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LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2006

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

ON

H.R. 2985

AN ACT MAKING APPROPRIATIONS FOR THE LEGISLATIVE BRANCH FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2006, AND FOR OTHER PURPOSES

Architect of the Capitol (except House items)
Capitol Guide Board
Capitol Police Board
Congressional Budget Office
Government Accountability Office
Government Printing Office
Joint Committee on Taxation
Joint Economic Committee
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Nondepartmental Witnesses
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LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2006

WEDNESDAY, APRIL 13, 2005

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

The subcommittee met at 10:30 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Wayne Allard (chairman) presiding.

Present: Senators Allard, Cochran, and Durbin.

U.S. SENATE

OFFICE OF THE SECRETARY

STATEMENT OF EMILY REYNOLDS, SECRETARY OF THE SENATE

ACCOMPANIED BY:

MARY SUIT JONES, ASSISTANT SECRETARY OF THE SENATE

TIM WINEMAN, FINANCIAL CLERK OF THE SENATE

OPENING STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. The Subcommittee on the Legislative Branch, Committee on Appropriations, will come to order. We meet today to hear testimony from the Secretary of the Senate and the Architect of the Capitol on the fiscal year 2006 budget requests.

It's my first hearing as chairman of this subcommittee, and I look forward to learning about the key issues and budget priorities within each of the legislative branch agencies.

Overall, the request for the legislative branch totals $4.03 billion, an increase of $482 million, or a 13.5 percent increase over the fiscal year 2005 level. Clearly, in the constrained budget environment in which we will be operating, an increase of this level will be difficult, if not impossible to provide, so we will be seeking to ensure that all agencies have prioritized their budget requests, are taking steps to operate as cost effectively as possible, and are eliminating wasteful or unnecessary spending.

Welcome to our witnesses this morning. We will hear first from Emily Reynolds, Secretary of the Senate, who's accompanied by the Assistant Secretary of the Senate, Mary Suit Jones, and the Financial Clerk of the Senate, Tim Wineman.

Ms. Reynolds, your budget request totals almost $23 million, an increase of about 7 percent over fiscal year 2005, primarily to accommodate routine pay and inflation-related increases, as well as to make some upgrades in a few areas.

Following the Secretary of the Senate, we will take testimony from Mr. Alan Hantman, Architect of the Capitol. The AOC budget request totals $506 million, an increase of $157 million over the current fiscal year. The increase is largely associated with several construction projects, including completion of the Capitol Visitor Center (CVC), construction of the Library of Congress storage modules at Fort Meade, Maryland, and a new offsite delivery facility for the Capitol Police, as well as startup costs and new personnel for the CVC.

Your budget office is to be commended for putting together a budget justification which is transparent and thorough and explains all increases concisely, and we certainly appreciate that effort.

There are a number of issues I'd like to explore with you today. Most important, of course, is the schedule and budget for completion of the Capitol Visitor Center. As I understand it, while much progress has been made, there's still a long way to go before the facility can be opened to the public, and the schedule remains unclear. There have been significant difficulties with this project, including coordinating two major construction contractors, weather-related delays, unforeseen site conditions, and, frankly, serious management problems. While it is too late to make major changes to how the project is being run, it is my expectation that you will make every effort to demand the best from your contractors, provide the Congress with a balanced assessment of progress as the project continues, and accept the counsel of the Government Accountability Office (GAO), which has been monitoring the project, providing recommendations from the start. GAO has done a very professional job in this oversight effort, and we appreciate this. Their projections on cost and schedule have been accurate, and their recommendations have been good.

In addition to the CVC, there continues to be much construction activity around this campus. One of the primary reasons is security-related work that will continue even after the CVC is complete. All of us have construction fatigue and look forward to when this complex can be returned to a state that we can all be proud of, free of construction activity, dump trucks, jersey barriers, and torn-up streets. So we will be urging you to accelerate these efforts, which have been in the works for many years now.

The perimeter security project and the visitor center seem to be emblematic of problems this agency continues to have with project management. As I understand it, about half of the major projects AOC has underway at this time are behind schedule, and too many are over budget, as well. We look forward to hearing what you're doing to improve project management.

There are also concerns with the morale of your workforce. Highlighted in an article a few weeks back in The Hill newspaper, it seems that communication with employees is not as good as it should be. So we look forward to an update on how you're improving communication and employee morale.

Finally, the AOC has been working to develop a long-range master plan for the Capitol complex, as well as condition assessments of each of the buildings. This should lead to a plan for prioritizing spending for both capital projects and deferred maintenance over

the next 5 years. The master planning effort has been underway for some time, so we look forward to understanding when we will have a final product and a roadmap for future budget requirements.

We will now turn to the Secretary of the Senate. I welcome you to the subcommittee and look forward to your testimony, Ms. Reynolds. And you may proceed.

OPENING STATEMENT OF EMILY REYNOLDS

Ms. REYNOLDS. Thank you very much, Mr. Chairman. And we look forward to working with you, as our legislative branch subcommittee chairman.

I would ask, of course, that my full statement, which includes our complete Department reports, be submitted for the record. And today I'd like to take just a few minutes to give you a brief overview of the Secretary's operation and, of course, as you referenced, our budget request for fiscal year 2006.

Along with Mary Suit Jones and Tim Wineman, who, as you said, are here today, we have a good representation of our some 26 department heads, an able team and a tremendous group of individuals who serve the Senate.

Our budget request, as you said, is right at $23 million, representing almost $21 million in salary costs and $1.9 million in operating costs. This is a slight increase from fiscal year 2005, mostly in COLA and merit increases, so that we can continue to attract and retain the kind of talent the Senate requires and, indeed, deserves for its operations. We also have a small increase of $200,000 in that operating budget to prepare specifically for a specialized and much-needed storage space for our curator and upcoming relocations for Senate security and our closed-captioning services operation. We also anticipate some additional costs for the support and maintenance of systems that are currently underway—systems upgrades that are currently underway in both the gift shop and the stationery room.

Since the first Secretary was elected by the Senate in 1789, our office has served the Senate in three principal ways; that is, to provide legislative, financial, and administrative support. And I'd like to briefly highlight some our accomplishments from last year in each of these areas.

The legislative department, of course, consists of nine offices dedicated to ensuring that the Senate can carry out its constitutional responsibilities. And, to that end, one of our priorities remains the crosstraining among their specialties. In election years, our parliamentarians play a key and perhaps even little-known role. Following the elections, the parliamentarian must attest to the accuracy of each State's certificate of election for Senate races, a process that we have to have completed, obviously, before our Members can be sworn in. The parliamentarian also reviews the electoral ballots for the President and Vice President, and assists the Vice President and his staff in preparation for the joint session of Congress to count those electoral ballots.

On the financial side, our disbursing office pays the Senate community every 2 weeks, of roughly 6,500 individuals, and we process over 125,000 bills each year. Of course, as you well know, this of-

fice also administers health insurance, life insurance, and all of the retirement programs for our Members and staff.

We continue to make significant progress on the implementation of the financial management information system (FMIS), a 5-year strategic plan which this subcommittee generously provided the funding for now 3 years ago. Of course, FMIS' high priority is to provide efficiency, accountability, and ease of use for the 140 Senate offices that rely on the disbursing operation.

On the administrative side of our operation, there were several noteworthy accomplishments from last year. With the assistance of our Senate curator, late next month we will unveil the portrait of former Majority Leader George Mitchell, and, soon after, we will add to our collection the portrait of another Maine Senator, Margaret Chase Smith. We have underway a commission to add to the Senate reception room a portrait to commemorate the authors of the Connecticut Compromise, Senators Ellsworth and Sherman.

You might well have seen the "Catalogue of Fine Art", which we released last year, a beautiful piece of work. We hope to add a companion piece this Congress, the Senate "Catalogue of Graphic Art", which will be a compilation of our collection of 900 historic engravings and lithographs.

And one of the most exciting initiatives we have underway, which this subcommittee has generously supported, is our work with the Senate Curatorial Advisory Board, which has now completed its second meeting. The board provides us with expert advice regarding our collections and preservation program. It's a group of 12 highly knowledgeable and esteemed experts in their fields of art, preservation, architecture, and they are giving generously of their time and talent to the Senate.

In addition, our newly formed Senate Preservation Board of Trustees will meet next month. This group will supplement the work of the Curatorial Advisory Board and assist us in acquisitions and to facilitate preservation projects for the Senate. You may recall that your former colleague from Colorado, Senator Campbell, sent us on a search for a chair that was given to Vice President Charles Curtis to celebrate his Native American heritage. And that chair, now on loan to us—the search was victorious—and the chair now resides in the Vice President's ceremonial office.

Since that acquisition, I'm pleased to report we've made progress on other fronts, as well. We have subsequently acquired a Brumidi oil sketch, which was a preliminary treatment for the signing of the first Treaty of Peace with Great Britain, which, of course, in its finished form, is on the first floor of the Capitol, in the Brumidi corridors. And I would add, just coincidentally, this year happens to mark the 200th anniversary of Brumidi's birth. We are working with the Architect of the Capitol on several ways that we can commemorate that historic occasion in the Capitol this summer.

Our historical office also came into possession, this last year, of a wonderful treasure of scrapbooks that contain photographs of nearly 900 Senators, from the Senate's early days up to the early 20th century. Many of these were from Members for whom we had no prior photograph or record. Some we believe may even be the photographs done by Matthew Brady, the very famous Civil War photographer. This treasure actually came to us from a lifelong

Washington resident. He grew up on Capitol Hill, and one of his fondest memories is that he was often walked to school by Chief Justice Taft. Thanks to his generosity, our historical office is now putting together, for the first time ever, a pictorial directory of the images of all Senators who have served since 1789, by State and class.

While we focus on the rich history and tradition of the Senate in the Secretary's office, we certainly don't ignore the fact that technology continues to dramatically change the way we deliver services to the Senate in this 21st century. The Senate Library, for example, just late last year completed an ambitious project to provide its entire catalog online through the Senate intranet, Webster, so you can now review our catalog of 158,000 items literally from your desk. In addition, the use of our public website, senate.gov, continues to grow, a 9 percent increase last year, with almost 3.3 million visitors per month.

The second of our two mandated systems, the Legislative Information System (LIS), is a technological achievement, in and of itself. I'm delighted to report that, already in this Congress, working in conjunction with the Office of Senate Legislative Counsel, we've used this system to draft legislation, and 75 percent of the introduced and reported bills have been created as XML documents through this project. Once again, this subcommittee has generously supported that initiative.

And, quickly, there are two special projects I want to mention that don't necessarily fall tidily within our mission of legislative, financial, and administrative responsibilities, but they are two projects that we have the unique opportunity to work on in election and inaugural years. In November, we organized and executed the orientation program for our nine new Senators, their spouses, and staffs, and we were very fortunate to have the guidance of four of your colleagues, current Members, Senators Alexander, Carper, Pryor, and Voinovich, who wanted to set a new standard for orientation. And, thanks to their leadership, I believe we did, with an intensive 4-day program, with over two dozen Senators, on a bipartisan basis, serving as facilitators and instructors for their new colleagues.

Our staff was also honored to assist the Joint Congressional Committee on Inaugural Ceremonies in the preparation and execution of the 55th inaugural. From the closed-captioners, who provided the captioning for the jumbotrons, to the curator and Historian serving on the JCCIC website design team, it was really our honor to take a small role in that presentation.

Our operation, as you can see, is one that relies heavily on its human capital. While our operating budget is small, it is the teamwork, it is our employees, that make the Secretary's operation click. We are collaborative partners in so many ways, and in so many different levels within our departments themselves, within the office, also with disbursing, reaching out to administrative managers on the applications of FMIS. We work closely with Mr. Hantman and the entire team in the Architect's office, on the construction issues, and the planning of the CVC. And, finally, in so many ways, we're joined with the Sergeant at Arms in the ongoing

important effort of continuity of Government planning and preparation.

PREPARED STATEMENT

It's a real privilege to be part of that team and to serve as the Senate's 31st Secretary, to be part of that rich tradition and heritage of the Senate, but also to be planning and preparing for its future. On balance, I believe we've presented a budget for you today that will enable us to continue to provide the best possible legislative, financial, and administrative services to the United States Senate.

I thank you for your time and look forward to any questions. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF EMILY J. REYNOLDS

Mr. Chairman, Senator Durbin and Members of the Subcommittee, thank you for your invitation to present testimony in support of the budget request of the Office of the Secretary of the Senate for fiscal year 2006.

Detailed information about the work of the 26 departments of the Office of the Secretary is provided in the annual reports which follow. I am pleased to provide this statement to highlight the achievements of the Office and the outstanding work of our dedicated employees.

My statement includes: Presenting the fiscal year 2006 budget request; implementing mandated systems: Financial Management Information System (FMIS) and Legislative Information System (LIS); Capitol Visitor Center; continuity of operations planning; and maintaining and improving current and historic legislative, financial and administrative services.

PRESENTING THE FISCAL YEAR 2006 BUDGET REQUEST

I am requesting a total fiscal year 2006 budget of $22,766,000.

The fiscal year 2006 budget request is comprised of $20,866,000 in salary costs and $1,900,000 for the operating budget of the Office of the Secretary. The salary budget represents an increase over the fiscal year 2005 budget as a result of (1) the costs associated with the annual Cost of Living Adjustment in the amount of $672,000 and (2) an additional $608,000 for merit increases and other staffing. The operating budget represents an increase for (1) costs to be incurred for the support and maintenance of systems upgrades for the gift shop and stationery room and (2) costs to be incurred for the Curator's storage space along with the relocation of Senate Security and Captioning Services.

The net effect of my total budget request for fiscal year 2006 is an increase of $1,480,000.

Our request in the operating budget is a sound one, enabling us to meet our operating needs and provide the necessary services to the United States Senate through our legislative, financial and administrative offices.

In reference to the salary budget, first and foremost, this request will enable us to continue to attract and retain talented and dedicated individuals to serve the needs of the United States Senate.

OFFICE OF THE SECRETARY APPORTIONMENT SCHEDULE

Item	Amount available fiscal year 2005, Public Law 108–447	Budget estimate fiscal year 2006	Difference
Departmental operating budget:			
Executive office	$525,000	$550,000	+$25,000
Administrative services	1,135,000	1,290,000	+155,000
Legislative services	40,000	60,000	+20,000
Total operating budget	1,700,000	1,900,000	+200,000

IMPLEMENTING MANDATED SYSTEMS

Two systems critical to our operation are mandated by law, and I would like to spend a few moments on each to highlight recent progress, and to thank the committee for your ongoing support of both.

