, and fax machines by Telecommunications Department. At home I have one machine that can do all three things.

Clearly, technology and time has erased the lines of distinction that existed in the creation of this stovepipe structure. To improve our productivity we need to do more than nibble at the edges of change, we need to make systemic changes in the way we do business.

Interestingly, we found this wasn't the first time that conclusion had been reached. "The Commission on the Operation of the Senate; 1976–1977" was an exhaustive review of Senate operations to include the administrative operations of the Sergeant At Arms itself. It found:

> "The administrative structure of the Senate is antiquated, fragmented, and lacking in clear lines of authority and responsibility.
>
> *Summary of Recommendations*.—The administration of the Senate services should be reorganized within a unified modern management structure having clear lines of authority and responsibility." (Commission on the Operation of the Senate, 1976–1977)

Unfortunately, the organizational structure of the Sergeant at Arms maligned in this 20 year old report is essentially the same as the current structure I just described.

In 1995, the Performance Engineering Corporation was contracted to perform a review of the Senate's Information Technology Infrastructure. They concluded that the "Sergeant at Arms should develop a new organizational structure * * *" and went on to suggest on how to proceed. That report went largely unheeded.

The need for changing the way we do business is not new to government or the Senate. Congress recently required that all federal agencies adopt strategic planning, performance measurements, and employ best business practices in their operations. These laws include the Clinger-Cohen Act, the CFO Act, Government Performance and Results Act, among others.

Quoting from Vice President Al Gore's "National Performance Review",

> "The idea of reengineering * * * is critical. We don't want to automate the old, worn processes of government. Information Technology was and is the great enabler for reinvention. It allows us to rethink, in fundamental ways, how people work and how we serve our customers."

In addition Mr. Chairman, there is simply much that we do here that the Congressional Accountability Act requires us to change.

Mr. Chairman, I think what must be done is clear. The Sergeant at Arms office must change the way it does business and we are. We are rethinking how we work and serve our customers, changing and improving outdated processes, implementing performance measurements for our employees, contractors and the organization as a whole.

Our vision for the future organizational structure is this (chart). It is a single, integrated organization focused on improved service quality, increased efficiency and maximum responsiveness to customer needs within the limits of available resources.

While this is still a "work in progress", you can see how different this model is. In this model, planning, product development and delivery, customer service and quality assurance are emphasized enterprise wide, not unit by unit.

We've gathered the dispersed engineering resources into a single unit, focused not on piecemeal solutions to individual problems but on proactive long term, Senate wide technology solutions.

For the first time, we'll have centralized customer support to provide each Senate office with one point of contact for all Sergeant at Arms services.

We intend to provide one-stop "228–HELP" line for all services, similar to systems now in use by Fortune 100 companies. We are in the field as we speak identifying and evaluating such systems.

Mr. Chairman, moving from the old to the new isn't going to happen overnight. In addition to the challenges of our reorganization, we still have to perform our ongoing operations. This requires that the timing of our reorganization effort be measured and thoughtful. One step at a time.

Even so, we have already taken many steps forward.

Within the nearly completed Capitol Division we've concentrated activities and services critical to the operations of the Capitol Building and Senate Floor. It's under the direct responsibility of the Deputy Sergeant at Arms, Loretta Symms.

In this division you'll find the Doorkeepers, whose charge of maintaining order and decorum on the Senate floor is the most historical duty within my operation. It is here we have tested our management philosophy; planning, reorganizing and reengineering, training and investment. As a result, we believe we provide a higher level of more professional service with a twenty percent reduction in FTE's.

As we proceed, we intend to analyze each and every service we provide applying similar best business practice techniques to increase productivity. This will not only involve doing what we do better but wholesale changes in the way we do business.

One area where that becomes most obvious is in the support of member's state offices. As you know, approximately forty percent of the Sergeant At Arm's expense budget is spent in support of state offices and it goes up every year. Currently, state office support is based on a square footage allotments and some artificial restrictions on computers and office equipment.

Now, although state operations are limited by square footage, the Sergeant at Arms provides each state office with furniture and equipment it may or may not need because it comes at no cost to the individual offices. It's wasteful and unresponsive.

Instead of providing services under this confusing allocation scheme, the Rules Committee has granted our request to develop a new process that gives Senate offices the responsibility and flexibility to meet their own needs and constituent services philosophies. Under our new approach, each Senator will be provided a state office budget to be used as the individual Senator sees fit within broad guidelines. We think this will result in a more cost effective arrangement for both the members and the taxpayer.

A bi-partisan group of office managers asked if anything could be done to reduce the paperwork associated with telecommunication billing. We found we were spending a dollar to collect ninety-five cents. We eliminated the charge back process.

We will soon adopt the use of government Credit Cards for the procurement of small purchases, something the federal government has already adopted because it reduces administrative costs.

We developed the Technology Review Panel to increase the communication and consistency in technical standards, and eliminate duplication and/or conflict of effort.

We created a Project Management tracking system to give the oversight committees and us sound business information on the progress and status of our expenditures and operations. The first of these quarterly reports has already been submitted to the committee.

The current report reflects our current structure and budget. As we proceed with our reorganization and strategic planning efforts, you will see changes in priorities and respective resources. However, the project reporting will allow the committee to be fully and regularly informed as to our progress. This will become more important as we moves toward more project and contract management and less internal product development.

As mentioned earlier, Sergeant At Arms Human Resource Management has not served the Senate well. If we are to demand more from our employees, we must be prepared to provide them with the tools they need to improve and the incentives required to reward improvement.

To that end, we have hired a top notch Human Resource professional and begun an extensive management training program. We have standardized a system wide pay outline and just finished training 120 front line Sergeant At Arms managers on how to perform personnel evaluations.

A job classification and salary range study contract is about to be awarded.

We have instituted an employee awards programs and given away at least five merit awards in the first six months and have other programs that will reward performance and help us retain skilled technical professionals.

Additional near term efforts include a career path program, more family friendly leave programs and individual technical training.

The recent flooding in the Midwest highlighted the need for more rapid and flexible support to affected member's state office operations. We found we needed to change not only our internal regulations, but a federal statute delayed our ability to respond. Thanks to your leadership, Mr. Chairman, and the ranking member, Senator Dorgan, we were able to have a technical correction to the law included in the recent disaster supplemental.

As the Senate's primary contracting officer, the General Council for the Sergeant At Arms has implemented progressive contract management techniques that resulted in substantial savings to the Senate and the taxpayer. This "gain sharing" practice creates financial incentives for both the contractor and the client to increase productivity and has received national attention. This check was presented to the Majority Leader and Senator Warner in April.

Unfortunately, Mr. Chairman, the budget request for fiscal year 1998 you are considering today was prepared prior to the reorganization we have been discussing. It neither reflects the cost savings we anticipate through better management nor the organizational groupings we will soon be operating under.

Even so, Mr. Chairman, we developed this budget to reflect our new operational philosophy, dividing it into the categories of Operations and Maintenance and Strategic Initiatives.

Our prepared budget request for fiscal year 1998 is $113 million, an increase of $13 million over 1997.

Our ongoing O&M budget is flat, at $95 million. It also reflects the nominal reduction in FTE's we anticipated last fall would result from our reorganization effort. Virtually all of the increase is the result of easily identifiable capital expenditures for strategic initiatives, infrastructure and capital improvements, which aggregate $18 million in 1998, an increase of $13 million from 1997.

The 1998 request of $35.1 million for salaries itself is a 3 percent increase over the current year and essentially represents the cost-of-living increase.

Mr. Chairman, had we been able to prepare this budget submission and its out year projections subsequent to the completion of our reorganization, it would have reflected the reduction in FTE's and O&M budget now being realized. Even some of the increases in the capital expenditures would be moderated as the ongoing Information technology strategic planning effort begins to introduce a discipline on technology improvements that currently does not exist.

It would have looked more like this chart, which actually indicates reduced budgets in the out years. This is based on some very preliminary results from the reorganization to date.

As indicated earlier, we were able to significantly reduce the FTE requirements of the Doorkeeper operation by implementing our management philosophy. Although it is premature to forecast year end figures at this point, the Sergeant At Arms organization is currently running 50 to 80 FTE's below projection and $3 to $5 million below projection on salaries. Some of those savings, however, will be required to offset the deferred organizational infrastructure that needs to be rebuilt.

Additionally, the Senate-wide strategic planning effort lead by the Rules and Administration Committee may also have an effect on our current year budget.

Again, I am honored to appear before the committee and appreciate the time you have allowed. I am very proud of the dedicated men and women who serve the Senate in the Office of the Sergeant at Arms. As we move forward to address the staggering challenges that face us in the coming months, I could not ask for a finer group of people with which to be affiliated. In that, I am truly blessed.

I look forward to working with you, Mr. Chairman, and Senator Dorgan, and look forward to your continued leadership and support.

Mr. Chairman, this concludes my prepared statement and I would be happy to answer any questions the committee may have.

BIOGRAPHICAL SKETCH OF HON. GREGORY S. CASEY

Gregory S. Casey was elected the 34th Sergeant at Arms and Doorkeeper of the United States Senate on September 6, 1996. As such, he is the chief law enforcement and protocol officer of the United States Senate, and the principal administrator of most of the support services provided to Senators and their staffs.

Prior to his election as an officer of the Senate, he served six years as Chief of Staff for U.S. Senator Larry Craig of Idaho, where he managed every aspect of the Senator's operation in Washington, D.C., and Idaho.

Four years prior, Mr. Casey was the President and CEO of the Idaho Association of Commerce and Industry (IACI), an organization representing the business inter-

ests of more than 65 percent of the total commerce conducted in the state of Idaho. As IACI President, he was Idaho business' chief spokesman.

During that time, he also served as an officer or member of the board of several organizations including the Idaho Council on Economic Education, The Idaho Foundation for Free Enterprise, The Boise Futures Foundation, Buy Idaho and Idaho Business Week and, in 1989, he was elected to the six member Executive Committee of the National Council of State Manufacturing Associations.

From 1981 until 1986, Mr. Casey served on Congressman Larry Craig's Washington, D.C. staff, in positions ranging from Staff Assistant, Legislative Director, to Administrative Assistant and Chief of Staff. He was also active in various campaign organizations. During this period, he served as Vice President of the House Administrative Assistants Association and as Director of the Congressional Leaders United for a Balanced Budget (CLUBB) organization.

