

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2015

TUESDAY, APRIL 8, 2014

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

The subcommittee met at 2:33 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Jeanne Shaheen (chairwoman) presiding.

Present: Senators Shaheen, Hoeven, and Boozman.

ARCHITECT OF THE CAPITOL

STATEMENT OF HON. STEPHEN T. AYERS, ARCHITECT OF THE CAPITOL

OPENING STATEMENT OF SENATOR JEANNE SHAHEEN

Senator SHAHEEN. Good afternoon. I am going to call this hearing to order. Senator Hoeven is on his way, but we are going to go ahead and begin.

This is the third hearing of the Legislative Branch Subcommittee of the Appropriations Committee for fiscal year 2015. This is our last hearing on the 2015 budgets of the legislative branch agencies, and then we will begin writing our legislation.

I want to thank all of those who will be testifying today, as well as the members of your agencies, for your work in preparing your budget submissions, and also for the good work that you do for the people of this country every day.

We continue to operate with serious resource constraints, despite some of the efforts in 2014 to roll back the cuts from sequestration. Therefore, this subcommittee is going to have some tough decisions ahead of us as we look at the budgets of the agencies that will be testifying today.

I want to begin by welcoming our first panel with Stephen Ayers, who is the Architect of the Capitol. The Architect of the Capitol, or AOC, maintains and operates the buildings and grounds of the Capitol complex.

I like the statistics here, Mr. Ayers, that you cover 17.4 million square feet of buildings and 460 acres of land, encompassing everything from the Capitol, the House and Senate Office Buildings, to the Visitors Center, the Botanic Gardens, and a number of off-campus facilities.

I am especially pleased today, and I look forward to talking to you about your efforts to focus on energy efficiency, because you

have been able to reduce our campus energy consumption by 25.2 percent over the last 10 years. That is even greater than the goal that was set. So I am looking forward to hearing how you have accomplished this energy savings.

On our second panel, we are going to welcome Dr. James Billington, who is the Librarian of Congress, and Ambassador John O'Keefe, the director of the Open World Leadership Center.

I look forward to discussing your requests, and I am particularly interested in hearing how the Library is modernizing its programs and services, and at the same time focusing on preserving and maintaining the historic collections within the Library of Congress.

We will have a chance, when Senator Hoeven gets here, to hear any opening statements he might make. But at this point, Mr. Ayers, I would like to call on you for your opening statement. If we can keep the statements to about 5 minutes and submit the entire testimony for the record, that will give us time for questions.

Thank you very much for being here.

SUMMARY STATEMENT OF HON. STEPHEN T. AYERS

Mr. AYERS. Thank you for the opportunity to testify today, Madam Chairwoman. We appreciate the support and trust the Congress and this subcommittee have placed in us to be reliable stewards of the resources provided each year. Your investment in our organization has created a healthier and more vibrant workplace for employees, and a safer and more inspiring experience for the more than 2 million visitors who come to see their Capitol every year.

In our pursuit of meeting the highest standards of government accountability, we received our ninth consecutive clean audit opinion from independent auditors on our financial statements, and cleared all of our outstanding material weaknesses. This is something we are very proud of.

Our greatest resource, of course, are the dedicated men and women who use their specialized skills to maintain our historic buildings, many of which continue to rapidly deteriorate.

This year's budget request addresses several critical projects across the campus. I would also like to thank the subcommittee for your support of the Capitol dome restoration project. The dome exterior restoration continues on schedule and on budget, and you may notice on the West Front that preparation work is well underway, and later this spring and summer, work will be more visible to the general public as we begin construction of the scaffolding system around the dome.

As part of the preparation work on the exterior, the rotunda will be closed for 2 weeks in April. I recognize this temporary closure of the rotunda is unfortunate and may cause disappointment to some, but it is necessary work. The closure is for the contractor to place a protective canopy that will allow visitors to safely access the rotunda while the exterior work continues.

As we work over the next year and a half to complete the exterior renovation, we have included in our current budget request the final phase of the dome restoration project, specifically, repairs to the interior rotunda, parts of which date back to 1824.

Over time, humidity and moisture in the rotunda have deteriorated its condition. I brought some photographs that illustrate its condition, which we can review should we have time later today.

The interior work will restore the interior walls, the painted columns and pilasters, and the coffered ceiling that have sustained water damage.

The work also includes updating the rotunda's mechanical and electrical systems to meet current codes and installation of new safety systems.

Deterioration of the stone exteriors of our buildings continues to be a major concern of ours. We are requesting funding this year for the second phase of the Russell Senate Office Building exterior envelope repair and restoration project. This work will prepare the facade, windows, and doors; repoint masonry; and restore the finish of the exterior metals on the building.

At the end of this year, you will begin to see scaffolding going up around the north facade of the Russell Building for the first phase of this project that was funded in fiscal year 2014. Investment in this deteriorating stonework across the Capitol campus is necessary to preserve these historic buildings for decades to come.

As we work to preserve the buildings in our care, we are also committed to finding ways to save money and save energy across the Capitol campus. This begins at the Capitol Power Plant, where we are currently working to implement a long-term strategy for saving resources, including the implementation of cogeneration that would allow us to use one fuel source to make electricity and steam at the same time.

We are seeking a public-private partnership to leverage private investment and are working through that complicated business transaction as we speak.

The AOC is committed to getting the best value for the Government, and we believe that cogeneration is the best solution for achieving optimal energy savings and maintaining a reliable source of chilled water and steam to cool and heat the buildings of the Congress and the Supreme Court.

PREPARED STATEMENT

Our mission, of course, is to preserve the buildings of the Capitol campus for generations to come, so they too can marvel at the splendor of the dome, learn the history of this great Nation, and watch democracy in action.

And so, with your support, we will continue in this stewardship role, so our buildings and grounds can inspire and educate all who visit the United States Capitol.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. STEPHEN T. AYERS

Madam Chairwoman, Senator Hoeven and members of the subcommittee, thank you for the opportunity to testify today regarding the Architect of the Capitol's (AOC) fiscal year 2015 budget request.

We appreciate the support and trust the Congress has placed in us to address critical construction and preservation projects across the Capitol campus, especially the ongoing U.S. Capitol Dome Restoration project. The investments you have made in the AOC have created a healthier, safer and more vibrant workplace for employ-

ees. Visitors to the Capitol campus have experienced awe-inspiring facilities in a safe and secure environment. Funding has also enabled us to preserve our history and ensure the Congress can accomplish its daily functions.

It is our mission to ensure that the buildings and facilities of the Capitol campus effectively serve Members of Congress and their staff for generations to come. Everyday we focus our efforts on using sustainable practices to improve the future by the actions we take today.

Sustainable practices are transforming our work in large and small ways by allowing us to reduce energy consumption and conserve natural resources, while at the same time preserving the historic fabric of our Nation's most iconic buildings.

Specifically, we have found great success in meeting our energy goals by measuring our energy consumption, comparing building performance to long-term performance goals and improving our energy savings by identifying operational changes and opportunities.

Maintaining and improving the integrity of a building's exterior contributes to the overall building's performance, including energy efficiency. Cracks and gaps in the exterior stone allow heat, cold and water to infiltrate the building, raising overall energy consumption. In this vein, stone preservation continues to emerge as one of our biggest priorities. Time and weather have not been kind to the historic buildings entrusted to our care. For the long-term preservation and safety of our buildings, we must take measures to stop water infiltration and do what we can to abate the deterioration of historic stone.



A piece of cracked stone from the Russell Senate Office Building.

The conditions of the exterior stone on most, if not all, of the buildings on Capitol Hill are rapidly deteriorating. To prevent further deterioration, significant near-term investment is necessary.

The first phases of the Capitol Building and Russell Senate Office Building exterior stonework were funded by the Congress in fiscal year 2014. Coordination is underway to survey and plan for the erection of scaffolding around portions of these buildings. You will see the next phases of these projects in our fiscal year 2015 request. This investment will pay long-term dividends, as we make critical improvements that both address the growing needs across the Capitol campus and preserve these historic buildings for decades to come.

We have developed our fiscal year 2015 budget request through a deliberative planning process using the best planning and predictive tools available. The rec-

ommendations we bring to you today are the result of this rigorous decisionmaking, which balances our mandate to be both fiscally prudent and trusted stewards of the national treasures you place in our care.

In fiscal year 2015, we are requesting \$676.6 million—a 0.7 percent decrease from our fiscal year 2014 request.

To address capital projects categorized as urgent or immediate, we are requesting \$156.5 million. This is a \$1.8 million or 1.2 percent increase from our fiscal year 2014 request, leaving \$259.9 million in deferred maintenance work—work that still must be accomplished in a future request. While deferring maintenance increases costs and the risk of facility failures, we recognize that current fiscal realities won't allow for every project to be funded.

AGING INFRASTRUCTURE REQUIRES CRITICAL PRIORITIZATION

We specialize in repairing and restoring the historic buildings that provide both an effective workplace for the Congress and a destination that millions of Americans visit and enjoy all year long. Our workforce has unique and specialized skills honed for our historic buildings. In many instances, the craftsmanship of our employees has successfully disguised the serious conditions or fragile states that facilities are in or has temporarily stemmed any further deterioration.

The key to successfully identifying these needs and the appropriate time to make these key investments is to prioritize projects to ensure resources go toward the most important work. Our Project Prioritization Process has never been more important than it is today. With vital work to be done and not enough resources to do it, the most urgent projects must rise to the top.

We employ our Project Prioritization Process to rank every necessary project using two primary drivers: the conditions of the facilities and the urgency in which the deficiencies need to be addressed. Our process also takes into account the need to protect key infrastructure, mission-critical work, sustainability, preservation of heritage assets and our commitment to the efficient use of public funds. This has effectively allowed the AOC to identify and recommend to the Congress the levels of investment and maintenance required to ensure that all the facilities on the Capitol campus remain safe, functional and protected.

As with all deferred maintenance, the longer necessary repairs and maintenance are postponed, the greater the risk of problems becoming worse over time and the repairs becoming more costly. The AOC continues to carefully monitor and maintain the facilities and systems to minimize the risk of catastrophic failure. However, delaying work on critical infrastructure and preventive maintenance puts even greater pressure on future fiscal years and on our employees to keep deteriorating systems running for much longer than best practices dictate.

Due to the constraints of available resources, we have found that in certain cases it is necessary to phase major projects to better manage the time and resources needed to complete them. The ongoing Dome Restoration project is a first-rate example of this practice's success. The first phase, the Dome Skirt, was completed on time and below budget, and provided the project team with valuable lessons learned for the future phases of the Dome Restoration project.

In addition to maintenance and construction work necessary to preserve our infrastructure, we are also tasked with accommodating new mission requirements. Therefore, we are requesting funds for the leasing of space on four commercial antenna towers within the metropolitan area to support the U.S. Capitol Police Radio System, which is vital to the health and safety of all who work in and visit Capitol Hill.

CRITICAL PROJECTS

The buildings of the Capitol campus are well cared for by the dedicated men and women of the AOC who use their incredible talents and skills to maintain the buildings and grounds. However, upon closer examination, it is evident that wear and tear, weather, and environmental factors have taken their toll on the buildings. Water in particular is very destructive to stone structures. The sandstone and marble façades of our historic buildings are cracking, spalling and, most seriously, stone is actually breaking away and falling from many buildings.



Cracked and spalling stone on the Capitol Building.

To address stone failures across the Capitol campus, the AOC has been conducting a series of exterior stone surveys. The results of these evaluations continue to confirm our deepest concerns—the conditions of the exterior stone on most, if not all, of the buildings on Capitol Hill are rapidly deteriorating. The precarious threat of falling stone is significant. Additionally, the temporary fixes that the AOC is undertaking to prevent catastrophic failures are not enough to prevent conditions from worsening. To fully address these issues, significant investments will need to be made.

In our fiscal year 2015 budget request, we have highlighted several exterior stone projects for which we are requesting funding to repair. The U.S. Capitol South Extension Exterior Stone and Metal Preservation request is the second of four planned phases and involves the stabilizing, cleaning, repairing and preserving of the exterior stone on the Capitol Building's north façade of the south extension and its connection to the main west façade. This work will help to stem the water infiltration and protect Members of Congress, staff and the public from the risk of falling stone.

The second phase of the five-phase Russell Senate Office Building Exterior Envelope Repair and Restoration project will address the east façade of the 105-year-old office building. The work will repair the façade, windows and doors; repoint the masonry; restore and refinish the exterior metals and make structural repairs to the balustrades.

At the U.S. Botanic Garden (USBG) Conservatory, conditions at the exterior envelope continue to deteriorate with widespread cracking and spalling stone, and cornice and roof flashing failures. The USBG Conservatory Exterior Stone Repair and Roof Replacement project request will repair hundreds of cracks and spalls across the Conservatory's façade; repoint and reseal masonry joints and remove the existing roofing systems and replace them with a new vegetative roofing system. Instead of replacing the roof in kind, a new vegetative roofing system will have a longer life-span and will reduce water runoff.

These exterior stonework examples clearly show that the longer deferred maintenance projects are delayed, the more the conditions of these facilities will deteriorate.

rate. Instances of cracking and spalling stone will grow more serious, and ultimately, more costly to repair. Additional consequences from not addressing looming deferred maintenance projects are the continued crumbling of infrastructure; a loss of historic artwork and architectural features; continued system and building failures; and security threats.

Damage to our crucial building infrastructure is especially concerning, such as the deterioration of several garages. We are requesting appropriations for the first of four phases to address the necessary Rayburn House Office Building Garage Rehabilitation repairs, which will focus on the severe concrete delamination and improving the structural stability of the garage. Engineering studies have identified severe corrosion of the reinforcing steel as well as spalling and delaminating concrete in the ceiling and support columns.

In the Senate Underground Garage, major deficiencies have been identified in the upper plaza and fountain, including structural cracks and spalling concrete. The first of three phases of the Senate Underground Garage Renovation and Landscape Restoration project will address garage waterproofing and spalling concrete repairs to the ceiling. In addition, the upper plaza fountain will be restored along with the upper and middle plaza stairs, retaining walls and planters will be restored, pedestrian walkway will be waterproofed, existing light poles will be refurbished and the storm water management system will be upgraded. This would be the first major renovation effort since the 1950s.



Damaged stone on the Senate Underground Garage plaza.

At the Capitol Power Plant (CPP), the West Refrigeration Plant is more than 30 years old and has long-standing structural and waterproofing issues, which have led to failures in spandrel beams and falling concrete. The CPP West Refrigeration Plant Chiller System Replacement project request would finish funding the third phase of the project, which includes repairs to the precast concrete connections,

walls, columns and decks; applying water repellent coatings to the concrete roof deck and exposed surfaces and repairing flashing at column transitions.

Safety is a top priority for the AOC and a number of safety-related projects are included in the fiscal year 2015 budget request, including the second phase of the project to replace the exhaust system serving the main kitchen areas of the Dirksen Senate Office Building. The work will renovate the kitchen exhaust systems to comply with the current fire safety code. In addition, the request also includes the funding needed to enclose the West Grand Stair in the Capitol Building to prevent smoke migration in the event of a fire. The work will address an Office of Compliance citation and will prevent the risk of smoke, heat and flames from spreading. Several projects in the Library of Congress buildings are needed to address life-safety issues as well. The construction of new exit stairs in the Thomas Jefferson Building will allow for the direct discharge of building occupants to the exterior of the building, as required by current code. In the James Madison Memorial Building, the number of elevator breakdowns has increased, requiring a growing amount of maintenance. The modernization of several elevators will significantly decrease wait times, reduce power consumption and decrease the need for maintenance.

Our fiscal year 2015 budget request also includes funding for the final phase of the Dome Restoration project, specifically to repair the interior of the Rotunda. The work will restore the interior walls, painted columns and pilasters, and the coffered ceiling that have sustained water damage and paint delamination. Over time, the infiltration of humidity and moisture in the Rotunda has deteriorated the condition of the metal, allowing daylight to be visible through parts of the coffered ceiling. The work will also include upgrading the Rotunda's mechanical and electrical systems to current codes, and installation of new fire alarm and communications systems.



Water infiltration into the Rotunda has caused damage to cast iron columns and threatens historic artwork.

Funding our recommended projects in fiscal year 2015 ensures that necessary investments are made in our historic infrastructure, and increases the safety and security of those who work in or visit the facilities on Capitol Hill. In future budget requests, we will continue to include multi-phased projects to restore and repair the

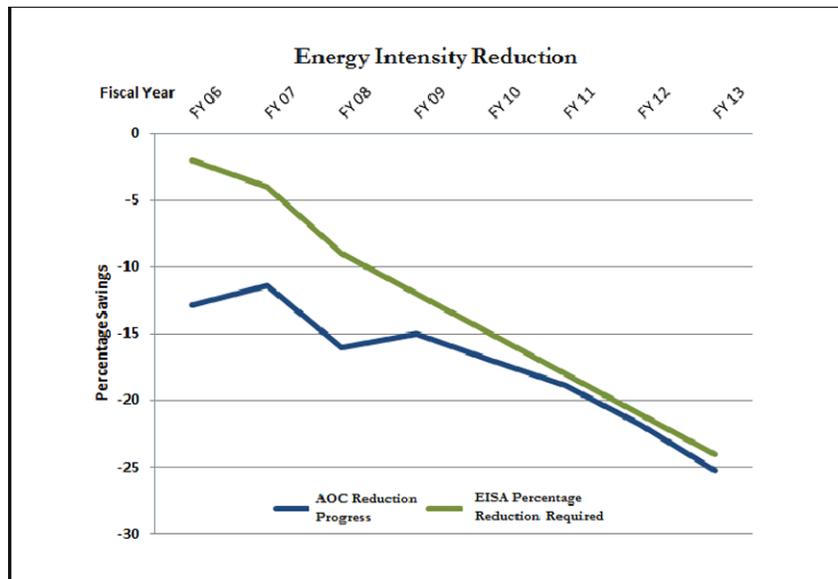
damage to the exterior stone to ensure that we preserve the unique and historic masonry features of the buildings that serve the Congress and the American people.

SAVING ENERGY AND NATURAL RESOURCES

The AOC has successfully reduced energy consumption across the Capitol campus for the past several years. However, with the completion of the U.S. Capitol and U.S. Senate Energy Savings Performance Contracts (ESPCs) in fiscal year 2013, meeting the mandated energy reduction goals will be more difficult because the projects that yielded quick results have been completed. We will be required to achieve further operational energy savings to complement the energy savings performance projects that are ongoing or have been completed.

The ESPCs allowed the AOC to pursue energy and water conservation projects without incurring significant up-front capital costs or obtaining appropriations to pay for improvements. In the Senate Office Buildings, the ESPCs completed in March 2013 will allow us to avoid \$3.9 million in annual costs. In addition, many facility infrastructure upgrades were made, including installing energy-efficient lamps and ballasts, adding state-of-the-art lighting controls in select areas for daylight harvesting and dimming, and upgrading heating, ventilation and air conditioning controls.

In fiscal year 2013, we exceeded the Energy Independence and Security Act of 2007 (EISA 2007) energy reduction goal of 24 percent by achieving a 25.2 percent reduction. This marks our eighth consecutive year of meeting energy reduction goals outlined in EISA 2007, and represents approximately \$14.5 million in avoided annual utility costs.



We've continued to make improvements to building automation systems by installing direct digital controls on the air handling units and terminal equipment spaces; reducing water usage; installing more efficient lighting systems, and further implementing energy curtailment strategies in the office buildings to reduce energy use across the Capitol campus.