Financial Management Information System (FMIS)

The Financial Management Information System, or FMIS, is used by approximately 140 offices (100 Senators' offices, 20 Committees and 20 Leadership and support offices). Consistent with our five year strategic plan, the Disbursing Office continues to modernize processes and applications to meet the continued demand by our Senate offices for efficiency, accountability and ease of use. Our goal is to move to a paperless voucher system, improve the Web-FMIS system, and make payroll and accounting system improvements.

During fiscal year 2004 and the first half of fiscal year 2005, specific progress made on the FMIS project included:

—Web FMIS has been completely rewritten as a "zero-client" application accessed via a website, "webfmis.senate.gov". Our implementation began in August 2004 with a pilot of 15 offices, including Senators, Committees and Leadership & Support offices. During the Fall, it continued for new office managers, and in January the intranet version of Web FMIS was provided to the new offices of the 109th Congress. As of the end of March, it was in use by 60 offices. Roll out to the remaining offices has been announced with a schedule of completion by the end of April.

—The new version of Web FMIS provides functionality desired by the Web FMIS users group, which participated in the design process. The functionality enjoyed most by users is the automatic determination of funding year to which a payment is charged based on the obligation start date. This seemingly small change has improved efficiency and reduced mistakes substantially. Additionally, it has no files on the users PC, which improves our ability to function in a disaster recovery situation.

—For the SAVI system, which enables Senate staff to create Expense Summary Reports online and to check the status of reimbursement payments, over a course of several upgrades, we provided additional user functionality. Specifically, the upgrades enabled users to prepare and submit Non-travel Expense Summary Reports (in addition to Travel Expense Summary Reports), to request e-mail notification of payments made via direct deposit, to define their own log-on ids and to maintain their own e-mail addresses; completed security enhancements; and implemented a simplified web address "savi.senate.gov" and architectural changes, which simplify disaster recovery infrastructure at the ACF.

—As a non-Treasury disbursing office, the Senate pays bills via direct deposit and checks. During 2004, we made substantial progress on both fronts.

  —In March 2004, we implemented use of laser checks. Staff and vendors not receiving payments via direct deposit now receive checks printed on a laser printer. This has several benefits. Use of a standard laser printer enhances our ability to work off-site, should the need arise, and produces a higher quality print which prevents negotiation of checks for an unintended dollar amount and helps the Postal Service to deliver checks. Use of laser checks required that the U.S. Treasury create a check and stub form for use by the Senate.

  —In May 2004, we offered direct deposit payment to all external vendors. In 2002, we began making reimbursements to Senate staff via direct deposit and in June 2003 we made our first direct deposit payments to external vendors on a pilot basis. Of the approximately 6,000 non-payroll payments made in February 2005, overall, 59 percent were made via direct deposit; of the approximately 2,000 reimbursements to Senate staff, 87 percent were made via direct deposit and of the approximately 4,000 payments to external vendors, 47 percent were made via direct deposit.

—The Sergeant at Arms staff use ADPICS and FAMIS, the mainframe components of FMIS, for procurement activities. In 2004 we contracted with Bearing Point to make system and reporting enhancements to these systems that align system functionality with SAA business practices. By the end of March 2005, the requirements for the system enhancements were approved by the SAA staff and the reports were delivered for testing.

—One of the goals of FMIS is to implement paperless voucher processing. This requires implementation of electronic signatures, and imaging of supporting documentation, both of which present complex and challenging issues. Our focus has been on revising the requirements for these functions, including a phased

approach for implementation (i.e., a pilot vs. long term). In addition, we assessed the risks associated with paperless voucher processing, identified policy and process issues to be resolved, and began to analyze the appropriate hardware/software acquisition strategy.

—Disaster operation services for FMIS are provided at the Alternate Computer Facility. In December 2004, we conducted an intensive two-day test of operating critical FMIS subsystems at this location. Our tests of all mainframe systems (i.e., payroll, ADPICS and FAMIS) were successful and we were able to simulate making payroll and voucher payments via direct deposit and check. Additionally, we were able to create, post, and print documents via Web FMIS and ADPICS. Document printing has always presented problems during past tests at other facilities; however, the system configuration at the ACF has resolved this problem.

—The computing infrastructure for FMIS is provided by the Sergeant at Arms. Each year upgrades are made to the infrastructure software. The major upgrade this year is implementation of a new version of the mainframe operating system software, "Z/OS", scheduled for the end of April 2005. This required two steps, installation of an upgrade to the current operating system, OS390, which was completed in October 2004, and the upcoming implementation of Z/OS. These upgrades require FMIS testing, both before implementation to identify and resolve any incompatibilities, and after implementation to verify that all functions are working properly.

During the remainder of fiscal year 2005 the following FMIS activities are anticipated:

—Complete implementing the intranet version of Web FMIS in all Senate offices.

—Implementing the system and reporting enhancements for the Sergeant at Arms.

—Completing analysis of the appropriate hardware/software acquisition strategy for electronic signatures, and imaging of supporting documentation, and begin acquisition.

—Conducting an additional test of FMIS functionality at the Alternate Computing Facility, including testing two FMIS sub-systems, Web FMIS reports and SAVI, that were not previously tested.

—Implementing e-mail notification to vendors of payments made via direct deposit.

During fiscal year 2006 the following FMIS activities are anticipated:

—Conducting a pilot of the technology for paperless payment. This assumes identification of satisfactory hardware and software for electronic signatures and imaging of supporting documentation, and resolution of related policy and process issues.

—Developing requirements for integrating the Funds Advance Tracking System (FATS system) into FMIS. The FATS system, a stand-alone PC-based system, tracks election cycle information used in the voucher-review process, and tracks travel advances and petty cash advances against dollar maximum and total allocation rules.

—Implementing on-line distribution of payroll system reports.

A more detailed report on FMIS is included in the departmental report of the Disbursing Office which follows.

Legislative Information System (LIS)

The LISAP project team is developing the Senate's legislative editing XML application (LEXA), and the Office of the Senate Legislative Counsel (SLC) began using it last year to draft legislation. The SLC offered valuable feedback throughout the year regarding LEXA's continued development as existing features were enhanced and additional document types, such as amendments and reported bills, were added to LEXA. The use of LEXA by the SLC has gradually increased, and so far in the 109th Congress, approximately 75 percent of the introduced and reported bills have been created as XML documents. The LISAP project team is now working with the Office of the Enrolling Clerk toward preparing engrossed and enrolled bills in XML.

The document management system (DMS) for the SLC will be implemented once the SLC has completed the transition from XyWrite to LEXA and a substantial number of drafts are created in XML. The SLC's DMS will be integrated with LEXA and will provide a powerful tracking, management, and delivery tool. The software used to convert locator documents to XML was updated to provide a more robust tool, and a joint project to convert the compilations of current law to an XML format is nearing completion.

The Government Printing Office (GPO) also began using LEXA last year to prepare and print XML documents as requested and to provide support for LEXA as

directed in the 2004 Legislative Branch Appropriations Act. GPO took over maintenance and support of the coding and style sheet portion of LEXA that converts an XML document to locator for printing through Microcomp. GPO also developed the style sheet that will be used to display XML documents on the LIS website (www.congress.gov) and on thomas.loc.gov in a format that more closely resembles the printed document (without page and line numbers).

CAPITOL VISITOR CENTER

While the Architect of the Capitol directly oversees this massive and impressive project, I would like to briefly mention the ongoing involvement of the Secretary's office in this endeavor. My colleague, the Clerk of the House, and I continue to facilitate weekly meetings with senior staff of the joint leadership of Congress to address and hopefully quickly resolve issues that might impact the status of the project or the operations of Congress in general.

In addition, I also facilitate weekly meetings with the Architect's office for the senior staff of the Senate Sergeant at Arms, Capitol Police, Rules Committee and Appropriations Committee, to address the expansion space plans for the Senate and any issues with regard to the CVC's construction that may directly impact Senate operations.

Although the construction creates numerous temporary inconveniences to Senators, staff and visitors, completion of the Capitol Visitor Center will bring substantial improvements in enhanced security and visitor amenities, and its educational benefits for our visitors will be tremendous.

CONTINUITY OF OPERATIONS AND EMERGENCY PREPAREDNESS PLANNING

The Office of the Secretary maintains a Continuity of Operations (COOP) program to ensure that the Senate can fulfill its constitutional obligations under any circumstances. Plans are in place to support Senate floor operations both on and off Capitol Hill, and to permit each department within the Office of the Secretary to perform its essential functions during and after an emergency.

COOP planning in the Office of the Secretary began in late 2000. Since that time, we have successfully implemented COOP plans during the anthrax and ricin incidents, and have conducted roughly one dozen drills and exercises to test and refine our plans. In conjunction with the Senate Sergeant at Arms, Capitol Police, the Office of the Attending Physician, and the Architect of the Capitol, we have established and exercised Emergency Operations Centers, Briefing Centers and Alternate Senate Chambers, both on and off Capitol Hill.

In addition, we have identified equipment, supplies and other items critical to the conduct of essential functions, and have assembled "fly-away kits" for the Senate Chamber, and for each department of the Office of the Secretary. Multiple copies of each fly-away kit have been produced. Some are stored in our offices, and back-up kits are stored nearby but off the main campus, as well as at other sites outside the District of Columbia. This approach will enable the Office of the Secretary to resume essential operations in 12 to 24 hours, even if there is no opportunity to retrieve anything from our offices.

Today, the Office of the Secretary is prepared to do the following in the event of an emergency: support Senate Floor operations in an Alternate Senate Chamber within twelve hours on campus, and in 24 to 72 hours off campus, depending upon location; support an emergency legislative session at a Briefing Center, if required; support Briefing Center Operations at any of three designated locations within one hour; and activate an Emergency Operations Center on campus or at Postal Square within one hour.

Activities in the Past Year

During the past year, the Office of the Secretary continued to update, refine and exercise emergency preparedness plans and operations. Specific activities included the following: Activated an Emergency Operations Center, Leadership Coordination Center and selected departmental COOP plans during the ricin incident response; participated in the Capitol Police Incident Command during the ricin incident response; provided supplies to temporary offices in the Capitol and Postal Square during the ricin incident response; conducted an offsite Alternate Chamber exercise and a Briefing Center exercise; and reviewed and updated the COOP plans of all departments of the Office of the Secretary.

The central mission of the Office of the Secretary is to provide the legislative, financial and administrative support required for the conduct of Senate business. Our emergency preparedness programs are designed to ensure that the Senate can carry out its Constitutional functions under any circumstances. These programs are crit-

ical to our mission, and they are a permanent, integral part of the Secretary's ongoing operation.

MAINTAINING AND IMPROVING CURRENT AND HISTORIC LEGISLATIVE, FINANCIAL AND ADMINISTRATIVE SERVICES

LEGISLATIVE OFFICES

The Legislative Department of the Office of the Secretary of the Senate provides the support essential to Senators to perform their daily chamber activities as well as the constitutional responsibilities of the Senate. The department consists of eight offices—the Bill Clerk, Captioning Services, Daily Digest, Enrolling Clerk, Executive Clerk, Journal Clerk, Legislative Clerk, and the Official Reporters of Debates—all supervised by the Secretary through the Legislative Clerk. The Parliamentarian's office is also within the Legislative Department of the Secretary of the Senate.

Each of the nine offices within the Legislative Department is supervised by experienced veterans of the Secretary's office. The average length of service of legislative supervisors is 20 years. There is not one supervisor with less than 14 years of service. The experience of these senior professional staff is a great asset for the Senate. As in previous years and in order to ensure continued well-rounded expertise, the legislative team has cross-trained extensively among their specialties.

1. BILL CLERK

The Office of the Bill Clerk collects and records data on the legislative activity of the Senate, which becomes the historical record of official Senate business. The Bill Clerk's Office keeps this information in its handwritten files and ledgers and also enters it into the Senate's automated retrieval system so that it is available to all House and Senate offices via the Legislative Information System (LIS). The Bill Clerk records actions of the Senate with regard to bills, resolutions, reports, amendments, cosponsors, public law numbers, and recorded votes. The Bill Clerk is responsible for preparing for print all measures introduced, received, submitted, and reported in the Senate. The Bill Clerk also assigns numbers to all Senate bills and resolutions. All the information received in this office comes directly from the Senate floor in written form within moments of the action involved. As a result, the Bill Clerk's Office is generally regarded as the most timely and most accurate source of legislative information.

The Bill Clerk's Office continues to provide Senate offices and the public information on Senate legislative status with a high degree of accuracy and speed, both through the Senate LIS system (when questions on status concern legislation from prior days) and over the phone (mostly for same-day information).

Legislative Activity

The Bill Clerk's Office processed less legislation and fewer roll call votes during the second session of the108th Congress compared to the first session of the 108th Congress. Below is a comparative summary of the second sessions of the 107th and the 108th congresses, as well as a comparative summary of both sessions of the 107th and the 108th congresses:

	107th Congress, 2nd Session	108th Congress, 2nd Session
Senate Bills	1,298	1,032
Senate Joint Resolutions	23	16
Senate Concurrent Resolutions	67	66
Senate Resolutions	170	204
Amendments Submitted	2,287	1,857
House Bills	298	322
House Joint Resolutions	12	12
House Concurrent Resolutions	84	87
Measures Reported	406	317
Written Reports	219	208
Total Legislation	4,864	4,121
Roll Call Votes	253	216

For comparative purposes, here is a final cumulative summary of both sessions of the 107th and the 108th congresses:

	107th Congress	108th Congress
Senate Bills	3,181	3,035
Senate Joint Resolutions	53	42
Senate Concurrent Resolutions	160	152
Senate Resolutions	368	487
Amendments Submitted	4,984	4,088
House Bills	562	604
House Joint Resolutions	29	32
House Concurrent Resolutions	175	165
Measures Reported	653	659
Written Reports	351	428
Total Legislation	10,516	9,692
Roll Call Votes	633	675

Assistance from the Government Printing Office (GPO)

The Bill Clerk's office maintains a good working relationship with the Government Printing Office with a common goal to provide the best service possible to meet the needs of the Senate. Toward this end, the Government Printing Office continues to respond in a timely manner to the Secretary's request through the Bill Clerk's office for the printing of bills and reports, including the printing of priority matters for the Senate Chamber. Specifically, the Secretary requested, through the Bill Clerk, that GPO reprint (star print) roughly 40 measures during the course of the Congress, and that GPO expedite the printing of slightly more than one hundred measures for consideration by the Senate.

Projects

Amendment Tracking System (ATS).—Rules Committee staff approached our office with the task of scanning submitted amendments onto the Amendment Tracking System on LIS. The Rules Committee has identified a need for Senate staff, to have all amendments submitted in the Senate made available to them online shortly after being submitted, especially during cloture. The Rules Committee also requested that the Secretary through the Bill Clerk assess the feasibility of lifting the page limitation for scanning amendments onto the ATS Indexer. In response, the Bill Clerk contacted the Technology Development division of the Sergeant at Arms office to outline the technical requirements needed to implement such a request. A draft has now been completed. Once the final version is delivered, the Secretary through the Bill Clerk, in consultation with the Legislative Clerk, will ascertain the legislative requirements needed in order for the staff to implement this request. The system must be designed and implemented without sacrificing critical services to the functioning of the Senate Chamber, and specifically the amendment process.