Previous to joining Mr. Craig, he was Vice President and General Manager of Pioneer Title Company of Ada and Canyon Counties and prior to that, the Executive Vice President of the Homebuilders Association of South West Idaho. He has served on the board of directors for several civic organizations including the YMCA and The American Legion Boys State.

Mr. Casey is a graduate of the University of Idaho with a degree in Political Science and has completed graduate programs in Legislative Affairs through the Library of Congress.

Mr. Casey is a fifth generation Idaho native and is married to the former Julia Laky of Boise, Idaho. They have a son, Greg Junior.

OVERLAPPING MANAGEMENT

Senator BENNETT. Thank you very much, and I commend you on your presentation and, more importantly, on the tremendous amount of work that has gone on behind it and gone on in an effort to bring us to this point.

I will make a general comment which you may want to respond to later, but will not have to here. Again, wearing my hat from the majority leader as chair of the task force to talk about ways in which the Senate can be made more efficient, I would like you to think about, if you have not already, those portions of overlapping management between the Sergeant at Arms and the Secretary of the Senate.

I think we have two excellent officers in those positions, yourself as Sergeant at Arms and Mr. Sisco as Secretary of the Senate, and the traditional kinds of turf battles that one runs into and expects in the Federal Government probably can be minimized with the quality of leadership that you and Mr. Sisco provide.

Have you ever sat down in a quiet room with him, put your feet on the ottoman, looked at the ceiling, and said, why are there two offices and where is a really clear line of demarcation? Because a lot of what you do I think he might do. A lot of what he does you might do. I think the two offices started out with no overlapping functions, and as they have grown over the centuries, overlapping functions have been created by the previous holders of these two offices who did fight turf battles.

Mr. CASEY. I have heard that. [Laughter.]

Senator BENNETT. As I say, I will not expect a detailed response from you now, but as you are going through your reinvention and reengineering activities, it must occur to you that there are some functions you might just spin off altogether in your organizational chart and say to Mr. Sisco, here, you can do this more efficiently than we can. There may be some things that he could spin off to you. Maybe at some future point, perhaps long after I am here, you who are both younger than I, might say there will just be a single

office, whatever it is called, that provides all of the management and support for the Senate.

Do you have any quick reaction to that? And if you do not, I will understand that, but I want to get you thinking in those terms.

Mr. CASEY. Anybody who has ever heard me talk about this before, I usually have a chapter in the book. Christine is over there laughing. She knows. I have a chapter in this book I can read you about that very thing, if you want.

Senator BENNETT. And I can read the book.

Mr. CASEY. The Secretary and I have sat in a room, not asking why the two of us are here. There are very distinct reasons there is a Secretary and there is a Sergeant at Arms and there are roles that these people should play. Over the years, as this book correctly points out, things have been added to both our jobs and not added in maybe as logical a fashion as it should.

We have sat down with the Rules Committee and are engaged in a strategic planning process right now, and part of the questions that we are asking ourselves is should this go here or should this go there. So, it is an extremely difficult thing to sort through.

But yes, Gary Sisco and the Rules Committee staff and I and also the Architect have had exactly those conversations.

Senator BENNETT. Yes; you have to include the Architect in that.

Mr. CASEY. We are having those conversations in the hopes that we can give you some solid things. In fact, I have tried to get Gary to take a couple things already. [Laughter.]

So, we have already had those discussions and we will continue to have those discussions. I think you are absolutely right. There is a feeling that the two of us have that we are here in a short tenure and our job is to serve the institution and not to build our own empires. So, I am very confident we will be able to give you some good news, Mr. Chairman, while you are still the chairman.

Senator BENNETT. Thank you. I am confident I will be chairman for a little while.

CUSTOMER SERVICE

A relatively minor item but it is always the minor items that rise up and bite you in terms of your customer service.

Mr. HARRIS. He reminds us every day about that.

Mr. CASEY. I remind him every day of that.

Senator BENNETT. Where is the phone book?

Mr. RAVENBERG. Senator, the phone book is in the final stages of proofreading right now. There has been a tremendous amount of changes that occurred, as you well know, in the past year and that has caused us some delay. We expect to get that to GPO by the end of this week.

Mr. CASEY. Thank you, Mr. Chairman, for asking that question. [Laughter.]

May I just emphasize, I have been asking exactly the same question.

Senator BENNETT. OK, well, in the overall scheme of what you put up on your chart here, it is a very minor item. In terms of the day-to-day operation——

Mr. CASEY. I learned from my friends in the police department, if you take care of the little things, the big things will take of themselves. We are sorry that it has taken us so long.

Senator BENNETT. Senators are used to having an interim phone book sometime in March, and I will not tell you how to do your business, but it might not be a bad idea for you to think about even a mimeographed copy, something, more quickly than the major phone book.

Also on the list of minor things, but high visibility, particularly with some of our friends in the press, talk about the consolidation of the barber shop and the beauty salon and how much you think this will save and where it is.

Mr. CASEY. We asked the Rules Committee to allow us to proceed with a two-part program. Part one was to consolidate the two operations into one, to have that consolidated operation submit to us a plan that closed the gap between what they bring into the rollover funds and what they cost us in actual expenditure.

I put together a task force to make that evaluation, hoping they would come back with a very clear one-two-three step process. The task force came back with a split decision.

So, by the end of this month, I have asked the two managers in charge to put together a plan that consolidates those two operations and closes the gap. I want a fundamental glide path plan that closes the gap between what it costs us and what we have in those rollover funds, to include increasing prices if that is what is necessary, reducing staffing if that is what is necessary, doing advertising if that is what is necessary, or extending their hours. That should be to me by the end of this month.

If we cannot come up with a plan that does that—and the Rules Committee has given me the OK—I will go back to the Rules Committee and ask to exercise the second alternative which would be to outsource.

Senator BENNETT. You may have discussed this in detail in your presentation, but let us highlight it. We understand you intend to request a transfer of $5 million from salaries to contingent expenses. Did you cover that?

Mr. CASEY. I do not know that I quantified the number that we will intend to transfer, but that is essentially correct.

Senator BENNETT. And that was to get increased flexibility into each individual Senator's office? That was part of that particular approach?

Mr. CASEY. No; I do not think we are going to ask for a transfer of funds for that.

We are going to, hopefully, be able to convert some of the moneys that we are saving in our management into other infrastructure developments like some of our human resource programs. The other moneys that we are talking about on strategic initiatives are asked for in this budget here.

Senator BENNETT. So, the transfer——

Mr. CASEY. Would be from salaries to expenses.

Senator BENNETT. OK. Does this mean that in future years, the salary base will go down by $5 million?

Mr. CASEY. I believe we are going to be able to continue to see a reduction in the FTE's required to meet our operations. What we

are finding is that we simply have redundancy in so many of our functions. I cannot tell you right now, Mr. Chairman, how far that is going to go down because we are implementing. At the same time we are reducing and analyzing the old ways of doing business, we are adding some new ones.

I do not know how much the 228–HELP line is going to require. We have folks within our institution right now who do that, but they do it unit by unit. Can I save by bringing them together in one unit or is it going to require the same amount of personnel? So, I am not able to answer that question until we get this thing fully implemented.

FULL-TIME EQUIVALENT POSITIONS

Senator BENNETT. Well, in fiscal year 1999, your FTE's start going back up again. They come down by six in fiscal year 1998. In 1999 they go up a little bit. In 2000, well, you are kind of level in there.

Mr. CASEY. I do not believe our FTE's will go above 800.

Senator BENNETT. So, this is your best estimate but you are hoping to get to 800 and stay there.

Mr. CASEY. We are now probably at 775 or below.

If you are asking me what I think is going to happen—and it looks like the trends are that way—our O&M will be flat, our FTE's will begin a gradual decline. Our infrastructure capital expenditures will spike in 1998 and 1999 and begin to level out. I believe with that spike that we put forward on our capital expenditures, I will be able to continue the O&M and the FTE trend line down.

I believe that we are going to continue to see a decline in our FTE's and probably get down to around maybe 100 less than the FTE's we show on the chart. That is the difference between the chart I had to give you based on the old organization last fall and this new one that we are working on.

I have not finished the total reorganization, so I cannot give you this kind of a book. When that is done, we will get that to you as soon as we can.

Senator BENNETT. Well, that, of course is every manager's dream of what happens with your capital expenditures, that you get a very substantial return on the investment later on in terms of a more efficient operation.

Mr. CASEY. We can point to where we have redundant services now as to where we can get a significant savings, but we have not implemented it yet. So, it is projection so far.

Senator BENNETT. Again, I commend you for what you are doing. This is the kind of presentation that I hear on those very rare occasions where I am allowed to return to my former life in private industry and have a management team come in and make a presentation to the board. This is a first-class effort.

Mr. CASEY. Thank you, sir.

Senator BENNETT. I commend you and all the happy people that accompany you. [Laughter.]

Mr. CASEY. Thank you, Mr. Chairman.

Senator BENNETT. If there are no further comments from any witness, I have no further questions. Thank you.

ARCHITECT OF THE CAPITOL

STATEMENT OF ALAN M. HANTMAN, ARCHITECT OF THE CAPITOL

ACCOMPANIED BY STUART PREGNALL, BUDGET OFFICER/DIRECTOR OF FINANCIAL SERVICES

OPENING REMARKS OF SENATOR BENNETT

Senator BENNETT. We will now hear from the final panel, the Honorable Alan Hantman, Architect of the Capitol. Our final panel this morning consists of the Honorable Alan Hantman, Architect of the Capitol, and Mr. Hantman is accompanied by Stuart Pregnall, the Budget Officer and Director of Financial Services, and others from the Architect of the Capitol, which we expect you, Mr. Hantman, to introduce if they are called upon.

Not to be outdone by the Sergeant at Arms, Mr. Hantman is appropriately accompanied by charts and graphs. We appreciate your being here. This is the first time, we must note for the record, that Mr. Hantman has testified before this committee. We welcome you in that circumstance and look forward not only to hearing from you today but for a long time to come.

We understand the Office of the Architect has been working on upgrading its financial management system. Mr. Pregnall, that is undoubtedly why you are here, to report on the progress of that. We, of course, have particular interests in projections of capital costs necessary to maintain the buildings which house Congress and congressional functions, even some functions that have been assigned to Congress for reasons that may be a little obscure this far from the time that it was actually done.

So, Mr. Hantman, we again welcome you not only to the committee but to your office formally and look forward to your testimony.

SUMMARY STATEMENT

Mr. HANTMAN. Thank you very much, Mr. Chairman, and good morning to you and all assembled.