As part of our effort to reduce energy consumption, we began an aggressive metering program in fiscal year 2008 for electric, steam, chilled water, potable water and condensate services for all buildings on the Capitol campus. With the exception of a handful of meters, all buildings now have enhanced metering systems in place. A contract was awarded in fiscal year 2011 to build a Utility Metering Enterprise System, which incorporated our existing metering infrastructure. This web-based system allows us to easily and quickly sort, filter and analyze large amounts of real-time data and generate and export jurisdictional and executive-level reports to help

manage energy consumption. Today, we have the ability to compare actual building performance against theoretical or realistic performance energy targets.

The CPP continues to play an essential role in the AOC's long-term energy conservation efforts. The CPP has made several operational improvements that contributed greatly to the reduction in energy consumption including the commissioning of a new chiller in December 2013, as part of the Refrigeration Plant Revitalization project. Not only does this project increase the CPP's energy efficiency, it will reduce its long-term operating costs and increase cooling system reliability. In addition, the CPP continues to utilize a "free cooling" process where we use cold, outside air to create chilled water without running chillers, thereby conserving electricity.

We are always looking to the future and strategizing how to save energy and resources in innovative and forward-thinking ways. As part of our Strategic Long Term Energy Plan for the CPP, Cogeneration technology was identified as an energy efficient and cost effective way to meet future energy requirements. Installing a Cogeneration plant will allow the CPP to generate both steam and electricity using one source of fuel. Cogeneration is a proven technology that will allow the CPP to increase system reliability, reduce its environmental impact, improve efficiency and help save taxpayer money. We are currently working with local utility providers to plan and install an energy efficient Cogeneration system at the CPP.

WORKING LEANER

The AOC's team of skilled craftsmen and professionals is our greatest resource and each employee's contribution is vital to our success. They understand that we must find new and innovative ways of doing business to improve efficiency and productivity. During fiscal years 2013 and 2014, we addressed the challenges of sequestration by undertaking cost avoidance measures to work smarter and leaner.

Even in a challenging fiscal climate, we continued to reduce our overtime costs by improving project planning, restructuring work shifts and establishing overtime budgets. As a result, the AOC cut more than 18,600 overtime hours from fiscal year 2012 to fiscal year 2013. A great example of this occurred in the Capitol Building jurisdiction, which reduced its overtime to less than 5 percent of the available hours.

Across the AOC, we are implementing a new initiative that capitalizes on the exchange of institutional and professional knowledge. The Exchange of Critical Expertise and Learning (ExCEL) Program uses internal resources for training in an effort to combat dwindling training budgets, a growing number of employee retirements and the loss of institutional memory, and filling gaps in essential workplace competencies due to ongoing hiring freezes. It's also an innovative opportunity for AOC jurisdictions to work together and share their knowledge and expertise with their fellow colleagues. Now when employees who have participated in the program are working on equipment and need assistance, they can reach out to others across the organization for guidance.

Another cost avoidance strategy that was developed and implemented was the Return to Work program, which is intended to return long-term workers' compensation employees to positions that have been designed to accommodate their limitations. This effort provides opportunities for these employees to be productive and affords reductions in workers' compensation costs for the AOC.

In fiscal year 2013, recognizing tight budgets and limited resources, we decreased our investment in employee training. Sensing a need, our Training and Employee Development Branch and Acquisition and Material Management Division worked together to enroll the agency in the Federal Acquisitions Institute, which offers courses and webinars on various topics for a nominal fee or at no cost to the AOC. By creatively approaching problems, we open up doors to new and additional resources to meet our growing demands with limited funds.

PURSUIING SAFETY EXCELLENCE

Reducing energy consumption and conserving natural resources saves money, as does preventing injuries and accidents within the AOC's workforce. Our philosophy of People First, Safety Always serves as the foundation for continuous improvements in safety.

The AOC strives to integrate safety into everything we do as we pursue our zero-injury safety culture. We are standardizing and coordinating operational best practices. Safety continues to be a top consideration in planning and allocating funds for capital projects.

As we pursue safety excellence, we continue to develop and rollout our agency-wide, safety enhancement programs. During fiscal year 2013, AOC employees experienced an injury rate reduction from 3.91 percent down to 3.28 percent. Specifically in the Senate Office Buildings, employees achieved an injury rate reduction of 13

percent from January 2013 to January 2014. And since the beginning of fiscal year 2014, there has been only one injury claim filed in the Senate Office Buildings jurisdiction. These gains were achieved by focusing on individual awareness, inspections and identifying and correcting at-risk behaviors through employee engagement.

ENHANCING VISITOR EXPERIENCES

The AOC is dedicated to creating a safe, welcoming and informative experience for all who visit Capitol Hill. For many visitors, this may be their first and only time seeing the Nation's Capitol, and we work hard to ensure the experience is worthy of this working symbol of American democracy and freedom.

The U.S. Capitol Visitor Center (CVC), with its mission to "inform, involve and inspire," introduces visitors to Congress and the legislative process, as well as the history and development of architecture and art of the U.S. Capitol. On December 2, 2013, the CVC marked the fifth anniversary of the day its doors were first opened to the public. And since that day, the CVC team has welcomed more than 11 million people to the U.S. Capitol. The dedicated employees of the CVC team work to enhance customer service, hospitality and visitor engagement in a seamless, positive visitor experience. For example, the CVC staff initiated two new informational programs, "What's Happening in the Chambers," and "Encounters in Exhibition Hall." They also provided tour training for nearly 4,000 congressional staffers. Overall, the CVC continues to welcome nearly two million visitors annually and ensure that visitors receive an enriching, memorable and inspirational tour experience.

The USBG is a living plant museum with a mission to educate the public about the value of plants in our society by providing visitors with a unique and inspiring experience. In 2013, the USBG had a record-setting year with a total annual visitation of nearly 1.7 million, an increase of almost 500,000 visitors over the previous record. With the blooming of the titan arum (also known as the corpse flower) on July 22, 2013, the USBG had its highest visitation day on record with more than 22,000 people. During its 13-day public display, more than 140,000 people saw the titan arum in person and over 670,000 unique viewers watched on the live web stream, making it one of the most publicly viewed flowers in the history of U.S. gardens. In addition to displaying rare plants in bloom, the USBG also hosts special exhibits like the popular annual holiday show and a biennial orchid exhibit in partnership with Smithsonian Gardens. The enthusiastic employees of the USBG continue their dedication to educating the public about ways to nurture the plants that support life on our planet and explaining the importance of plants to the well-being of our Nation and the world.

ACCOMPLISHMENTS

Congress and the American people can trust that the AOC is an exceptional steward of the resources provided to us every year. We carefully manage taxpayer money to ensure the very best value and prudent use of funds.

The AOC is dedicated to meeting the highest standards of Government reporting by cultivating an atmosphere of accountability and responsibility. For the second consecutive year, we were recognized by the Association of Government Accountants (AGA) with its Certificate of Excellence in Accountability Reporting (CEAR) Award for our fiscal year 2012 Performance and Accountability Report. The annual CEAR award recognizes high-quality Performance and Accountability Reports and Annual Financial Reports that effectively illustrate and assess financial and program performance, accomplishments and challenges, and cost and accountability. We also received our ninth consecutive Clean Audit Opinion from independent auditors on our financial statements. In addition, the AOC cleared the material weakness from past years regarding our Internal Control Program and for the first time have neither material weaknesses nor significant deficiencies resulting from our annual audit.

Small businesses are the cornerstone of our success and developing partnerships by working with local small companies is a sustainable practice on which we will continue to build. In fiscal year 2013, we exceeded all of our small business goals, even surpassing the accomplishments achieved in fiscal year 2012. Specifically, we beat our goals for women-owned, veteran-owned and HUBZone small businesses, and awarded more than \$25 million to small businesses.

In 2013, the AOC successfully completed the planning and construction activities in support of the Presidential Inauguration and the orchestration of 222 post-election office moves for the U.S. House of Representatives and 32 office moves for the U.S. Senate. In addition, we completed the restoration of the House Chamber ceiling during the August District Work Period.

We are true professionals, recognized by our peers, and Congress can count on us to get the job done. Industry professionals regularly acknowledge our work on con-

struction projects. For example, the Construction Management Association of America recognized the AOC with multiple awards, including our work on the East and West House Underground Garages and the Capitol Dome Skirt Restoration project.

CONCLUSION

Members of the subcommittee, our mission is to care for and preserve the iconic buildings on Capitol Hill for generations to come. Continued deterioration and deferment of critical maintenance poses great challenges to the AOC, but we will continue to work with the Congress to provide our best professional advice and counsel on how to address these projects.

We appreciate Congress' support, and that of the American people, as together we make the investments necessary to preserve and maintain our national treasures. We developed our fiscal year 2015 budget request by prioritizing projects that allow us to be good stewards of our buildings and taxpayer dollars. There is much work to be done, but we believe that preserving the historic fabric of our Nation is well worth the effort.

We look forward to our continued collaboration with you to serve the Congress and the American people, preserve the historic facilities entrusted to our care, and inspire and educate those who visit the U.S. Capitol.

Photos That Were Presented at the Hearing as Handouts/Boards

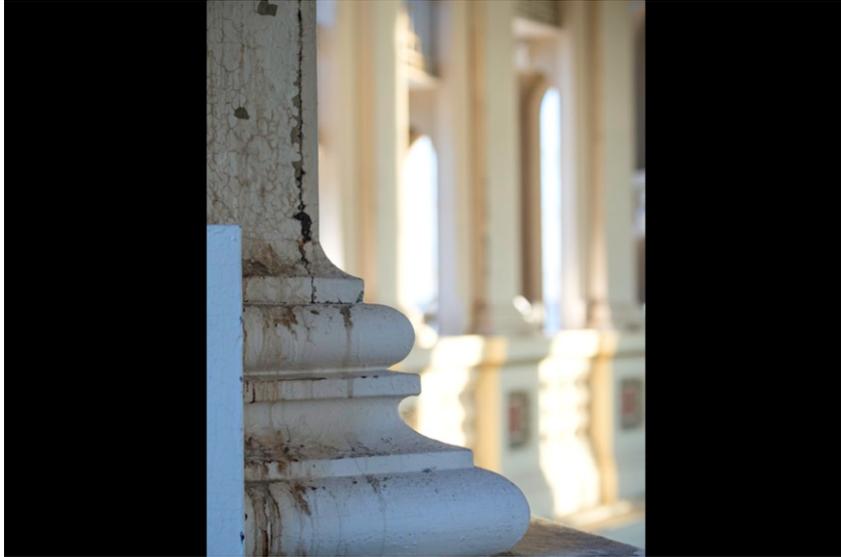




Capitol Dome Restoration Scaffold Rendering 2



Capitol Dome Restoration Rotunda Canopy 3



Rotunda Interior Damage

4



Rotunda Interior Damage

5



Rotunda Interior Damage

6



Capitol Exterior Stone Cracking and Spalling 7



Capitol Exterior Stone Cracking and Spalling 8



Capitol Exterior House Pediment Erosion 9

Senator SHAHEEN. Thank you very much.
 Before I begin my questions, Senator Hoeven, did you have any opening remarks you would like to offer?

STATEMENT OF SENATOR JOHN HOEVEN

Senator HOEVEN. Mr. Ayers, thanks for being here, and we look forward to working with you on your budget, to do the best job we possibly can with the resources we have.

Thanks so much.

Mr. AYERS. Thank you.

Senator SHAHEEN. Thank you, Senator Hoeven.

Senator HOEVEN. Sorry I went on so long.

Senator SHAHEEN. I wish you would keep it short, please.

I am really pleased that we have a budget compromise that provided spending top lines for both fiscal years 2014 and 2015, but, unfortunately, the top line for 2015 is really effectively a freeze on what we have seen in 2014. Therefore the concern that I have and the question for you, given that the request of the AOC for fiscal year 2015 is an increase of 12.4 percent above the 2014 level, is how would you prioritize between the 21 major projects in your budget request?

PROJECT PRIORITIZATION

I just want to be clear that I know the goal here is to address repair and maintenance of all of these critical infrastructure facilities, and we don't have any projects here that are throwaways that are just nice to have, restoration projects. I know they are all things that really need to be done. But given our budget constraints, I am interested in hearing from you, and I think the committee is interested, in how you prioritize these projects in a way to give us guidance as we look at the budget challenges we face.

Mr. AYERS. I think we have a terrific way of prioritizing projects. We have been working on that particular issue for many years. A handful of years ago, we developed what we think is a solid and neutral process that allows us to prioritize projects. We use three basic criteria.

The first is the importance of projects, whether it is mission, economics, energy savings, security, historic preservation, or security and life safety. So we take all of those factors and evaluate a project and give it a numerical importance score against all of those factors.

Secondly, we look at the urgency. Does that project need to be done now? Or can it wait 2 years? Can it wait 4 years? Can it wait 6 years? So we categorize every project as urgent, high, medium or low urgency.

And then lastly, we will define the type of project, whether it is deferred maintenance, capital renewal, capital improvement or capital construction. And the thinking there is we want to—and I think the committee would want to—ensure that we are investing the most money in deferred maintenance, meaning fixing what we already have, before building new, which is capital construction.

So then we take those three categories, and we mix them together in an algorithm that ultimately produces a prioritized list

of projects. And you will see in our budget book, they are in priority order from 1 to 21.

And historically, we are very effective at working with the committee. We recognize that not all 21 of those projects can be funded. And using that tool, we are good at working with the committee to help advise you on what are the most important projects to be funded now.

Senator SHAHEEN. Good. Thank you.

COST ESTIMATING AND RISK ANALYSIS

Part of the question that I think we have also has to do with how we analyze your methods for estimating project costs. As I am sure you know, GAO has raised questions about whether AOC's estimates sufficiently reflect things that might happen to increase costs over the life of the project. So, can you talk about how you plan for that, as part of your cost methodology?

Mr. AYERS. Absolutely. As with any GAO engagement, we always come away learning something, and they always have value for us. So I think in this particular engagement, we have a couple of recommendations, two or three recommendations, that can further add value to the cost estimates that we provide in our budget and provide to the committee.

First, rest assured that our estimates are pretty good and pretty accurate. We have a great track record of providing solid cost estimates. But they can always be a little bit better. And so the specific recommendations from GAO to do a statistical risk analysis of the factors that could increase costs is a good thing to do, especially on major projects, such as \$50 million or \$100 million projects. We would want to spend that additional \$20,000 or \$30,000 to do that kind of analysis.

So we will do that. And we have committed to GAO to do that. And it can only make our cost estimates better.

Senator SHAHEEN. Good. Thank you.

COGENERATION AT THE CAPITOL POWER PLANT

To go to the fun questions now about energy use, can you talk about how the determination was made to actually come up with cogeneration as a solution to deal with the future power needs?

Mr. AYERS. Absolutely. I think it was 2007, Madam Chairwoman, that we recognized that we needed a long-term strategy at the Capitol Power Plant. So we approached the National Academy of Sciences and asked them to assemble a panel of blue ribbon experts in this field to help us determine the long-term strategy and long-term needs and long-term activities at the power plant. And they did so. And we spent over a year developing a strategic plan.

And we looked at our current fuel mix, natural gas, biofuels, cogeneration and cogeneration with natural gas or biomass or coal or fuel cells, and nuclear and coal gasification options. We looked at a wide variety of possibilities. And we considered all of those potentials against economics, security, flexibility and reliability, which is so important to us here on Capitol Hill.

And ultimately we determined that cogeneration came out as the top investment that we should make for the long-term improvement of the Capitol Power Plant.

Senator SHAHEEN. I am going to ask why, but I am out of time, so I will turn it over to Senator Hoeven and then come back to it when he is finished.

Senator Hoeven.

Senator HOEVEN. Thank you, Madam Chairman.

DOME RESTORATION

First, these pictures are excellent, really excellent. And I am not exactly sure how you are using them, but I think for anyone who is wondering about the dome restoration, or what you are doing, the old "a picture is worth 1,000 words," someone going through this, both in terms of seeing how you are going to do it, I mean, you could have a long explanation, but showing them this goes so far to explain how you are doing it both inside and out. So that is excellent, just in terms of a tool to explain how you are actually going to physically do this work. I didn't really get it until I saw those pictures.

And the other thing is, on the necessity for doing the work, I think these pictures are so important, again, both inside and out. When someone looks at the crack on Capitol exterior stone cracking and spalling on page 7, when they look at pages 9 and see how, I don't know the term of art for the figures on slide 9, but you can see what is happening. And then another one I thought particularly effective from an interior standpoint is 6. It is, certainly, excellent.

I think somebody looking at that, even a layman like myself, looking at it realizes that if this work isn't done, we are going to lose the dome. We are going to lose it as it truly historically is. That is not to say that at some point, you couldn't go in and remake it, but I think it would have to be different because it would have gone so far, you wouldn't be able to salvage and resurrect materials and the dome as it is.

I think that is an incredibly important story because the dome is such a symbol of our country and a symbol not only for more than 300 million Americans, but around the world. I mean, the Capitol dome says America, it says freedom, and all these things. So it is an expensive project, but I think it is a project of incredible importance.

So anyway, these slides are marvelous, and I hope you find venues to get those out as broadly as you can to the public. I think there will be a lot of interest in them.

You and I have had some discussions before, and, as you know, I am very committed to this project. I think it is incredibly important. I know our chairman is as well.

And it is a transcendent project. It really is. For you and all your people, you will be looking at it and telling your grandkids and so forth, that you took care of that, and so forth.

But I do think that there is a lot of interest, so as you find venues to get that out to the public, I think it they will be quite interested. And I think have a better understanding of the true condition of the dome.

So, great work there. I am going to come back to the dome in a minute.

COST ESTIMATING AND RISK ANALYSIS

I want to follow up, I guess, on something our chairman was talking about and that is the GAO report. On accuracy in the GAO report, it says cost estimates are not updated with actual costs during construction and execution during the project. Why is that? I mean, that sounds logical, so why aren't you doing that or how are you doing it, if not the way GAO prescribes?

Mr. AYERS. Well, I think when GAO suggested that we should update our cost estimates with actual costs, that is problematic for us because our contracts are, generally speaking, firm fixed-price contracts and we pay on price. We don't pay on cost.

So I think that part in GAO's guidance may be for cost reimbursable projects, not really for firm fixed-price projects. So we would have to ask our vendors what are their actual costs of doing construction, and that is not something that they are likely to give us because they bid on price, not necessarily cost.

But we do think, as we go through a project, that there are often changes to a project, changes in conditions or change orders, and we can use that information to continually update the cost and schedule of a project.

And more importantly, and getting to the root of GAO's recommendations, is to be able to use those lessons learned on future cost estimates, and we are committed to doing that.

Senator HOEVEN. Have you had a discussion with them to that effect? Were they not inclined then to modify the recommendation accordingly?

And I don't think they want your contractors' costs as much as they want a cost completion for your project, right?

Mr. AYERS. We did have that discussion with them, and they are looking for actual costs.

Senator HOEVEN. They were?

Mr. AYERS. They were.

Senator HOEVEN. Not a cost allocation?

Mr. AYERS. Correct.

Senator HOEVEN. Okay, so then I am kind of leaning your way on this one. What was their reaction to your recommendation? I don't understand what the contractors' costs—you want a cost allocation for what it is going to cost you to finish the project. In theory, if it is 50 percent done, there shouldn't be more than 50 percent of your costs prescribed, although we both know that isn't actually how it works, but some kind of cost allocation system.

Mr. AYERS. Certainly. When we work with contractors like that, we get a cost allocation from them, and that is how we pay them. So it is a schedule, and that schedule is cost loaded. And each month, they will submit an invoice for what is done based upon that cost-loaded schedule. That is how we routinely do business.

But I think they were actually trying to get at what is their productivity rate, what are they paying a mason, what are they paying a carpenter, what are they paying for the price of wood or concrete and steel. And we just don't get that level of information on firm fixed-price contracts.