Electronic Ledger System.—Shortly after the September 2001 attacks and the subsequent anthrax attacks in the Capitol complex, the Bill Clerk identified the need to have a electronic version of the official Senate ledgers in order to ensure the integrity of the information recorded in the ledgers. The electronic version will be portable for use during possible emergency scenarios. At the clerk's request, the Technology Development division of the Sergeant at Arms is working to develop two separate functions of this electronic ledger system. One is an electronic data entry system which will mimic the layout of the current Senate ledgers printed by the Government Printing Office; the other is a search function. Both of these programs will be housed on a separate server to maintain the integrity of the ledger data. The electronic ledger system is currently under development. To further advance the project, the ELS project team at Postal Square has spent much time updating and converting data.

2. OFFICE OF CAPTIONING SERVICES

The Office of Captioning Services provides realtime captioning of Senate floor proceedings for the deaf and hard-of-hearing and unofficial electronic transcripts of Senate floor proceedings to Senate offices via the Senate Intranet.

Accuracy remains the watchword of Captioning Services. Overall caption quality is monitored through translation data reports, monitoring the captions in realtime and reviewing the caption files on the Senate Intranet.

A cooperative effort between the Senate Rules Committee, the Judiciary Committee, the Sergeant at Arms and the Secretary of the Senate in fiscal year 2002

to develop a Pilot Project to realtime caption Senate Committee Hearings resulted in a Judiciary Committee Captioning Committee Pilot Project.

Voice recognition technology continues to improve and the Office of Captioning Services is on the cutting edge of testing and evaluating these products as they evolve. The Pilot Project to realtime caption Judiciary Committee hearings employed the newest hardware and software developed for voice recognition captioning.

During fiscal year 2005, considerable energy was expended to update the hardware, software and documentation in our COOP flyway kit to enhance the ability to successfully caption from a remote location.

The primary objective for fiscal year 2006 is to plan for the procurement and installation of equipment and relocation of the Office of Captioning Services to the Capitol Visitors Center.

3. DAILY DIGEST

The Senate Daily Digest serves seven principal functions:

—To render a brief, concise and easy-to-read accounting of all official actions taken by the Senate in the Congressional Record section known as the Daily Digest.

—To compile an accounting of all meetings of Senate committees, subcommittees, joint committees and committees of conference.

—To enter all Senate and Joint committee scheduling data into the Senate's web-based scheduling application system. Committee scheduling information is also prepared for publication in the Daily Digest in three formats: Day-Ahead Schedule; Congressional Program for the Week Ahead; and the extended schedule which actually appears in the Extensions of Remarks section of the Congressional Record.

—To enter into the Senate's Legislative Information System all official actions taken by Senate committees on legislation, nominations, and treaties.

—To publish in the Daily Digest a listing of all legislation which has become public law.

—To publish on the first legislative day of each month in the Daily Digest a "Resume of Congressional Activity" which includes all Congressional statistical information, including days and time in session; measures introduced, reported and passed; and roll call votes.

—To assist the House Daily Digest Editor in the preparation at the end of each session of Congress a history of public bills enacted into law and a final resume of congressional statistical activity.

Committee Activity

Senate committees held a total of 787 meetings during the second session, as contrasted with 930 meetings during the second session, of the 107th Congress.

As more specifically defined above, all hearings and business meetings (including joint meetings and conferences) are scheduled through the Office of the Senate Daily Digest and are published in the Congressional Record and entered in the web-based applications system (Legislative Information System). Meeting outcomes are also published by the Daily Digest in the Congressional Record each day.

Chamber Activity

The Senate was in session a total of 133 days, for a total of 1,031 hours and 31 minutes. There was one live quorum call and 216 recorded votes. (A 20-Year Comparison of Senate Legislative Activity follows).

20-YEAR COMPARISON OF SENATE LEGISLATIVE ACTIVITY

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Senate Convened	1/3	1/21	1/6	1/25	1/3	1/23	1/3	1/3	1/5	1/25
Senate Adjourned	12/20	10/18	12/22	10/21	11/21	10/28	1/3/92	10/9	11/26	12/01
Days in Session	170	143	170	137	136	138	158	129	153	138
Hours in Session	1,252′31″	1,278′15″	1,214′52″	1,126′48″	1,003′19″	1,250′14″	1,200′44″	1,091′09″	1,269′41″	1,243′33″
Average Hours per Day	7.4	8.9	7.1	8.2	7.4	9.1	7.6	8.5	8.3	9.0
Total Measures Passed	583	747	616	814	605	716	626	651	473	465
Roll Call Votes	381	359	420	379	312	326	280	270	395	329
Quorum Calls	20	16	36	26	11	3	3	5	2	6
Public Laws	240	424	240	473	240	244	243	347	210	255
Treaties Ratified	6	12	3	15	9	15	15	32	20	8
Nominations Confirmed	55,918	39,893	46,404	42,317	45,585	42,493	45,369	30,619	38,676	37,446
Average Voting Attendance	94.64	95.72	94.03	91.58	98.0	97.47	97.16	95.4	97.6	97.02
Sessions Convened Before 12 Noon	119	117	131	120	95	116	126	112	128	120
Sessions Convened at 12 Noon	38	25	12	12	14	4	9	.....	6	9
Sessions Convened after 12 Noon	13	1	25	5	27	17	23	10	15	17
Sessions Continued after 6 p.m	104	92	97	37	88	100	102	91	100	100
Sessions Continued after 12 Midnight	7	15	6	7	9	13	6	4	9	7
Saturday Sessions	3	2	3	.....	1	3	2	2	2	3
Sunday Sessions	1	.....	1	.....	.....	2	.....	.....	.....	.....

20-YEAR COMPARISON OF SENATE LEGISLATIVE ACTIVITY—Continued

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Senate Convened	1/4	1/3	1/3	1/27	1/6	1/24	1/3	1/23	1/7	1/20
Senate Adjourned	1/3/96	10/4	11/13	10/21	11/19	12/15	12/20	11/20	12/9	12/8
Days in Session	211	132	153	143	162	141	173	149	167	133
Hours in Session	1,839′10″	1,036′45″	1,093′07″	1,095′05″	1,183′57″	1,017′51″	1,236′15″	1,042′23″	1,454′05″	1,031′31″
Average Hours per Day	8.7	7.8	7.1	7.7	7.3	7.2	7.1	7.0	8.7	7.7
Total Measures Passed	346	476	386	506	549	696	425	523	590	663
Roll Call Votes	613	306	298	314	374	298	380	253	459	216
Quorum Calls	3	2	6	4	7	6	3	2	3	1
Public Laws	88	245	153	241	170	410	136	241	198	300
Treaties Ratified	10	28	15	53	13	39	3	17	11	15
Nominations Confirmed	40,535	33,176	25,576	20,302	22,468	22,512	25,091	23,633	21,580	24,420
Average Voting Attendance	98.07	98.22	98.68	97.47	98.02	96.99	98.29	96.36	96.07	95.54

20-YEAR COMPARISON OF SENATE LEGISLATIVE ACTIVITY—Continued—Continued

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Sessions Convened Before 12 Noon	184	113	115	109	118	107	140	119	133	104
Sessions Convened at 12 Noon	2	15	12	31	17	25	10	12	4	9
Sessions Convened after 12 Noon	12	7	7	2	19	24	21	23	23	21
Sessions Continued after 6 p.m	158	88	96	93	113	94	108	103	134	129
Sessions Continued after 12 Midnight	3	1	.....	.....	.....	.....	2	3	8	2
Saturday Sessions	5	1	1	1	3	1	3	.....	1	2
Sunday Sessions	3	.....	1	.....	.....	1	.....	.....	1	1

Prepared by the Senate Daily Digest—Office of the Secretary.

Technology Updates and Government Printing Office

The Daily Digest continues to send the complete publication at the end of each day to the Government Printing Office electronically. The Editor, Assistant Editor, and Committee Scheduling Coordinator function solely within the framework of adaptability to preparing Digest copy on computers, storing and sharing information, permitting prompt editing, and the final transfer to floppy disc. The Digest continues the practice of sending a disc along with a duplicate hard copy to GPO, even though GPO receives the Digest copy by electronic transfer long before hand delivery is completed adding to the timeliness of publishing the Congressional Record. The Digest office continues to feel comfortable with this procedure, both to allow the Digest Editor to physically view what is being transmitted to GPO, and to allow GPO staff to have a comparable final product to cross reference.

The Daily Digest continues the practice of discussing with the Government Printing Office problems encountered with the printing of the Digest, and are pleased to report that with the onset of electronic transfer of the Digest copy, occurrences of editing corrections or transcript errors are infrequent.

The Digest office continues to work closely with Senate computer staff to refine the LIS/DMS system, including further refinements to the Senate Committee Scheduling application which will improve the data entry process. The committee scheduling application was developed back in 1999 as a server-based web-enabled application that is browser accessible to all Senate offices on Capitol Hill. It was designed to replace the committee scheduling functions and reports that were supported by the mainframe-based Senate Legis System.

Office Summary

The Daily Digest consults on a daily basis with the Senate Parliamentarians, Legislative, Executive, Journal, and Bill Clerks, the Official Reporters of Debates, as well as the staffs of the Policy Committees and other committee staffs, and is grateful for the continued support from these offices.

4. ENROLLING CLERK

The Enrolling Clerk prepares, proofreads, corrects and prints all legislation passed by the Senate prior to its transmittal to the House of Representatives, the White House, the National Archives, the Secretary or State and/or the United States Claims Court.

In 2004, 86 enrolled bills (transmitted to the President) and 14 concurrent resolutions (transmitted to Archives) were prepared, proofread, corrected and printed on parchment.

A total of 673 additional pieces of legislation in one form or another were passed or agreed to by the Senate, requiring processing by the Enrolling Clerk.

5. EXECUTIVE CLERK

The Executive Clerk prepares an accurate record of actions taken by the Senate during executive sessions (proceedings on nominations and treaties) which is published as the Executive Journal at the end of each session of Congress. The Executive Clerk also prepares daily the Executive Calendar as well as all nomination and treaty resolutions for transmittal to the President. Additionally, the Executive Clerk's office processes all executive communications, presidential messages and petitions and memorials.

Nominations

During the second session of the 108th Congress, there were 340 nomination messages sent to the Senate by the President, transmitting 24,420 nominations to positions requiring Senate confirmation and 26 messages withdrawing nominations previously sent to the Senate. Of the total nominations transmitted, 336 were for civilian positions other than lists in the Foreign Service, Coast Guard, NOAA, and Public Health Service. In addition, there were 4,077 nominees in the "civilian list" categories named above. Military nominations received this session totaled 20,003 (6,077—Air Force, 5,324—Army, 7,375—Navy and 1,227—Marine Corps). The Senate confirmed 27,047 nominations this session. Pursuant to the provisions of paragraph six of Senate Rule XXXI, 4,129 nominations were returned to the President during the second session of the 108th Congress.

Treaties

There were 14 treaties transmitted to the Senate by the President during the second session of the 108th Congress for its advice and consent to ratification, which were ordered printed as treaty documents for the use of the Senate (Treaty Doc. 108–15 through 108–28). The Senate gave its advice and consent to 18 treaties with

various conditions, declarations, understandings and provisos to the resolutions of advice and consent to ratification.

Executive Reports and Roll Call Votes

There were 14 executive reports relating to treaties ordered printed for the use of the Senate during the second session of the 108th Congress (Executive Report 108–9 through 108–14). The Senate conducted 32 roll call votes in executive session, all on or in relation to nominations.

Executive Communications

For the second session of the 108th Congress, 4,932 executive communications, 212 petitions and memorials and 39 Presidential messages were received and processed.

Legislative Information System (LIS) Update

The staff consulted with the Senate Computer Center during the year concerning the ongoing improvements to the LIS concerning the processing of nominations, treaties, executive communications, presidential messages and petitions and memorials.

The Senate Computer Center developed a new program for the Executive Calendar that has proved more efficient and error free. The SAA computer programming and systems design staff have were very helpful in consulting with our office concerning our requirements. The SAA also has underway a much needed redesign of a program for creating and publishing the Executive Journal.

6. JOURNAL CLERK

The Journal Clerk takes notes of the daily legislative proceedings of the Senate in the "Minute Book" and prepares a history of bills and resolutions for the printed Journal of the Proceedings of the Senate, or Senate Journal, as required by Article I, Section V of the Constitution. The Senate Journal is published each calendar year. In 2004, the Journal Clerk completed the production of the 1,146 page Senate Journal for 2003.

The Journal staff each take 90 minute turns at the rostrum in the Senate Chamber, noting by hand for inclusion in the Minute Book (i) all orders (entered into by the Senate through unanimous consent agreements), (ii) legislative messages received from the President of the United States, (iii) messages from the House of Representatives, (iv) legislative actions as taken by the Senate (including motions made by Senators, points of order raised, and roll call votes taken), (v) amendments submitted and proposed for consideration, (vi) bills and joint resolutions introduced, and (vii) concurrent and Senate resolutions as submitted. These notes of the proceedings are then compiled in electronic form for publication.

After extensive testing, the LIS Senate Journal Authoring System was completed in early 2004. The Journal staff utilized this system through all phases of production for the first time to successfully compile the 2004 Journal which was sent to the Government Printing Office for printing in mid-March.

7. LEGISLATIVE CLERK

The Legislative Department provides support essential to Senators in carrying out their daily chamber activities as well as the constitutional responsibilities of the Senate. The Legislative Clerk sits at the Secretary's desk in the Senate Chamber and reads aloud bills, amendments, the Senate Journal, Presidential messages, and other such materials when so directed by the Presiding Officer of the Senate. The Legislative Clerk calls the roll of members to establish the presence of a quorum and to record and tally all yea and nay votes. This office prepares the Senate Calendar of Business, published each day that the Senate is in session, and prepares additional publications relating to Senate class membership and committee and subcommittee assignments. The Legislative Clerk maintains the official copy of all measures pending before the Senate and must incorporate into those measures any amendments that are agreed to. This office retains custody of official messages received from the House of Representatives and conference reports awaiting action by the Senate. This office is responsible for verifying the accuracy of information entered into the LIS system by the various offices of the Secretary.

Additionally, the Legislative Clerk acts as supervisor for the Legislative Department providing a single line of communication to the Assistant Secretary and Secretary, and is responsible for overall coordination, supervision, scheduling, and cross training.