As you know, I officially assumed my duties on February 3, some 4 months ago, and as you can appreciate, the process of mastering the complexities of my new position might take a bit longer than that. But in these 4 months, my first priority has been preparing for this series of budget presentations. I forget if this is my seventh or eighth in the 4 months so far.

As you are well aware and as I am learning, the role of the office is complex and multifaceted. It can fairly accurately be summarized by stating that the core mission of the AOC is to provide for the Congress, on a bicameral, nonpartisan basis, expertise and advice relating to preserving the physical environment and operating the infrastructure supporting the Congress. Implicit in this mission is to me the assumption that in providing this expertise and advice,

that I am part of a congressional team that shares the same goals of preserving the physical environment and operating the infrastructure supporting the Congress in a responsible and cost-effective manner.

I welcome the opportunity of working with the members of this committee, of discussing the issues at hand, and of developing solutions that serve the Congress well.

As you know, the AOC appropriations request for the fiscal year 1998 was prepared under the stewardship of William Ensign. It is that budget request that I present to you today and I present it to you in the context of the first 5-year capital budget ever prepared by this agency. I fully concur with Mr. Ensign's statement that there is a need to provide the Congress with a 5-year capital improvement budget to assist the Congress in making the wisest and best informed financial judgments based on a formal evaluation of future cost implications and with the assurance that we have undertaken a rigorous examination of related needs.

I applaud Mr. Ensign for having initiated the systematic, agency-wide planning effort which has also included in-depth involvement of all of the agency's clients. On the Senate side, this included the Sergeant at Arms and the Secretary of the Senate.

The projects included in this budget, therefore, include all the needs that have been identified to date. I have evaluated these needs, reviewed the priority levels assigned to them, and assessed their budgetary implications.

Before I address the budget, however, it might be helpful if I shared some of my thoughts and findings to date regarding this agency and its performance as I currently see it.

CONDITION OF THE PHYSICAL PLANT

With respect to the quality and condition of the physical plant, for a facility that is as heavily used as the Capitol, for a complex of older buildings such as this, it is in surprisingly good shape. The condition of the physical plant is directly tied to the institutional knowledge, the skill levels, and the dedication of the work force. This is a major reason that significant segments of our infrastructure have held up this well, despite having outlived its normal life expectancy. It has been patched and repatched and held together until there is finally material failure.

We have a little show and tell over here. If you just pick up that finial over there. This is from the Library of Congress. We are still doing work, as you can see from the scaffolding up on the Library of Congress. This indicates that our sheet metal workers have been up there on many occasions patching and repatching, sealing and resealing, until finally the joints are giving way and there is just no way to support the integrity of any of these decorative or waterproofing pieces.

We have many other pieces in our little box of show and tell over there. There is a section of copper which is really the status of the existing roof. Again, it shows the deterioration of the material itself which over time has been patched and repatched. The sealant is no longer holding. In fact, that is why we are redoing the entire dome.

We have situations like this throughout the Capitol, including the Capitol dome itself.

This, as you can see, is a pipe. We have lots of these throughout the Capitol, pipes that are totally occluded, very little room to go through, rusting out in major pieces. We have vent lines and drain lines that are totally sealed and not functioning at all throughout all of our major buildings.

This, believe it or not, sir, is what is left of a valve, totally gone. It used to look something like this, but over time—we talked about water just before the session started—the chlorine and the minerals in the water in Washington, DC, tend to leach out zinc and other minerals and metals. It causes premature failure of sprinkler heads and lots of systems throughout the Capitol. So, we really have to look at ways to try to preclean the water, make sure this does not happen again, and constantly monitor elements that, in fact, should have much longer life expectancies than they do here on Capitol Hill.

We have a team of sheet metal workers working on the Capitol roof, patching as necessary. Many other systems have outlived their useful life, have been patched up, and now require replacement. Good maintenance alone cannot solve these problems.

TRAINING NEEDS OF AOC SUPERVISORS

As far as staff supervision is concerned, there are many aspects to this. Projects get done and in most instances they seem to get done well. But too many supervisors and foremen have little or no supervisory training, and they have difficulty working effectively with their subordinates. Much training needs to be done in this area.

CONSTRUCTION MANAGEMENT EMPLOYEES

An issue that also needs to be resolved is the temporary employees in our construction management division. They have been temporary for 10 or 20 years right now. There are some very capable people there and their status needs to be resolved. I will be coming back to you at a later date with further thoughts on this and other issues.

AOC MANAGEMENT NEEDS

As far as management systems are concerned, they are not at all uniform across the campus, nor are they as professional as they need to be. Existing policies and procedures need to be reexamined and standardized. The human resources department has deteriorated over the last several years, along with our piping. It has been a major source of discontent for AOC employees.

A new human resources director, Hector Suarez, who is with us here today was hired 2 months ago. Hector, are you here? OK.

He is determining how best to rebuild the department and bring it into the 21st century and he will be filling several HR vacancies we currently have with strong and needed additions to the department.

OUTSOURCING AND PRIVATIZATION

With respect to outsourcing and privatization, this issue is wound up with the status of changes that have already been made

or are currently contemplated, as well as with other outstanding issues that have yet to be resolved. I have no interest in continuing past policies and procedures that negatively impact the performance of this agency.

That is why I have taken a show-me attitude toward the Arthur Andersen study that was completed in the last quarter of 1996. Arthur Andersen was commissioned to develop a methodology to enable the AOC to calculate in-house costs and consider qualitative factors such as unique workplace characteristics, compare this information equitably with the private sector. They then analyzed the results of this comparative methodology and provided the AOC with recommendations on whether to privatize or reengineer various segments of its function.

But the Arthur Andersen study is just one piece of the AOC equation, and as such it needs to become part of an overall strategic plan for the future of this agency rather than as a blueprint in and of itself.

In the past 4 months, I have had interviews with many people. I have met one on one with approximately 40 of the key people in the agency, had group meetings with virtually all AOC employees, including shop workers, Power Plant employees, restaurant workers, night custodial employees, operating engineers, and so on. I brought two people with me to these group meetings: Art McIntye, our Inspector General, to deal with issues of fraud, waste, and abuse, and Kathy Gause, our EEO Director, to deal with issues concerning the Compliance Board and fair labor practices. Both of these people are generally well trusted by our employees.

We often met first with line workers and then separately with the supervisory staff so that neither group would be inhibited in sharing their perspectives on how we could work more effectively on problem areas in general and in opening a dialog with management.

I often found the level of frustration and discontent to be high. Employees have been in limbo for more than 2 years, ever since George White retired and when he was ill before that, and they are very concerned about privatization issues.

I learned much from this series of meetings. This information, when coupled with the Arthur Andersen report, provides two major elements of the information necessary to allow this agency to make informed decisions and recommendations.

The third component will be provided directly by AOC customers. We are reaching out to a cross section of Members of Congress and their staffs who interact with AOC employees to ask how we are doing on a wide range of interface areas, to ask if the level of service needs to be improved, or if, in fact, we can live with vacuuming carpets and dusting every other day instead of every day, or if we can save money on the scope of services that we are currently providing, whether they should be provided internally or by outside contractors, what security concerns might there be. All of these issues need to be addressed and understood from our clients' perspective.

AOC AND SERGEANTS AT ARMS RESPONSIBILITIES

We are also meeting with both the Sergeants at Arms to review the services we each provide to see if there can be some consolidation of overlapping responsibilities. There is confusion on what does respond and report to the Sergeants at Arms or to the AOC, for instance, with respect to cleaning. The Sergeant at Arms cleans the Senate portion of the Capitol Building. The AOC cleans the rest of the Capitol Building and all of the Senate office buildings. Does this make sense? Do we need to consolidate?

AOC CONSOLIDATION PLAN

We are also investigating the possible centralization of shop staff used by each major superintendent's jurisdiction. We intend to leave day-to-day quick response capabilities with each superintendent, but perhaps preventative maintenance forces might be centralized or privatized if that is found to be effective and efficient.

Our goal is to reshape this agency to become as efficient as possible while still providing a level of service required by our customers and at levels that are appropriate to the Capitol. We are currently in transition and union issues may impact how we operate going forward.

AOC PROJECT REQUEST

The above, Mr. Chairman, was all background to the critical issue of the 1998 budget. My overall assessment is that that budget prepared by my predecessor is basically valid. I have examined each of the 132 projects with the responsible designers and consultants. A file has been prepared on each to justify the need and the priority, and these are some of the examples of them. Some we have talked about already such as the Dirksen renovation, the $34 million project, and the rationale and the necessity for it. We have an entire report in here, and as we talked about on our walkthrough, the necessity for that project.

There is a project on plumbing renovations in the Capitol Building, some photographs of piping in the Capitol Building on the Senate side and the condition that it currently is in. Clearly if we find sections like that, we replace it, but we have an ongoing budget that needs to address these type of issues. So, $400,000 on an annual basis going forward for a total of some $2 million is what we are estimating at this point for that project.

Other projects, minor ones. Replace the fire pump in the Russell Senate Office Building. It is a wonderful looking piece of equipment, but it no longer provides the power to deal with the sprinkler systems and the fire standpipe systems that we need. The pressure cannot be developed in this. So, that is a $75,000 piece of work.

We have a carton back here with every one of the 132 projects. We can review each of them with anybody who would care to do so.

This is the Senate call system. It has diodes and tubes and things that are clearly outdated. They no longer respond. You cannot get replacement parts for them any longer. So, we are looking for design money to be able to look at alternative systems and develop a full budget for ultimate replacement of those systems.

We could go on and on. Here is deterioration of the Capitol itself, columns that are deteriorating on the west front. We are requesting funding to take a look at the deterioration and what we need to do on the columns, the column capitals, in the Capitol Building itself and other buildings.

The issue here is a good part of our budget really deals with studies and design issues that we want to get into so that we can come back to you more intelligently and say, OK, these are our studies, these are the results, this is what we want to do as a result of those studies, and these are the real dollars that we need going forward.

Since it would be helpful if the individual budget numbers that we are presenting to you were understood in the context of past and projected future budgets, I prepared a series of charts to help illustrate these relationships. I believe they are important because they deal not only with the proposed 1998 budget, but also with the budget pattern of the last 5 years and the 5-year master plan as well. If I may direct your attention to the charts, Jack Boertlein, our assistant in the budget department, will assist in the presentation.