Senator HOEVEN. Really, that goes more to your bidding then.

On a cost basis, other than like with computer projects, if a vendor has a huge amount of investment in that thing and they don't have much to show for software, or you don't, at the end of the project, you spent all of your money, they have made a huge expenditure, and you don't have anything that works. And then to say, "Well, it doesn't matter. They were supposed to provide it, and we wrote them a check and we don't have it," we still have a problem, right?

Mr. AYERS. Yes.

COST ESTIMATING METHODOLOGIES

Senator HOEVEN. So I get that. But in this case, what was their response? How did they react to your response in terms of this recommendation?

I am trying to understand whether you are going to change your procedures, because obviously this is really what you do, is make sure stuff gets fixed up and taken care of and built and constructed. So how are you going to handle this? And was there any agreement with them on whether it was the best way to handle it?

Mr. AYERS. Well, I do think we have an agreement. We did have extensive discussions about this particular recommendation because it is not something we thought we could directly achieve with the recommendation that was in their cost estimating guide.

But I do think we are in agreement on the fact that we have to get to and manage costs through the life of a project, institutionalize those costs, and fold them back into the next project and the next project.

It is learning from how costs can change in projects that enable you to do a better job upfront in estimating projects.

Senator HOEVEN. What about when they talk about the credibility, you documenting the contingency levels you establish, and then also using GAO's leading practice for incorporating risk analysis into those estimates? Talk about that for a minute.

Mr. AYERS. Well, the risk analysis portion—

Senator HOEVEN. Those estimates are vitally—excuse me, I'm sorry. I didn't mean to interrupt.

But those estimates really are important, because they kind of determine whether we feel like we are getting a good bid or not, right, based on your estimates?

Mr. AYERS. Correct. Absolutely.

And again, we have a great track record of that. But they could always be better, and I think this risk analysis we have committed to do on large-scale projects. We think it will definitely make our estimates better and give better credibility to the process.

And secondly, on documenting the way we come up with contingency on a project, they had some good recommendations there as well, such as presenting these cost estimates to management and making sure that management agrees with them and approves the estimates in writing. That is a good practice that we don't have, and that we are going to implement.

And then lastly, they did give us some recommendations to better document how we come up with contingency on our cost estimates. So if we build a building, the building may cost \$100 million. We may include sometimes 5 percent, sometimes 10 percent,

sometimes 15 percent, and occasionally up to 20 percent contingency. And we have done that qualitatively, and they recommend that we get more quantitative in that part of our cost estimating. And we think we can, and we will.

Senator HOEVEN. I think this discussion is right on. And I think to the extent you are able to work through that and we get GAO coming back to us and saying, yes, they are doing it—for example, dome restoration project, the total project cost is estimated to be \$105.1 million, with completion projected for August 2016.

In your hypothetical, you said, so if a project costs \$100 million, here's the dome, it is \$105.1 million. So that is a significant expenditure.

This is an incredibly important project, as I have stated, whether or not we feel we got a good deal, whether or not in fact we got a good deal, goes back to your expertise, which is tremendous, and your ability to estimate what that should cost.

I was going to say "we," but I don't speak for the chairman. I have no way to know what a project costs without you. So that is why that part of the process is really important. That is the underlying credibility for us knowing on these incredibly important projects, which we must do if we really did get that good deal, and I think it goes to the heart of really what you do.

So, thank you. That is why I think that piece of the GAO study is important and that you have a meeting of the minds, and we feel like between you, the GAO, and ourselves, we are doing as well as we possibly can.

And I believe we are. I am not saying you are not. But just to make sure we get everybody on the same page and in agreement, I think is important and good for you in your job and good for us as somebody who works with you on the budget.

Mr. AYERS. We agree completely.

Senator SHAHEEN. Thank you, Senator Hoeven.

COGENERATION

I know we will get back to the Capitol dome restoration, but I do want to go back to the power plant and the decision around cogeneration. I would like to better understand what the panel thought the advantages were to doing cogeneration to generate the steam and chilled water to heat and cool all the buildings.

Mr. AYERS. I think as we looked at all of the different options that were available to us, comparing those against our pre-established criteria of economics and security and reliability and environmental concerns, it was cogeneration that best met all of those indicators.

So, certainly, from a reliability perspective, it is a proven technology that many people across the country and many organizations right here in Washington, DC, have already employed. And it has been employed for many years, so it is proven to be reliable, and that is something that is important to us.

We looked very carefully at the energy-saving capabilities, as well as the greenhouse gas issues related with all of those technologies. Cogeneration had very good benefits in both of those areas as well.

So that is kind of the process we went through. And ultimately, when we compared the alternatives against our pre-established criteria, cogeneration came out on top.

Senator SHAHEEN. I understand that you are working on a contract with utility energy services to implement the project, and that it is essentially a kind of Energy Savings Performance Contract (ESPC) that will be administered by the utility. Can you update us on whether that contract has been finalized and how it is going to work exactly?

Mr. AYERS. I would be happy to.

A utility energy services contract is one that guarantees performance. It doesn't necessarily guarantee energy savings. This type of contract guarantees performance.

So with a given fuel, it will guarantee a given amount of steam and a given amount of electricity. So that is kind of the parameters of what they are going to guarantee. And if they don't reach that, they don't ultimately get paid.

If we frame those parameters properly, there is obviously going to be some significant energy and cost savings as well in that.

We have two local vendors who specialize in this kind of work. We have approached them. We spent a few months speaking with the first vendor about pricing. At the conclusion of our discussions, we don't think that they are interested in doing this work, so we are now working with a second vendor to determine their level of interest.

The second vendor does seem to be interested. They do advise us that our business model seems to be effective, and they think that they can provide and install a cogeneration plant that will meet our needs under the business model we have laid out for them.

Senator SHAHEEN. It is my understanding that the investment from the ESPC is going to pay for the cost of the new plant? Is it going to pay for the whole cost? How are we paying back to the ESPC the cost of what is going into the power plant?

Mr. AYERS. So it is primarily private money. There is a small bit of appropriated dollars that are necessary to enable us to pay our expert consultants and our staff to help oversee and manage the planning, as well as the construction.

Senator SHAHEEN. That is the \$1.7 million request, is that correct?

Mr. AYERS. Yes.

So, otherwise, it is a private venture, and this company will provide all of the upfront costs and install the equipment and commission the equipment. That will then reduce our energy expenditures.

And we will use that money between what is appropriated and what our expenditures actually are to pay the vendor back over typically 15 years.

Senator SHAHEEN. And we expect it to take 15 years for payback for this project?

Mr. AYERS. Yes.

Senator SHAHEEN. What do we expect the lifetime of the plant to be?

Mr. AYERS. Well, a cogeneration system could last 30 to 40 years for us.

ENERGY REDUCTION AND SUSTAINABILITY

Senator SHAHEEN. You talked about the savings in terms of emissions. One thing I have heard from people around the Capitol plant has been concern about the emissions from the existing power plant. Do we have any quantifiable information about how much we will be saving on emissions as a result of the new plant? And then also whether we will be saving in terms of our actual energy use, as a result of the new plant?

Mr. AYERS. We do have that data, both in terms of hazardous air pollutants and greenhouse gas emissions. I don't have the specific numbers in front of me, but from a greenhouse gas perspective, carbon dioxide, nitrous oxide, and methane all go down regionally. And from a hazardous air pollutants perspective, mercury and inorganic and organic compounds all go down regionally. And inorganics, mercury and non-mercury metallics all go down locally.

Senator SHAHEEN. And on the energy-saving piece of it?

Mr. AYERS. On the energy savings, we think that typical cogeneration systems will save us about 190,000 MWh. And in dollar terms, that will yield about \$5 million to \$7 million a year in savings.

Senator SHAHEEN. Wow. And what is the total cost of the project?

Mr. AYERS. Approximately \$105 million.

Senator SHAHEEN. Were there any concerns from OMB, CBO, or anybody in terms of looking at the numbers for what the investment was going to be on the part of the ESPC, and then what the payback would be? Was there any concern about the time period there or whether we are going to actually generate the savings to be able to pay back the dollars invested?

Mr. AYERS. We have not heard concerns from CBO.

Senator SHAHEEN. Have they looked at the project?

Mr. AYERS. They have not, to the best of my knowledge.

Senator SHAHEEN. The reason I ask is because there have been questions, in my mind, about how CBO scores the costs of ESPCs, so I am just trying to figure out how it might have been looked at in terms of the power plant that might be different from other agencies.

Can I ask, do you have plans for using ESPCs in any other of the buildings around the campus?

Mr. AYERS. Absolutely. We have extensive experience already with ESPC contracts, and we have used them successfully in the House of Representatives and the Capitol Building and here in the Senate Office Buildings. And those were three separate contracts, and all of them have finished their construction.

The total investment there was about \$93 million over the course of a couple of years. And we have now finished construction and are in the measurement and verification portion of that.

So we have three under our belt, and they are proven to work for us. I think the one in the House is saving us a little over \$3.5 million a year, the one in the Capitol just over \$1.8 million a year, and here in the Senate about \$3.9 million a year. So they seem to be effective.

We are considering, at some point in the future, doing the same thing for the Library buildings, which we manage as well.

Senator SHAHEEN. And again, are you looking at about a 15-year payback on those contracts, same as with the power plant?

Mr. AYERS. On average, yes, ma'am.

Senator SHAHEEN. Okay. I have gone over my time.

Senator Hoeven.

Senator HOEVEN. I think I went over my time by a larger margin last time, so no worries there.

BUDGET PRIORITIZATION

So my next question is, your overall budget increase is 12 percent. And I know the chairman just brought that up.

But talk about what reductions you will make if we have to reduce that number below 12 percent. What are you going to do?

Mr. AYERS. I am sorry, Senator Hoeven, can you repeat that question?

Senator HOEVEN. Sure. Your increase for fiscal year 2014 is 12 percent higher than fiscal year 2014 enacted. If we have to reduce that 12 percent, how are you going to do it? Where would it come from?

Mr. AYERS. Yes. I understand. As you look at our budget, there are two basic components to our budget each year. The first is our day-to-day operations that pays our salaries, does all the maintenance on all of our buildings. That, generally, stays consistent year-over-year and only increases unless there is a mandatory kind of increase, a pay raise or something like that. So that has stayed pretty consistent.

The second part of our budget is this capital portion that ebbs and flows, year after year. And I think the key to that is having a project prioritization process that we believe in and that you believe in that yields projects that are in priority order.

And I think the key to that is working from the bottom of that list back up until we find the number that is necessary to fit.

And that is a collaborative effort between the committee and our staff to work through that to fit our needs within the budget allocation that we have before us.

Senator HOEVEN. Yes. That is what I kind of anticipated. It seems to me to make a lot of sense. I am not sure really what else you could do.

DOMES RESTORATION

Along that line, you have \$20 million additional for the dome, \$20.2 million for the interior spaces of the dome. This is the last phase to be funded for the dome restoration project.

But the \$60 million we funded is a 4-year period. Is that all for the exterior? At what point would you need the \$21 million for the interior? Do you do that concurrently with the exterior work? How does that come together?

Mr. AYERS. When we solicited the project to restore the dome, we actually solicited all three phases at the same time under one contract. So we have the bids before us for the exterior work, and secondly for the work between the outer dome and inner dome that

was funded in 2014, and lastly for this final phase that is before us for the 2015 budget.

We have all of those bids in hand under one contractor, and we think all of that work can be done before the next presidential inauguration. And we are ready to do that.

So this money needs to come in 2015. I can tell you that we think we need to award that in March 2015 to be successful.

Senator HOEVEN. Okay, that, clearly, then needs to happen to get all this done.

Mr. AYERS. Yes.

Senator HOEVEN. By the next inaugural.

DEFERRED MAINTENANCE

You had talked about serious deterioration of stone that makes up the facades of most of our buildings here.

In the House markup, you mentioned you would be able to tackle 21 projects from your list of deferred maintenance. So just talk a little bit about how we are doing on the deferred maintenance? And are we building up a big backlog, particularly with the stone facades and some of these things that obviously are unique to Washington, DC? How we doing?

Mr. AYERS. Our backlog has actually stayed steady for 2012 and 2013. Today, our backlog is at \$1.4 billion of deferred maintenance and capital renewal of work. That is actually down a little bit from 2011. You may recall in 2011, it was \$1.6 billion.

So it seems to me, as I mentioned earlier to Senator Shaheen, as we budget our work, we want to be sure that most of our investments are going to deferred maintenance over new construction. And I think that strategy has worked for the committee, as we have brought down a little bit of our deferred maintenance, from 2011 anyway.

But it is still \$1.4 billion.

Senator HOEVEN. I agree that is the right strategy, very strongly. I guess my follow-up question is, how are we doing? I understand that \$1.4 billion backlog. What does that mean though for some of these stone facades and so forth? Are getting to them in time where we are going to be able to maintain them over the long term?

DETERIORATION OF EXTERNAL STONE

Mr. AYERS. I am not so sure that we are. Maybe I could refer to some of the images that I brought with me.

You mentioned image 9 in your packet. And if you look at image 9, this is a figure from the pediment on the House wing of the United States Capitol Building. We have lost the artistic and aesthetic value of the stone carvings that are in that pediment.

And I think we shouldn't have. And if we would have made our investments and come to you earlier before our stone gets in this kind of condition, then we would have done a better job.

So I guess to answer your question, when we have conditions like this where we are losing the historic integrity, we may not be addressing our needs fast enough, both in our ability to define them and to present them to you.

Senator SHAHEEN. Mr. Ayers, I don't want to interrupt, but I did want you to describe a little bit what is on that picture, because everybody can't see it, so they can't appreciate the extent to which the figure has changed.

Mr. AYERS. Thank you. This is a figure of a putto, or a baby, that is in the carving on the pediment of the House wing of the United States Capitol. And when you look at the photograph that we have available on our Web site and all of our social media accounts, and at the press table today, you will see that this piece of stonework has lost all of the features of its face, from weather and acid rain. You can no longer tell that it is anything other than an outline of the baby. It has lost its nose, lost its eyes, lost all of its facial features.

Senator HOEVEN. What is the size of that statue?

Mr. AYERS. That may be 4 feet tall.

Senator HOEVEN. About 4 feet tall.

So how indicative of the other buildings and similar figurines, or whatever you call them, how typical is that across our buildings?

Mr. AYERS. I think it is typical. I didn't bring any photographs with me today of the Russell Senate Office Building, but I have seen the Russell building myself up close where this kind of stone deterioration has taken place there. It, certainly, has taken place in the Capitol with other photographs that I brought along with me today.

And I think it is indicative of the condition across the campus.

Senator HOEVEN. Okay. I have some questions, but I am out of time. So I will turn it back to you.

DOMESTIC RESTORATION

Senator SHAHEEN. Actually, I am hoping, perhaps, that we can take this opportunity, Mr. Ayers, for you to go through and just show us what each of these photos depict in terms of the Capitol dome restoration, because as Senator Hoeven mentioned, a picture really is worth 1,000 words. They do speak very dramatically to the need to do some of this maintenance, so that we don't lose these treasures forever.

Mr. AYERS. I would be delighted to.

So, certainly, the first one in everybody's packet shows what the Capitol dome will look like when there is scaffolding on it. That happens at the beginning of next month. You will see the scaffolding going up.

Senator SHAHEEN. Are we on schedule for the scaffolding to go up?

Mr. AYERS. Yes, ma'am, we are.

And the white areas you see there is an enclosure where we will be taking off the dozen or so layers of lead-based paint that are on the skin of the dome.

Secondly, the second picture in your package, photo number 2, is what the dome will look like at night when it is scaffolded. And there will be work lights, so it will take on a very different appearance than it does today.

The third photo is what the rotunda will look like when we install this protective netting in it. And this starts this Saturday over the 2-week district work period. By the 1st of May, this will be in-

stalled, enabling us to then move out at pace with work on the exterior.

Senator SHAHEEN. How long will the netting be up?

Mr. AYERS. The netting will be up for the exterior phase through its entire duration, so a year and a half.

Senator SHAHEEN. So do we expect the scaffolding to be removed at the end of 2015?

Mr. AYERS. In the fall of 2015 is when we expect that to come down.

Senator SHAHEEN. Okay.

Mr. AYERS. This is photograph 6 that shows the deteriorating condition of the paint and the cast iron, and the reason we need to do the work in the rotunda.

Photograph 4 is particularly indicative of the water leaks. And the reason we need to do this work is that the dome has these 1,300 cracks in it, and those cracks are water leaks. And it is water that gets in and rusts, water that gets into the rotunda and causes this kind of deterioration, both on the cast iron as well as the painted surfaces.

And then lastly, on the interior, I think photograph 5 is also indicative of the fact that these are water leaks, so this is the interior rotunda showing the staining from rust that is coming through from a water leak on the exterior of the dome.

STONE PRESERVATION

Senator SHAHEEN. Thank you. That is very helpful and very dramatic.

I think you missed slide 7, which is the exterior stone cracking and spalling.

Mr. AYERS. Yes. So slide 7 doesn't show the dome project, but the Capitol Building stone preservation work that we think is an emerging priority that we spoke to the committee about last year, and the committee funded our first phases of this work last year. We are requesting a continuation of that work this year.

You can see some of the significant cracking on the marble exterior of the Capitol Building and significant missing pieces of stone that have broken and cracked and fallen to the ground.

CONTRACTOR PERFORMANCE

Senator SHAHEEN. Right. Can you just tell us, are there incentives or penalties that are a part of the construction contract on the dome project to ensure accountability?

Mr. AYERS. Absolutely. There are a series of actions that we can take to help ensure that our contractors meet their performance requirements.

Certainly, there are no penalties. Federal contracting and construction contracting, in general, is not a punitive measure. But we have systems in place to enable us to ensure that contractors are successful, and these include things like withholding payment when work is not complete to our satisfaction.

Secondly, withholding retainage, so we can easily hold 10 percent of a contract's value through the duration of the contract to ensure the Government's interests are protected.

Thirdly, we have identified liquidated damages. And liquidated damages aren't punitive, but if the contractor doesn't finish work on schedule, the Government is going to incur costs because of that. And in our contracting, we are capable of charging the contractor those actual costs. And we think on the dome project, it is approximately \$5,000 a day for us to oversee and manage. So, the contractor will be liable for that, if they don't finish on time.

And then, of course, having a firm fixed-price contract.

And lastly, the ability to provide a performance review of the contractor's work at midpoint and at the end of the contract are really important incentives for contractors seeking further Federal work in the future.

Senator SHAHEEN. That is great. Thank you.

LIBRARY OF CONGRESS STORAGE MODULES

My final question for you has to do with the storage modules—at least the first five that we included in the omnibus appropriation last year, and I wonder if you could give us an update on the progress of those. Are they on time, on budget, and do we assume they will be ready to accommodate the storage needs of the Library of Congress on the schedule we hoped?

Mr. AYERS. I would be happy to.

The first four have been funded and constructed and are complete. And I know the Library of Congress has fully occupied all four of those. We have received funding in our 2014 bill to start the construction of module five. I suspect that it will take 6 to 9 months in prepping for the construction work, then it will be under construction for 2 years. So that will take about 2.5 years from now to enable them to occupy module five.

Senator SHAHEEN. So we expect it to be completed on time?

Mr. AYERS. Yes, absolutely.

Senator SHAHEEN. Okay. Thank you.

Senator Hoeven.

Senator HOEVEN. Thank you, Madam Chairman.

PERFORMANCE BONDS

A couple questions. Do you have performance bonds on the work for all your projects?

Mr. AYERS. Yes, Senator Hoeven. We do require a performance bond and a payment bond on all of those. I should have mentioned that.