Summary of Activity

The second session of the 108th Congress completed its legislative business and adjourned sine die on December 8, 2004. During 2004, the Senate was in session 133 days and conducted 216 roll call votes. There were 317 measures reported from committees, 663 total measures passed, and there were 296 items remaining on the Calendar at the time of adjournment. In addition, there were 1,857 amendments processed.

Cross-Training

Recognizing the importance of planning for the continuity of Senate business, under both normal and possibly extenuating circumstances, cross-training is strongly emphasized among the Secretary's legislative staff. To ensure additional staff are trained to perform the basic floor responsibilities of the Legislative Clerk, as well as the various other floor-related responsibilities of the Secretary, approximately half of the legislative staff are currently involved or have recently been involved in cross-training.

Legislative Information System (LIS) Enhancement

In an effort to monitor and improve the Legislative Information System (LIS), the Legislative Clerk acts as the liaison between legislative clerks and technical operations staff of the Sergeant at Arms by scheduling and conducting meetings when necessary. Also, the Legislative Clerk reviews, prioritizes, and forwards change requests from the clerks to the technical operations staff. Over the past year, 45 change requests submitted by the clerks to improve the system have been implemented.

8. OFFICIAL REPORTERS OF DEBATES

The Official Reporters of Debates prepare and edit for publication in the Congressional Record a substantially verbatim report of the proceedings of the Senate, and serve as liaison for all Senate personnel on matters relating to the content of the Record. The transcript of proceedings, submitted statements and legislation are transmitted in hard copy and electronically throughout the day to the Government Printing Office (GPO).

The office works diligently to assure that the electronic submissions to GPO are timely and efficient. The Official Reporters encourage offices to make submissions to the Record by electronic means, which results in both a tremendous cost saving to the Senate and minimizes keyboard errors.

To further efficiency, the office provides guidelines on format for the Congressional Record. These provide a helpful tool to assure an accurate and timely printing of each day's Record.

The office updated its ProCat transcription software at the beginning of last year. With the help of the Information Systems department, the office was able to make the necessary adjustments to accomplish the latest software update.

9. PARLIAMENTARIAN

The Parliamentarian's Office continues its performance of normal legislative duties. These include advising the Chair, Senators and their staff, as well as committee staff, House members and their staffs, administration officials, the media and members of the general public, on all matters requiring an interpretation of the Standing Rules of the Senate, the precedents of the Senate, unanimous consent agreements, as well as provisions of public law affecting the proceedings of the Senate.

The Parliamentarians work in close cooperation with the Senate leadership and their floor staffs to coordinate all of the business on the Senate floor. The Parliamentarian or one of his assistants is always present on the Senate floor when the Senate is in session, standing ready to assist the Presiding Officer in his or her official duties, as well as to assist any other Senator on procedural matters. The Parliamentarians work closely with the staff of the Vice President of the United States and the Vice President himself whenever he performs his duties as President of the Senate.

The Parliamentarians monitor all proceedings on the floor of the Senate, advise the Presiding Officer on the competing rights of the Senators on the floor, and advise all Senators as to what is appropriate in debate. The Parliamentarians keep track of the amendments offered to the legislation pending on the Senate floor, and monitor them for points of order. In this respect, the Parliamentarians reviewed more than 1,000 amendments during 2004 to determine if they met various procedural requirements, such as germaneness. The Parliamentarians also reviewed

thousands of pages of conference reports to determine what provisions could appropriately be included therein.

The Office of the Parliamentarian is responsible for the referral to the appropriate committees of all legislation introduced in the Senate, all legislation received from the House, as well as all communications received from the executive branch, state and local governments, and private citizens. In order to perform this responsibility, the Parliamentarians do extensive legal and legislative research. During 2004, the Parliamentarian and his assistants referred 1,271 measures and 5,183 communications to the appropriate Senate committees. The office worked extensively with Senators and their staffs to advise them of the jurisdictional consequences of particular drafts of legislation, and evaluated the jurisdictional effect of proposed modifications in drafting. The office continues to address the jurisdictional questions posed by the creation of the Department of Homeland Security, which now has responsibility for hundreds of issues previously in the jurisdiction of other Senate committees, by the adoption of S. Res. 445 reorganizing intelligence and homeland security jurisdiction in the Senate, and by the enactment of the Intelligence Reform and Terrorism Prevention Act of 2004. The Parliamentarians have made dozens of decisions about the committee referrals of nominations for new positions created in Homeland Security, nominations for positions which existed before the department was created but whose responsibilities have changed, and hundreds of legislative proposals concerning the department's responsibilities.

The staff of the Parliamentarian's Office is also frequently called on to analyze and advise Senators on a great number of issues arising under the Congressional Budget Act of 1974. The decisions made by the Parliamentarians on these matters were a significant factor in the consideration of the President's budgetary proposals, and the overall Congressional approach to its budget.

Additionally, in the last four years, rules relating to legislation on appropriations bills, and the scope of conference reports on all bills were reinstated. This has opened up hundreds of Senate amendments to renewed scrutiny by the Parliamentarians, and has meant that the Parliamentarians now have the responsibility of potentially reviewing every provision of every conference report considered by both houses of Congress.

The Parliamentarians have taken the lead in the Senate in analyzing the need for emergency procedural authorities of Congress generally, and the Senate in particular. The Parliamentarians took the initiative that led to the adoption of S. Res. 296 on February 3, 2004, which granted certain emergency authorities to enable the Senate leadership to alter the Senate's schedule in certain emergency situations.

In 2004, as in all election years, the Parliamentarians received all of the certificates of election of Senators elected or reelected to the Senate, and reviewed them for sufficiency and accuracy, returning those that were defective and reviewing their replacements. Also in 2004, as in all Presidential election years, the Parliamentarians worked with other professional staff of the Secretary of the Senate and our House counterparts to prepare for the orderly conduct of the joint session of Congress to count the electoral ballots for President and Vice President. The Parliamentarians reviewed the electoral ballots for President and Vice President sent by all the states and the District of Columbia to the Vice President, and held several briefings with the Vice President and his staff and the House Parliamentarians regarding the Vice President's routine duties while presiding over the joint session of Congress to count the electoral ballots.

FINANCIAL OPERATIONS: DISBURSING OFFICE

Disbursing Office Organization

The mission of the Senate Disbursing Office is to provide efficient and effective central financial and human resource data management, information and advice to the distributed, individually managed offices, and to Members and employees of the United States Senate. To accomplish this mission, the Senate Disbursing Office manages the collection of information from the distributed accounting locations in the Senate to formulate and consolidate the agency level budget, disburse the payroll, pay the Senate's bills, prepare auditable financial statements, and provide appropriate counseling and advice. The Senate Disbursing Office collects information from Members and employees that is necessary to maintain and administer the retirement, health insurance, life insurance, and other central human resource programs. The DO provides responsive, personal attention to Members and employees on a non-biased and confidential basis. The Senate Disbursing Office also manages the distribution of central financial and human resource information to the individual Member Offices, Committees, and Administrative and Leadership offices in

the Senate while maintaining the appropriate control of information for the protection of individual Members and Senate employees.

To support the mission of the Senate Disbursing Office, the organization is structured in a manner that is intended to enhance its ability to provide quality work, maintain a high level of customer service, promote good internal controls, efficiency and teamwork, and provide for the appropriate levels of supervision and management. The long-term financial needs of the Senate are best served by an organization staffed with highly trained professionals who possess a high degree of institutional knowledge, sound judgement, and interpersonal skills that reflect the unique nature of the United States Senate.

Deputy for Benefits and Financial Services

The primary responsibility of this position is to provide expertise on Federal retirement and benefits, payroll, and front office processes. Coordination of the interaction between the Financial Services, Employee Benefits, and Payroll sections is also a major responsibility of the position. Planning and project management of new computer systems and programs is also a key function. Ensuring that job processes are efficient and up to date, modifying computer support systems, implementing regulatory and legislated changes, and designing and producing up to date forms for use in all three sections are additional areas of responsibility.

In November 2003, it was determined that the new IBM Mainframe operating system being released would not support our payroll system. An accelerated system implementation was required, so instead of the normal eighteen-month window, this implementation had to be completed in only eight months. A team to address the situation was composed of Disbursing Office staff with the Deputy as the project lead, key Sergeant at Arms personnel and outside contractors. The system was successfully tested and implemented as planned on August 1, 2004. The payroll system was brought up to web accessible status, a myriad of small problems was corrected, and a number of new functions were added to enable payroll to more efficiently handle the Senate's needs.

In January, final touches on the Document Imaging System were completed and the first documents, the 2003 W–2s, were loaded into it. The Front Office, Employee Benefits, Payroll and Administrative sections' personnel were trained in the use of the system and the old procedure for the reissue of W–2 copies was discontinued. During the next few months, copies of the W–2s going as far back as 1998 were added to the files.

In March, many of the forms and procedures for the Student Loan Repayment Program were examined and revised to increase accuracy and efficiency of processing.

In September, the monthly payroll data provided to the Accounting Section was converted to e-format for transmittal to the Office of Personnel Management.

In November, reports and projections for Agency contributions to be uploaded into the Accounting system were addressed. Requirements were detailed, and during the month the payroll upload portion was completed and the Accounting group is now working on their portion of the project.

Front Counter—Administrative and Financial Services

The Front Counter is the main service area of all general Senate business and financial activity. The Front Counter maintains the Senate's internal accountability of funds used in daily operations. Reconciliation of such funds is executed on a daily basis. The Front Counter provides training to newly authorized payroll contacts along with continuing guidance to all contacts in the execution of business operations. It is the receiving point for most incoming expense vouchers, payroll actions, and employee benefits related forms, and is the initial verification point to ensure that paperwork received in the Disbursing Office conforms to all applicable Senate rules, regulations, and statutes. The Front Counter is the first line of service provided to Senate Members, Officers, and employees. All new Senate employees (permanent and temporary) who will work in the Capitol Hill Senate offices are administered the required oath of office and personnel affidavit and provided verbal and written detailed information regarding their pay and benefits. Authorization is certified to new and state employees for issuance of their Senate identification card. Advances are issued to Senate staff authorized for an advance for official Senate travel. Cash and check advances are entered and reconciled in the Funds Advance Tracking System (FATS). Repayment of travel advances is executed after processing of certified expenses is complete. Travelers' checks are available on a non-profit basis to assist the traveler. Numerous inquiries are handled daily, ranging from pay, benefits, taxes, voucher processing, reporting, laws, and Senate regulations, and must always be answered accurately and fully to provide the highest degree of

customer service. Cash and checks received from Senate entities as part of their daily business are handled through the Front Counter and become part of the Senate's accountability of federally appropriated funds and are then processed through the Senate's general ledger system.

General Activities

The Front Counter processed approximately 2,100 cash advances, totaling approximately $1.2 million and initialized 700 check/direct deposit advances, totaling approximately $780,000.

Received and processed more than 27,000 checks, totaling over $3,450,000. Administered Oath and Personnel Affidavits to more than 3,200 new Senate staff and advised them of their benefits.

Maintained brochures for 10 Federal health carriers and distributed approximately 4,000 brochures to new and existing staff during the annual FEHB Open Season.

Provided 36 training sessions to new Office Managers.

The Front Office operations continued its daily reconciliation of operations without any auditable variation; continued to provide training and guidance to new Office Managers and business contacts; and spearheaded the advance processing of paperwork of the nine incoming offices resulting from the November elections. A major emphasis was placed on assisting employees in maximizing their Thrift Savings Plan contributions and making them aware of the Thrift Savings Plan catch up program when applicable. Front Office operations continued to provide the Senate community with prompt, courteous, and informative advice regarding Disbursing operations.

Payroll Section

The Payroll Section maintains the Human Resources Management System and is responsible for the following: processing, verifying, and warehousing all payroll information submitted to the Disbursing Office by Senators for their personal staff, by Chairmen for their committee staff, and by other elected officials for their staff; issuing salary payments to the above employees; rectifying returns of student loan allowance payments, jointly maintaining the Automated Clearing House (ACH) FEDLINE facilities with the Accounts Payable Section for the normal transmittal of payroll deposits to the Federal Reserve; distributing the appropriate payroll expenditure and allowance reports to the individual offices; issuing the proper withholding and agency contributions reports to the Accounting Department; and transmitting the proper Thrift Savings Plan (TSP) information to the National Finance Center (NFC), while maintaining earnings records for distribution to the Social Security Administration, and maintaining employees' taxable earnings records for W–2 statements, prepared by this section. The Payroll Section is also responsible for the payroll expenditure data portion of the Report of the Secretary of the Senate.

General Activities

The Payroll Section processed a January 1, 2004 cost of living increase of 2.12 percent. This was a preliminary cost of living increase based on the President's recommended plan at the time. The payroll section later processed a second cost of living increase on March 1, 2004 when Congress set the final cost of living rate of 4.42 percent. Payroll was able to offer the offices several scenarios to retroactively implement the COLA.

The Payroll Section maintained the normal schedule of processing TSP open season forms.

Employees took full advantage of the increase of TSP deductions making the most of the new 14 percent/$13,000.00 maximum. For those employees over 50 years of age the TSP catch-up programs provided them an opportunity to make additional contributions in excess of the standard program.

January 2004 represented the first full year for the processing of Flexible Spending Accounts and Long Term Care Accounts. The section has found that the files received for each of the above items were challenging as the third party vendors had not done business with the Federal Government in the past and were unfamiliar with standard processing procedures.

The section helped the SAA's Information Technology staff upgrade the Payroll/Personal System from 31 bit technology to 64 bit technology. This upgrade enabled better security and additional Web based access to Disbursing Office Data. Each member of the section assisted in the testing and evaluation of the new product. The upgraded system was successfully put into production August 1, 2004.

The elections of 2004 focused the efforts of the Payroll Section on preparing the system for the opening of incoming members' offices and the closing of departing members' offices.

The Payroll Section participated in the December disaster recovery testing at the Alternate Computer Facility (ACF). Members of the section were able to access and process data to the computer at ACF from several locations and various computer connections. Finally, set-up of the ACH Fedline II system was completed. It established proper connections with the Federal Reserve to ensure that processed payrolls and vouchers could be transmitted from the ACF.

Employee Benefits Section

The primary responsibilities of the Employee Benefits Section (EBS) are administration of health insurance, life insurance and all retirement programs for Members and employees of the Senate. This includes counseling, processing of paperwork, research, dissemination of information and interpretation of retirement and benefits laws and regulations. In addition, the sectional work includes research and verification of all prior federal service and prior Senate service for new and returning appointees. EBS provides this information for payroll input and once Official Personnel Folders and Transcripts of Service are received, verifies the accuracy of the information provided and reconciles as necessary. Transcripts of Service including all official retirement and benefits documentation are provided to other federal agencies when Senate Members and staffers are hired elsewhere in the government. EBS processes employment verifications for loans, the Bar Exam, the FBI, OPM, and DOD, among others. Unemployment claim forms are completed, and employees are counseled on their eligibility. Department of Labor billings for unemployment compensation paid to Senate employees are reviewed in EBS and submitted by voucher to the Accounting Section for payment. Designations of Beneficiary for FEGLI, CSRS, FERS, and unpaid compensation are filed and checked by EBS.