OPERATING BUDGET AND CAPITAL PROJECTS

The first chart has two components to it. Operations is shown in blue and capital projects are shown in red. Please note that the operating budget has held fairly steady since 1993. It went from $137 million in 1993 to $148 million in 1995 to a requested $147 million for 1998. Increasing utility costs are a part of this. Mandated raises are also part of this. The growth over time—COLA increases and raises and all have been absorbed basically by decreases in staff sizes and other efficiencies.

The 1998 operating budget represents a 6-percent increase over 1997 and it is a worst case scenario. Clearly our mandate is to explore ways to achieve greater efficiencies through appropriate means such as privatizing, outsourcing, consolidating, achieving better utility rates, et cetera. The operating budget will be decreasing as we bring these recommendations to you through the year.

The capital budget in red has, however, been steadily decreasing, from $32.8 million in 1993 to $27.9 million in 1995, to one-half that amount or $14.4 million in 1997. In my view this is no way to effectively preserve an aging infrastructure such as ours.

In 1998, the first year of the 5-year plan, it proposes an increase to $54 million. I have examined the appropriateness and priority of many of these projects, made some modifications, and reprioritized them as we just discussed, but let us discuss the breakdown of this 1998 budget itself.

The next chart shows two main categories: operating on the left and capital costs on the right. Operating costs represent 73 percent of the budget, 46 percent of that for pay and benefits. We will be evaluating those, as I indicated, going forward.

Utilities make up 15 percent of the budget, and we believe there are savings there as well, including administrative measures such as suggesting to people they shut lights off when they leave the room.

The capital budget represents 27 percent and it is divided into client-initiated projects, AOC-initiated projects, and cyclical maintenance projects. I will talk more about this in a moment.

The next chart that we have here illustrates the 16 percent FTE staff reduction over the last 5 years, from 2,407 people in 1992 to 2,034 FTE's in 1997. This again is a worst case scenario for 1997–98. I do not yet have a complete answer to whether the 16-percent reduction indicates that there was a lot of fat in the agency—and there may still be more fat to cut—or whether the agency is as lean and mean as it really can be at this point in time. I am working with my managers to analyze their current staffing levels with an eye toward achieving greater efficiencies.

As a point of information, cuts in many other Federal agencies over the same time period have been below the 16-percent level that we have achieved to date.

CYCLICAL REINVESTMENT BUDGET

Let us go back to the capital budget, if we can. The green bars represent the level of cyclical reinvestment as a part of the overall capital budget. The yellow represents new facilities, new projects. Here you can clearly see the pattern of actual decreasing reinvestment in our buildings and infrastructure from 1993 through 1997, and the proposed increases from 1998 onward. You can also clearly see the magnitude of new projects in the master plan shown in yellow. Many of these projects are related to the Library of Congress and their proposed facilities out at Fort Meade, or film storage, things of that nature.

It is reasonable to ask how does anyone know how much to reinvest in a complex such as ours. We can clearly look project by project to see what needs to be done, each project approved on its own merits, and that is clearly what we intend to do. But what is a reasonable benchmark to measure total budgets against?

The next chart attempts to show this, to put it in some kind of a perspective.

Back in 1991–92, three university campuses were contacted to discuss their cyclical reinvestment budgets. Basically we have a campus here. What type of complex of buildings is more appropriate for us to benchmark against? The campuses were in Illinois, Michigan, and Stanford. They average 1.7 percent of the value of their buildings and infrastructure each year, the replacement value basically. The replacement value for our Capitol complex of some 13 million square feet was estimated at that time to exceed $3 billion. At 1.7 percent per year, that would be over $50 million in an annual reinvestment.

Another check on this 1.7 percent is the IRS depreciation allowance for commercial properties. They currently allow 40 years for full properties. That would imply a 2.5-percent per year depreciation level, or conversely a reinvestment. Clearly for equipment, they allow 15 years, which is certainly less than the 40-year building depreciation as well.

What this graph attempts to do is plot a $50 million annual investment level in blue—and that is accelerated at 3 percent escalation per year—and measure that against the 1993 to 1997 actual reinvestment costs that we have spent, showing $14.4 million in

1997 as the low point. The dotted red line plots the proposed reinvestment portion of the 5-year master plan with $54 million in 1998 and goes on from there.

Clearly what we see is if the $50 million is anywhere close to correct, over the last 5 years, we should have invested $250 million in our infrastructure. We basically invested $100 million and are digging ourselves into a hole which the next few years, hopefully, will help solve and realistically relate to.

The following chart lists additional corroborating benchmarks related to this 1.7 number. The top of the chart, our current replacement value in 1997–98 is $3.6 billion. The first benchmark relates to the 1.7 percent we discussed. Army Corps of Engineers talks about 1.75 percent as a budget objective. University Federal research cost recovery, the OMB A–21, calls for a 2-percent replacement value or reinvestment. Conservative commercial depreciation we talked about at 40 years, 2.5 percent. National Research Council of the Academy of Sciences has a low of 1.5 and a high of 3 percent. Our 1998 proposed budget numbers relate to 1.4 percent of the estimated replacement value at this point in time.

CAPITOL COMPLEX REPLACEMENT VALUE

Senator BENNETT. Let me interrupt you——

Mr. HANTMAN. Please.

Senator BENNETT [continuing]. And I apologize for that—long enough to ask how you calculated the replacement value. Is that on a per square foot basis?

Mr. HANTMAN. We took the actual construction costs of each building, each component of Capitol Hill, and brought it forward—what is it—CPI—we used?

Mr. PREGNALL. We used the Consumer Price Index for those projects that began before the building construction cost index was established. I think the BCI was established in the early 1900's. Before that time we used the CPI.

Senator BENNETT. But you did not say *x* number of square feet at current building costs of so much per square foot——

Mr. PREGNALL. No; we did not.

Senator BENNETT [continuing]. And it would cost us to replace this in the market *x* amount.

Mr. HANTMAN. We did not do that. Clearly we are talking about unique individual buildings here.

Senator BENNETT. I understand that, but how difficult would it be to make that calculation simply as a ballpark——

Mr. HANTMAN. If we wanted to take 13 million square feet and take current costs of commercial office buildings—it certainly would not be the quality of what we are talking about.

BENCHMARK FOR MONUMENTAL CONSTRUCTION

Senator BENNETT. You could not replace it with that kind of construction. The citizenry would not allow it. But there is, I am sure, a benchmark for monumental construction. Maybe the Ronald Reagan Building is considered monumental construction.

Mr. HANTMAN. This is true.

Mr. PREGNALL. The difficulty with that type calculation is that does not take into consideration architectural and artistic finishes

such as you have in this room. How would you calculate the cost of recreating this room? That would not be included in a square foot cost calculation.

Mr. HANTMAN. We could look at the Ronald Reagan Building and see what those costs were and talk about 13 million square feet.

Senator BENNETT. I think the committee would be well served by having a ballpark understanding of what it would be, and understand that we are sophisticated enough to realize that we are not talking about putting up an IBM headquarters on this campus. Again, the citizenry would demand that the National Capitol, if it were to be replaced, would be replaced in a monumental form and the cost of doing that would clearly be higher than the cost of an ordinary office building no matter how nice. But $3.6 billion is a big enough figure that I think you ought to have some justification for it other than just the one benchmark method of arriving at it.

Mr. HANTMAN. Fine. We will get back to you on that then, Mr. Chairman.

Senator BENNETT. Thank you. I apologize for interrupting.

Mr. HANTMAN. No problem. No problem at all.

As a point of information, several weeks ago we had a contingent from Australia come in, basically the folks who built, designed, and run their Federal office buildings in Canberra, less than 10 years old. They allocate on a flat sum basis 1 percent of replacement value even for a building complex that young. That is just a normal appropriation on an annual basis.

CYCLICAL MAINTENANCE PROJECT

Perhaps the next chart. This pie chart shows the 1998 cyclical maintenance projects in red. It shows $21 million for some 57 projects. This includes restoration of the Senate legislative garage, plumbing renovations for the Russell Building, repair of failed waterproofing over ST–71, rehabilitation of the Capitol dome. It also includes the USBG Conservatory, the $8 million, in that number right now.

The AOC-initiated improvements are in green, and they amount to some $24 million for 50 projects. That includes ADA requirements, HVAC, electrical, telecom, sprinkler renovations in the Dirksen Building, electrical telecom systems in the Russell Building as examples.

The blue indicates client-initiated projects, some 23 of them for $6.9 million. Infrastructure for security installations, mail room renovations in the Dirksen Building, centralized control room in the Senate recording studio, et cetera.

Senator BENNETT. When you say client-initiated, you mean——

Mr. HANTMAN. Others have asked us to do that.

Senator BENNETT [continuing]. The Secretary of the Senate and the Sergeant at Arms?

Mr. HANTMAN. Yes, Mr. Chairman, that is correct.

Senator BENNETT. Thank you.

Mr. HANTMAN. Now, for our clients' new projects, the yellow over there, these are also requested by clients, but these are new as opposed to renovation or restoration projects. The K–9 facility at D.C. Village, copyright deposit facility at Fort Meade, et cetera.

REPRIORITIZED PROJECTS

One thing that I have done to Mr. Ensign's breakdown, which is indicated by this pie chart, is to reprioritize them. I think the next chart clearly indicates the way we restudied this bundle of projects, starting with life safety up at the top at 12 percent of the budget. These are projects related to fire protection, air quality, employee, and visitor safety. It includes installation of sprinkler systems, fire pump upgrades, chiller plant replacement, things of that nature. If we only got $6.2 million those would be the projects we would put it toward.

The next two headings we might switch. ADA could come next or security could come next, either way. The projects under ADA are related to improvements of building and facility access for the handicaped, restroom modifications, elimination of barriers, some $2 million, or 4 percent of the budget.

Security has 11 projects, $3.5 million. Projects related to the protection of Members, staff, visitors, and property, replacement of the north and south drive delta barriers on the Capitol Grounds, replacement of the security planters, Library of Congress upgrade of security systems, things of this nature are in that security category.

The next major category represents 27 percent of the budget. This is cyclical maintenance, eight projects at $14.4 million. These include projects that will increase building system functionality while replacing deteriorated or outdated systems. These include electrical and telecommunication system renovations in the Cannon Building, replacement of legislative call system and clocks throughout the complex, sound system replacements, committee and hearing rooms. I think Cannon is on the other side of the complex. We are talking about Russell here.

Botanic Garden Conservatory is shown here also, some $8 million or so for that complex.

Cyclical maintenance is the rest, 22 percent of it, some 49 projects at $12 million. Now, cyclical maintenance projects are those that will replace deteriorated or outdated systems with no significant increase in functionality. This is your pointing and caulking of facades. It is changing roofs, nothing improves. It is just the basic core needs. The Capitol dome is a part of that, garage floor repairs. It does not gain us anything, but they are things that need to be done.