DOMESTIC RESTORATION

Senator HOEVEN. Are you putting together a video as you do all of this work to kind of track it, and so forth, so you have a record? I think there are a lot of uses, but a lot of people would be interested in seeing it at some point.

Mr. AYERS. We absolutely are. We think that is really important. We have a number of things. Maybe I can mention a few of them that we are doing to get the word out.

Like you, we think people are genuinely interested in the work, so we have a new exhibit in the crypt that has a video in it, and it talks about why we need to do the dome restoration work and

how we go about doing it. We have a number of brochures that we have been distributing to visitors that come in. We have a great Web site that has a number of videos and photographs on it.

We have a number of samples that show the method by which we are fixing the cracks that we are using in the Capitol Visitor Center as discovery carts. When children and adults are in the Visitor Center and they inquire about that, we can show them exactly how we are going about fixing these particular cracks.

We are obviously making great use of our Facebook page, our Twitter account, YouTube channel, all of the social media venues, where we are pushing information out to the public as well.

Senator HOEVEN. I think that is all great, and, certainly, commend you for doing that. I think there will be a lot of interest.

The netting, I mean, obviously that is designed for if a tool or material falls, to protect anyone below. Will that also be strong enough, if a person fell, from a safety standpoint, to hold them?

Mr. AYERS. Absolutely. That is, certainly, one of the reasons for it. Our basic test requirement is they have to prove that it will withstand a 500 pound load dropped from the top, and they did pass that performance test 3 or 4 weeks ago.

ENERGY EFFICIENCY

Senator HOEVEN. So this question, you tell me if it is an area that you feel you don't want to go into, and if you don't, that is fine. But Chairman Shaheen has a bill with Senator Portman, Shaheen and Portman, which I know you are well aware of. We have had some dialogue on cogen and so forth.

But in that bill, also, I have an amendment that goes to section 433 in the code, and it is about using natural gas in Federal buildings. And I am just wondering, certainly, we want to encourage the use of renewables and so forth, but is it realistic, from a cost-effective standpoint, to be able to build and store hot water facilities, and heat and cool without natural gas? Again, if you feel like it gets you into an area you don't want to comment on, just say so.

But I think there has been some pushback from architects on this issue, and I am trying to better understand that, when I just don't understand how we are going to cost-effectively do it.

Here we are talking about a \$1.4 billion backlog. We are talking about how we have limited resources, but we have just incredible architecture here that we want to preserve. So we have to make our dollars go as far as they can.

So I understand the desire to use renewables and be innovative and creative and all of those things. But at the same time, I think we have to be realistic in how we do this if we are going to really use these resources in the best way, as stewards of public dollars.

So your thoughts here on use of natural gas in refurbishment, renovation, redoing the mechanical systems in existing facilities and building new facilities.

Mr. AYERS. Well, let me approach my response this way, that we think investments need to pay dividends. And with the backlog that we face, we don't think making an investment that doesn't pay dividends is a smart thing to do. So, certainly, with today's price of natural gas at maybe \$13 per MMBTU, which is half the cost of fuel oil and much more than half the cost of electricity, we think

it is a wise investment. And that is why, ultimately, a gas-fired turbine cogeneration system rose to the top in our analysis.

And for us, we have looked at a variety of investments across the Capitol campus, from solar applications, among many others, and we just can't get them to pay back like our investments in natural gas. Because the price of natural gas is so low today, we are able to make a positive business case for them to pay back. And we think that is the smart way to make investments.

Senator HOEVEN. Thank you.

Those are all questions I have.

Senator SHAHEEN. Senator Boozman.

Senator BOOZMAN. Thank you, Madam Chair.

Really quickly, first of all, I want to thank you and your staff for your hard work in, again, taking such great care of the campus. I know it is a lot of hard work, but it is so very, very important.

Mr. AYERS. Thank you.

PROJECT PRIORITIZATION

Senator BOOZMAN. One thing, just a quick question, how many projects on your list, which is a long list, how many require attention due to code violations identified by the Office of Compliance? And how would this budget request address the list of areas of immediate concern? I know that you have run into some problems with code violations. How does this budget address what you are trying to do?

Mr. AYERS. So our prioritized list of 21 projects that we recommend funding for, that you will see in our budget book, behind that, you will see a long list of projects that we don't recommend be funded in this fiscal year.

Of those 21 that we recommend be funded, the top four have citations from the Office of Compliance against them, and that is one of the reasons that they have risen to the top. And those citations are backed up by violations of building codes, essentially. So those top four add up to nearly \$20 million of investment.

Looking further down the list, there are a number of other projects that are safety related, and that may not necessarily be code violations. I look at the small arms range in the Rayburn building and there are some significant lead issues from the weapons and ammunition used there. And down to 20, the kitchen exhaust ductwork in the Dirksen Building, here in this building, I think it does have code violations that need to be fixed.

So there are a few in there. Some of them have risen to the top. Others are further down the list.

Senator BOOZMAN. I appreciate that. I think it just illustrates the fact that so many of the things we simply have to get done.

Thank you, Madam Chair.

Senator SHAHEEN. Thank you, Senator Boozman.

Does anyone have any other questions for Mr. Ayers?

Okay, thank you very much for your testimony.

Mr. AYERS. Thank you.

Senator SHAHEEN. We look forward to continuing to work with you as we put together your budget request, and I will ask the next panel to please come up.

Again, thank you very much to our panels.

And I will ask, Dr. Billington, if you will begin your testimony.

LIBRARY OF CONGRESS

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

Dr. BILLINGTON. Thank you very much, Madam Chair, Senator Hoeven, Senator Boozman, other members of the subcommittee.

I very much appreciate the opportunity to present the Library's fiscal 2015 budget and share with you some of the important activities and initiatives that the Library staff is working on in support of the Congress and the American public.

I thank you, first of all, for the enduring support that this committee and the Congress, in general, have shown the Library. We look forward to working with you to realize the full potential of the world's greatest library and America's oldest Federal cultural institution for the creative future of the United States in our fast-changing world.

The Library's fiscal 2015 budget request represents a \$14.2 million, or 2.3 percent, increase over the Library's fiscal 2014 funding level. This request includes no program increases for the Library and is exclusively for mandatory pay and price level increases anticipated for fiscal 2015.

The Library of Congress has the largest and most wide-ranging collection anywhere in the history of the world, both of the world's recorded human knowledge and of the unique cultural and intellectual creativity of the American people.

This is an enormous and growing asset for the United States of America, in an increasingly knowledge-dependent world.

It was created and has been sustained by the Congress of the United States for 214 years. It has encouraged and protected and preserved America's free creativity through the work of the copyright office since 1871. It has also been Congress' primary research arm through the Congressional Research Service for 100 years and for 182 years through the Nation's largest law library.

Over the past several years, the Library has been operating with progressively decreasing resources. Our total appropriation declined in excess of 12.5 percent from the \$684.3 million in fiscal 2010 to \$598.4 million in fiscal 2013.

Meanwhile, between fiscal years 1992 and 2014, the Library built our entire current massive digital outreach alongside our still growing analog library.

However, during the same period, our FTEs decreased by 1,389 FTEs, a 30.5 percent loss. So we are continuing to do very much more with less.

Precisely because our staff has such one-of-a-kind skills, we minimized making budget cuts in our staff pay budget, administering only a 3-day Library-wide furlough in fiscal 2013. Nonetheless, substantial attrition continues and is resulting in growing knowledge gaps.

Moving into fiscal 2014 with the prospect of continuing sequestration budget reductions, the Library was deeply concerned about absorbing additional cuts to our core program activities or burdening our staff with another series of furlough days.

As a result, the Library very much welcomed receiving some relief in the fiscal 2014 omnibus appropriation, including the partial restoration of sequestration reductions and also funding, particularly for the constructing of Fort Meade's module five, which was just mentioned in the preceding testimony, which will provide critical storage space for preserving and making accessible the Library's incomparable collections.

PLANNING FOR THE FUTURE

Now, despite the challenging budget environment, the Library's uniquely experienced, dedicated, and multitalented staff is looking boldly into the future for what we can do better and more inexpensively for America in the rapidly changing, unpredictable times that clearly lie ahead.

We are now beginning to draw up a Library-wide futures program, which will be completed in September of this year and implemented in fiscal 2015. It is being entirely crafted internally by the Library staff. It is one-of-a-kind personnel with no exterior expense for consultants.

We will keep recommendations as cost-neutral as possible, and we will discuss the program in the coming months with this committee and the other subcommittee on appropriations, as well as the Joint Committee on the Library of Congress, which is the oldest joint committee of the Congress itself.

Madam Chairwoman, the Congress of the United States has been the greatest patron of the Library in the history of the world. Each year, the Library is privileged to serve every Member of Congress, every Congressional committee, and millions of Americans, often in ways that would otherwise be unavailable to them.

This Library here on Capitol Hill, onsite as it were, is quite simply the best place in the world to conduct advanced research in the study of humanity, which spans multiple languages and formats.

And the free Library of Congress online is a uniquely high-quality treasury of America's and increasingly much of the world's cultural achievements for the lifelong education and the quiet inspiration of everyone everywhere.

All of the Library's present and future work, first of all, must be directly important to the United States, and not just to our own institution; and, secondly, it will serve the public in ways that no one else can do as well or better.

The Library embodies and advances, we like to think, distinguished members of the committee, a distinctive American ideal of a knowledge-based democracy, an inclusive knowledge-based democracy. And we will be grateful for your consideration of our budget request for fiscal 2015.

Thank you all again for your good counsel and support for the Library.

[The statement follows:]

PREPARED STATEMENT OF HON. DR. JAMES H. BILLINGTON

Madam Chairwoman, Senator Hoeven, and members of the subcommittee:

The Library of Congress fiscal 2015 budget request represents a \$14.2 million, or 2.3 percent increase over the Library's fiscal 2014 funding level. This request includes no program increases for the Library—and is exclusively for mandatory pay and price level increases anticipated for fiscal 2015.

The Library of Congress has the largest and most wide-ranging collection anywhere, both of the world's recorded human knowledge and of the cultural and intellectual creativity of the American people. It was created and has been sustained by the Congress of the United States for 214 years. And the Library has encouraged, protected, and preserved America's free creativity through the work of the Copyright Office for 143 years. The Library of Congress has been, through its Congressional Research Service (CRS), the Congress' primary research arm for 100 years—and through its Law Library of Congress for 182 years.

Over the past several years, the Library has been operating with progressively decreasing resources. Our total appropriation has declined in excess of 12.5 percent, from \$684.3 million in fiscal 2010 to \$598.4 million in fiscal 2013. During the entire 23 years (fiscal years 1992–2014) during which the Library built our now massive digital outreach alongside our still growing analog library, our full-time equivalent employees (FTE's) decreased by 1,389.

We are doing more with less. Precisely because our staff have such one-of-a-kind skills, we minimized making budget cuts in our staff pay budget, administering only a 3-day library-wide furlough for all staff in fiscal 2013. Nonetheless there has been substantial attrition, resulting in growing knowledge gaps.

Moving into fiscal 2014 with the prospect of continued sequestration budget reduction, the Library was deeply concerned about absorbing additional cuts among its core program activities or burdening our staff with another series of furlough days. Thus, the Library very much welcomed receiving some relief in the fiscal 2014 Omnibus Appropriation, including the partial restoration of sequestration reductions and funding for the construction for Ft. Meade Module 5. Constructing Module 5 will provide critical storage space for preserving and making accessible the Library's incomparable collections. We also look forward to working with the Committee to develop the longer-range funding plan for modules 6 through 13 that are part of the Master Plan for the Ft. Meade Complex.

Despite the challenging budget environment, the uniquely experienced, dedicated and multi-talented staff of the Library is looking boldly into the future for what we can do better and more extensively for America in the rapidly changing, unpredictable times that lie ahead.

Our remarkable staff is participating—at a variety of levels, in addition to their regular work—in a Futures Program for the Library. I recently wrote our staff that, “our shared task in shaping this program is to demonstrate that the Nation's oldest Federal cultural institution has the unique resources and people to become one of America's most innovative.”

The Futures Program is a Library-wide effort to define an action plan for the Library of Congress in the 21st century by September of this year. It seeks to find new synergies and economies while bringing digital and traditional services closer together. It will provide a blueprint for streamlining and developing the Library of Congress both onsite and online.

We have already received bold new ideas from 72, mostly younger, staff members on eight teams. Those teams are now being succeeded by three committees covering the key Library-wide issues of (1) mediating knowledge through a new type of Knowledge Navigator, (2) developing a coherent and accountable overall digital strategy, and (3) defining appropriate new forms of collaboration with outside organizations and local communities.

We will be consulting actively with this Subcommittee as well as the Joint Committee on the Library about new initiatives we may be implementing as the most effective and cost-neutral approach to further the Library's mission for the 21st century. While we work on the Futures Program and the future of the Library, the Library continues to bring great value to the Congress and the Nation.

At the direction of the Speaker's Office and the Clerk of the House, the Library both led and participated in a number of initiatives over the past year to enhance public availability and transparency of legislative information. We have upgraded Congress.gov, which is now surpassing our popular THOMAS website in both high-level functionality and ease of use on all types of devices.

The Library not only collects, preserves, and provides web-based information, but actively participates in social media outlets (blogs, Facebook pages, YouTube tutorials, and Twitter feeds) that share our collections and staff expertise with thou-

sands of Americans every day. Our pioneering work on the Twitter collection has given us valuable hands-on experience in organizing big data for research and scholarship. We expect to make the 2006–2010 portions of the collection—21 billion tweets—available in June within the Library for research use by the public.

The Library now manages 6.5 petabytes of digital information and 158 million analog items. Millions of the digital primary materials in our collections are available onsite or online. This material is widely used in K–12 education and by life-long learners throughout America.

Our World Digital Library continues to grow in popularity in America and beyond, with 178 partners from 80 nations that are providing the Library with high quality primary documents of the world’s greatest treasures—with expert curatorial commentary in seven languages. This project helps Americans understand and value other cultures. Young “digital native” users abroad appreciate that America is taking the lead in the “virtual repatriation” of their own heritage.

Building on the Library’s vast collection of materials on the early Americas, Mexico, and Central America, we conducted in December 2013 a 2-day “Celebration of Mexico,” which brought to the Library a wide range of cultural luminaries with whom we plan to work more closely in the future.

CRS, which is celebrating 100 years of service to the Congress, partnered with other Library units and the Government Printing Office (GPO) to publish the centennial edition of the Constitution of the United States of America: Analysis and Interpretations (known as The Constitution Annotated) on Constitution Day, September 17, 2013.

CRS analysts and information professionals served every Member’s office on all major issues on the legislative agenda. Economists, policy analysts and attorneys responded with analyses and consultations on the complex issues surrounding the Government shutdown, the debt ceiling and sequestration. Much of this work was on a short-turnaround basis, given the fast-moving events.

Collaboration across several CRS divisions was necessary to support Congress’ oversight of implementation of the Affordable Care Act, analyze legislative options to amend the law and describe the impact of the developing jurisprudence on challenges to some of the Act’s provisions. Congressional options in light of events in Egypt, Syria and Iran were addressed in CRS reports, memoranda and briefings.

Working closely with the House Judiciary Committee, the Register of Copyrights helped commence a comprehensive Congressional review of the Nation’s copyright laws, for the purpose of assessing issues resulting from the vast changes over the past 20 years in the way that creators disseminate and consumers access music, books, films and software. The Copyright Office also updated its Compendium of Copyright Office Practices, which is the authoritative source of registration procedures relied upon by Copyright Office staff, the public and the courts. The revision is undergoing external review and will be published in 2014.

The Law Library has improved its coverage of key foreign jurisdictions of interest to Congress, and has acquired rare and important legal materials including one of the first books on law printed in the new world (Mexico 1556), and a collection of rare 17th century German legal dissertations. Private and individual donors have generously supported the Law Library’s bringing the Lincoln Cathedral 1215 version of the Magna Carta back to the Library of Congress for its exhibit on the 800th anniversary of the signing of this seminal document.

We have been privileged this past year to have organized and hosted exclusively for Members of Congress a new series of major evening conversations with outstanding experts on our greatest early Presidents (the most recent with A. Scott Berg on Woodrow Wilson) for 125 members from both houses and both parties. For these evenings we display the Library’s original documents of the Presidents. Our generous benefactor for this series, David Rubenstein, then asks the expert searching questions, followed by extensive comments and questions by the Members. All Members of Congress are invited to these memorable evenings. The next event will be held in June on Theodore Roosevelt.

A FutureBridge Program that began in October 2013 pairs our young professionals with a senior colleague who can mentor and share his or her one-of-a-kind knowledge and experience. Annually, the Library brings college and graduate students into units throughout our institution through the Knowledge Navigators/Junior Fellows programs. During their time as apprentices at the Library, these students bring more of our materials into the stream of knowledge and often become librarians themselves.

This year the Library added another new program in its multi-pronged efforts to address illiteracy thanks to a generous gift from David Rubenstein. The Library awarded three prizes and identified best practices in innovative programs that open up the world of reading to the illiterate in America and globally. This program is

part of the Library's commitment to life-long learning that includes our annual National Book Festival, our Nobel-type Kluge Prize for Lifetime Achievement in the Study of Humanity, our Young Readers' Center on Capitol Hill, and our national Teaching with Primary Sources Program.

Madam Chairwoman, the Congress of the United States has been the greatest patron of a library in history. Each year, the Library is privileged to serve every Member of Congress, every Congressional Committee, and millions of Americans, often in ways that would otherwise be unavailable to them. All of the Library's present and future work must and will be (a) directly important for the United States and not just for our own institution, as well as (b) serve the public in ways no one else can do as well or better.

The Library embodies and advances the distinctly American ideal of a knowledge-based democracy. And we will be grateful for your consideration of our budget request for fiscal 2015.

Madam Chairwoman, Senator Hoeven, and Members of the Subcommittee, I thank you all again for your good counsel and support for the Library.

PREPARED STATEMENT OF MARY B. MAZANEC, DIRECTOR, CONGRESSIONAL RESEARCH SERVICE

Madam Chair, Senator Hoeven, and members of the subcommittee:

It is a pleasure to appear before you today to present the fiscal 2015 budget request for the Congressional Research Service (CRS). In just a few months, CRS will mark its centennial. CRS began modestly with the enactment of the legislative branch appropriations bill on July 16, 1914 providing funds for the Librarian of Congress to employ persons to prepare indexes, digests and compilations of law that may be required for the Congress. Senator Robert LaFollette and Representative John Nelson, borrowing from concepts developed by the Wisconsin legislative reference bureau and the New York State Library, were leaders in the effort to create a reference unit for the Congress within the Library of Congress. Legislative reorganization acts in 1946 and 1970 increased the responsibilities of Congress' legislative support agency that are embodied in today's Congressional Research Service. With this rich history, CRS enters its second century committed to the values of objectivity, non-partisanship and authoritativeness that have always guided its work for the Congress.

SUPPORT FOR CONGRESS

Analysis and Information.—CRS analysts and information professionals addressed a wide range of complex and controversial issues in support of Senators and committees this past year.

As the fiscal year ended, CRS assisted lawmakers with information, analyses, and consultations on past Government shutdowns; shutdown planning by Federal agencies and the process of determining which Government activities could continue during a funding lapse. CRS advised the Congress on legislative process questions relating to the enactment of appropriations and examined potential ramifications of a shutdown on congressional operations.

CRS analysts tracked the evolving budgetary landscape over the course of the past year, explaining processes and trends involved with sequestration and the implementation of the Budget Control Act. Strategic priorities in the fiscal 2014 defense budget were also analyzed and experts assessed long-term trends in defense spending, analyzed military procurement, and provided consultative support on costs associated with various force structure options that could result from the expected reduction in U.S. forces over the next decade.