In 2004 OPM announced that there would be a FEGLI Open Season for employees to elect new or additional life insurance coverage. EBS drafted Open Season informational flyers and notified employees electronically and via mail outs. An innovative step taken with this mail out was to have FEGLI send direct notification to Senate employees, which provided more timely notice and saved mailing expenses to the Senate. Numerous employees were counseled and approximately 350 Senate employees made FEGLI changes during the Open Season.

In 2003 as part of our COOP goals, EBS worked with the Deputy for Benefits and Financial Services, the Senate Computer Center and other DO staff to outline the needs and parameters required for development and implementation of a document imaging system for use in electronically reproducing employee personnel folders. During 2004 EBS redesigned the file room to accommodate a new employee hired to assist with the document scanning as well as the document imaging hardware. In mid-2004 implementation of the document imaging system was achieved. This required extensive training and modification of many procedures and the forms-flow from EBS and Payroll to the file room as well as the flow of forms within the file room. Modification of procedures will continue as warranted. This system will allow computer-based access to new employee personnel folders and documents as well as the ability to access them from an off-site facility. To complete our COOP readiness with respect to employee personnel folder access, one future goal is to contract out the scanning of all "prior" employee personnel folder documents that are housed in the DO file room.

Shortly before the onset of the FEHB Open Season, OPM announced that it would offer a new type of health plan to employees: High Deductible Health Plans, which incorporate a Health Savings Account (HSA) and a Health Reimbursement Arrangement (HRA). As these plans are vastly different than those previously offered in the FEHB program, EBS worked diligently to become educated in all aspects of these plans and to understand the similarities and differences between HSAs, FSAs and HRAs. Many employees were counseled on the aspects of these new plans.

The annual FEHB Open Season was held and approximately 500 employees changed plans. These changes were processed and reported to carriers in record time. This year we were again able to offer an exciting tool for Senate employees. The Checkbook on-line Guide to Health Plans was made available to research and compare FEHB plans. This tool will remain available to staff throughout the year. As awareness and understanding of this valuable tool has increased, feedback is positive. Once again, the Disbursing Office hosted an FEHB Open Season Health Fair, which was attended by about 700 employees and as an additional service, it was open to all other federal employees on the Hill, including House, Capitol Police, Architect of the Capitol and Senate Restaurant employees. In addition to having health plan representatives available to provide information and answer questions, representatives from FSA Feds and Long Term Care Insurance were in attendance as well.

While retirement case processing was about average for the year, retirement planning and counseling was brisk in the second half of 2004 due to the impending retirement of 8 Senators, and the dissolution of their staffs and the potential changes to committee staffs. This resulted in the counseling of hundreds of employees including extensive research and calculation of Statements of Tentative Retirement Computations. Approximately 95 retirement cases were processed (including 8 death cases).

Seminars were held for outgoing Members' staffs, as well as committees facing potential reorganization. Information disseminated spanned retirement, Thrift Savings Plan, health and life insurance, and unemployment compensation. Due to the large post-election turnover, EBS also hosted a seminar with the D.C. Office of Employment Services for outgoing staff who wished to apply for unemployment compensation. This opportunity for staff was well received.

There was a great deal of turnover and rehire in 2004, as employees left staff to work on campaigns and then returned to the Senate after the elections. This caused an increase in appointments to be researched and processed, retirement records to be closed out, termination packages of benefits information to be compiled and mailed out, and health insurance registrations to be processed. Transcripts of service for employees going to other federal agencies, and other tasks associated with employees changing jobs remained constant this year. These required prior employment research and verification, new FEHB, FEGLI, CSRS, FERS and TSP enrollments, and the associated requests for backup verification.

The government-wide CLER program for health insurance enrollment reconciliation, now in its third year, has finally become a usable and effective tool. Through much diligence and effective problem solving, EBS was able to assist with the improvements to this program.

EBS continues to upgrade the information available on the DO Webster site and has added more downloadable forms. Newer video technologies and links are routinely used. In addition, EBS has been developing many computer-based forms and calculators for use in providing benefits information and estimates.

Two detailed Power Point retirement seminars on CSRS and FERS were updated and conducted for interested Senate staff. The seminars were well attended and well received.

Additionally EBS staff regularly provided a panel participant for the monthly New Staff Orientation seminars and quarterly Senate Services Fairs held by the Office of Education and Training.

Interagency meetings were attended with time being spent on the FEGLI Open Season, guidance on the new FEHB plans, as well as continuing education and guidance on the FSA

Program, LTCI, and the continuing TSP program changes and enhancements.

Based on the continued operations in Iraq and the call to active duty of military reservists, the volume of Senate employees being placed in a Military Leave Without Pay (LWOP) status and subsequently returned to pay status continued to be elevated throughout 2004. Counseling and administration of their retirement and benefits was handled by EBS.

Telephone inquiries, though not specifically tracked, continued at high levels, with the EBS staff of 7 pressed to answer calls thoroughly, yet quickly enough to keep lines open.

Disbursing Office Financial Management

Headed by the Deputy for Financial Management, the mission of Disbursing Office Financial Management (DOFM) is to coordinate all central financial policies, procedures, and activities to process and pay expense vouchers within reasonable time frames, to work toward producing an auditable consolidated financial statement for the Senate and to provide professional customer service, training and confidential financial guidance to all Senate accounting locations. In addition, the Financial Management group is responsible for the compilation of the annual operating budget of the United States Senate for presentation to the Committee on Appropriations as well as for the formulation, presentation and execution of the budget for the Senate. On a semiannual basis, this group is also responsible for the compilation, validation and completion of the Report of the Secretary of the Senate. DOFM is segmented into three functional departments: Accounting, Accounts Payable, and Budget. The Accounts Payable Department is subdivided into three sections: The Audit group, the Disbursement group and the Vendor/SAVI group. The Deputy coordinates the activities of all three departments, establishes central financial policies and procedures, acts as the primary liaison to the Human Resources Administrator, and carries out the directives of the Financial Clerk and the Secretary of the Senate.

Accounting Department

During fiscal year 2004, the Accounting Department approved nearly 48,000 expense reimbursement vouchers, processed 1,300 deposits for items ranging from receipts received by the Senate operations, such as the Senate's Revolving Funds, to canceled subscription refunds from Member Offices. The number of vouchers that the Accounting Department approved decreased compared to fiscal year 2003, due to the Senate Committee on Rules and Administration increasing the sanctioning authority delegated to the Financial Clerk of the Senate from $35.00 or less to $100.00 or less. General ledger maintenance also prompted the entry of thousands of adjustment entries that include the entry of all appropriation and allowance funding limitation transactions, all accounting cycle closing entries, and all non-voucher reimbursement transactions such as payroll adjustments, COLA (cost of living) budget uploads, stop payment requests, travel advances and repayments, and limited payability reimbursements.

This year the Accounting Department assisted in the validation of various system upgrades and modifications, including the testing required to implement Web Release 9.0 and the upgrade to a 64 bit mainframe operating system. During January 2004, the Accounting Department, with assistance from a contractor, Bearing Point, completed the 2003 year-end process to close and reset revenue, expense and budgetary general ledger accounts to zero. During June 2004, we successfully tested and implemented in Federal FAMIS another document purge including the archiving of Web report data for lapsed years. Further, toward the end of the fiscal year, the financial file rollover was performed to update FAMIS' tables and create the new index codes needed to accommodate data for fiscal year 2005. With the September 2004 closing and as a result of looking into ways to modernize the monthly reporting of checks written by reel tape, the Accounting Department tested and implemented (with assistance from the SAA and Bearing Point) the electronic transmission of check data to Treasury via a secure dial-up.

The Department of the Treasury's monthly financial reporting requirements includes a Statement of Accountability that details all increases and decreases to the accountability of the Secretary of the Senate, such as checks issued during the month and deposits received, as well as a detailed listing of cash on hand. Also, on a monthly basis, reported to the Department of the Treasury is the Statement of Transactions According to Appropriations, Fund and Receipt Accounts that summarizes all activity at the appropriation level of all monies disbursed by the Secretary of the Senate through the Financial Clerk of the Senate. All activity by appropriation account is reconciled with the Department of the Treasury on a monthly and annual basis. The annual reconciliation of the Treasury Combined Statement is also used in the reporting to the Office of Management and Budget (OMB) as part of the submission of the annual operating budget of the Senate.

This year, the Accounting Department transmitted all Federal tax payments for Federal, Social Security, and Medicare taxes withheld from payroll expenditures, as well as the Senate's matching contribution for Social Security and Medicare to the Federal Reserve Bank. The Department also performed quarterly reporting to the Internal Revenue Service (IRS) and annual reporting and reconciliation to the IRS and the Social Security Administration. Payments for employee withholdings for state income taxes were reported and paid on a quarterly basis to each state with applicable state income taxes withheld. Monthly reconciliations were performed with the National Finance Center regarding the employee withholdings and agency matching contributions for the Thrift Savings Plan. Starting in August, the Accounting Group began transmitting electronically all employee withholdings and agency contributions for life and health insurance, and federal retirement programs to the Office of Personnel Management (OPM).

In addition to Treasury's external reporting deadlines there are some internal reporting requirements such as the monthly ledger statements for all Member offices and all other offices with payroll and non-payroll expenditures. These ledger statements detail all of the financial activity for the appropriate accounting period with regard to official expenditures in detail and summary form. Monthly, it is the responsibility of the Accounting Department to review and verify the accuracy of the statements before Senate-wide distribution. During the course of this year, various table changes were made to the ledger extract to suppress lapsed fiscal years and appropriations that do not require the monthly reports.

The Accounting Department, in conjunction with the Deputy for Financial Management, continues to work closely with the Sergeant at Arms Finance Department in completing the corrective actions that were identified during the pro-forma financial statements auditability assessment. Based on the results of this exercise, 23 corrective actions were suggested including an action plan and proposed schedule to have them corrected. Some of the actions were rather simple to implement while

others will take significantly longer. Of the 23 corrective actions noted, 14 have been completed and 9 are still in process. As part of this project, the Accounting Group continues to work with the SAA to complete the draft of the Senate-wide capitalization policy and is assisting with the reconciliation between FAMIS and the newly implemented asset management system, Asset Center. The Accounting Group also drafted and finalized state taxes, stop pays, EFT payments, vendor file and travel advance procedures and is in the process of updating various additional sections of the financial policies and procedures book.

As part of the financial statement initiative, steps were taken this year to procure a software package to assist with the compilation of data and automate the process of preparing the Senate-wide financial statements. The financial statement software will facilitate the preparation of closing, elimination and reclassification entries as well as provide the appropriate audit trails. The software was up and running in March 2005. As part of this initiative, the Accounting Group drafted the first internally developed set of unaudited financial statements to be used as our baseline on the testing of the newly acquired software following the guidance provided by OMB Bulletin 01–09, "Form and Content of Agency Financial Statements."

On a consulting basis, the Deputy for Financial Management assisted the Senate Gift Shop on the implementation of their new accounting system and in the completion of their reconciliations for fiscal year 2004. In addition, the Deputy was part of the task force to procure and acquire a new point-of-sale and accounting systems for the Senate Stationery Room.

Toward the end of the calendar year, the Deputy for Financial Management also participated in successful disaster recovery testing at the ACF.

Accounts Payable—Vendor/SAVI Section

Created in the fall of 2003, the Vendor/SAVI section is responsible for maintaining the accuracy and integrity of the Senate's central vendor (payee) file, for the prompt completion of new vendor file requests, and service requests related to the DO's web-based payment tracking system known as SAVI. This section also assists the IT Department with periodic testing and monitoring of the performance of the SAVI system.

Currently, there are more than 12,300 vendor records stored in the vendor file. Daily requests for new vendor addresses or updates to existing vendor information are processed within 24 hours of being received. In 2004, the A/P Department began paying vendors by electronic funds transfer (EFT). Besides updating mailing addresses, the Vendor/SAVI section facilitates the use of EFT by switching the method of payment requested by the vendor from check to EFT. Whenever a new remittance address is added to the vendor file, a standard letter is mailed to our vendors requesting tax and banking information. If a vendor responds to our letter and indicates they would like to receive EFT payments in the future, the method of payment will be changed. In August, this section coordinated a large mailing requesting EFT information from our home state office landlords and our largest commercial vendors. The mailing was a success. More than 40 percent of the targeted vendors responded to this mailing. Currently, more than 650 vendors and over half of the home state office landlords are being paid by EFT.

Service to Senate staff was significantly improved with the release of SAVI version 3.1 in late October. This version allows Senate staff to electronically create, save, and file expense reimbursement forms, track their progress, and get detailed information on payments made by DO. The most common service requests are requests for system user ids, system passwords and to reactivate accounts. Less common but more complicated are employee requests for an alternative expense payment method. An employee can choose to have their payroll set up for direct deposit but can have their vouchered expenses be reimbursed by paper check.

The Vendor/SAVI section works closely with the A/P Disbursements group resolving returned EFT issues. EFT payments are returned periodically for a variety of reasons. The reasons given have included incorrect account numbers, incorrect ABA routing numbers, and, in rare instances, a nonparticipating financial institution. Most EFT return issues are easy to resolve; however, there are some instances that result with a vendor being converted back to paper check payments. Currently, there are no unresolved return EFT issues.

The Vendor/SAVI section continues to electronically scan and store supporting documentation of vendor file requests. In the near future, this section will assist the IT Department test an automatic email notification system which will alert vendors when an EFT payment has been made and will give them information on the payment made.

This year, the Vendor/SAVI section processed over 2,800 vendor file requests, completed nearly 1,300 SAVI service requests and mailed nearly 2,000 vendor information letters.

Accounts Payable—Disbursements Department

In 2004, well over 100,000 expense claims were received and processed by the department. More than 35,000 expense checks were written and approximately 50,000 direct deposit reimbursements were transmitted. The department performed at a high level to ensure that all vendors and employees continued to receive timely and accurate payments.

After vouchers are paid, they are sorted and filed by document number. The number is an alpha-numeric code beginning with the letters D, PADV, V, IV, or CV and followed by numbers representing the fiscal year in which they were created, and another series of numbers representing, in ordinal sequence, the actual document number. Vouchers are grouped in 6-month "clusters" to accommodate their retrieval for the semi-annual Report of the Secretary of the Senate. Currently, files are maintained for the current period and three prior periods. Filing is current and accurate as few problems are encountered retrieving documents.