Let me review the other categories fairly quickly. Technology management systems provide the AOC with more efficient and effective operations. This includes computer-aided facility management, integrated management system we will be talking about, implementation of AOC-net, CAD data base, et cetera.

The next is improvement projects for the AOC, some $1.2 million, installation of lighting systems, extend the chilled water lines to the Conservatory, rotunda lighting upgrade, things of that nature.

And the last is some $4.3 million for client improvements, conceptional facilities master plan for the police, completion of the K–9 facility, screening/holding facility, et cetera.

So, this kind of breaks it down, and the next chart just summarizes that, talking about the total AOC budget in the bottom chart

of some $43 million versus the $53 million dealing only with Senate and joint activities.

FIVE-YEAR CAPITAL BUDGET PLAN

If I could move on to our last chart, it shows the 5-year capital budget. Now, this last chart plots the breakdown of cyclical and new projects for the 5-year master plan. It shows cyclical maintenance in blue, AOC new projects in yellow, and client projects in green.

Senator BENNETT. If I may, the cyclical maintenance is both improvement and stability maintenance.

Mr. HANTMAN. Basically yes.

Senator BENNETT. In your previous chart you had those divided but those two numbers are joined for the blue number here. Is that correct?

Mr. HANTMAN. Well, we have new projects over here.

Senator BENNETT. Go back to your pie chart.

Mr. HANTMAN. OK.

Senator BENNETT. This is what I am trying to correlate. You have got improvement cyclical maintenance at 27 percent on the pie chart, and cyclical maintenance at 22 percent.

Mr. HANTMAN. Correct.

Senator BENNETT. Those two numbers are combined in the blue bar on the bar chart. Is that correct?

Mr. HANTMAN. That is correct.

Senator BENNETT. OK, that is all I wanted to clarify.

Mr. HANTMAN. I have reviewed these projects in depth, I validated their need, and I have reprioritized as we have discussed.

There will continue to be changes over the 5-year period, including schedule shifts, adjustments to reflect some of the concerns raised by members of this committee, possible changes that may come out of meetings with the Sergeant at Arms, the Secretary of the Senate as we review areas of responsibility and possible overlaps in service. The 5-year capital budget will be reviewed, revised, and updated each year to allow the Congress to maintain a broad overview of ongoing needs.

VISITOR CENTER

Outside the scope of this budget, of course, is a project called the visitor center project which is proposed to be built with private funds. There are no dollars in our budget for that at this point in time.

I have met with the design team. We have begun reviewing the scope of the center and the functions proposed within. Reviewing the nature of the exhibits that might potentially be designed is really the critical path in any visitor center project. A group of 30 to 35 or so from both Houses of Congress visited the Newseum a couple of weeks back. I think it is in Arlington.

Senator BENNETT. Yes.

Mr. HANTMAN. What we found, from talking with the people who ran that project, the people who designed the exhibits, that of the $48 million cost for the total project, one-half was for capital projects. The other one-half, some $24 or $25 million, was for the

exhibits themselves. That turned out to be the critical path that took them some 4 or 5 years to resolve.

The wealth of information that we have to draw on that will describe our democratic processes, going back to the foundation of our Nation, is mind-boggling. The concept of winnowing that down to something that everybody can agree on that deserves to be in a confined space and be shown to the public and be accessible to the public is going to be a real challenge. I see that as being the critical path. Certainly the Sergeant at Arms and the Secretary of the Senate have offered and are very much involved in this process as well.

PREPARED STATEMENT

That is pretty much the presentation, Mr. Chairman. I would welcome any questions. We can review in detail individual projects, total projects, where we are going, or any specific issues you might want to raise.

[The statement follows:]

PREPARED STATEMENT OF ALAN M. HANTMAN

Mr. Chairman, I am Alan Hantman, Architect of the Capitol. Under provisions of Public Law 101–163, enacted November 21, 1989, I was named the primary candidate of three candidates sent to the President for consideration by the bipartisan, bicameral Architect of the Capitol search commission. I have been greatly honored by the faith the commission placed in me through their recommendation, by the President's formal nomination, and by the subsequent confirmation by the Senate. I officially assumed my duties on February 3rd of this year. As you can appreciate, the process of mastering the complexities of my new position will take a little time. In this process, however, one of my first priorities has been reviewing the fiscal year 1998 budget which was prepared by my predecessor.

ROLE OF THE OFFICE OF THE ARCHITECT OF THE CAPITOL

Mr. Chairman, I would like to take a brief moment to describe broadly the present role of the agency. The Office of the Architect of the Capitol (AOC) is the agency responsible for the structural and mechanical care, maintenance, cleaning, and operation of the buildings and facilities supporting the Congress, including the Capitol Power Plant. This responsibility extends to the Botanic Garden, the structural and mechanical care and maintenance of the Library of Congress Buildings and grounds, as well as the Supreme Court Building and grounds. The office also undertakes the design and construction of new facilities and alteration of existing facilities.

The core mission of the AOC is to provide for the Congress, on a bicameral and non-partisan basis, expertise and advice relating to preserving the physical environment and operating the infrastructure supporting the Congress. In so doing, the AOC utilizes staff and consultant architectural, engineering and professional expertise to provide the Congress with appropriate, timely and cost effective recommendations. The AOC also manages trade and service personnel who are charged with ensuring that the building systems operate efficiently and reliably in support of Congressional activities. The AOC also administers a wide variety of contracts for building and design services.

Critical to achieving this mission is the institutional knowledge that has accrued in the agency. The value of the long term role of the Architect as an advocate for the physical environment was recognized by the Congress when it established a ten year renewable term for the Architect. Such an advocacy role is no less appropriate for the core professional and trades staff. The merit of maintaining a long-term view for preserving and protecting the historical environment is self-evident. To the credit of the agency, Congressional activities have never been interrupted by failure of any major building system.

It goes without saying that many of the Congressional buildings are national treasures and require intimate knowledge and significant forethought for their preservation. The U.S. Capitol, which is "the people's building," for example, is a unique combination of National capitol, museum, office building, meeting center, ceremonial site, and tourist attraction. The building's systems are required to support all of these activities, and its architectural design, decorative arts and historical signifi-

cance must all be carefully considered before undertaking any work or implementing any changes to the building.

Another benefit of the neutral, bicameral role of the AOC is the ability to provide technical and professional coordination in connection with "joint" activities. Over the years, the role of the office has broadened as a result. There are now functions and activities, such as the shuttle service and telecommunications, as well as Inaugural and Rotunda ceremonies, conducted or supported by the AOC, that are often not recognized as being within the scope of the office's professional, architectural and engineering roles, yet the Congress has acknowledged the merit of the AOC's neutral, bicameral coordination capacity.

For over 200 years, an officer discharging the role of the Architect of the Capitol has provided to the Congress credible expertise on these matters. During this time, the ongoing and ever-changing institution of the Congress has been served by an agency that has responded to changing Congressional needs.

Mr. Chairman, I wish to assure you that I am reviewing our operations and will be preparing suggestions for improving service delivery, quality responsiveness to the Congress, and cost effectiveness. During this process, I will involve the Superintendents of the Senate Office Buildings and the Capitol Building as their roles and functions pertain to supporting the needs of the Senate. If this means proposing changes in the role of the agency or how it relates to other Congressional entities, I will bring these suggestions to the appropriate oversight bodies for consideration. I will of course keep this Subcommittee informed of any suggestions that may affect Senate funding and operations.

BACKGROUND INFORMATION—FISCAL YEAR 1997 BUDGET REQUEST

As I have stated, the AOC appropriations request for fiscal year 1998 was prepared under the stewardship of William Ensign who assumed the position of Acting Architect of the Capitol upon the retirement of George M. White on November 21, 1995. In his presentation last year before this Subcommittee for the fiscal year 1997 appropriation request, Mr. Ensign, in recognition of the need for immediate budget restraint, brought forward a budget of $152,363,000, which represented a $6,088,000 reduction, or four percent less than the fiscal year 1996 appropriation of $158,451,000. This was partially achieved through a five percent, 108 full time equivalent (FTE) staff reduction, bringing the total FTE count down to 2,043. This resulted in an overall staff reduction over the prior five years of more than 15 percent, a reduction that was generally mirrored by the reduction in Senate staff. Of particular interest to this Committee, the funding request for Senate and Joint activities was reduced to $120,773,000, a $4,677,000 reduction.

	Fiscal year 1996 budget	Reduction amount	Reduction percent	Fiscal year 1997 budget
AOC	$158,451,000	$6,088,000	4	$152,363,000
Senate and Joint Activities	$125,450,000	$4,677,000	4	$120,773,000
FTE total	2,151	108	5	2,043

In requesting these reductions, Mr. Ensign stated that it was "* * * important to recognize that the requested reductions will necessitate deferring many needed improvements to Legislative Branch facilities. Many cyclical maintenance programs will also be deferred." He further stated "* * * that this one year hiatus would give the agency an opportunity to conduct comprehensive agency-wide planning and coordination of cyclical maintenance projects and building system enhancements in a thorough systematic and programmed manner."

Mr. Ensign also had prepared an "Architect of the Capitol Efficiency Initiative" in response to 1996 direction from both the House and Senate "* * * to develop proposals for downsizing, streamlining and privatizing various activities and report back to Congress in the fiscal year 1997 budget cycle." This initiative outlined eleven goals aimed at improved service delivery at reduced costs. While I have been briefed on the details of these goals, I have not had time to learn enough about the existing organization and its strengths and weaknesses, to adequately explore the range of options relative to staffing profiles, or to assess the validity of the specific goals that were presented. This office is now actively proceeding to investigate the existing organization in the context of overall Congressional support services.

There are two major components to this budget request: an Operating Budget and a Capital Budget, as described below. The total budget that I bring to this Committee today amounts to $201,294,000, comprised of $147,323,000 for operating costs and $53,971,000 for capital costs. That amount, adjusted to reduce the House items,

totals $161,891,000, of which $117,841,000 is for operating costs and $44,050,000 is for capital costs.

FISCAL YEAR 1998 OPERATING BUDGET

Increases in the costs that comprise the operating budget—that is, those costs that support operations and maintenance, including salaries, are relatively small, in the range of six percent overall. The requested increase compares to several years of gradual declines in dollars appropriated for operating the Capitol complex. In fiscal year 1995, for example, the operating budget totaled $148,277,000. This fiscal year we are operating with an appropriation level of $138,964,000, a 6.3 percent decrease from fiscal year 1995, not adjusted for inflation.