Following the publication in the United States and Great Britain of information on the collection of data on telephone and Internet communications by the National Security Agency, Congress began debating the proper scope of the surveillance authorities provided under the Foreign Intelligence Surveillance Act (FISA). Senate and House committees sought assistance from CRS. CRS attorneys analyzed the constitutional implications of the disclosed activities and advised on proposed amendments to the FISA. Analysts examined the need to balance the level of intelligence activities with difficult budget choices, the domestic use of intelligence, as well as civil liberty and information security issues. Proposals to introduce more transparency and provide the opportunity to present counter arguments before the FISA court were also analyzed.

CRS also provided analyses of legislative proposals that would modify or repeal the Affordable Care Act (ACA). The implementation of the Act continued throughout the year prompting CRS support on a variety of issues, including legal analyses of

enforcement of private health insurance market reforms, contraceptive coverage and the migration of Members and certain congressional staff to the new healthcare marketplaces.

Experts in Senate procedure and the rules of the Senate provided advice and analysis during the debate on changing the chamber's cloture rules concerning certain executive appointments. Historical data on nominations and Senate consideration of nominees were also developed. The recess appointment power and the role of the Senate in approving executive nominations is now before the Supreme Court, and CRS attorneys and analysts provided analysis and information on that contentious issue.

Immigration reform continued to generate great interest and a variety of legislative approaches. CRS assisted with development of comprehensive immigration reform and border security bills in the Senate. Analysts addressed proposals to increase border security and immigration enforcement, expand verification of employment eligibility and worksite enforcement, revise nonimmigrant visa categories and legal permanent immigration, and legalize some unauthorized aliens currently residing in the United States.

Both the Senate and House considered separate omnibus bills to replace the expiring 2008 farm bill. CRS agricultural specialists provided analysis of various legislative proposals regarding farm commodity support, conservation, trade, rural development, nutrition, credit, energy, livestock, and organic agriculture. Proposals to reduce Supplemental Nutrition Assistance Program (SNAP) (food stamps) costs were also part of this debate. CRS responded by providing background information on SNAP program rules, as well as analyses of a number of the cost-saving proposals such as restricting SNAP "categorical eligibility" and changing benefit calculation rules for certain recipients of energy aid. CRS provided analysis of the legislation shortly after its enactment in early February.

Congress expressed interest in the impact on energy policy of increased U.S. natural gas supply and the possibility of exporting liquefied natural gas (LNG). The Department of Energy approved permits to export LNG to non-Free Trade Agreement countries, with dozens of other applications pending. LNG exports were the subject of a CRS seminar in March. Throughout the year CRS analysts responded to numerous requests for memoranda, briefings, and consultations on LNG.

CRS experts addressed numerous country-specific and regionally focused issues posed by the continuing turmoil in the Middle East. Analysts assisted the Congress as it dealt with civil war in Syria and whether and how the United States should intervene in that conflict, particularly following the use of chemical weapons by the Assad regime. The Congress looked to the Service for information and analysis on the nature and size of Syria's chemical weapons stockpile and delivery capabilities as well as the implications of Syria joining the Chemical Weapons Convention. Congress sought legal assistance regarding the potential use of force by the United States against Syria in response to chemical attacks on Syrian civilians. CRS responded by providing briefings and analysis on declarations of war and authorizations for the use of force, as well as congressional authority to limit military operations. CRS also analyzed the agreement that was entered into to dispose of Syria's chemical weapon stockpile. CRS offered ongoing support following Mohammed Morsi's overthrow in Egypt and the increasing unrest and polarization between government forces and Muslim Brotherhood sympathizers, including analysis of U.S. aid to Egypt and future political, economic, and security ties. During diplomatic efforts surrounding Iran's nuclear program and the short-term agreement entered into by the parties, CRS advised on the technical aspects of Iran sanctions laws, analyzed how those laws were implemented and what effects they had on Iran's economy, as well as providing ongoing analysis of the Iranian political arena, foreign policy, and nuclear programs.

Technology Initiatives.—CRS contributed to continuing development and daily operations of the next generation legislative information system platform and services (beta.congress.gov). This work—performed by a multidepartment team in the Library—is a significant component of a Library-wide strategic initiative that will replace two legacy legislative information systems (LIS and THOMAS) with a single, modern system. CRS provided data analysis, subject matter expertise consultation, system testing, user testing, coordination of data partner relationships, and support for congressional users.

Several enhancements to the CRS Web site (CRS.gov) occurred during the past year. The search experience was improved, with full-text search, enhanced ability to filter search results by topic, author, date, content type "facets," and a feature that displays search results in a manner that facilitates client contact with relevant analysts, attorneys, and information professionals. CRS also modified its Web site layout in light of the proliferation of mobile devices on Capitol Hill in order to adapt

to the smaller mobile device screens, and added improvements to support touch-screen users who cannot effectively execute desktop-specific commands.

CRS also introduced streaming videos to the CRS Web site in addition to its menu of seminar DVDs. At the end of the fiscal year, 10 streaming videos were available to the Congress on topics including immigration reform, border security, natural hazards and disasters, financial challenges to the U.S. Postal Service, major cases from the recent Supreme Court term, and the fiscal year 2014 defense budget. This year, CRS will augment its video presence and also include on-demand videos of popular CRS policy seminars.

CRS Policy Insights, a new product type modeled on the CRS Legal Sidebar, is being introduced in response to client feedback for shorter, succinct products that are published quickly to address fast-moving public policy issues. This product line is expected to appear in early spring. A two page “In Focus” product line is also under development. These short briefing documents are designed for Members and staff who need abbreviated analysis about current policy issues facing the Congress.

We are also refreshing the home page of the CRS Web site to modernize its look and feel and facilitate user access to products and services. Many of the new products will be highlighted and users should find the site easier to navigate. Following on Web layout improvements that we made last year, the home page refresh will also aid mobile users of the web site. The changes in our product line and the web site updates are part of our continuing efforts to provide a menu of products and services that are responsive to client needs and the demands of the legislative process.

BUDGET OPPORTUNITIES

We appreciate the opportunity that the increased fiscal 2014 funding gave us to begin to fill some critical gaps in our analytical and information professional ranks. The fiscal 2015 budget request of \$108,382,000 only includes increases for mandatory pay and price level changes.

In addition to postings for analysts and information professionals, we have begun recruiting a cadre of research assistants to support analysts and facilitate their analytical work. This pool of researchers will enable analysts to focus on higher level analysis. The skill sets being sought in these research positions will also contribute to a broader mix of products and services available to congressional staff. CRS is continuing to explore the composition of its workforce to achieve efficiencies and best serve client demand.

The increased funding also enabled us to devote resources to technology projects that we had deferred. Two systems critical to our work for the Congress—our authoring and publishing application and our systems which intake and manage congressional requests—need to be modernized. We will likely utilize both in-house and contracted expertise to achieve these objectives.

CRS ANNIVERSARY PLANNING

Planning for commemorating the centennial of CRS in 2014 continues. Among the planned events are a conference highlighting the Congress and the challenges of governance in a global era, a centennial publication highlighting CRS history, and a Library exhibition featuring objects marking milestones in CRS development throughout the century. The centennial events center around the 100th anniversary of the enactment of the legislation that provided for the creation of CRS on July 16, 2014. The symposium and evening reception are being co-sponsored with CRS by the Former Members Association and are funded through privately raised individual and foundation support.

CENTENNIAL EDITION OF THE CONSTITUTION ANNOTATED

CRS partnered with other Library units, including the Law Library of Congress, and the Government Printing Office (GPO) to publish the centennial edition of *The Constitution of the United States of America: Analysis and Interpretation*, (known as *The Constitution Annotated* and as CONAN) on Constitution Day, September 17, 2013. The document was produced in both print and digital formats (managed by GPO), and as a free Apple iStore application (managed by the Library of Congress). An Android application is forthcoming. A seminar on educating the public on the Constitution to which Supreme Court Justices have been invited is scheduled for September as part of the events surrounding the centennial of CRS.

CONCLUSION

This centenary year is an opportunity to both observe this important occasion in the history of the Congressional Research Service and to confirm our commitment to the importance of authoritative and objective research and analysis to the work of the Congress. We appreciate the consistent support of the committee over the years and look forward to continuing to be the Congress' most trusted source for the information and analysis that is necessary for an informed national legislature.

PREPARED STATEMENT OF MARIA A. PALLANTE, REGISTER OF COPYRIGHTS AND
DIRECTOR, UNITED STATES COPYRIGHT OFFICE

Dear Madam Chairwoman, Ranking Member Hoeven and members of the subcommittee: I appreciate the opportunity to present written testimony in support of the United States Copyright Office. The Office administers the copyright law and related provisions of title 17, provides expert policy assistance to the Congress, and provides significant support to the U.S. Trade Representative, Department of Justice and other Federal departments engaged in matters of national and international intellectual property.

We are in the midst of an especially significant period for the copyright system and the Copyright Office. The Congress is leading a comprehensive review of the Nation's copyright laws, to assess how well they are working in the current digital environment.¹ In support of this effort, the Copyright Office is leading multiple studies, public roundtables and interagency discussions on a variety of urgent issues, from the statutory and regulatory framework for music licensing to the scope of exclusive rights for authors to the problem of orphan works. In response to concerns about the increasing costs of Federal litigation, the Office delivered a major report to the Congress last year regarding the creation of a small claims mechanism within the copyright law (and Copyright Office).

The Copyright Office is equally engaged in examining the state of its own operations, keeping in mind the increasing sophistication of our customers and the copyright marketplace. We have engaged robustly with stakeholders regarding both their frustrations and their recommendations regarding our services. Through this process, it has become clear that the Copyright Office will require both small and large improvements in the years ahead, and in some cases may need to entirely rework the ways in which it administers the copyright law, to better reflect the ways in which creative content is created, delivered, accessed and protected in digital environments.

These challenges are both exciting and daunting. For example:

(1) The copyright registration system, now accessible online, requires a faster and more capable interface, secure repositories, global identification standards, and submission practices that match the manner in which film, photographs, books, music, and software are created and licensed in the digital environment;

(2) The copyright recodation system (in which assignments, licenses and other copyright documents are publicly indexed) is still a paper-based process and must therefore be redesigned, automated, and connected through metadata and APIs to the registration system and outside registries;

(3) The directory of designated agents (for Internet service providers seeking certain protections of the Digital Millennium Copyright Act) requires an online interface, updated regulations and sophisticated search ability; and

(4) The database of pre-1978 copyright records is partially digitized but must be integrated into a useful chain of title and public record.

The services of the Copyright Office affect the legal rights and economic interests of both copyright owners and the users of their creative content. These are important global interests. A recent study found that the core copyright industries—those whose primary purpose is to produce and distribute creative works—accounted for nearly 6.5 percent of the U.S. domestic gross product in 2012, exceeding \$1 trillion

¹ See Press Release, U.S. House of Representatives Committee on the Judiciary, Chairman Goodlatte Announces Comprehensive Review of Copyright Law (Apr. 24, 2013), available at http://judiciary.house.gov/news/2013/04242013_2.html ("There is little doubt that our copyright system faces new challenges today. . . . Even the Copyright Office itself faces challenges in meeting the growing needs of its customers—the American Public.")¹

See also *The Register's Call for Updates to U.S. Copyright Law: Hearing before the Subcomm. On Courts, Intellectual Prop. & the Internet of the H. Comm. On the Judiciary*, 113th Cong. (2013)(statement of Maria A. Pallante, Register of Copyrights and Director, U.S. Copyright Office).

for the first time.² These industries also directly and indirectly employ 11.1 million workers, or about 8 percent of the U.S. workforce. Copyrighted works also remain one of the country's most economically valuable exports: together the sound recording, motion picture, software, and publishing industries sold works worth \$142.0 billion to overseas markets, far more than either the aerospace or pharmaceutical industries.³

The Copyright Office is an important institution and it has served the Nation well since 1897. Nonetheless, the changes that have occurred in the copyright marketplace in recent years are like no others in the history of copyright law. As a result, our customers are appropriately calling for a more nimble and forward-thinking Copyright Office—one that is more technologically savvy and interoperable with the marketplace it serves.

In terms of funding, I believe that the Copyright Office produces an outsized impact in proportion to its budgetary needs. But the current funding level is not sustainable and I look forward to working with the Congress to find solutions. Aside from additional appropriated dollars, which have always been critical to the Copyright Office, these might include mechanisms to allow for more flexibility in regard to both the recovery and spending of fee revenue.

CHALLENGES OF THE CURRENT FISCAL ENVIRONMENT

The Office appreciates the partial restorations that the Committee provided to the Office in the 2014 appropriation. However, appropriations are still down about 7 percent from 2010 levels, and fiscal 2014 have been an especially challenging year because fee revenue in the first quarter was the lowest it has been in 5 years. Moreover, implementation of a new fee schedule in May will make revenue somewhat unpredictable for the remainder of the fiscal year.

Ideally, the Office would be able to rely on its reserve fund to make up the shortfall. The reserve fund is derived principally from fee collections that exceed the spending authority granted for a particular year. But in recent years, fee collections have regularly fallen below our spending authority. As a result, the reserve has fallen below and remained under \$5 million. This may seem a relatively small figure, but these funds may nonetheless make the difference when it comes to patching an IT system or staffing an important study for the Congress. The unpredictability of fee revenue makes it critical that the Copyright Office maintain sufficient reserve funds to deal with contingencies effectively.

The accumulated results of budget cuts and unpredictable revenue income have taken a toll on the Office's ability to provide critical services at the level the public demands. Declining budget support has impacted or will impact the Office in the following ways, among others:

Staffing: Although the Office is understaffed, it has been forced to reduce new hiring. As of this writing, the Office is projected to utilize approximately 387 full-time equivalent employees (FTEs) in fiscal 2014—down almost 100 people since 2007.

We have an especially acute shortage of seasoned lawyers—that is, the experienced legal experts who can participate in or lead complex discussions. This is doubly problematic now because the Congress is so substantively involved in domestic copyright policy (in a manner that has not been the case in many years) and is thus drawing heavily (and appropriately) on Copyright Office lawyers for studies, preparatory work and leadership. Lawyers also support the significant statutory interpretation and regulatory work that comes with administering the registration program, public recordation of transfers and related documents, mandatory deposit provisions, and statutory licenses.

Adequate staff levels are essential to the integrity of the registration program—both its accuracy and efficiency. A copyright certificate of registration is prima facie evidence of validity of the copyright and of the facts stated therein, including the scope of the claim and ownership, and is given significant deference by Federal courts. As a result of fewer staff in the registration program, the Office is beginning to see increases in registration processing times—meaning that the public is waiting longer to have their registration applications processed.

Travel Budgets: The Office's lean budget has left us unable to fully and consistently participate in bilateral and multilateral treaty negotiations, as well as important intergovernmental meetings. For example, the Office has been unable to attend all of the relevant meetings of the Standing Committee on Copyright at the World

²Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2013 Report* (2013) (prepared by Economists, Inc. for the International Intellectual Property Alliance), available at http://www.iipa.com/pdf/2013_Copyright_Industries_Full_Report.PDF.

³Siwek, *supra*, at 16.

Intellectual Property Organization in Geneva and has been unable to attend all of the trade negotiations pertaining to intellectual property in the Pacific Rim. This is unfortunate because the framework for copyright law is largely being defined in the international arena, and the United States is in the midst of an extremely busy period of negotiations involving trade and treaty obligations.

IT Projects: The IT of the Copyright Office is hosted by and managed through the Library but the Copyright Office is responsible for the development and maintenance costs of its core systems. Technology infrastructure affects all of the Office's key services, and is the single greatest factor in its ability to administer copyright registration, recordation services, and statutory licenses effectively. It will be the decisive factor in building new services and migrating old ones into the twenty-first century.

FISCAL 2013 AND 2014 ACTIVITIES

Special Projects

Last year marked the conclusion of many of the projects outlined in the *Priorities and Special Projects of the United States Copyright Office*, our 2-year effort to identify needed improvements to the quality and efficiency of the Office's services in the twenty-first century. Two of these projects rate special mention: the Technical Upgrades Project, and the Compendium Rewrite.

The Copyright Office's Technical Upgrades Project focused on identifying issues relating to the reliability, security and search ability of Office's records, as well as the ease of use and convenience of our online services. Public response to the Office's Federal Register notice called attention to shortcomings with the digital repository, user interface, quality of data and public records, standard identifiers, information architecture and infrastructure, and customer experience. Many commenters cited basic frustrations, including the need to access previous applications for reference, and the need for enhanced features, such as customized dashboards.

Rewriting the *Compendium of Office Practices and Policies* was the most ambitious of our projects. The *Compendium* is the comprehensive internal guidebook of registration and other practices relied upon by Office staff. It also serves as a recognized authority consulted by copyright owners, legal practitioners, and the courts. A team of experienced attorneys and registration experts engaged in the auditing, reconciling, and documenting of current registration practices. The team devoted special attention to relevant developments in the courts and new technologies for creating and distributing creative works. During this process, it has become clear that this revision was but the first step in developing a registration program for the twenty-first century.

In addition to the above, we launched several new initiatives to enhance the knowledge and expertise of our staff. In 2013, I announced the Kaminstein scholar-in-residence program (which we implemented in 2013 with Professor Robert Brauneis of George Washington University Law School, who joined the Office for a year). I also announced the Barbara Ringer honors fellowship program, through which the Office is able to offer some of the Nation's finest law school graduates a prestigious 2-year clerkship at the Copyright Office (beginning fall, 2014). We also launched a major internal training program, the Copyright Academy, through which we educate staff at all levels in the basics of copyright law.

Law and Policy

The Register of Copyrights is the principal advisor to Congress on issues of domestic and international copyright policy and, by statute, provides expert assistance to executive branch departments as well. The Copyright Office prepares major studies for Congress on highly complex issues, presides over administrative hearings and public roundtables, testifies before Congress and coordinates with intellectual property offices in the executive branch. The Office works closely with both copyright owners and users of copyrighted works to sustain an effective national copyright system that balances the interests of both sides with respect to issues ranging from enforcement to fair use.

As noted above, the Congress is now involved in a particularly busy period of copyright review and possible copyright revision that is especially important and rather rare. This type of comprehensive review has not occurred for decades. The Register and the Copyright Office are playing a critical role in supporting the ongoing congressional effort, through expert analysis, reports, roundtables, meetings, and testimony. For example, in the past year, the Office:

- Delivered a major report on the issue of copyright small claims. The report proposed that Congress create a process whereby parties can more efficiently pursue small copyright infringement matters.

- Completed a study concerning how a Federal resale royalty right for visual artists would affect the creation, licensing, sale, exhibition, dissemination, and preservation of works of visual art.
- Convened a major public inquiry and roundtables to review solutions for orphan works and mass digitization of copyrighted works.
- Commenced a comprehensive study on the music licensing marketplace, one of the most complex and fragmented areas of copyright law.

The Office also works with the Department of Justice on critical copyright cases, with the U.S. Trade Representative on negotiations around the world, and with the U.S. Patent and Trademark Office, State Department and Intellectual Property Enforcement Coordinator on a routine basis. These activities require significant expertise and commitment, and are a valuable service to the United States.

Administration of the Copyright Law

Registration

The special projects mentioned above were an important foundational step in assessing both technology issues and registration practices.

Meanwhile, the Office has experienced an increase in the number of pending registration claims over the past 2 years. This growth is directly related to staff shortages and frustrations with the online systems. (The systems are largely reliable but are limited in design and functionality and by many accounts sluggish for staff and customers alike.) The Office is doing a remarkable job of processing claims under the circumstances.