A major function of the Department is to prepare documents, internally classified as "adjustments." Such adjustments are varied and include the following: preparation of Foreign Travel advances and vouchers, reimbursements for expenses incurred by Senate Leadership, reissuance of items held as accounts receivable collections, reissuance of payments for which non-receipt is claimed, and various supplemental adjustments received from the Payroll Department. Such adjustments are usually disbursed by check, but an increasing number are now handled electronically via the Automated Clearing House (ACH).

The Disbursements Department is also responsible for researching returned checks as vendors request additional information relating to payment allocation. Fortunately, few checks are returned. This is a result of the use of a centralized vendor file and accurate certification of payments. There are currently no unresolved returned check issues.

The Accounts Payable Disbursements Department prepares for the distribution of the monthly ledgers to the 140 accounting locations throughout the Senate. At month's end, they are printed and delivered to Disbursing, usually to the attention of the Accounting Department, and received in Disbursements. The statements are sorted and disseminated according to special handling instructions from the office. Offices expressing no preference have their statements sent to their respective offices marked "Personal and Confidential." The main objective of this process is to have each office receive their ledger statements for the month just ended by the 10th of the following month.

A/P Disbursements also prepares the quarterly state tax returns. The dollar amounts are provided by the Accounting Department, and payment coupons are prepared for the 43 state jurisdictions. The coupons are obtained from each jurisdiction either in hard copy or on-line via the Internet. Vouchers are prepared electronically via an uploaded spreadsheet, which is used to generate check payments to the taxing authorities. Once the checks are written, letters of transmittal are prepared and mailed to the appropriate state jurisdictions and the District of Columbia.

The Department also prepares the forms required by the Department of Treasury for stop payments. Stop payments are requested by employees who have not received salary or expense reimbursements, and vendors claiming non-receipt of expense checks. During this year, the A/P Disbursement Supervisor and the Accounts Payable Manager continued using the Department of Treasury—Financial Management Service (FMS) on-line stop pay and check retrieval process known as PACER. The PACER system allows us to electronically submit stop-payment requests and provides on-line access to digital images of negotiated checks for viewing and printing. Once a check is viewed, it is printed and may be scanned. Scanned images are then forwarded to the appropriate accounting locations via email. This process has been well received by Senate offices as well as vendors. This saves time and significantly reduces reliance on the Postal System. All Accounts Payable Disbursements staff have Treasury secure ID cards and are trained in the use of PACER. Given the time and money savings, as well as the overwhelmingly positive reception, large growth in the use of PACER for check retrieval purposes is anticipated.

In October of 2004, the Accounts Payable Disbursements department began using laser checks. The tractor fed check writer system has been dismantled and a new, improved system was developed and implemented. The replacement was comprehensive in scope as new software, hardware, and new Treasury designed laser checks were introduced. The result is a user friendly, and more secure system. Accuracy has also improved as the new laser check printer font is much clearer than one from

the old printer. This resulted in an immediate reduction in returned checks from the United States Postal System. It is anticipated that a new folder/inserter designed for our use will be purchased to eliminate manual hours spent on folding and hand stuffing checks into envelopes. Testing and demonstrations continue in efforts to find a machine which is both economical and efficient.

A major project which has seen tremendous progress this year is the reconciliation of the replacement check account. A team was formed consisting of the Deputy for Financial Management, Accounts Payable Manager, Chief Accountant, Accounts Payable Disbursements Supervisor and Staff Accountants. There were over 250 unresolved items covering a variety of issues. Persistent and determined revenue collection procedures have resulted in the reduction of the unresolved items and fewer than 20 remain outstanding.

The warehousing of documents has improved, and continues to evolve. Vouchers were housed at two facilities, but now all have been transferred to a single location. This location is larger, but there is need for expansion. Meetings with the Sergeant at Arms and consultants continue in an effort to provide state-of the-art warehousing. Plans call for current space requirements, anticipated space requirements, and the need for "staging" areas, telephone, copier, and fax access, climate control, and security.

Accounts Payable—Audit Department

The final section under the Accounts Payable Department is the Audit Section. The Accounts Payable Audit Section is responsible for auditing vouchers and answering questions regarding voucher preparation and the permissibility of expenses. This section provides advice and recommendations on the discretionary use of funds to the various accounting locations, identifies duplicate payments submitted by offices, monitors payments related to contracts, trains new Office Managers and Chief Clerks about Senate financial practices, trains Office Managers in the use of the Senate's Financial Management Information System, and assists in the production of the Report of the Secretary of the Senate. The Section also monitors the Fund Advance Tracking System (FATS) to ensure that advances are charged correctly, vouchers repaying such advances are entered, and balances are adjusted for reuse of the advance funds. An "aging" process is also performed to ensure that advances are repaid in the time specified by the advance travel regulations.

The Accounts Payable Audit Section, currently a group of 12, has the responsibility for the daily processing of expense claims submitted by the 140 accounting locations of the Senate. The section processed approximately 133,000 expense vouchers in fiscal year 2004. The voucher processing ranged in scope from providing interpretation of Senate rules, regulations and statute, applying the same to expense claims, monitoring of contracts and direct involvement with the Senate's central vendor file. On average, vouchers greater than $100.00 that do not have any issues or questions are received, audited, sanctioned by Rules and paid by DO within 10 business days of receipt.

During fiscal year 2004, the Chairman of the Committee on Rules and Administration increased the delegated sanctioning authority for vouchers from $35.00 or less to $100.00 or less. The workload within this group increased by almost 50 percent with the responsibility to sanction vouchers whose totals are less than or equal to $100.00. These vouchers comprise approximately 60 percent of all vouchers processed. The responsibility for sanctioning rests with the Certifying Accounts Payable Specialists and are being received, audited, and paid within 5 business days of receipt. The increase in sanctioning authority came as a direct result of passing two post-payment audits performed by the Rules Committee.

Additionally, advance documents and non-Contingent Fund vouchers are now posted in Audit. The increase in sanctioning responsibilities allowed for two staff promotions to Certifying Accounts Payable Specialist and for the creation of one additional A/P Specialist position. One staff member was promoted from the Disbursements section to the Audit section to fill this newly created position.

The reduced flow of vouchers to the Rules Committee also brought that committee into the on-line sanctioning process. Initially, four Senators' offices and the Committees comprised the pilot group. Currently, all vouchers over $100.00 are sanctioned electronically by the Rules Committee using Web FAMIS.

The Accounts Payable Audit Group provided training sessions in the use of new systems, the process for generation of expense claims, the permissibility of an expense, and participated with seminars sponsored by the Secretary of the Senate, the Sergeant at Arms, and the Library of Congress. The Section trained 15 new Administrative Managers and Chief Clerks and conducted 4 informational sessions for Senate staff through seminars sponsored by the Congressional Research Service (CRS).

The Accounts Payable group also assisted the IT department and Vendor/SAVI group in the testing and implementation of the new on-line travel and non-travel expense summary reports (ESR). The new reports are not only available on-line, but they can be imported into a corresponding Web FMIS voucher, thus facilitating the preparation and accuracy of the voucher document. Routinely, during voucher processing, vendor information is verified against invoices, and corrections made as needed. The Audit Group has been fully trained in the new travel advance system and in the use of the four new WEB inquiries to assist offices with questions. Additionally the section provided testing support for the release of Web FMIS version 9 and is scheduled to assist in the testing of Version 10 this year.

A cancellation process was established for advances in 2004. This was necessary to ensure repayment of advances systematically for canceled or postponed travel in accordance with Senate Travel Regulations. Advance procedures including cancellation were formally incorporated into the Policies and Procedures Manual. Cancellation procedures for other Web vouchers is scheduled for testing during a later system release. The A/P sections within the Policies and Procedures Manual are in the process of being updated and revised.

Budget Department

The third component of the Disbursing Office Financial Management Group is the Budget Department. The primary responsibility of the Budget Department is to compile the annual operating budget of the United States Senate for presentation to the Committee on Appropriations. The Budget Department is responsible for the preparation, issuance and distribution of the budget justification worksheets (BJW). In fiscal year 2004, the budget justification worksheets were mailed to the Senate accounting locations at the end of November, processed in December and reported the budget baseline estimates for fiscal year 2006 to OMB by mid-January, via the MAX database.

This department is also responsible for the formulation, presentation and execution of the budget for the Senate and provides a wide range of analytical, technical and advisory functions related to the budget process. The Budget Department acts as the Budget Officer for the Office of the Secretary, assisting in the preparation of testimony for the hearings before the Committee on Appropriations and the Committee on Rules and Administration.

During January, the Senate Budget Analyst is responsible for the preparation of 1099's and the prompt submission of forms to the IRS before the end of the month.

DISBURSING OFFICE INFORMATION TECHNOLOGY

Financial Management Information System

The Disbursing Office Information Technology (IT) Department, provides both functional and technical assistance for all Senate Financial Management activities. Activities revolve around support of the Senate's Financial Information System (FMIS) which is used by approximately 140 Senate accounting locations (i.e., 100 Senator's offices, 20 Committees, 20 Leadership & Support offices, the Rules Committee Audit section, and the Disbursing Office). Responsibilities include: Supporting current systems; testing infrastructure changes; managing and testing new system development; planning; managing the FMIS project, including contract management; administering the Disbursing Office's Local Area Network (LAN); and coordinating the Disbursing Office's Disaster Recovery activities.

The activities associated with each of these responsibilities are described in more detail in the sections that follow. Work during 2004 was supported by the Sergeant at Arms (SAA) Technology Services staff, the Secretary's Information Technology staff, and contracts with Bearing Point.

The SAA Technology Services staff is responsible for providing the technical infrastructure, including hardware (mainframe and servers), operating system software (mainframe and servers), database software, and telecommunications; technical assistance for these components, including migration management, database administration and regular batch processing. Bearing Point is responsible, under the contract with the SAA, for operational support, and under contract with the Secretary, for application development. The DO is the "business owner" of FMIS and is responsible for making the functional decisions about FMIS. The three organizations work cooperatively.

Highlights of the year include:

—Implementation of three releases of Web FMIS including pilot implementation of an intranet-based version;

—Implementation of two releases of SAVI, including a release that allows users to create Non-travel Expense Summary Reports in addition to Travel Expense Summary Reports;
—Implementation of laser check printing which substantially improves the readability of checks by the postal service and banks;
—Support of the Rules Committee's post payment audit for the Rules Committee Audit staff whereby they can do a statistically valid sample of vouchers of $100.00 and under (an increase from $35.00 effective January 1, 2004) for which sanctioning was delegated to the Financial Clerk;
—Roll out of direct deposit payments to external vendors;
—Coordinating and participating in the FMIS portion of a disaster recovery exercise for the Alternate Computing Facility; and
—Conducting monthly classes, seminars, and demonstrations on Web FMIS.

FMIS is not a single computer system. It is composed of many subsystems that provide Senate-specific functionality. These subsystems are outlined in the table that follows.

SENATE FINANCIAL MANAGEMENT INFORMATION SYSTEM

Subsystem	Functionality	Source	Primary Users	Implementation
FAMIS (Mainframe)	Financial general ledger Vendor file Administrative functions Security functions	Off the shelf federal system purchased from Bearing Point.	Disbursing Office	October 1998
ADPICS (Mainframe)	Preparation of requisition, purchase order, voucher from purchase order, and direct voucher documents. Electronic document review functions Administrative functions	Off the shelf federal system purchased from Bearing Point.	Sergeant at Arms Disbursing Office Secretary of the Senate	October 1998
Checkwriter (Client-server)	Prints checks and check registers as well as ACH (Automated Clearing House) direct deposit payments.	Off the shelf state government system purchased from and adapted to Senate's requirements by Bearing Point.	Disbursing Office	October 1998
Web FMIS (Client-server and intranet)	Preparation of vouchers, travel advances, vouchers from advance documents, credit documents and simple commitment and obligation documents. Entry of detailed budget Reporting functions (described below) Electronic document submission and review functions. Administrative functions	Custom software developed under Senate contract by Bearing Point.	All Senators' offices All Committee offices All Leadership & Support offices. Secretary of the Senate Sergeant at Arms Disbursing Office	October 1999
FATS (PC-based)	Tracks travel advances and petty cash advances (available to Committees only). Tracks election cycle information	Developed by SAA Technology Services	Disbursing Office	Spring 1983
Post Payment Voucher Audit (PC-based)	Selects a random sample of vouchers for which sanctioning was delegated to the Financial Clerk for the Rules Committee to use in conducting a post payment audit.	Excel spreadsheet developed by Bearing Point.	Rules Committee Disbursing Office	Spring 2003
SAVI (Intranet)	As currently implemented, provides self-service access (via the Senate's intranet) to payment information for employees receiving reimbursements. Administrative functions	Off the shelf system purchased from Bearing Point.	Senate employees	Pilot—Spring 2002 Senate-wide—July 2002

SENATE FINANCIAL MANAGEMENT INFORMATION SYSTEM—Continued

Subsystem	Functionality	Source	Primary Users	Implementation
Online ESR (Intranet)	A component of SAVI through which Senate employees can create on-line Travel/Non-Travel Expense Summary Reports and submit them electronically to their Office Manager/Chief Clerk for processing.	Custom software developed under contract by Bearing Point.	Senate employees	April 2003
Secretary's Report (Mainframe extracts, crystal reports, and client-server "tool box").	Produces the Report of the Secretary of the Senate.	Custom software developed under contract by Bearing Point.	Disbursing Office	Spring 1999
Ledger Statements (Mainframe database extracts, and crystal reports).	Produces monthly reports from FAMIS that are sent to all Senate "accounting locations".	Developed by SAA Technology Services	Disbursing Office Senate Accounting Locations.	Winter 1999
Web FMIS Reports (mainframe database extracts, crystal reports, client server, and Intranet).	Produces a large number of reports from Web FMIS, FAMIS and ADPICS data at summary and detailed levels. Data is updated as an overnight process and can be updated through an on-line process by accounting locations.	Custom software developed under contract by Bearing Point.	Senate Accounting Locations	October 1999

Supporting Current Systems

The IT section supports FMIS users in all 140 accounting locations, the Disbursing Office Accounts Payable, Accounting, Disbursements and Front Office Sections, and the Rules Committee Audit staff. The activities associated with this responsibility include:

—User support—provide functional and technical support to all Senate FMIS users; staff the FMIS "help desk"; answer hundreds of phone calls a year; and meet with Chiefs of Staff, Administrative Managers, Chief Clerks, and Directors of various Senate offices as requested;
—Technical problem resolution—ensure that technical problems are resolved;
—Monitor system performance—check system availability and statistics to identify system problems and coordinate performance tuning activities for parallel load and database access optimization;
—Security—maintaining user rights for all ADPICS, FAMIS, SAVI, and Web FMIS users;
—System administration—design, test and make entries to tables that are intrinsic to the system;
—Support of Accounting Activities—provide assistance in the cyclic accounting system activities;
—Support the Rules Committee post payment voucher audit process; and
—Training—provide functional training to all Senate FMIS users.