The requested increase for fiscal year 1998 falls into several categories. Nearly two thirds of the operating increase is due to mandated pay costs and the government's share of benefits costs. Nearly ten percent relates to increased utility costs for the Capitol complex. An agency-wide uniform program is being proposed, which accounts for six percent of the increase. And the Librarian of Congress has requested that this agency increase the level of support and services in the three Library Buildings, and that cost increase accounts for five percent of the increase.

The following table indicates these increases by appropriation.

Base costs	Fiscal year 1997 budget		Fiscal year 1998 estimate		Change	
	FTE	Dollars	FTE	Dollars	Dollars	Percent
Capitol Buildings: Operating Budget	394	29,059,000	394	31,234,000	+2,175,000	7.5
Capitol Grounds: Operating Budget	77	4,770,000	77	5,008,000	+238,000	5.0
Senate Office Buildings: Operating Budget	609	36,010,000	609	37,063,000	+1,053,000	2.9
Capitol Power Plant: Operating Budget	99	30,749,000	99	31,876,000	+1,127,000	3.7
Library Buildings and Grounds: Operating Budget	146	8,343,000	146	9,450,000	+1,107,000	13.3
Botanic Garden: Operating Budget	51	2,902,000	51	3,210,000	+308,000	10.6

Of particular interest is the operations of the Senate Restaurants. I am reviewing these functions and will be making recommendations to the Committee on Rules and Administration.

FISCAL YEAR 1998 FIVE YEAR CAPITAL BUDGET

The fiscal year 1998 capital budget request I present to you today was prepared under William Ensign's stewardship and flows from the first five-year capital budget prepared by this agency. This five-year budget is grounded in a comprehensive and systematic agency-wide planning effort with in-depth involvement by all of the agency's clients. On the House side, these included the Sergeant at Arms, the Chief Administrative Officer and the Clerk of the House. On the Senate side these included the Sergeant at Arms and the Secretary of the Senate. The U.S. Capitol Police provided a detailed outline of their needs, and the Librarian of Congress was also extensively involved. A total of 205 capital projects have been identified for the five year period, requiring a total funding level of $353,516,000.

While within the relatively short time I have held this office I clearly cannot be fully conversant with all the details on each of these projects, I have spent many hours reviewing all 205 projects. The reviews have included examining the scope, estimates, and priorities of the projects and visiting project sites. As a result of these reviews, I have concluded that the requested projects are needed and by-in-large the costs estimated are accurate, but in several cases may actually be somewhat conservative. I have categorized the projects into nine areas, reordered the priorities for some of the projects and, to provide more detail to the appropriations committees, I have subpriortized the projects.

I fully concur with Mr. Ensign's statement that there is a need to provide the Congress with a five-year capital improvement budget to assist the Congress in making the wisest and best informed financial judgments "* * * based on a formal evaluation of future cost implications and with the assurance that we have undertaken a rigorous examination of related needs."

The projects included in this budget, therefore, reflect all the needs that have been identified to date. I intend to continue to evaluate these needs and to update

them to ensure that the capital budget is responsive to programmatic changes, the condition of the buildings and their systems, and any other needs that may arise.

At last year's House of Representatives Subcommittee on Legislative Branch Appropriations Hearing a question was raised by Congressman Fazio, the Ranking Member, regarding the potential of a future "balloon payment" that might result from the accumulated costs of deferred maintenance. This question was right on target. The five-year capital budget that is being presented today establishes a multi-year funding plan that offers the Congress a clear view of what it will cost to maintain the Legislative Branch infrastructure in proper operating condition. The capital budget also identifies improvements that respond to new legally imposed standards and guidelines, such as improvements to meet the requirements of the Americans with Disabilities Act and the Occupational Safety and Health Act. There are also several projects that will enhance the operations of the Congress, as well as new projects requested by our clients to serve their programmatic needs. Balancing the needs of maintaining the existing infrastructure while keeping pace with technological enhancements and program needs is clearly costly. But I firmly believe that deferring these infrastructure reinvestment costs in the short to mid term can ultimately lead to far greater costs in the future. We are all also aware of the effect that technological pressures can have on aging building systems, especially from the perspective of being capable of delivering new telecommunications technologies.

These projects are prioritized for your consideration as follows:

Priority 1—Critical.—This category totals $36,856,000 and includes programs essential to the integrity of the Capitol complex infrastructure, including the following needs: assuring the structural and operational integrity of the Capitol complex infrastructure and building systems; assuring that programs essential for security, fire and life safety, and environmental and hazardous materials protection are provided; and assuring that programs under Congressional direction are carried out.

Priority 2—Highly Desirable.—This category totals $7,631,000 and includes costs for highly desirable enhancements to the programs outlined in the "Critical" priority level, as well as new program initiatives that would improve the delivery of services.

Priority 3—Desirable.—This category totals $376,000 and includes costs for programs that are desirable to implement, but that could be deferred in the near term without major interruption to current services.

Priority 4—Client Request.—This category totals $9,108,000 and includes costs for new facilities or building renovations or enhancements to support programs that have been requested specifically by clients such as the Library of Congress, the U.S. Capitol Police, and congressional officers such as the Senate Sergeant at Arms and Secretary. Although funds to carry out the projects are requested in the Architect of the Capitol's budget, the responsibility for justifying these projects remains with the requesting client. However, in my revised prioritization I have included my recommendation of the client requested projects in our ranking categories.

It is important to note that over $9 million of the nearly $54 million requested in fiscal year 1998 are for capital projects related directly to client requests, i.e., $3,300,000 for the Library of Congress and $2,965,000 for the U.S. Capitol Police.

It is also important to recognize that these requirements do not simply disappear if deferred. If projects requested for fiscal year 1998 are deferred, the costs to accomplish them will rise due to added deterioration, increased maintenance costs to sustain the systems in the interim, inflation, and fluctuations in market conditions. The deferred projects also will then add to the fiscal year 1999 funding need, which has already been identified at $68 million. It is recognized that the total funding in the request is very large when compared to past years' submissions. Here is why:

Replacement of Aging Building Systems.—Several of the buildings in the Capitol complex are reaching an age and condition that require major renovation or replacement of building systems. For example, the Ford House Office Building was renovated in the mid-1970's. Now, over twenty years later, some of its building systems are reaching the end of their useful life expectancies. Various improvements are therefore recommended for the Ford Building. Similar factors affect the Jefferson and Adams Library of Congress Buildings. Building systems that were evaluated in the late 1970's and early 1980's (during development of the Renovation and Restoration project) as being in adequate condition, now require substantial improvement. Likewise, systems in the James Madison Memorial Building that were originally designed and constructed in the mid 1970's are beginning to require replacement.

Technological Advances.—Technology is changing far more rapidly than existing building infrastructures can support and adapt to. This is especially true in the rapidly expanding area of telecommunications, but there is a corollary effect that is felt in any building system that uses any sort of electronic technology for operation or support. The latter is a more subtle factor in building system maintenance, repair and replacement cycles. The subtlety lies in building systems that operate quite well

for a time on a particular version or vintage of electronic technology. However, as these electronic systems wear out, compatible replacement components are not always readily available. Building systems that appear to be relatively "new" may require electronic upgrades to keep them operating. As an example of this type of project, funds are requested to upgrade the infrastructure supporting the Dirksen Building's telecommunications systems.

Regulatory Compliance Requirements.—Programs essential for complying with the Americans with Disabilities Act, the Occupational Safety and Health Act, security, and environmental and hazardous material protection have received very high priority in terms of advancing the timetables for completion. Although efforts have been underway for several years in all these areas, recent external factors have caused this Office to reexamine the policy of meeting these needs over a longer term. Passage of the Congressional Accountability Act has reinforced our resolve to ensure that the Capitol complex is free of barriers and hazards to the Members, Senators, staff and visitors. Also, terrorist activity throughout the world has increased, and as a result there is a heightened sensitivity toward threats to security at the Capitol complex. These external factors have led this Office to include several projects in the fiscal year 1998 capital budget.

Infrastructure Reinvestment.—Replacement Value—In 1991, the AOC sought to validate the level of funding that was being requested for reinvesting in the Capitol complex infrastructure. Cyclical maintenance funding methodologies which had been developed and used by three major universities were applied to the Capitol complex to determine the appropriate level of funding required to maintain these facilities. The result of applying these methodologies yielded an annual investment rate that averaged 1.7 percent of the replacement value of the Capitol complex. Based on the average investment rate of 1.7 percent, an annual reinvestment of approximately $57.5 million should be made in the physical plant of the Capitol complex in fiscal year 1998. The Capitol complex is valued conservatively at $3.6 billion. When the cost of new facilities are deducted from the capital funding levels presented for each of the five years in the capital budget, the remaining reinvestment levels are below this amount. As an order of magnitude point of reference, an annual investment of $36 million would represent approximately one percent of the hypothetical replacement value of the Capitol complex. I have reviewed other benchmark data and found that annual renewal investment rates realistically range from 1.5 to 3.0 percent. In comparison, the fiscal year 1998 request related to existing facilities of $52 million is a 1.4 percent investment rate.

The following table summarizes the funding levels presented in the five-year capital budget, and indicates the value of the amounts requested as cyclical maintenance items for reinvestment in the physical plant, client requests, and new initiatives requested to enhance existing support systems or those that may be requested in response to advances in technology. These five year projections will be reviewed, modified and updated each year as new information becomes available through detailed studies and evolving needs and priorities.

FIVE-YEAR PLAN FUNDING LEVELS

Fiscal year	Cyclical maintenance	Client requests	Continuing and initiating [1]	Total
1998	$20,960,000	$8,908,000	$24,103,000	$53,971,000
1999	25,308,000	12,995,000	29,857,000	68,160,000
2000	30,189,000	40,000,000	24,417,000	94,606,000
2001	22,573,000	27,900,000	22,253,000	72,726,000
2002	12,260,000	8,200,000	7,533,000	27,993,000
2003–2007	17,765,000	.....	18,295,000	[2] 36,060,000

[1] Including Regulatory Compliance Requirements and Technological Advances.
[2] To complete above projects.

Mr. Chairman, I also wish to point out that this budget was prepared with the intent of requesting planning and design funding well in advance of large renovation and construction projects. Only design funding is requested for these large capital projects in fiscal year 1998 in order to prepare detailed designs and firm cost estimates for justifying appropriations requests for construction in later years.