Recordation

Recordation of copyright transfers and other transactions is an area of particular focus for the Office, as it provides an ongoing record of copyright ownership, licensing, and related data that can further commerce and research. But while most copyright registrations are now handled electronically, the Office had to forego improvements to the paper-based recordation function due to budgetary constraints. The process of transposing data from the printed documents into a basic electronic index is labor-intensive.

The Office has an obligation to remake the recordation function in a manner that best serves the needs of the current marketplace. We have laid the groundwork for a reengineering effort. Through a series of public meetings held in late March, 2014, the Office has sought input from businesses, trade associations, and attorneys, as well as the general public, to better understand how to make the recordation system more accessible and efficient for users. The Office will continue to engage in these discussions throughout fiscal 2014 as it determines strategies to update the recordation system as soon as possible in a manner that befits the digital age.

Statutory Licenses

The Copyright Office administers certain statutory license provisions of the U.S. Copyright Act. These licenses cover activities including the making and distribution of phonorecords of musical works, the public performance of sound recordings by satellite radio and Internet services, secondary transmissions of radio and television programs by cable television systems, and secondary transmissions of network and non-network stations by satellite carriers.

In fiscal 2013, the Office's Licensing Division collected nearly \$316 million in royalty fees and distributed approximately \$324 million in royalties to copyright owners, according to either voluntary agreements among claimants or as a result of determinations of the Copyright Royalty Board. The division also continued a multiyear business process reengineering program designed to decrease processing times for the examination of statements of account, implement online filing processes, and improve public access to Office records. The new processes will be implemented and refined throughout fiscal 2015, 2016 and beyond.

Administering Acquisitions for the Library of Congress

The Copyright Office administers the so-called "mandatory deposit" provisions of the Copyright Act, which require publishers to deposit two copies of certain U.S.-published works with the Library of Congress (as conditioned in further detail by regulations). Like many parts of the Copyright Act, these provisions were enacted with analog works in mind and do not seamlessly translate to the digital environment. The Office must, therefore, find the resources to conduct the necessary legal analysis in this area and to consult the universe of stakeholders through appropriate public processes, including the copyright owners whose works may be at issue and the Library's collection and preservation experts. In fiscal 2013, as a result of its work in both registration and mandatory deposit, the Office transferred books

and other deposits to the Library valued at approximately \$29.4 million, works that the Library might otherwise have had to purchase. The estimated value of transferred materials is considerably more than the amount the Office has received in recent years from appropriated dollars, making it a remarkable positive return for taxpayers.

Fees for Services

On November 14, 2013, pursuant to 17 U.S.C. § 708(b), the Office delivered to the Congress a schedule of proposed fee adjustments with respect to the registration of claims, recordation of documents, and other public services. This followed a 2-year public process that included stakeholder meetings and the solicitation of written comments. The statute requires that the Register establish fees that are “fair and equitable and give due consideration to the objectives of the copyright system.” In proposing the adjustments, the Office considered both cost recovery and the need to price services at a level that encourages participation in the registration and recordation processes. Thus, for what may be the first time in the Office’s history we differentiated certain fees in the latest fee study, leaving fees flat for some individual authors while raising fees for publishers, producers, and those filing multiple claims or claims in multiple works. The Office will implement the new fees on May 1, 2014.

COPYRIGHT OFFICE NEEDS

The Copyright Office sits at the center of a dynamic and commercially important legal system. Its work is critical to many, affecting not only the legal rights and economic interests of private actors but also the Congress, the courts, and the economy. Like the copyright law it administers, the Office is feeling the strain and demand of the world around it. It has both immediate and long-term needs, some simple upgrades and others that may require altogether new services and processes. Having completed a number of major public discussions and special projects, it is ready to commence strategic plans in a number of areas, including the recordation system, as resources become available. I look forward to these important challenges and systemic improvements.

FISCAL 2015 BUDGET REQUEST

The request put forth by the Library of Congress for fiscal 2015 as regarding the Copyright Office is \$53.068 million, offset by fee collections of \$27.971 million and licensing royalty collections of \$5.611 million (the latter of which are applied to the Office’s Licensing Division and the Copyright Royalty Judges).

The request is limited to inflationary increases to maintain existing spending levels and staff costs, as follows:

(1) A 2.8 percent increase (\$1.272 million) over fiscal 2014 for Copyright Basic to support mandatory pay-related and price level increases affecting administration of the Office’s core business systems and public services;

(2) A 2.6 percent increase (\$131,000) over fiscal 2014 in offsetting collection authority for the Copyright Licensing Division to support mandatory pay-related and price level increases affecting the administration of the Office’s licensing functions; and

(3) A 2.7 percent increase (\$41,000) over fiscal 2014 for Copyright Royalty Judges to support mandatory pay-related and price level increases.

Thank you Madam Chairwoman. I appreciate your support of the U.S. Copyright Office and the copyright system that we administer for the Nation.

Senator SHAHEEN. Thank you very much.

Ambassador O’Keefe, I am going to ask you to go ahead and give your testimony, so we can do questions from both of you at once.

Let me just point out that we have learned that there will be two votes at 4:30, so my hope is that we can wind up the hearing by 4:30, so we can all go vote.

Ambassador O’Keefe.

OPEN WORLD LEADERSHIP CENTER

STATEMENT OF AMBASSADOR JOHN M. O'KEEFE, EXECUTIVE DIRECTOR, OPEN WORLD LEADERSHIP CENTER

Ambassador O'KEEFE. Thank you, Madam Chairwoman, Ranking Member Hoeven, Senator Boozman. I want to especially mention your support, and members of the subcommittee and your staff, for meeting with the delegates who come here. It is a very powerful message for them.

This May marks the 15th anniversary of the Open World Leadership Center, having brought over 20,000 delegates to the U.S. I am very honored to be here today with our founding chairman, Dr. Billington, who, along with Members of both chambers of Congress, had the brilliance and insight to inspire this program.

This coming year represents the greatest challenge so far for the Open World program. In these trying times, it is important to continue to reach out to the rising generation of leaders in Russia, despite its invasion of Crimea, its leadership's aggressive stance toward its neighbors, and its anti-American propaganda.

Russia's most productive people and its well-educated post-Soviet youth understand that Russia has to diversify its economy beyond exporting hydrocarbons and minerals. We reach out to the rising generation to provide an antidote to what they are fed by today's leadership.

These young people drink up what they see here: the ability to innovate, a chance to profit from one's own ideas, a transparent form of government, and a rule of law that protects individuals. They, not the current leadership, are the future of Russia, and we must not abandon them.

In increasing measure, we also must support the rising generation in countries bordering the Russian Federation, particularly in areas where there are mixed ethnicities, like eastern Ukraine, Northwest Kazakhstan, and elsewhere.

In February, our board of trustees, the majority of whom are Members of Congress, instructed us to bulk up our program in Ukraine and bolster our work in nearby countries in the Caucasus, Central Asia, the Balkans, Moldova, and Turkey. Our fall planning incorporates this directive.

PREPARED STATEMENT

We seek an appropriation of \$8 million. We need \$10 million to sustain our program in fiscal year 2015, but we will find the additional funds, as we have in past years, through cost-shares, gifts, and interagency transfers.

That level, \$8 million, will sustain one of the most cost-effective, results driven, exchange programs extant.

So I am happy to answer your questions and thank you for your time.

[The statement follows:]

PREPARED STATEMENT OF AMBASSADOR JOHN M. O'KEEFE

Chairman Shaheen, Senator Hoeven, Members of the Subcommittee, thank you for the opportunity to present testimony on the Open World Leadership Center.

OVERVIEW

The Open World Leadership Center has focused on responding to the priorities of Congress since its inception in 1999. It does this by producing an exchange program that establishes lasting relationships between the emerging leaders of Open World countries while engaging Americans committed to sharing values and practices that lead to stable countries accountable to their citizens. In this capacity, Open World is assisting Congress in its oversight responsibilities and in inter-parliamentary and legislative activities, while supporting international projects and partnerships of American citizens in all 50 States.

The Open World program was designed to bring emerging Federal and regional political leaders to the United States to meet their American counterparts and gain firsthand knowledge of how American civil society works. Program participants experience American political life and witness democracy in action, from debates in local city councils to the workings of the United States Congress. This hands-on and close up look at our processes—and the people who run them—has a unique impact on our delegates. The Open World experience provides the impetus for improvement; delegates return home and set to work creating change based on the models they have seen.

Over the years, Open World's focus has expanded beyond the former Soviet states over the years. Today, Open World operates in 16 countries and has brought over 20,000 rising leaders to engage with Congress, other governmental officials, and their American counterparts in professional exchanges in more than 2,100 American communities across the country.

There has never been a more important time to forge connections with rising leaders across the Central Europe and Eurasia. Open World reaches out to the next generation of Russia's well-educated youth who eagerly take in what they see in the United States—the ability to innovate, a chance to profit from your own ideas, a transparent form of government, and a rule of law that protects individuals. They are the future of Russia and we have an incalculable opportunity to introduce them to the everyday practices of good governance and the rule of law. In equal measure, we must support the rising generation of leaders in countries bordering the Russian Federation, particularly areas where there are mixed ethnicities, like eastern Ukraine, Georgia, northwest Kazakhstan and elsewhere.

As significant changes occur in the region, Open World stands poised to increase our presence in Ukraine in response to Congressional priorities. We are closely coordinating plans for Ukrainian programming with key State Department officials, including Ambassador Pyatt and his team at the Embassy to determine how best to help the fledgling government in this critical time. Ambassador Pyatt recently noted, "As I travel around Ukraine, I frequently meet Open World Alumni and have been impressed by the breadth of the program and its ability to build relationships with young professionals at the local level. . . . [M]any Open World alumni have been excellent partners to the Embassy in terms of implementing civic-minded initiatives in their communities."

OPEN WORLD PROGRAM

The Open World Leadership Center is an asset for Congress, directly connecting Members to rising leaders in an evolving region and to the American constituents who host these delegates. Open World's extensive leadership networks abroad and hosting network in the United States is a resource for Members of Congress seeking new partnerships with young political, civic and community leaders from here and abroad. An investment in Open World is an investment in America's future security.

OPEN WORLD ENABLES EMERGING YOUNG LEADERS

Open World is designed to enable emerging young leaders to:

- engage with government, business, volunteer, and community leaders carrying out their daily responsibilities;
- experience how the separation of powers, checks and balances, freedom of the press, and other key elements of America's democratic system make the Government more accountable and transparent;
- develop an understanding of the American market-based economy;

- learn how American citizens organize and take initiative to address social and civic needs;
- participate in American family and community activities; and
- establish lasting professional and personal ties with their American hosts and counterparts.

Because Open World provides such high-caliber programs, participants return home with a tangible appreciation of America's democracy and market economy. The impact of the 10-day program with home stays in the United States, a keystone of the Open World model, is multiplied by continued post-visit communication between participants and their American hosts, their fellow Open World alumni, and alumni of other United States Government-sponsored exchange programs. Open World has also frequently facilitated communication between Open World alumni and visiting officials wishing to have an unfiltered dialogue of current issues.

OPEN WORLD STRATEGIC GOALS

Open World sets strategic goals that reflect the interests of Congress and their constituents, and meets these goals.

- Reaching a New Generation of Leaders.*—Open World selects the most promising of the next generation of rising leaders in our participating countries. After their time in the United States, these young leaders maintain contact with each other and their American counterparts through social media groups set up by Open World. Building on the success of the exchanges, Open World assembled an American advisory committee consisting of young professionals with extensive experience in Open World countries to consult on program agendas, alumni engagement, and administer post-program surveys.
- "30 Under 30."*—In 2012 Open World set a goal of having 30 percent of its delegates be aged 30 or younger: In 2013, 35 percent of delegates were 30 or younger at the time of their program. These young professionals studied themes as: innovation in higher education, non-governmental organization (NGO) development, journalism, social entrepreneurship, and information technology. In November 2013 for example, Open World partner, the Center for Safe Energy (CSE), hosted a delegation of young Russian social entrepreneurs in Silicon Valley. In coordination with Open World's Young Professional Advisory Committee, CSE created a program designed to maximize benefits for both the Russian visitors and their American counterparts. Outcomes from this unique program include several projects delegates have planned as a result of their trip: a free legal clinic in Moscow based on a visit to Berkeley's Boat Law School, and future academic exchanges with San Francisco's Peer Health Exchange for training teachers to instruct and provide guidance about pressing social issues.

OPEN WORLD EXCHANGE PROGRAMS FOR LEADERS IN COUNTRIES NEW FOR OPEN WORLD

Open World responds to Congressional interests and Member requests to begin exchange programs for leaders in countries new for Open World:

- Mongolia.*—At the request of Co-chairs for the House Mongolia Caucus in 2013, three Mongolian judicial delegations arrived to observe American court systems, and learned about systems, such as probation, that do not exist in Mongolia. Following an exchange, one delegate joined a working group to establish procedures for a new trial system in Mongolia, noting that the information gleaned from his visit to Los Angeles will be invaluable to that work. Other delegates from rural areas of the country made plans to implement both mediation and probation systems in their home courts.
- Kosovo.*—The Board approved a request from the Co-Chairs of the House Albanian Issues Caucus to initiate Open World hosting for Kosovo National Assembly Members and staff as part of an effort to promote integration with the European Union and NATO. Earlier this year, Chairman Eliot Engel met with one of the first delegations from Kosovo, which was hosted by Mercy College in Dobbs Ferry, New York. As a result of the trip, faculty and administrators from the Mercy Community will visit Kosovo later this year to develop a partnership, including a student exchange program, with a university in Pristina.

OPEN WORLD LINKS MEMBERS OF CONGRESS TO RISING EURASIAN LEADERS AND THEIR AMERICAN HOSTS

In 2013, there were 190 meetings between Members of Congress or their staff and Open World delegations. Over 70 percent of 2013 Open World delegations took part in such meetings, many of which were arranged and attended by our active constituent hosts.

Recently, Senator Boozman met with a delegation of youth legislators from Russia. Before the Senator arrived, the delegates were impressed even with their ability to access the Senate office buildings and to speak with senior aides to the Senator. That the Senator would sit down to speak with them at length about accountable governance and the importance of personal relationships in grassroots democracy profoundly impacted the delegates.

Since its inception, Open World has supported hundreds of partnerships and long-term projects between constituents and Open World delegates and was instrumental in the establishment of several others. Over 90 communities in the United States have developed or furthered partnerships and joint activities with regions/communities in Open World countries, including some 20 court-to-court partnerships. Local chapters of Rotary International, Friendship Force, U.S.-Ukraine Foundation and other Open World grantees have partnerships in several Open World countries. In 2013, Open World hosted delegations linked to 39 partnerships with American organizations, for example:

- U.S. District Judge Richard Bennett led efforts to reinvigorate the sister-city relationship between Baltimore and the port city of Odessa, Ukraine. In April 2013, a delegation of judges, law professors and a judicial clerk formed the third specialized rule of law delegation from Ukraine to have programming in Baltimore and the greater area in order to foster the growing ties between these sister cities. According to the program facilitator, the program changed the perception of the words freedom and democracy for the delegation. The delegates indicated that “you can feel freedom even in the air” in Maryland. This program followed the visit of a high-level judicial delegation to Odessa of Open World hosts from Maryland that occurred in 2012. Open World has long been instrumental in supporting the sister city partnership between Kharkiv, Ukraine and Cincinnati, Ohio. In 2013, five mayors from the Kharkiv region of Ukraine paid their own way to Cincinnati with an Open World alumnus in order to build on the partnership. One of the visiting mayors credits his visit to the United Way office, Wyoming High School, and the Drop Inn Center in Cincinnati with inspiring him to get students involved in volunteer work for the homeless in Kharkiv.
- A long dormant Cleveland-Volgograd (Russia) partnership was reinvigorated by Open World in 2012. Since then delegations of legislators, doctors, women leaders, and judges have visited the Cleveland area.
- Open World’s first Kosovo delegation supported a newly formed Iowa-Kosovo sister state relationship, which in turn arose from a National Guard partnership with Kosovo. An Open World delegation studying economic development went to Des Moines in January 2014, and delegates were interested in the community college model for providing additional training to high school graduates.
- The Greater Portland-Russian Sister City Project (The Archangel Committee) of Portland, Maine celebrated their 25th anniversary in 2013. Ambassador O’Keefe attended the anniversary event which included the vice-mayor of Arkhangelsk and the Governor of Maine, among others. Over the years, the Archangel Committee has hosted 17 Open World delegations, and was one of our very first grantees. Their warm, professional hospitality and excellent professional programming have resulted in long-term friendships and professional ties with the people and government administration of Arkhangelsk.
- While many partnerships are institutional, some are personal. One local host, a small business development expert from the University of Wisconsin, has been hosting Kazakh delegates for the past 5 years and has developed collaborative partnerships with several of the delegates he has met. He has travelled to Kazakhstan several times, most recently last month, to continue previous work (with a delegate from 2010) on the development of Rural Business Centers, to network with past Wisconsin Open World alumni and to continue to build collaborative opportunities for future projects and efforts.

OPEN WORLD ALUMNI RETURN HOME AND INITIATE PROJECTS THAT CONTRIBUTE TO
DEMOCRATIZATION EFFORTS IN THEIR COUNTRIES

Most importantly, Open World Alumni return home and initiate projects that contribute to democratization efforts in their countries:

- At the request of the U.S. Embassy in Kyiv, Open World in September 2011 hosted Ukrainian parliamentarian Olesia Orobets, the forward-looking chair of an education subcommittee. During her visit, Deputy Orobets had a peer-to-peer conversation with Congressional Ukrainian Caucus Co-chair Representative Marcy Kaptur of Ohio about economic development, current affairs, and representative government. A meeting with Lawrence R. Silverman, special advisor

to the Vice President for Europe and Eurasia, and National Security Council and State Department staff focused on Deputy Orobets's efforts to make the Ukrainian Government more accountable to its citizens. As a pioneer in using social media to communicate with the Ukrainian electorate, the visiting deputy also benefited from meeting with technology expert and State Department senior advisor Alec Ross. Open World continues to assist Deputy Orobets in her efforts to improve standardized testing and transparency in the higher-education admissions process; recently, for example, Open World arranged for her to meet with Georgian Open World alumni working to improve transparency in education.

Currently, Deputy Orobets is a prominent candidate in the election for Mayor of Kyiv, and is at the forefront of the democratic movement in Ukraine. Her popularity stems, in part, from the significant role she played in publicizing the plight of Ukrainians on the Maidan, and her passionate support of democracy in Ukraine. She was a constant presence on the Maidan, using social media to inform the world of the events.

—A Georgian delegate who travelled to St. Paul, Minnesota to study accountable governance at the local level returned home to establish an independent online newspaper.

—The vice-speaker of the Moldovan Parliament travelled to Raleigh, North Carolina in 2012 as part of the North Carolina-Moldova Sister State partnership. The delegate returned home and launched the Political School for Women Project, which trains women and encourages them to get actively involved in politics and public life. The delegate reported that “As part of the Open World visit in the U.S., I was impressed by the efficient communication within public institutions, and upon my return to Moldova I started replicating the American model in my daily activity as an MP. The Political School for Women Project is a good example in this regard. I wanted Moldovan women to learn how to communicate efficiently within our network, how to engage in and conduct civilized, efficient debates, how to be tolerant, respectful and promote the values of a mature democracy. I am encouraging young politicians to participate in Open World and bring positive change to Moldova.”

We pride ourselves on choosing the highest quality delegates—true rising leaders—which we can track when delegates report back on their promotions. Two Georgian delegates travelled to Maryville, Tennessee in 2009 in their capacities as directors at different policy and management consulting firms. They are now the Deputy Minister of Finance and the Deputy Minister of Defense.