Of these, the post payment voucher audit deserves recognition. In December of 2002, the Rules Committee delegated to the Financial Clerk the authority for sanctioning vouchers of $35 and less; effective January 1, 2004 this threshold increased to $100.00. The authorization directed Rules and DO to establish a set of procedures for a semi-annual audit of these vouchers. The two offices agreed that Rules would conduct a random sampling inspection of these vouchers based on industry statistical standards. Under the supervision of the IT Group, Bearing Point created tools to determine the sample size, to enable selecting the sample from the universe of vouchers of $100 and less, and to determine the acceptable number of discrepancies given the sample size and the desired confidence interval. Both audits conducted in 2004 resulted in a favorable finding of zero discrepancies. The audit conducted in April 2004 for the six-month period ending March 31, 2004, covered 18,368 vouchers and the audit conducted in November 2004 for the six-month period ending September 30, 2004, covered 25,853 vouchers.

Testing Infrastructure Changes

The SAA provides the infrastructure on which FMIS operates, including the mainframe, the database, security hardware and software, the telecommunications network, and a hardware and software installation crew and help-desk provider. During 2004 there was an upgrade of the mainframe operating system (OS390) in preparation for the implementation of the Z/OS operating system. This required that the Disbursing Office test all FMIS subsystems both in a testing environment and in the production environment.

Managing and Testing New System Development

During 2004, development and extensive integration system testing was performed and implemented with changes to the following FMIS subsystems: Web FMIS; Senate Vendor Information (SAVI) and Online ESR; and Checkwriter.

Web FMIS

The goal for 2004 was to update and simplify the underlying technology of Web FMIS, basically replacing all Visual Basic Client/Server and Cold Fusion Web technology with WebSphere web pages thereby creating a "thin client" application that can be accessed via an intranet browser. The Web FMIS Users Group worked closely with the team to rethink processes and redesign Web FMIS screens to maximize ease-of-use. The transition included four releases of Web FMIS during 2004:

—*Web FMIS r8.0.*—Implemented in March 2004, focused on the list maintenance functions, and conducted a pilot of a new version of the report generation software, Crystal Reports version 9;
—*Web FMIS r8.1.*—Implemented in June 2004, upgraded the version of the report generation software for all users, and concurrently addressed obtaining reports from "archived years" (i.e., fiscal year 1999 and 2000), the data for which was archived from FAMIS. In addition, a "report favorites" function was added;
—*Web FMIS r9.0.*—Implemented for pilot offices in August 2004, was a complete re-writing of the functions most used by offices, Document Entry and Budget Entry. In addition, it allows the start date to determine the funding year (thus eliminating the need to select a funding year from which to pay a bill), added

the ability to import Non-travel Expense Summary Reports, and revamps the user security function to be based on "roles" which provide the Web FMIS system administrators more flexibility in providing (or not providing) specific user functionality.

—*Web FMIS r9.1*.—Implemented for pilot offices in November 2004, made system changes based on the pilot offices' use of Web FMIS r9.

At the end of 2004, testing was conducted on Web FMIS r10, which reduces the files required on the PC for printing reports, adds new reports for committees that show expenses in the format required for their biannual budget justification, rewrites the DO functions as WebSphere web pages and provides additional DO functions such as an online deposit (CD) log, standard text for notes, and additional inquiries. Web FMIS r9.1 will be given to all new 109th Congress offices and to all new office managers from existing offices. All other offices will be transferred to the WebSphere version of Web FMIS when Web FMIS r10 is implemented.

During 2004 work was conducted with Bearing Point to define the requirements for adding electronic signature and documentation imaging functionality, two key components for paperless voucher processing. Additionally, appropriate technology is being explored to provide these functions.

Senate Automated Vendor Inquiry (SAVI) and Online ESR

SAVI enables Senate staff to check the status of reimbursements, whether via check or direct deposit and whether or not referencing an on-line ESR. The on-line ESR function enables Senate staff to create expense summary reports. These documents can be imported into Web FMIS, reducing the data entry tasks for voucher preparation. The SAVI system was upgraded three times in 2004. Release 2.2, implemented in March 2004, completed several security enhancements. Release 3.0, implemented for pilot offices in June 2004 and 3.1 implemented for all offices in October 2004, allow users to prepare and submit Non-travel Expense Summary Reports and to define their own logon ID.

Checkwriter

The Disbursing Office makes payments via direct deposit and via check.

—*Direct Deposit*.—In 2002 the Disbursing Office began making expense reimbursements to Senate staff via direct deposit. In 2003 this was expanded to include external vendors. The initial pilot vendors provided materials to the Keeper of Stationery; and our first payments to them were transmitted on June 3, 2003. After a very successful initial pilot, the program was expanded larger-volume vendors, such as FedEx. During 2004, direct deposit was rolled out to all vendors.

—*Laser Checks*.—In 2004 the printing of checks was switched from a continuous-feed impact printer to a laser printer when checkwriter version 5 was implemented in March 2004. The laser version provides more flexibility for continuance of operations by eliminating dependence on a harder-to-find printer. It also produces a higher print quality, which will help the Postal Service in the delivery of checks and will prevent checks from being negotiated for an unintended dollar amount. Use of the laser check printer required that Treasury create a 8.5 0A 10 inches check and stub form. A folder-inserter machine was used for these checks, but the checks are incompatible with the machine. During 2005, work continues to identify a machine that will accept this heavy-grade check paper.

Planning

There are two main planning activities:

—Schedule coordination—planning and coordinating a rolling 12-month schedule; and

—Strategic planning—setting the priorities for further system enhancements.

Schedule Coordination

In 2004, two types of meetings were held among the DO, SAA and Bearing Point to co-ordinate schedules and activities:

—Project specific meetings—a useful set of project specific working meetings, each of which has a weekly set meeting time and meets for the duration of the project (e.g., Document Purge meetings and Web FMIS requirements meetings); and

—Technical meeting—a weekly meeting among the DO staff (IT and functional), SAA Technical Services staff, and Bearing Point to discuss coordination among the active projects, including scheduling activities and resolving issues.

Strategic Planning

The FMIS strategic plan has a longer time horizon than the rolling 12-month time frame of the technical meeting schedule. It is designed to set the direction and priorities for further enhancements. In 2002 a five-year strategic plan was written by the IT and Accounting staff for Disbursing Office Strategic Initiatives. This detailed description of five strategic initiatives formed the basis for the Secretary of the Senate's request for $5 million in multi-year funds for further work on the FMIS project. The five strategic initiatives are:

—*Paperless Vouchers—Imaging of Supporting Documentation and Electronic Signatures*.—Beginning with a feasibility study and a pilot, implement new technology, including imaging and electronic signatures, that will reduce the Senate's dependence on paper vouchers. This will enable continuation of voucher processing operations from any location, should an emergency occur;

—*Web FMIS*.—Requests from Accounting Locations—Respond to requests from the Senate's Accounting Locations for additional functionality in Web FMIS;

—*Payroll System*.—Requests from Accounting Locations—Respond to requests from the Senate's Accounting Locations for on-line real time access to payroll data;

—*Accounting Sub-system Integration*.—Integrate Senate-specific accounting systems, improve internal controls, and eliminate errors caused by re-keying of data; and

—*CFO Financial Statement Development*.—Provide the Senate with the capacity to produce auditable financial statements that will obtain an unqualified opinion.

Managing the FMIS Project

The responsibility for managing the FMIS project was transferred to the IT group during the summer of 2003 and includes developing the task orders with contractors and overseeing their work. In 2004, three new task orders were executed: Web FMIS r10; Fiscal Year 2004 Extended Operational Support (September 2004-August 2005); and SAA Finance System and Reporting Enhancements.

In addition, work continued under two task orders executed in 2003: Web FMIS Thin Client; and Web FMIS Imaging and Digital Signature Design and Electronic Invoicing and Remittance Enhancements.

Administering the Disbursing Office's Local Area Network (LAN)

The DO administers its own Local Area Network (LAN), which is separate from the LAN for the rest of the Secretary's Office. Our LAN Administrator's activities included: Office-wide LAN Maintenance and Upgrade; Projects for the Accounting Section; and Projects for the Payroll and Benefits Section.

Office-wide LAN maintenance and upgrade

Existing workstations were maintained with appropriate upgrades including:

—Configured and installed a new Windows 2000 server and transferred all critical DO data to this server;

—Implemented an automatic update for the virus scanning software on each PC in the DO;

—Selected and supervised installation of new printers for DO staff and placed multi-purpose printer/scanner/copier machines in strategic locations;

—Installed new stand-alone PCs for communication with the Federal Reserve's Fedline system in the DO and at the Alternate Computing Facility; and

—Maintained the Office Information Authorization form log which provides easy access from DO staff desktops to up-to-date information about the authorized contacts for each Senate office.

Projects for the Accounting Sections

The activities of the Accounting Section were supported with the implementation of a direct connection to the Treasury Department. This eliminated creating and delivering a monthly magnetic tape.

Projects for Payroll and Employee Benefits Sections

Activities of the Payroll and Employee Benefits sections were supported with three specific projects:

—Implemented a Payroll Imaging system, developed by SAA staff. This system captures payroll documents turned in at the DO front counter electronically;

—Assisted Benefits staff on transferring data electronically to other agencies; and

—Training Payroll and Benefits staff on creating fillable PDF forms.

Coordinating the Disbursing Office's Disaster Recovery Activities

During 2004, the Sergeant at Arms' office completed the build out of the Alternative Computing Facility. In December 2004, a two-day test was performed to operate FMIS subsystems from this location. The tests of all mainframe systems (i.e., payroll, ADPICS and FAMIS) were successful and payroll and voucher payments were made via direct deposit and check. Additionally, documents were created, posted, and printed via Web FMIS and ADPICS. Document printing has always presented problems during past tests; however, system configuration at the ACF has resolved this problem. The next test is planned for May 2005, when additional FMIS sub-systems will be tested.

Disbursing Office COOP Activities

The DO staff wrote a Continuity of Operations Plan (COOP) in 2001. This document addresses issues beyond the scope of disaster recovery. Normal maintenance is performed on this document to ensure that it remains up-to-date and viable. In addition to the success of the disaster recovery testing in December, the DO's most significant COOP related activity was the setup and pre-positioning of essential equipment and supplies in the dedicated space at the ACF. This accomplishment significantly improves the DO's ability to quickly respond to and complete its core responsibilities.

ADMINISTRATIVE OFFICES

1. CONSERVATION AND PRESERVATION

The Office of Conservation and Preservation develops and coordinates programs directly related to the conservation and preservation of Senate records and materials for which the Secretary of the Senate has statutory authority. This office's initiatives include deacidification of paper and prints, phased conservation for books and documents, collection surveys, exhibits, and matting and framing for the Senate leadership.

Over the past year the Office of Conservation and Preservation has embossed 275 books and matted and framed 525 items for the Senate leadership. The office is especially proud to be a part of a Senate tradition. For more than 23 years, the office has bound a copy of Washington's Farewell Address for the annual Washington's Farewell Address ceremony. In 2004, a volume was bound for and read by Senator John Breaux.

As mandated in the 1990 Senate Library Collection Condition Survey, the Office of Conservation and Preservation continued to conduct an annual treatment of books identified by the survey as needing conservation or repair. In 2003, conservation treatments were completed for 65 volumes of a 7,000 volume collection of House Hearings. Specifically, treatment involved recasing each volume as required, using alkaline end sheets, replacing acidic tab sheets with alkaline paper, cleaning the cloth cases, and replacing black spine title labels of each volume as necessary. The Office of Conservation and Preservation will continue preservation of the remaining 4,100 volumes.

This office assisted the Senate Library with 531 books sent to the Library Binding section of the Government Printing Office (GPO) for binding and with five exhibits located in the Senate Russell building basement corridor. The Office of Conservation and Preservation also assisted the Senate Curator's staff with special matting & framing required for the World War II exhibit located on the first floor of the Capitol.

This office continues to assist Senate offices with conservation and preservation of documents, books, and various other items. For example, the office is currently monitoring the temperature and humidity in the Senate Library storage areas, the vault and warehouse for preservation and conservation purposes

2. CURATOR

The Office of Senate Curator, on behalf of the Senate Commission on Art ("Commission"), develops and implements the museum and preservation programs for the United States Senate. The Office collects, preserves, and interprets the Senate's fine and decorative arts, historic objects, and specific architectural features; and exercises supervisory responsibility for the chambers in the Capitol under the jurisdiction of the Commission. Through exhibitions, publications, and other programs, the Office educates the public about the Senate and its collections.

Collections: Commissions, Acquisitions, and Management

Portraits of Senators Arthur Vandenberg of Michigan and Robert Wagner of New York were officially unveiled on September 14, 2004 in the Senate Reception Room.

The new paintings join portraits of the "Famous Five" Senators commissioned for the room and installed in 1959.

The painting of Senator George Mitchell for the Senate Leadership Portrait Collection was completed and approved by the Commission on Art, and the portrait of Senator Margaret Chase Smith is in its final stage. Both will be unveiled in 2005. Another important commissioned work in progress is a portrait of Senator Bob Dole.

S. Res. 177 directed the Commission to commission a mural commemorating the Connecticut Compromise. The Rules Committee directed that the mural be added to the Senate Reception Room, and the Commission empaneled an advisory board of experts in the field to select and recommend an appropriate scene and three potential artists. These artists developed proposals, and the advisory board reviewed these sketches and have recommended a final candidate to the Commission for consideration.

Fourteen objects were accessioned into the Senate Collection, including a Senate Reception Room chair from the 1860's (private donation); a reproduction Senate Chamber desk used on the set of the movie "Mr. Smith Goes to Washington and" "Advise and Consent" (gift of the U.S. Capitol Historical Society); an 1870's cabinet card album attributed to the Mathew Brady studio (private donation); and several historic prints and political cartoons.

At the direction of the Commission, the Curator's Office facilitated the acquisition of a Cornelius & Baker armorial chandelier owned by Tudor Place in Washington, D.C. The purchase of this rare historic fixture, which is similar to one that hung in the second floor corridor of the Senate wing, is an important addition to the Capitol's decorative and lighting history.

Twenty-four new foreign gifts were reported to the Select Committee on Ethics and transferred to the Curator's Office. They were catalogued, and are maintained by the office in accordance with the Foreign Gifts and Decorations Act. Appropriate disposition of 12 objects in the collection was completed following established procedures.