The following table indicates the capital budget increases for fiscal year 1998.

Capital projects	Fiscal year 1997 budget	Fiscal year 1998 request	Change
Capitol Buildings: Capital Budget	$3,400,000	$10,830,000	+$7,430,000
Capitol Grounds: Capital Budget	250,000	1,610,000	+1,360,000
Senate Office Buildings: Capital Budget	4,280,000	14,958,000	+10,678,000
Capitol Power Plant: Capital Budget		1,895,000	+1,895,000
Library Buildings and Grounds: Capital Budget	1,410,000	6,305,000	+4,895,000
Botanic Garden: Capital Budget		8,452,000	+8,452,000

I assure the Chairman that I will work closely with him and the Committee staff between now and the time the Committee marks up this portion of the appropriations bill to achieve a rational and adequate funding level to support the needs of the Congress.

HUMAN FACTOR

I have noted earlier in this Statement that it is premature for me to draw specific conclusions on how to best comply with the Congressional direction to downsize, prioritize and streamline the agency. It is projected that the portion of the budget presented here today that is related to salaries and benefits will be a worst case scenario, since staffing levels will not be increasing. When detailed recommendations about agency structure and composition are developed, I will present them for your consideration. At that time, whatever staffing efficiencies that are recommended to achieve the mid- to long-term savings we are striving for, will include recommendations relative to employee considerations.

Achieving any goals that involve significant privatization or downsizing will mean a work force reduced beyond what has been realized in the past several years. Consequently, another goal identified previously must be to proceed in the most humane and caring way for our dedicated, long-term employees. I am reviewing our organization and responsiveness in areas affecting human resources management and equal employment opportunity. I will also review previously implemented measures, such as employee involvement in organizational issues through the Architect's Workteams which involve all employees through their elected representatives.

I will also be evaluating the previously proposed Employee Protection Plan which called for Congressional approval of severance pay coverage, authority to declare "early-out" eligibility, and competitive status for all employees who may be released from our employ. That proposal also called for separation incentives to encourage turnover, waiver of the 2 percent reduction in annuity for each year under age 55 (perhaps modified), and other incentives for employees to volunteer for separation. I understand that some of these approaches have been instituted with Congressional authority by other government agencies, and I will evaluate whether they may be needed to provide us with the proper incentives and flexibility to deal fairly with agency employees during any transition brought about by downsizing or privatization measures. I also understand that in the past some confusion has existed over why these protections need to be made available to our employees. There are two reasons, one legal, one philosophical. First, our employees, unlike those in the Senate, are covered under title 5 of the U.S. Code, the AOC Human Resources Act of 1995, and other statutes governing our employees' rights. These statutes place certain restrictions on how we could undertake any downsizing efforts. The Employee Protection Plan was developed to accommodate some of those restrictions. The philosophical difference between our employees and those of the Senate lies in the notion that is strongly held by our employees that employment here is a civil service career: they come to work here, earn their pay, contribute to their government retirement fund, and eventually, after a long career, retire. On the other hand, many Senate employees come and go as their Senators are re-elected and majority parties change.

There is one aspect of the human factor that I wish to bring to your attention. As I learn more and more about this agency I have noted that it has a deep core of institutional knowledge that extends from top management down through the trades shops. It would seem appropriate to balance the desirability of downsizing the agency with the necessity of retaining this vital knowledge. I hope to be able to offer some thoughts on this subject in the near future.

NEXT STEPS

As you can appreciate, the task ahead of assessing the agency with a fresh perspective and striving to arrive at cogent and feasible conclusions is a major one. I

will be taking into consideration many factors, including the evaluation, recently performed for the agency by Arthur Andersen, an independent consulting firm. This evaluation provides benchmarking parameters comparing the nature and cost of services provided by the agency with those that could be provided by the private sector. Arthur Andersen data indicates that many of our services are quite competitive with private sector costs and services. I have been briefed by the Arthur Andersen team and it appears that their assumptions and study parameters are valid.

I also intend to undertake a rigorous examination of our services and how the delivery of those services is viewed by our clients: Are we viewed as efficient and timely? In what areas do our clients feel we can improve? Do we clearly communicate to our clients how services are provided, and who should be contacted to initiate service requests? Do we follow up to make certain that our service efforts take care of our clients' needs?

I have begun these efforts, and I assure this Committee that I intend to continue with these assessments expeditiously.

SUMMARY

I would like to conclude with two observations, one related to the capital budget request and one related to the agency's mission and services.

With respect to the capital budget, I readily acknowledge that the amount requested is large, and given the current pressures to balance the Federal budget it will be extremely difficult to meet these needs. It is essential that this Committee and the Congress realize, however, that many of these projects are clearly necessary to properly conserve the "peoples building" and supporting structures for future generations. The need for funding these projects will continue.

With respect to the agency's mission and services, I am committed to undertaking a timely evaluation of the specific reports and proposals that were prepared by my predecessor. I am equally committed to improvements in service delivery across the range of congressional support, and to making reasoned and validated adjustments to increase cost efficiency.

I wish to assure you that I will report to you periodically on our progress as we examine all these issues. I believe that we can be more effective and more cost-efficient and still continue to fulfill the core mission of the agency. And with respect to our dedicated employees, I believe that we can be sensitive and humane as we proceed toward these ends. The Office of the Architect of the Capitol will continue to be professional and effective in meeting the challenges ahead.

Mr. Chairman, that concludes my statement and I shall be pleased to respond to any questions that you and the Committee may have.

BIOGRAPHICAL SKETCH OF ALAN M. HANTMAN

Born on October 13, 1942, in New York City, Alan M. Hantman, AIA, was appointed by President Bill Clinton on January 6, 1997 and confirmed by the Senate on January 30, 1997, to be the tenth Architect of the Capitol.

Alan M. Hantman was graduated from the City College of New York with a bachelor's degree in architecture and earned a master's degree in urban planning from the City University of New York Graduate Center. He is a member of the American Institute of Architects, the Building Owners and Managers Association, the New York Building Congress, and the National Trust for Historic Preservation. He is certified by the National Council of Architectural Registration Boards and is currently licensed in the states of New York and New Jersey.

Prior to his appointment he was Vice President of Facilities Planning and Architecture for the Rockefeller Center Management Corporation of New York City for 10 years and then served as their consultant. He received the Sidney L. Strauss Award from the New York Society of Architects for his work at the Center. He previously worked as a development consultant, assistant chief architect, and project manager at major architectural and real estate services firms.

Mr. Hantman is the first Architect of the Capitol to be appointed under the new selection procedure established by legislation in 1989.

INAUGURAL SOUND SYSTEM

Senator BENNETT. Well, I congratulate you on your presentation. It has been lucid and succinct and very clear.

I have a few questions. I may submit some more for you in writing to respond to. I will start with perhaps some minor ones, but once again high visibility.

Have you undertaken any studies regarding the sound system that is used for the inauguration?

Mr. HANTMAN. We had a meeting last week—when I say we, I talk about the Senate Rules, Sergeants at Arms, the Secret Service—kind of a postmortem of the last inauguration with respect to security issues, life safety issues. We are beginning that process to review that going forward. We actually have a request for $100,000 in our fiscal year 2000 budget which would be the year before the next inauguration.

Our problems basically are that we normally do not start the process until the year of the inauguration, which does not give us enough time to really go through the issues whether it is reviewing the structure for the podium itself or the sound system. That $100,000 would include the research and investigation of an appropriate sound system and other issues related to the inauguration. But we are discussing them now. We are asking for funding in the fiscal year 2000 to actually go out and start doing that 1 year in advance of the inauguration itself.

YEAR 2000 SYSTEM PROBLEMS

Senator BENNETT. We have spent time in the committee talking about the year 2000 problem. Do you have some 2000 problems?

Mr. HANTMAN. We have an abacus, Mr. Chairman, that we are going to use very carefully.

Senator BENNETT. If you had an abacus, we would not have a year 2000 problem.

Mr. HANTMAN. Exactly.

Mr. PREGNALL. Mr. Chairman, we have two types of year 2000 problems that I am prepared to talk about, those affecting our financial systems, but we also have electronic systems that perhaps our Director of Engineering might speak to in terms of elevators, the subway system, and other electronically operated systems throughout the Capitol complex. Our energy management control system turns on and turns off fans on a 24-hour basis. Those little chips that affect that system may have a year 2000 problem as well. So, we have a two-pronged effort in analyzing and developing a plan to make sure that come the year 2000, the agency can support the needs of the Congress.

With respect to our financial systems, about 1½ years ago, we began implementing a task force to look at upgrading all of our legacy systems in the agency. Bill Ensign consolidated the accounting and budget functions under my predecessor's hat, and I now wear that mantle. We decided to begin emulating the rest of the Federal Government in terms of its financial processing, meeting the intent of the CFO Act, Government Performance and Results Act, and so forth.

In looking at that, we discovered that our existing financial systems do not meet current Federal requirements, and not only that, they were standalone, homegrown, built-up systems that did not talk to each other. We also learned that we had a year 2000 prob-

lem in all of those systems. That clearly was our biggest concern in terms of meeting the year 2000 deadline.

We sought solutions for that, including cross-servicing with other agencies in the legislative branch, agencies in the executive branch that had systems. We looked at some other options as well going into our existing legacy systems and specifically reprogramming them to achieve a year 2000 fix even though they were not now compliant with Federal systems.

Based on all of the analysis that we did and after talking this through with many people throughout the legislative branch, we decided to adopt a somewhat unique solution. We have an existing procurement system, which is a private sector-based system. It also has accounts payable, inventory, and other functions that we can use as a year 2000 fix and buy us a little bit of time until we can proceed with a full federally compliant financial management system. We have a funding request in the fiscal year 1998 to begin the procurement and implementation of that full integrated management system.

During the discussion over the past 6 months, we have come across another opportunity based on some input from the legislative branch Financial Managers Council. This is a group representing all the budget officers for legislative branch agencies. The staff from Appropriations sit on it ex officio I believe as well. This is sort of a guidance group that we developed about 1½ years ago.

We are looking at cross-servicing or possibly sharing an application for a standard general ledger system, a fully Government compliant SGL, that would bring us into full compliance with CFO, GPRA, the Federal Financial Management Improvements Act of 1996. If we can pursue this option with our somewhat unique solution for procurement, accounts payable, and inventory, we will be a step ahead of most of the other legislative branch agencies, and that is the course of action we are pursuing at this time.