PLANS FOR 2014 AND BEYOND

The Open World Leadership Center is a small, flexible, and efficient agency. As such, we are able to quickly respond to changing geo-political climates to maximize efforts to aid Congress in its oversight responsibilities. We currently have plans to increase delegations from Ukraine; our Ukrainian partners have highlighted an immediate need for groups to study Post Traumatic Stress Disorder (PTSD), traumatic injury, and emergency response as a result of the recent events in Kyiv and elsewhere in Ukraine. We also plan to bring groups with more long range objectives: business leaders from regions facing the challenge of the loss of markets in Russia; judges and court administrators (as reforms begin in that troubled arena); regional legislators and mayors.

For 2015, Open World will continue the initiatives described above, both in terms of responsiveness to Congressional requests and in focusing on the younger generation of leaders in Open World countries. We will strive to find partnerships and other cost-sharing arrangements to maximize our effectiveness.

A MODEL OF BUDGET EFFICIENCY

Open World offers Congress an extraordinary “bang for the buck,” serving as a model of efficiency, cost-effectiveness and value. Open World boasts an overhead rate of just 7 percent with 93 percent of our annual expenditures going directly to program costs. Open World investigates and pursues every opportunity for savings and diligently manages its fiscal operations with a goal of reducing costs without compromising program quality.

Open World employs best practices to develop the most cost-efficient and effective means to accomplish our mission. Early on Open World established internal controls to ensure program quality, including pre- and post-program report follow-up, weekly teleconferencing with our logistical contractor, and regular contact with grantees and local hosts. Open World uses a zero-based budget approach to every contract, every grant budget, as well as our annual operating budget. Open World actively

seeks cost-sharing partnerships with other government initiatives whose missions complement ours. The U.S. Agency for International Development, the Department of Energy, the National Endowment for the Arts, and the embassies in Armenia, Turkmenistan, Ukraine, and Uzbekistan have all joined with the Open World Leadership Center in directly funding a number of delegations.

Funding at the requested level of \$8 million will enable Open World to fully respond to Congressional interests in the region and beyond while continuing our proven mission of hosting young political and civic leaders who return home to launch projects and programs in cooperation with their American counterparts and hosts. The Board of Trustees believes that maintaining a robust grassroots-based Open World presence in the region is necessary and important for future U.S. relations in these politically significant countries.

WEB ACCESS TO LIBRARY MATERIALS

Senator SHAHEEN. Thank you very much for your testimony.

I am going to begin, Dr. Billington, with you, if I can. One of the things I know the Library of Congress has worked very hard on is to develop a Web strategy to allow online access to increasing amounts of the Library's collections. I know I hear from people in New Hampshire frequently about how much they appreciate being able to access the Library of Congress materials online.

Please give us an update on your Web strategy, talk a little bit about what has been accomplished, and what you hope to do in 2015 with the dollars that you are requesting to support the Web strategy in the coming year.

Dr. BILLINGTON. Thank you, Madam Chair.

First of all, with Congress.gov, we are taking the existing LIS and THOMAS systems and moving them to a single platform. So Congress.gov, that is the service to you, is now in beta version. We have had six releases of the system.

And even though it is still in beta form, more people are now using Congress.gov than THOMAS, our previous system. We are adding content regularly, improving search performance and visual design. And in 2014 and 2015, we will complete the transition of content from the existing systems to Congress.gov.

Meanwhile, we are enhancing our advanced search capabilities for those users in the Congress and in the Library. We will remove the beta label and retire the old systems in this timeframe.

Now for the national Library content, we have 45.2 million files, digital files online. This is an enormous educational and inspirational asset for America. We are not replacing but transforming the existing site section by section, in order to have advanced searching, consistent design, and common tools across the site.

To date, we have added detailed data to millions of new collection items to support advanced search. We established common viewing tools for users of film. And we now have a common navigation bar for the site as a whole.

In the future, we will continue to transition content to the upgraded design templates that we have established, and to make improvements for mobile users, which is, of course, a very important thing.

SERVICES FOR TEACHERS

We will upgrade material for teachers, including introducing tablet-based versions of primary source sets, which is basically what

we have produced, that tailor the Library's historical content to the classroom.

Last year, I might add, more than 2,000 teachers participated in institutes, workshops, seminars, conferences, and webinars in 88 percent of congressional districts throughout the country.

Our Library-wide team is making good progress, we think. And it is, I would stress, a free service to the most important people in our entire educational system; that is, whoever teaches and whoever learns. And this Library is now fully dedicated to lifetime learning, beginning with the three new projects on overcoming illiteracy here and abroad that we just established this past year, continuing through the quite significant impact we are having already on K-12 education.

As far as the futures program is concerned, we have had 72 staff members below the executive level conducting the exploratory part of the futures program. We are now forming the program itself. We have three committees ascended from those eight teams that worked on the preparation of this, and will eventually come back to the executive committee and then on to the Congress.

They have three tasks. These are the big Library-wide tasks: to mediate knowledge to translate and interpret our collection and content for the Congress and the American people; to ensure a coherent digital strategy, about which I just talked; and to develop fresh collaborations with outside organizations to further multiply the impact of what we already have online.

So basically, we are seeking to find new synergies, economies, and expert skills for the workforce of the 21st century, both digital and analog, in order to develop and streamline the Library's already extensive services, both onsite in our three buildings and online everywhere.

Senator SHAHEEN. Thank you.
Senator Hoeven.

MASS DEACIDIFICATION AND OFF-SITE STORAGE

Senator HOEVEN. Dr. Billington, how is the original 30-year plan for the mass deacidification of the books changed over the past decade, as technologies have changed? Is it still a quick path to preserving books initially included in the 30-year estimate that you gave us?

Dr. BILLINGTON. Well, the technology of doing this is working pretty much as expected. Both the environmental control technology and the retrieval systems are working very well for the preservation storage modules that have been touched on in the Architect of the Capitol's remarks.

We still need eight additional storage modules for this. We are grateful for the support of module five. The program is considerably behind its original schedule. We have material ready for two more modules, and there will still be six remaining. So that part of it is in process, thanks very much to your support of it last year.

We deacidify both books and sheets, the latter mainly manuscripts. We want to decrease the number of volumes we are treating.

In the original plan, the 30-year program established 14 years ago, the target was to treat 250,000 volumes per year. It was based

on the assumption that the Library would receive 100,000 new acidic volumes per year, each requiring treatment.

We are now receiving about 25,000 acidic volumes per year. This lowers the target rate considerably. We also surveyed the remaining volumes to be treated. We have essentially picked all the low-hanging fruit, to put it rather crudely and simply. And so the remaining volumes are going to be more time-consuming to retrieve for treatment, and, essentially, more expensive. They are also more widely dispersed, so with our crowded stacks, it takes longer to retrieve them and process them successfully.

We are figuring on treating about 100,000 volumes per year, and expect that the unit cost will increase a bit as the retrieval, which is done by the company that does the treatment and is doing it very well, takes more time. We will need to lower our mass deacidification costs, which are now taking up 55 percent of our nonpay over-all in the preservation budget, which is too much, and is impacting our other preservation efforts.

BALANCING PRESERVATION OPTIONS

Remember, we have not only the world's largest supply of printed materials, but immense manuscripts, immense numbers of manuscripts, photographs, all kinds of other things that require this, too.

So we have to have a balance in our program. We have two option years remaining on the current contract, and we need to have realistic discussions with the company doing this work—they are doing it well—so that we can meet all of the Library's needs in a cost-effective way.

There are other preservation methods, I might just mention. There is cold storage, digitizing books that are already embrittled, microfilming, rehousing, and binding. Currently we are doing 18 percent less binding than we were able to do last year. This is typical of the kind of cuts that reduced staffing is requiring.

We want a balanced program that addresses all requirements. It is very important. The thing that is least appreciated, I think, about what the Nation's Library does is preservation. In terms of acquisition, we still acquired nearly 3 million analog books. We house 6.5 PB of digital information produced by others. It is an incredible amount, in addition to the enormous outreach that I already mentioned.

And, fortunately, we have an extraordinarily dedicated, hard-working, and multitalented staff, which is a national treasure. And we have to keep giving them all we can because they are giving a great deal for the Congress and for our country.

Senator HOEVEN. So at this point, you do intend to deacidify the books and manuscripts, but you intend to combine that with use of technology and some of the digital imagery? Is that what you are saying?

Dr. BILLINGTON. Yes. There are a variety of preservation techniques, in addition to deacidification.

So the original expectation when there were many more high-acid books being produced was to do about 250,000 a year. We now are planning on doing about 100,000 a year, and resorting to other techniques, which we have to some extent been using anyhow.

The storage modules, for instance, at Fort Meade have cold storage, which is an excellent preservation medium. Digital reformatting offers other opportunities. So it is a diversified overall program.

We have the world's greatest audiovisual preservation center in Culpeper, Virginia, which the Congress supported with funding and staffing, but much of the facility was donated, one of the biggest donations ever made, by the Packard Humanities Institute. That is a whole other aspect of our very perishable audiovisual heritage that the Library is addressing.

HARDCOPY VERSUS ELECTRONIC ACQUISITIONS

Senator HOEVEN. How are you determining when to acquire a book and when to acquire a book electronically?

Dr. BILLINGTON. I am sorry?

Senator HOEVEN. How are you determining when to acquire a physical book and when to acquire it electronically?

Dr. BILLINGTON. Well, increasingly, we acquire books now in digital form, as well as in hard copy. We acquire books in three ways really, by purchase, by exchange, and above all by copyright deposit, which is increasingly coming in digital form.

But the basic principle is to get the best copy you possibly can, and the most permanent one. And, of course, digitized materials are not permanent either. So when we digitize something, for instance, from our collection for broad dissemination, we do not destroy the analog copy, because chances are it will last longer than the zeros and ones all over the magnetic paper or whatever the ultimate repository is out of which digital material is made.

So it is a complex problem, but we are trying to save the best copies for as long as we can.

Senator HOEVEN. Thank you.

Senator SHAHEEN. Senator Boozman.

VETERANS HISTORY PROJECT

Senator BOOZMAN. Thank you.

And again, thank both of you for being here and for your hard work. We really do appreciate it.

With votes coming up, Dr. Billington, I really just have one question that I would like for you to comment about, maybe two. But here's the first one.

Tell me about the Veterans History Project. That is something that I have a real interest in. I think you are asking for \$2.04 million.

Can you tell us a little bit about the history of the Veterans History Project and what you have been able to accomplish? And also, what would you like to accomplish in the future?

Dr. BILLINGTON. The Veterans History Project was a unanimous mandate from both Houses of Congress to produce some kind of record of every veteran who fought in an American war from World War I right up to the present conflicts in Afghanistan and Iraq.

We are approaching 100,000 interview records, which makes it the largest oral history project in the history of the United States. And it is very powerful testimony.

We also collect all kinds of other items such as letters, correspondence, diaries, various artifacts and records of veterans.

It started before I became a government servant. I don't think the history of wars will ever be the same. Our collection represents people of all ranks, a variety of experiences, during America's various conflicts. We got records of the last of the surviving World War I veterans, and we are now working our way up into Korea, Vietnam, and more recent conflicts.

We have an excellent supervisory committee. We have a very dedicated staff under the gentleman who was very much involved in the World War II Memorial.

We collect all kinds of materials and we have a very rich bibliographic and reference service to other veterans' collections that exist around the country.

I think it is a marvelous initiative that the Congress took. We don't have a great deal of funding for this, so we are relying on volunteers including schoolchildren. This is an amazing experience when children are involved, because a lot of veterans don't like to talk about their experience, but somehow they will with young people.

So many schools, and I urge you to learn more about this and we can help you do that, set up a program, or advise schools of the possibility of this. Because aging veterans, particularly, may not want to talk to their family. They may want to leave these memories behind. But when some kid in the neighborhood or a young grandchild of your uncle or your neighbor, a young person comes, they are likely to open up.

And it is a beautiful thing, if I may say so, because it is good for the veteran to have someone who wants to hear about his sacrifice. And it is very good for young people to discover the sacrifices that their parents or grandparents, those generations, have made for them to continue to enjoy the freedoms and opportunities that the country provides, that these people have gone out to defend in time of need.

It is something we would like more funding for, but it has survived and it thrives on volunteer participation. We would be delighted to help you or any of your colleagues with materials on this program.

It is a very simple process. It is not complicated. Kids can do it just as much as grown-ups. And we all benefit, and future generations will as well.

And I will say that in the writing of history, we encounter all kinds of funny things, too. I won't regale you with stories. But there is much tragedy and suffering, but there is much sacrifice and heroism often told with humor, and it is a great, great story of our people.

Senator BOOZMAN. No, that is great. And hopefully, I will get to come over and you can show and share some more of those stories.

Dr. BILLINGTON. We would be grateful.

Senator BOOZMAN. I think it is a great project. Like you, I think it really has changed our ability to record some of these events. It is so great that we are doing this in first person accounts.

You mentioned the children. We have had the same experience with medal presentations when the families are there, and again,

grandkids, for the first time understanding exactly what went on and the sacrifice and the service, and how those individuals will open up at that point.

Dr. BILLINGTON. Well, it was a great congressional initiative. I really have to congratulate all of you for having made this a mandate.

Senator BOOZMAN. We appreciate that. We don't get congratulated very much for some of the programs.

But again, thank you, Madam Chair.

And we do appreciate both of you for your hard work.

DONATED BOOKS

Senator SHAHEEN. Thank you, Senator Boozman.

Dr. Billington, I understand that the Library receives large numbers of donated books each year. Can you tell us what happens to those donated books? How many do we receive, and what do we do? Does the Library keep them all? What happens to the leftover?

Dr. BILLINGTON. Well, we don't really have a formal book donation program at the Library. That is not the common way we get them.

As I mentioned, I think, before, they come through either deposit—copyright deposit, that is to say—exchange with other institutions, or purchase. Surplus books that the Library does not select for its collections are often used for exchange in order to obtain books, for instance, from foreign countries.

Our collections involve 470 languages throughout history. It is the only place that really collects basically in all languages, current languages, in which serious information and knowledge is published.

But any surpluses that we accumulate are made available. We do have a surplus book program, and the collection items are made available either for exchange with foreign countries or for book programs in Members' constituent libraries, particularly prisons and various kinds of reservations or flood-damaged places.

We don't sell them. They are distributed internally to other libraries and constituents that have needs.

Senator SHAHEEN. And how can one request being able to receive some of those surplus books?

Dr. BILLINGTON. I think someone from your staff can come and visit. There is a place we have them in the Madison building.

Incidentally, the Madison building is the Nation's official memorial to the principal author of our Constitution. That is not very often realized. Of course, it is not as beautiful as the Jefferson building, where we are grateful to be beneficiaries of the underground passageway from the Capitol Visitors Center to our public spaces. The beautiful Jefferson building now receives 1.6 million visits a year, quite apart from the people who come to actually use the 21 reading rooms that the Library has and the other programs, the concerts and other events, that we have.

Anyhow, I am wondering from your subject a little bit here.

COST-SHARING INITIATIVES

Senator SHAHEEN. So, Ambassador O'Keefe, I have my final questions for you. As you are aware, in the last couple years, the

subcommittee has encouraged Open World to focus more on cost-sharing initiatives to do fundraising and develop new sources of revenue.

Could you please give us an update on those efforts? And also, in the last budget, there was some hope on the part of the subcommittee that those outside fundraising efforts would replace the dollars that had been provided through the subcommittee, and yet your request has come in with \$2 million above what was requested or what was provided in the last budget.

Can you talk about why the additional funding is being requested, and then also about the efforts to reduce the costs per participant in the program?

Ambassador O'KEEFE. Yes, Madam Chairwoman.

Regarding your last point, we have reduced the unit cost per person last fiscal year as well, and probably this fiscal year as well, depending on what happens over the next several months.

So we continue a downward trend on reducing costs, year after year. So, let's say, from 4 years ago, we are down about 18 percent to 20 percent.

In terms of finding other sources of income, we have made a strong effort toward additional cost shares, and also interagency transfers. Those two elements for this year will help cover our full budget of \$9.8 million. So \$3.8 million will come from those sources, mostly interagency transfers and \$6 million from appropriated funds.

In terms of the gifts and fundraising, our staff is quite small. It fits into an elevator. We really don't have the funding for a professional full-time development person. So in a sense, we are working with the tools and the people we have. Obviously, I work on this.

We generally get somewhere between \$200,000 and \$500,000 a year in gifts. We are limited somewhat, because many foundations require that an organization, many of them, have 501(c)(3) status, which we are not and cannot be.

But I think the really fundamental question, or the fundamental issue, is that Open World Leadership Center is in the legislative branch, and we are the tool of Congress. We respond to requests, both from Members and also from your constituents.

And so I do believe that funding for Open World should be primarily from this appropriation, and that it really makes us not beholden to somebody else's board, not beholden to someone who provides some funds with strictures and directives, but gives us the ability to do the tasks Congress sets for us.

And what do we have? We have an appropriation of \$6 million. And out of the total we are using, we are more than 50 percent above what you are giving us. So that is not a bad ratio, I don't think, Madam Chairwoman.

Senator SHAHEEN. I am not quite clear on the math. So, you said with what we are giving the Open World, that you are able to almost double that amount?

Ambassador O'KEEFE. This year we were, or we hope we will. We have an interagency transfer from the State Department of \$3 million, which has boosted us up quite a bit, and so that was partly in response to issues regarding Russia and the removal of AID and other things.

For this coming year, the reason why we asked for \$8 million, even though we need \$10 million, is that this was a one-time only transfer from the Department of State. We will still get more cost share, and we will get interagency transfers.

But I think the point I was hoping to make is that we really are part of the legislative branch. We are an agency that supports the Congress. And as such, we can do fundraising, but there is a limit, both in terms of how much we can get, but I think also how much would tip the balance to let's say less ability to respond to our primary needs and more of responding to those who are providing the funds.

Senator SHAHEEN. Thank you.
Senator Hoeven.

FULL-TIME EQUIVALENTS AT THE LIBRARY

Senator HOEVEN. Dr. Billington, how many full-time equivalents do you have now? And what is your hiring goal for this year, for fiscal year 2014? And will you reach it? And if you don't, how are you going to use the dollars?

Dr. BILLINGTON. This is FTEs? Is this the question?

Senator HOEVEN. Yes. So how many FTEs do you have right now? What is your goal for the year? And if you don't hit the goal, how do you use the money?

Dr. BILLINGTON. Our target FTE with the funding we received in fiscal 2014 is 3,273. By the end of fiscal 2014, we will have hired all the staff necessary to achieve that target.

Senator HOEVEN. So you will hit your goal of 3,273? You will hit that number?

Dr. BILLINGTON. We will have hired all of the staff that will achieve that target number, yes, sir, by the end of this fiscal year.

RUSSIAN PARTICIPATION

Senator HOEVEN. Ambassador, a couple questions for you.

I will start with how does what is going on in Russia, Putin's actions into Ukraine, and our relationship with the Putin government, how is that affecting your program?

Ambassador O'KEEFE. Senator, I have been in discussions with individuals at the State Department and the European Bureau. I also talked to the Embassy in Moscow today. I have been in contact with Ambassador Pyatt in Ukraine.

At the moment, we are continuing to bring the same number of delegates. We will be shifting away in future delegations from Russian government officials.

The Embassy mentioned to me today, and the leadership over at the State Department, again, that Open World is one of the few tools remaining to keep the message of the U.S. in the forefront of this rising generation.

In other words, what is happening in Russia is that President Putin has taken control of pretty much all the TV stations. The one remaining Internet TV is now under his control. They are blocking Web sites. They are trying to control information.

But what we do have, through this exchange program, are individuals who can come here and see for themselves. When they go

back, they have a wide range of contacts. So we get a real multiplier effect.

The other element that allows us to function is we have a huge network throughout Russia in all the regions. And they are part of our nominating process. So we can, again, find those who are moving up in leadership positions or showing promise in other areas.

And you know, frankly, we don't care what their ideology is or what their political viewpoints are. The point is we bring them here, in a sense, without an agenda. They stay with American families.

And when they go back, they go back changed. Now they may still have certain views, but they understand that America is much different than their stereotypes.

Senator HOEVEN. Are you going to have to make changes to your program based on what is going on?

Ambassador O'KEEFE. We are reducing numbers in Russia, increasing them in Ukraine. That will be our plan for the autumn.

The other thing that we were doing was bringing legislators from Russian regions, and we won't be doing that in the future, because, again, the policy will be geared toward reaching other sectors of Russian society.

Senator HOEVEN. How do you measure results?

Ambassador O'KEEFE. We do this in a number of ways. First of all, what we look for is if the individuals who participated in the program go back and undertake various changes to either their workplace or within their communities.

The second thing we look for, because, again, what we are trying to project is a positive image of the U.S., and so we look to see publications that people do when they return.

The third point is that because we are looking for emerging leaders, we track delegate and alumni progress in terms of moving up into higher positions.

And then fourth, we look to see any other activities they might undertake that would, let's say, enhance accountability and governance or enhance the market economy in their countries.

FUNDING FROM THE DEPARTMENT OF STATE

Senator HOEVEN. Why has State agreed to give you the funding?

Ambassador O'KEEFE. Why did the State Department give us the funding? I will quote from the Ambassador in Russia who just left, and what he said is, "As I travel through the regions of Russia, I find that in every community I visit, the Open World alumni are the most enthusiastic, the most engaged, and the most committed to working with the United States."

And I get the same comments from other ambassadors in our other countries, that the program is very effective in changing the atmosphere and willingness to work with us.

And this is not at the foreign ministry level. These are people in communities. As Dr. Billington directed me when I first came to the Open World Leadership Center, he said, I want it from the periphery in, from the bottom up.

Senator HOEVEN. Is there a chance we could get it set up with State as a matching program, so, for example, we put an X amount and they match it?

Ambassador O'KEEFE. That would be an excellent idea. We have explored the concept with Foreign Operations. But I think within the full committee, if there is obviously a thought about this, it would be a perfect solution.

Senator HOEVEN. Would you be willing to inquire as to that dialogue and then maybe we can have it with them? And you could inform us as to how you feel it might be most productive to do that, if the chairwoman would be willing to maybe engage in it as well?

Ambassador O'KEEFE. Yes, sir. I would be happy to do that.

Senator HOEVEN. Thank you.

DIFFERENCE BETWEEN STATE DEPARTMENT AND OPEN WORLD PROGRAMS

Senator SHAHEEN. Maybe I can ask, though, if you can distinguish how what Open World does compares to some of the programs that State operates. What distinguishes Open World, as you see it, from some of the programs that State operates with respect to visiting dignitaries to the United States?

Ambassador O'KEEFE. Yes, ma'am. I think there are two things that are really different. The first thing is because we are in the legislative branch, over 85 percent of our delegates meet with either Members of Congress or their staff. So when they come here, they get to see what legislators really do and how accountable they are and how open it is.

The delegates tell me, "I can't even get into the parliament building, into where the offices are." That is really something.

The State Department is an executive branch program, and so it looks at what the priorities of the President are, whether it is President Bush or President Obama. That is what they are focused on. We are focused on a much more basic level of showing our participants what you may expect when your government is accountable.

The second element, which is very significant, is our nimbleness. The State Department is a big bureaucracy. They have hundreds, perhaps over 1,000 people working on exchanges. We have seven.

They have to go through a process. I have a board, which is accessible and gives me advice, and I can say yes or no.

So, for example, what is happening in Russia now, we are adjusting to that developing situation. What is happening in Ukraine, we can switch the numbers. We don't have to pull something out of this Embassy's budget and try to get there. We just can do it.

And then, even though this is a third point, and I only said two, the home stays are really something, and State doesn't do it. First of all, it makes us a lot cheaper. We are less than half the price. But the results that come from staying with American families are priceless.

Senator SHAHEEN. And just a final question, as you are looking at the upcoming year, how many of your delegates had you expected to be Russian? And who will you replace those people with out of a total delegation?

Ambassador O'KEEFE. Yes, ma'am. The Russian numbers were about 590, and we are going to drop those down into the high 400s. And for that hundred, we are going to add them to Ukraine, so we will just shift them from one place to another.

And, as I mentioned, the Russian numbers that come down will be government officials who will not travel here now.

Senator SHAHEEN. Further questions? Senator Hoeven.

Well, thank you both very much.

Thank you for testifying here today and for all of the good work that you do for all of us here in the Capitol area and also for the taxpayers of this country.

ADDITIONAL COMMITTEE QUESTIONS

The record of this hearing is going to remain open for one week until noon on Tuesday, April 15, for anyone to submit statements and questions.

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

QUESTIONS SUBMITTED TO HON. DR. JAMES H. BILLINGTON

QUESTIONS SUBMITTED BY SENATOR JEANNE SHAHEEN

PRESERVATION EFFORTS

Question. In fiscal year 2015, the Library of Congress' (LOC's) request includes \$22 million for preservation efforts, \$4.9 million of which specifically funds the Library's Mass Deacidification Program. As part of the program, the Library originally anticipated completing 8.5 million volumes and 30 million manuscript sheets by fiscal year 2030. Is the Library on track to meet that goal?

Answer. The Library is ahead of schedule for the treatment of books by approximately 2½ years. In 2001, the Library estimated that 8.5 million books would require deacidification treatment. Through fiscal 2013, the Library has treated 3.7 million books and is approximately 800 thousand books ahead of schedule. A mid-program review has estimated the future need for treatment to be no more than 4.1 million books, and it could be considerably lower due to drastically reduced numbers of new, incoming acidic books. Today, our revised program target total is 7.8 million books. For manuscript sheets the Library is on schedule, and the program target remains to treat 30 million sheets.

Question. Has the original goal or methodology changed in response to advances in preservation technologies since it was first developed in the 1990s?

Answer. The physical characteristics of the collections dictate that the Library maintain a diversified and well balanced preservation program. Given that the Library is almost midway through the original 30-year Mass Deacidification Program timeframe, now is a prudent time to re-evaluate target collection needs in light of available technologies.

Since the late 1990s, the costs of deacidification and cold storage have increased somewhat, while the cost of digital reformatting for stable material has decreased significantly. The Library views all three approaches as having measured preservation value for the Library's collections. The original mass deacidification program goal was established before the advancement of digital conversion technology was well understood and before the appropriate technical infrastructure was available to support the content. The original program goal also was developed before the first Ft. Meade environmental storage module was available. For the subset of acidic general collection books that are in sound and usable condition—a sizeable subset of the Library's collection—deacidification remains a viable preservation option at current costs. The presence of a deacidification alkaline reserve is beneficial for paper strength retention and the prevention of embrittlement. At room temperature, research shows that deacidified paper will retain its strength about 3.3 times longer than untreated paper. However, mass deacidification addresses only one form of paper deterioration—the loss of physical strength and embrittlement caused mainly by acid hydrolysis.

An improved storage environment, on the other hand, addresses multiple forms of chemical decay including loss of strength, discoloration, and leather binding deterioration, and is helpful in reducing the impact of light and pollutant damage. Colder storage provides preservation benefits to a broader range of collections, including those materials that cannot be deacidified, such as severely embrittled books and photographs. Research shows that, at current Ft. Meade storage facility temperature and humidity levels, acidic paper will retain its strength about two times

longer than if stored at normal room temperature and humidity. Construction of these modules also increases the overall storage capacity of the Library.

Digital reformatting of embrittled works offers not only access for multiple users but also transformative value, for example through text search capabilities, not possible when only preserving the original artifact. The quantity of severely embrittled books (16 percent of survey sample) that cannot benefit from deacidification represents a growing concern and will require additional preservation resources. In addition, the current overcrowding in book collection storage areas represents further risk to the collections and limits the ability to effectively identify candidate items for deacidification. These logistics dictate a decelerated program pace for the next 5-year period until additional Ft. Meade storage modules can be constructed and occupied.

COPYRIGHT BACKLOG

Question. The Copyright Office's transition to electronic processing in 2007 resulted in a backlog of unprocessed registration applications. The Copyright Office has previously reported on addressing this backlog and reducing processing times. However, beginning in fiscal year 2012, budget cuts and sequestration forced the Copyright Office to reduce the number of staff available to process these claims. Please provide a status update on the progress being made in terms of the copyright registration backlog.

Answer. Updating the registration program for the digital age has been a focus of the Register of Copyrights over the past several years. Unfortunately, under-staffing and other infrastructure challenges brought about by budget shortfalls have created difficulties in the overall management of the registration program.

In the past 2 years, the number of outstanding claims has slowly but steadily increased to over 240,000 and continues to rise. The pendency time for processing applications has also increased. Not surprisingly, staffing levels in the Registration Program are a key issue, with staffing falling nearly 25 percent during this period. In order to meet reasonable customer expectations in terms of service delivery while also maintaining the highest quality level of work, the Copyright Office requires sufficient funding to attract and train new Registration Specialists to make up for losses sustained in recent years.

Question. Is the Copyright Office going to be able to get back on track and make up ground that was lost during sequestration?

Answer. The Register notes that replacing trained Registration Specialists is both time- and resource-intensive. These staff are professionals who must successfully complete a formal, rigorous program of training in U.S. copyright law, and they assess whether applications and corresponding deposits meet the legal and formal requirements of the statute based on their training in the Copyright Act. Formal training typically takes 2-3 years for trainees to achieve complete competency and independence, and the training is also conducted in house, which means existing resources must be diverted for the entirety of the training period.

Apart from staffing issues, the Register has previously expressed the need to address shortcomings with the technology that supports the registration program. In that regard, the Office has worked with a diverse group of stakeholders over the past 2 years to define possible improvements to information technology applications and databases. These customers want a variety of updates, including user-friendly web interfaces, instructional wizards, the ability to see all completed registrations as well as the status of claims within the processing system, granulated identification systems (works within works), image-recognition capabilities or partnerships with those who have those capabilities, business-to-business data exchange to support batch submissions, the facilitation of APIs to connect disparate IT systems, compatibility with mobile devices, and swifter and easier processes.

In the past 2 years, the Copyright Office has spent considerable time updating the Compendium of Practices for the digital environment, as well as discussing with its customers the Office's quality level of services and improvements it might or should make. It is clear that in this digital era of copyright law, the ability of the Register to run the national registration system and otherwise administer the copyright law is largely dependent upon the investment, planning, and management of technology infrastructure.

Registration volume has generally remained steady over the past several decades, primarily because registration carries certain legal benefits when exercised in a timely manner (as set forth in the Copyright Act). Nonetheless, registration does not come close to encompassing most works of authorship and it is unknown, but must be presumed, that it does not encompass all of the most culturally or commercially important ones. As the Register has stated in her lectures and testimony, if the reg-

istration system is going to play a vital role within the copyright law of the twenty-first century, it has to be made lighter, swifter and more reflective of the digital era. Certainly the electronic registration system in 2014 represents a major achievement. It does not, however, offer the level of service that would truly facilitate a twenty-first century law.

COPYRIGHT MODERNIZATION

Question. The Copyright Office has noted that they currently do not offer an online filing system for document recordation. They have stated that first-year costs for initial planning and development of this capability would be \$1.5 million. What does the Copyright Office anticipate in terms of future annual costs to complete development of an online document recordation system? What is the anticipated total program cost to implement the system?

Answer. The Copyright Office is undertaking analyses of relevant information, including public comments and business requirements, to assess the long term costs. In this process, it is considering the costs of recordation as part of a bigger picture, in which improvements to registration and statutory license functions are necessary. It is also possible that Congress may make changes to the statutory responsibilities of the Copyright Office over the next few years, as it proceeds with discussions to modernize the copyright law.

Question. What timeframe does the Copyright Office anticipate in terms of completing the online document recordation system?

Answer. The Copyright Office has done quite a lot of ground work in the past couple of years, and it is in the middle of a targeted public discussion regarding the best way to bring the recordation function online. For example, the Register solicited written comments and conducted three public hearings in New York, Los Angeles and Northern California, respectively. The hearings, which were coordinated by the Copyright Office Arthur Kaminstein Scholar-in-Residence, focused on five questions that will further refine the Register's recommendations to Congress and the ultimate strategies for administrative improvements.

To protect the existing records, the Office may need to bring recordation on line in phases. In any event, it is clear that the long-term success of a recordation project will depend upon the quality and flexibility of technology infrastructure and the budgets available for it. It may also require retraining staff or recalibrating their roles over time. The Register created a new Office of Public Records and Repositories and appointed a new Senior Level manager to oversee this work.

Finally, the Register has testified that the registration and recordation databases, as currently populated and presented, do not produce adequate information about registered claims or their owners. I understand that some of these issues were a focus of Congressional deliberations in recent years regarding the problem of so-called "orphan works" (missing copyright owners) and the requirement that would-be users conduct a diligent search of copyright records.

In summary, the Copyright Office will have both short-term and long-term costs as it moves forward.

QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

METHODOLOGY

Question. How is the Library's Budget Request compiled? How does the Office of the Librarian, CRS, Copyright Office, and Books for the Blind and Physically Handicapped submit their budget requests?

Answer. The Library's annual budget request is discussed with the Executive Committee in careful consideration of both the Library's internal programmatic needs and the external budget environment. The Library's budget formulation process is coordinated through the office of our Chief Financial Officer, and Executive Committee members are asked to submit their input through this process and to me directly during our executive discussions.

COPYRIGHT OFFICE

Question. How have changes to copyright law and the increase in digital media affected the budgetary needs of the Copyright Office? What are the most pressing needs?

Answer. Sweeping changes in recent years to the ways in which works of authorship are created, disseminated, accessed, and protected require the Copyright Office to undertake fairly dramatic modernization efforts, particularly with regard to IT infrastructure and applications, to meet the needs and expectations of its customers

and the marketplace. These efforts will require both immediate and long term resource commitments, and they are intertwined with the evolution of the copyright law. It is possible that Congress will assign new responsibilities to the Copyright Office or adjust the responsibilities it already has. The Copyright Office administers the copyright law, and it is therefore at the center of our national system. Improvements to copyright registration and the recordation of copyright documents are probably most pressing. However, the Copyright Office is also required to assist with trade negotiations, treaties, and litigation of the United States and is therefore always in need of expert legal staff.

QUESTION SUBMITTED TO HON. STEPHEN T. AYERS

QUESTION SUBMITTED BY SENATOR JOHN HOEVEN

DOMESTICATION RESTORATION PROGRESS

Question. Are you on track to meet cost/schedule requirements on Dome Restoration? How are you informing members and the public about your progress?

Answer. The Dome Restoration Project—Phase IIA is on budget and on schedule to meet the final construction date. The preparatory work, including the recent installation of safety netting in the Capitol Rotunda, as well as the art and floor protection is complete.

Throughout the duration of the Dome Restoration Project, the Architect of the Capitol will provide up-to-date information on its Web site at www.aoc.gov/dome. In addition, updates are provided via social media including Twitter, Facebook, Instagram, YouTube and Flickr. Informational signage around Capitol Grounds will supply visitors with information and provide links to online resources. A Dome Restoration Project video is now playing in a kiosk in the Crypt, and on a kiosk near the entrance to Exhibition Hall. Capitol Visitor Center (CVC) Visitor Services staff are using the video to help educate visitors about the history of the Capitol Dome and about the restoration Project.

The CVC staff has prepared a Dome Restoration brochure, targeted at the general public, and it is being distributed to congressional staff. It is available online and in print at the CVC.

The CVC also plans to install several Dome Restoration Project interpretive panels located at the upper level balcony overlook below the skylights. They will provide general descriptive information about current project activities and can easily be changed with new panels as the project progresses. A portion of the CVC's digital panels in Emancipation Hall and in the CVC Restaurant also will be used to provide information about the Restoration Project.

In addition, CVC staff are using interpretive materials on their educational carts to show visitors objects from the Capitol Dome that are in need of restoration. They are also demonstrating the "lock and stitch" repair method that will be used to fix cracks in the Capitol Dome.

CVC staff are reaching out to local travel industry representatives, including tour bus companies, professional tour guides, Destination DC and the U.S. Capitol Historical Society to alert them of changes in access to the Capitol during the Dome Restoration Project.

QUESTIONS SUBMITTED TO AMBASSADOR JOHN M. O'KEEFE

QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

PRIORITIZATION

Question. What are your immediate needs? In a time of constrained budgetary resources, there are tradeoffs that are made within any budget. How did you set your priorities?

Answer. Our immediate need is sufficient funding to allow the program to function in areas critical to U.S. interests—Ukraine, Georgia, Central Asia, Turkey and other countries near the Russian Federation and along its borders.

Our priorities are set by the Board of Trustees, a majority of whom are Members of Congress. They have identified the Open World Leadership Center's top priority as maintaining the highest quality programming for the lowest price. Our historical overhead rate of 7 percent demonstrates just how great an amount of our funding goes directly to providing a robust, highly tailored local program for the visiting delegates. We take our position as stewards of public money very seriously and strive

to make every dollar stretch as far as possible. We work closely with our grantees to ensure that their budgets meet our high standards. As a small agency with a single mission and low overhead, there are not many tradeoffs that can be made, so that when our budget is cut further we must limit the number of delegates we bring on our program—any other cuts would negatively impact program quality. Budget cuts increase per person costs and overhead, as certain base costs to our program are fixed and cannot be lowered even with a decrease in participation.

For the rest of fiscal year 2014 and into fiscal year 2015, the Board has directed us to shift funds allocated for participants from the Russian Federation to those from Ukraine, to boost our programs in countries neighboring the Russian Federation, and to explore more partnerships, such as the cost sharing arrangement with the High Council of Judges of the Turkish Republic. Budget cuts directly affect priorities and diminish our capacity to carry out our Board mandates.

OFFICE AND PERSONNEL IN RUSSIA

Question. Explain what the staff in your Russia office do? Is the staffer there shared with the State Department? How are office expenses paid for?

Answer. We have one Foreign Service National (FSN) working in the U.S. Embassy in Moscow. The FSN acts as the representative of Open World in Russia, serving as liaison to both Russian organizations and agencies and the broader community of Open World partners and alumni. He has developed a network of trusted nominating entities and partners throughout all of Russia. He also monitors the nominations and vetting process and seeks cost share partners.

While we reimburse his salary and benefits, the staff member is a Department of State employee and his duties are entirely related to the Open World program. Office expenses at the Embassy are paid via an International Cooperative Administrative Support Services agreement, an interagency agreement with the Department of State. This agreement covers salaries, benefits, and office expenses of the FSN.

Question. As Russian programming is reduced, is there a need to continue staffing in Moscow, itself? Why not shift focus to Ukraine?

Answer. We have already adjusted the staffing levels in the Embassy. Until January 6 of this year, we had two FSNs working on our program at the Embassy. So as Russian participants of the program decreased 50 percent, staffing levels were reduced accordingly. We are of course turning our focus to Ukraine in particular. For fiscal year 2014 program planning and despite a 25 percent cut from the fiscal year 2013 appropriation, Ukraine participation stands to increase as a percentage of overall participants. Our logistical contractor has a staff member in Kyiv who is dedicated solely to the Open World program, so our needs are well covered at this time, even with increased participation.

CONCLUSION OF HEARINGS

Senator SHAHEEN. And again, thank you. The hearing is adjourned.

[Whereupon, at 4:30 p.m., Tuesday, April 8, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]