We are proceeding with the implementation of our year 2000 fix with existing applications by implementing the fully integrated features in our procurement system. During fiscal year 1998 we will be exploring, especially with the Government Printing Office which has a similar type function that we have, acquiring a general ledger system. They have a year 2000 problem with their general ledger as well. So, we are both quite interested in pursuing this. That would bring us into full compliance for the time being with all Federal financial requirements.

[The information follows:]

LETTER FROM ALAN M. HANTMAN

THE ARCHITECT OF THE CAPITOL,
Washington, DC, June 16, 1997.

The Honorable ROBERT F. BENNETT,
Chairman, Subcommittee on Legislative Branch Appropriations, Committee on Appropriations, United States Senate, Washington, DC

DEAR MR. CHAIRMAN: I am writing on a matter related to our present financial systems. The present systems will be affected by the year 2000 coding problem that affects so many computer applications. Thus, there is an immediate need to change out the present systems. I also am aware that the Committee has directed this office to consult with the General Accounting Office and the Library of Congress on this matter as it relates to our long term financial systems needs. I want to assure you

that I support the stated goal of converging on a standard financial accounting and management system for the legislative branch.

Based largely on the initial guidance of the General Accounting Office and the Library of Congress, this office has spent much of the past year defining functional requirements for our new financial systems. We have also drafted a schedule for acquisition and implementation of this new system. As we have proceeded with this process, because of the imminence of the year 2000 problem with the existing systems, we have became quite concerned over the timing of the planned system implementation effort.

This concern is apparently shared by the GAO and LOC, since both have provided cautionary advice to us over the last year concerning our office's ability to acquire and implement a totally new, fully integrated financial system within the next two fiscal years. Although we have remained hopeful that cost savings for implementation might be achieved through an advantageous cross-servicing agreement with another Legislative Branch or other government entity, we are still somewhat concerned about the potentially high costs even under such an arrangement. For these reasons, we have requested $650,000 in our fiscal year 1998 budget funding for system acquisition and implementation costs.

We have explored potential interim measures that would enable the AOC to meet its financial requirements through the year 2000 without a major expenditure of funds and/or resources. We have discovered that there is a year 2000 fix for the software that is used by our Procurement Division that can interact with our Accounting Division. The existing Procurement application (referred to as CAS software) is an integrated software package which contains financial modules (for Procurement, Inventory, Accounting, and Budget functions) capable of supporting most of our agency's immediate needs. We must upgrade our agency's existing CAS Procurement application to address the year 2000 fix. We therefore intend to use the additional financial modules in the CAS software package as an interim fix for addressing the full scope of our year 2000 problem. It has an added benefit of achieving more than just a year 2000 fix. The various modules provide a total system integration solution for our agency's Procurement, Accounting, Inventory and Budget functions which will eliminate the dual, and sometimes triple, manual data entry currently performed by many of our personnel.

We have compared the cost of fixing the existing systems with the cost of the CAS solution. Fixing the present procurement and accounting systems would cost more than $100,000, and would gain no increased functionality or bring the agency any closer to meeting our stated financial system goals. The cost of the CAS solution is approximately $130,000, and would significantly increase functionality between procurement, accounting, inventory and budgeting processes. We are very comfortable that the incremental cost increase of pursuing the CAS solution will provide the agency with the best possible solution to the year 2000 problem.

We intend to proceed within the next week based on our immediate need to achieve a year 2000 fix. Under this timetable, the full CAS software application package can be installed for our agency by the beginning of fiscal year 1998. Additionally, funds are available for this purpose. We intend to proceed with this interim fix with the understanding of and commitment to the greater long-term solution in consonance with the Committee's direction.

I shall, of course, be pleased to provide you with any additional information on this matter you may deem desirable.

Cordially,

ALAN M. HANTMAN, AIA,
Architect of the Capitol.

Senator BENNETT. Thank you.

What is the timeframe for your ability to produce auditable financial statements?

Mr. PREGNALL. In order to produce auditable financial statements, Mr. Chairman, we first have to have that general ledger system in place and collecting data and then producing information. If we are successful during fiscal year 1998 of implementing a general ledger system, we will collect data during fiscal year 1999. We will have financial statements at the end of 1999, albeit they will be somewhat clumsy and incomplete because it will only have 1 year of information included.

Our goal is to be able to produce auditable statements by the year 2000. Now, we do not expect to get a clean audit the first time out of the block. Other legislative branch agencies have not been able to do this. It usually takes one or two runthroughs to get a clean audit based on financial statements, but our goal right now is to have a first go in the year 2000 and shoot for having a clean audit by the year 2001 or 2002.

Senator BENNETT. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

I have no further questions. As I say, we may submit some to you for inclusion in the record.

Let me conclude as I began with welcoming you and commending you for the work you have done and the staff that you have assembled and retained. We look forward to working closely with you to resolve the various problems.

I am one who believes very strongly from my experience in the private sector that the most foolish financial thing you can do is cut down on routine maintenance for a short-term financial benefit, only to face very substantial long-term requirements as your physical plant collapses.

We face a problem here in that unlike a private enterprise we cannot tear down the deteriorating physical plant and build a new one. As I say, the American people would not permit us to do that even if we were to suggest it. The reverence they have for this building, I think well deserved, is sufficiently strong enough that tearing it down is not an option.

Mr. HANTMAN. I would not have suggested that, Mr. Chairman.

Senator BENNETT. I understand.

Thank you very much.

Mr. HANTMAN. Thank you very much.

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

ADDITIONAL COMMITTEE QUESTIONS

PRIVATIZATION

Question. What is the status of your review regarding functions within the Office of the Architect of the Capitol which could be privatized?

Answer. In the few months I have been in office, I have been in the process of learning as much as possible about the overall operations of the agency. Internally, I have held meetings with virtually every employee of the agency to open lines of communication about what they see as needs and to let them know what I have learned in my short tenure. In order to learn about how our services are perceived by our customers, I have also held meetings with key staff and office managers on both sides of the Congress to learn their perspectives on the agency: are we doing a good job? Are there areas where we need to be doing a better job? I am asking questions and getting responses at that level. And I have opened dialogue with my colleagues, the Senate Sergeant at Arms and Secretary of the Senate, and their counterparts on the House side as well, to see if there are areas were we might jointly improve operations and to see if there are areas where we have overlapping responsibilities and might achieve efficiencies. And I have begun the process of following up on my initial job interviews for this position with key Senators and Representatives of the House, as well as our oversight committees, to gain their views. Finally, I have sought outside expertise in looking at the overall operations of the agency. We have an initial study done by Arthur Andersen that has provided a third view of the agency.

All of this information is being processed, and we are still gathering more. Once I have collected all this data, I intend to examine it from the framework of an over-

all strategic planning effort: let us make sure that we are clear in our mission goals and that we have the organization and resources to meet that mission. The organization I foresee will definitely have some mix of privatized and in house services, but I am not knowledgeable enough at this point to say precisely how much or even what services might be privatized. Clearly, we have much work ahead of us in the near future to move this plan forward. I will continue to keep this Subcommittee and its staff informed of our progress, and will seek input at appropriate junctures.

VISITOR CENTER

Question. Mr. Hantman, have you reviewed the plans for the Visitor Center? Do you have any suggestions or modifications to the plan? What is the estimated cost of this project and construction time? How much has already been raised in private funds? What are the long-term maintenance costs to your office? Will the Visitor Center impose any addition or reduction in responsibilities for your office?

Answer. I have reviewed the plans for the Capitol Visitor Center and have met with the associate architects on the project. Although I raised a few questions with them on some details, I believe the design of the core and shell of the project is basically quite sound.

In my judgment it would be prudent to assume that the entire project will cost approximately $125 million, which would allow for cost escalations, plan modifications resulting from the design of exhibits and security enhancements, certain Capitol interface conditions and the cost of exhibit design itself. A construction period of 3½ to 4 years is anticipated.

No private funds have as yet been raised for the project, there being as yet no authority to solicit them. My understanding is that approximately $24 million in private funds now held by the Capitol Preservation Commission may be applied to the project in whatever way would be most useful to its financing.

We believe that if net revenues generated by the cafeteria, gift shop and other income generating activities of the project are allocated to operating the Visitor Center, the project could be self-supporting. The structural, mechanical and custodial care of the project will be added to the responsibilities of the Capitol Superintendent, but it may be possible to privatize many aspects of the management of the Visitor Center.

OPERATING AND CAPITAL PROJECTS BUDGET

Question. Mr. Hantman, now that you have had time to review the operating and capital projects budget submitted by your predecessor, do you have any changes that you would recommend for the fiscal year 1998 budget of the Architect of the Capitol?

Answer. I have held lengthy review sessions to personally look at the capital and operating budget requests. As a result of these reviews, I can say that there are only a few very minor dollar changes that I would make at this time. I have revised the overall categorization of the projects to define them in terms of life safety issues, security issues, infrastructure reinvestment issues, and so on. These project categories convey more clearly the type of work that we are intending to do and give the Committee an indication of the type of result that can be expected from expending these dollars: a life safety project will clearly result in a safer building environment; an infrastructure reinvestment project will extend the useful life of a facility by repairing or replacing worn out components.

The other major point that I would make is that the five year capital budget is an ongoing process. We will review it in light of the final action taken during this appropriations cycle, and also look at new needs that may be identified as upcoming requirements. Thus, when we come before this Committee for the fiscal year 1999 budget request, you can be assured that we have not simply rolled forward projects deferred this year and added them to what we now think will be needed next year.

INTEGRATED MANAGEMENT SYSTEM

Question. The budget includes a request for $650,000 for an integrated management system to develop a fully integrated financial management system. When do you estimate that system to be completed?

Answer. The funds requested in the fiscal year 1998 budget for the IMS in the amount of $650,000 were originally estimated to be sufficient to procure and begin implementation of the system. Based on guidance from the LBFMC, we are now concerned that the requested funding level is insufficient. Additionally, and with guidance and concurrence with the LBFMC, we are proposing to utilize the fiscal year 1998 funds to explore the possibility of acquiring through cross-servicing or shared applications a government-approved general ledger application. This would

bring the agency into compliance with current federal financial systems. If we can successfully pursue this approach during fiscal year 1998, we would be in a position to allow the next generation of federal financial systems now being sold in the market place to mature. We would then seek funding to procure and implement a wholly integrated IMS.

CONCLUSION OF HEARINGS

Senator BENNETT. If there is no further business, the subcommittee stands in recess.

[Whereupon, at 12:09 p.m., Tuesday, June 10, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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