As construction continued on the Capitol Visitor Center (CVC), the office worked with the Architect of the Capitol's CVC staff to plan the two storage rooms designated for Senate Collection objects, to ensure the highest level of preservation standards. A conservator specializing in museum facility planning reviewed the design drawings and provided recommendations, including outfitting the storage spaces. A detailed survey of the entire collection was completed, and the findings will be incorporated into a Collection Storage Plan.

An off-site collection storage facility, made available for use through a lease arranged by the Senate Sergeant at Arms (SAA) in 2003, continued to provide much needed secure, climate controlled, museum quality storage for objects in the Senate Collection. An additional 18 objects were transferred to the storage facility.

The office has worked for several years with the SAA regarding plans for the construction of a warehouse space to meet the stringent requirements for storing fine and decorative art. In 2004 specifications developed by the office were used by the SAA to create plans and begin construction on such a space, in association with the larger effort to build a new Senate warehouse.

The Curator's Office initiated a comprehensive project to photograph the 102 historic Senate Chamber desks (which includes the 100 on the Senate floor and two desks currently in storage). One set of transparencies will be stored off-site for emergency purposes, while a second working set will be used for the web, image requests, and future publications. Twenty desks were photographed in 2004; the project is scheduled to be completed in December 2007.

In keeping with established procedures, all Senate Collection objects on display were inventoried noting any changes in location. As directed by S. Res. 178, the office submitted inventories of the art and historic furnishings in the Senate to the Rules Committee. The inventories, submitted every six months, are compiled by the Curator's Office with assistance from the SAA and the AOC's Senate Superintendent's office.

Conservation and Restoration

A total of 24 objects received conservation treatment in 2004. These included 15 Senate Chamber desks, two large sculptures, three plaster reliefs, three oil on canvas paintings, and one manuscript collection.

The initiative to conserve the 100 historic Senate Chamber desks began in 1999. Twice a year, during Senate recess periods, desks are removed from the Senate Chamber and sent out for restoration. Treatment is extensive, and follows a detailed protocol developed to address the wear and degradation of these historic desks due to continued heavy use. To date, 91 desks have been restored and the project is on track to be completed in 2005. A condition survey completed in 2003 stressed the

necessity of installing rubber bumpers to the arms of the Senate Chamber chairs to protect the front of the desks from continued damage. Seventy-eight chairs are now modified with bumpers.

Due to numerous construction projects in the Capitol, several works of art were relocated. The large sculpture, *Justice and History*, displayed in the Senate subway terminal, was moved in 2003 due to CVC construction. Work entailed separating the large sections of marble that comprise the sculpture and moving each half individually. Arrangements were made during January 2004 to restore the plaster surface by repairing the seam between the two halves and treating other minor damage and stains to the plaster coat. The conservator also performed treatment and cleaning on three plaster relief sculptures located nearby.

In May 2004, the portrait, *George Washington (Patriae Pater)*, and the sculpture, *Eagle and Shield*, were removed from display in the Old Senate Chamber to protect them from possible damage during construction on the roof above. A fine art handling company deinstalled and crated the art works. The office took the opportunity to have conservators assess the condition of the pieces and perform surface cleaning. The conservators also collected samples from the surface of the *Eagle and Shield* to document the historic finishes. Analysis of the samples will provide invaluable information to guide future restoration decisions.

The Isaac Bassett Manuscript Collection will be microfilmed during 2005. A conservator was hired to conduct an assessment of the collection, carry out necessary conservation treatment prior to microfilming, and rehouse the papers for preservation.

The office initiated a detailed condition and identification survey of the nearly 100 historic mirrors in the Senate wing. A conservator was contracted to undertake the work, which will include extensive written and photo documentation for each piece. The project has significant benefits: the condition assessments will determine priorities for conservation and maintenance treatments; provide information on the age, origin, and importance of the frames; and furnish documentation for disaster planning. Half the mirrors have been surveyed, and the project will be completed in 2005.

The Curator's staff participated in training sessions for the Capitol Police regarding the care and protection of art in the Capitol, and continued to educate the housekeeping personnel on maintenance issues related to the fine and decorative art collections.

Historic Preservation

Preservation work included extensive research, documentation, record keeping, and project review. The program emphasizes infrastructure development and oversight.

The office worked with the AOC and the SAA to review, comment, and document Senate construction projects. In addition to offering direction in project development and methodology, the office maintains records on all known Senate wing projects. Documentation associated with those files varies in accordance with office involvement and impact on historic resources. Projects that required considerable review and assistance included: Brumidi corridor restoration phase VIII; window shutter refinishing; emergency strobe and horn installation; grand stairwell plaster replacement; marble step repair; plaster assessment program; Brumidi west corridor egress installation; and cell phone antenna installation. Additionally, the office is working closely with the AOC in the creation of an historic structures report for the Senate vestibule, adjacent stairwell, and small Senate rotunda. When completed, the report will provide critical documentation regarding the architectural history of these spaces, and will serve as the foundation for any future preservation work.

The architectural chronology and social history databases established in 2003 were further refined, with new information entered as it became available and existing files systematically incorporated. While the office databases and files provide a significant resource for room and object histories, a project initiated in October will greatly increase the office's research capabilities. Currently, the historic preservation officer is working with the Senate Library to create an electronic database of all AOC, SAA, and Secretary of the Senate annual reports. Related to this effort, is a new initiative to photo document leadership suites during each Congress. This will allow the office to report on "decorative" changes in leadership rooms over time. With requests from Senate offices for information pertaining to room histories, architectural features, and historic images dramatically increasing, these initiatives allow for quick retrieval of necessary information.

Historic Chambers

The Curator's staff continued to maintain the Old Senate and Old Supreme Court Chambers, and coordinated periodic use of both rooms for special occasions. By order of the U.S. Capitol Police, the Old Senate Chamber was closed to visitors after September 11, 2001. However, during most Senate recesses in 2004, the historic room was opened to tours. Twenty-six requests were received from current Members of Congress for after hours access to the chamber. Of special significance was the filming of a documentary history on the Capitol by C-SPAN using high definition equipment. B-roll footage was also requested and provided to Lion Television in Scotland for a documentary on Charles Dickens in America. Twenty-one requests were received by current Members of Congress for admittance to the Old Supreme Court Chamber after hours. The office also coordinated with the AOC to install emergency strobe lights in each chamber as part of the life-safety upgrade program.

Loans To and From the Collection

A total of 76 historic objects and paintings are currently on loan to the Curator's Office on behalf of Senate leadership and officials in the Capitol. The staff added loans of two portraits for leadership suites, returned 11 paintings and prints at the expiration of their loan periods to their respective owners, and renewed loan agreements for 18 other objects. In addition, the office coordinated the loan of six oil study sketches by Robert Chester La Follette of Senators Clay, Calhoun, Webster, La Follette, and Taft, which relate to the 1958 commission for the Senate Reception Room portraits. The sketches are currently on loan from the daughter of the late artist, and have been approved for accession into the Senate Collection in 2005.

The Curator's Office obtained an oil sketch by Constantino Brumidi for study and appraisal. The painting is a preparatory sketch completed around 1874 by the artist for his fresco mural, the *Signing of the First Treaty of Peace with Great Britain*, located above room S–118 in the Brumidi Corridors. The sketch has now been acquired for the Senate Collection.

The office continued to work with CVC staff to assemble information on Senate Collection objects. Condition reports were conducted on those objects currently being considered for loan, and exhibit labels were written for all Senate-related artifacts planned for the exhibition. The office also assisted in developing a CVC Art Task Force, composed of prominent curators, architects, and designers, to recommend short- and long-term plans for art in the Visitor Center. The first meeting was held in December, and a white paper will be developed in the next few months.

The Secretary's china was distributed and returned six times in 2004. It was used for events including a dinner for the Senate spouses, and luncheons for the current First Lady and former First Lady Nancy Reagan. The official Senate china was inventoried and used at 28 receptions for distinguished guests, both foreign and domestic.

Publications and Exhibitions

Work continued on the *United States Senate Catalogue of Graphic Art*, to be published in 2005. The volume features the Senate's collection of more than 900 historic engravings and lithographs, and includes two full-length essays and almost 40 short essays discussing selected prints. The Senate Curator and Associate Senate Historian are co-authors of the publication. It is a companion volume to the *United States Senate Catalogue of Fine Art* published in 2003.

In August 2004, the office de-installed the popular photographic exhibition, *The United States Capitol: Photographs by Fred J. Maroon*, and installed *World War II: The Senate and the Nation's Capital*, an exhibition of photographs exploring how the Senate "went to war" and how the war came to Washington, D.C. The Senate Historical Office and Curator's Office developed the exhibit, which is located on the first floor of the Senate wing.

In association with the Office of Web Technology and a web design contractor, the office worked on developing and posting two interactive exhibits to the Senate web site. The exhibits, *Take the Puck Challenge!*, and *Advise and Consent: The Drawings of Lily Spandorf*, were originally produced for stand-alone kiosks in the Capitol. They are being translated into Flash presentations to become internet compatible. *Take the Puck Challenge!* features quizzes, games, and puzzles to introduce viewers to the political cartoons of the nineteenth-century satirical magazine, Puck. *Advise and Consent* explores the work of Lily Spandorf, an artist who sketched the filming of the Otto Preminger movie of the same name, filmed in and around the Capitol in 1962. Ms. Spandorf's drawings are owned by the Senate.

The internet exhibit, *"I Do Solemnly Swear": A Half Century of Inaugural Images*, was developed for the Joint Congressional Committee on Inaugural Ceremonies

(JCCIC), and features images from the Senate's Graphic Art Collection illustrating inaugural events from 1853 to 1905.

Several brochures were reprinted in 2004, and one new publication produced, *The U.S. Senate Appropriations Committee*. The office also continued to be a significant contributor to Unum, the Secretary of the Senate's newsletter.

As part of an ongoing program to provide information about the Capitol's art and historic spaces, new informational panels were installed for the paintings of *George Washington at Princeton and Recall of Columbus*.

Policies and Procedures

In 2004, the Senate Curatorial Advisory Board was established by statute. Composed of respected scholars and curators, this board was established to (i) provide expert advice to the Commission regarding the Senate's art and historic collections and preservation program, and (ii) assist in the acquisition and review of new objects for the collections. During 2004, the 12-member board was empaneled and the first meeting was held.

Additionally, the Commission established the Senate Preservation Board of Trustees. This board, composed of eminent citizens, was established to enable the acquisition of significant art works and historical objects and to facilitate preservation projects for the Commission. Currently, the Commission, through the Curator's office, is fielding nominations for the board from Commission members and an initial meeting will be held in the spring of 2005.

Collaborations, Educational Programs, and Events

In preparation for the presidential inauguration, the JCCIC requested various assistance from the Curator's Office. The staff was responsible for handling all details regarding the historic painting and podium for display at the inaugural luncheon; assisting with the printed programs and gift portfolio; and developing a collecting plan to ensure appropriate material would be saved for the Senate Collection. The Curator's Administrator served on the JCCIC design team for the web site, while the Curatorial Assistant was assigned to the Committee, serving as its Deputy Capitol Coordinator.

Office Administration

As part of the continuing effort to safeguard collections and records against possible disaster, work began to microfiche and digitize the collection object files. These files are the primary legal title, research, and management records for all art and historical objects in the Senate's collections. Copies of the fiche and digital records will be kept off site for disaster recovery and archival purposes. Additional copies will be used on site for research and public information in order to lessen the wear and tear on the original paper records.

Automation

The office upgraded its electronic collection management database, allowing for more efficient and accurate conversion of collection information into web site applications. The staff is participating in a pilot program to introduce Groove project management software to the Secretary's Office.

In 2004 a PDF version of the publication, *United States Senate Catalogue of Fine Art*, was posted on the web site, and work is proceeding to add the essays from that volume to the web pages for each piece of art. In addition, the office completed photographing and scanning the 980 historical engravings and political cartoons in the Graphic Art Collection; work on adding these to the site will begin shortly. Due to an increased presence of the Senate Collection on the Senate.gov web site, requests for collection images increased dramatically.

Objectives for 2005

A major initiative in the upcoming year will be the creation of several new museum quality storage areas for the Senate Collection. At the end of 2004, a site was selected for a new Senate warehouse facility that will be outfitted to include a room with climate control, security, and equipment to house Senate Collection objects. Work will include research and review of appropriate museum storage equipment and monitoring systems, and planning the move of collections into the new facility. Additionally, planning for the Curator's storage spaces in the CVC will be guided by the results of the contract with the conservator specializing in collections storage.

Conservation and preservation concerns continue to be a priority. Projects in 2005 will include the restoration of nine Senate Chamber desks—completing the seven year conservation treatment program; assessment and conservation of the painting, the *First Reading of the Emancipation Proclamation* by F.B. Carpenter; and restoration of the Senate's historic portrait of George Washington by Gilbert Stuart. Two

conservators from the National Gallery of Art recently provided an assessment of the condition of paintings on display in the Senate wing, and provided recommendations for the conservation of the Stuart panting. Two recently commissioned paintings, of Blanche Kelso Bruce and James O. Eastland, will receive light cleaning and application of a varnish coat to enhance and protect the portraits now that the paint has properly cured.

The Senate Preservation Board of Trustees will hold its first meeting. The Senate Curatorial Advisory Board will continue to meet semi-annually and address such issues as the Commission and the office of the Senate Curator may bring before it.

Work on the *United States Senate Catalogue of Graphic Art* will be completed in 2005. Information panels for three paintings will be developed: *The Florida Case before the Electoral Commission*, *The Battle of Lake Erie*, and *First Reading of the Emancipation Proclamation*.

Internet exhibits will include sites on Isaac Bassett and the Senate Chamber desks. The Isaac Bassett exhibit will feature art works, historic images, and objects from the Senate Collection, as well as portions of the Bassett manuscript, highlighting the 64-year career of this nineteenth-century Senate employee. The Senate Chamber desk exhibit will bring together all historical information on the desks, as well as discuss the conservation efforts. The site will prove invaluable to anyone seeking information on desk occupants, desk styles, and Senate floor seating configurations. Other web activities include increasing the art and historic information on the site, and posting new acquisitions.

To streamline the process for adding new objects to the Senate Collection, a tracking system for potential accessions will be developed. The system will improve the collection of information and the availability of collection documentation. A thorough review and consideration of the Incoming Objects Register collection will commence with the development of the tracking system. Additionally, the Registration department will implement an electronic tracking system to improve the accuracy and efficiency of loan renewals.

Collection activities will include efforts to locate and recover historic Senate pieces long associated with the institution. Work has begun to find an early Senate Chamber chair by Thomas Constantine, a Russell Office Building desk by George Cobb, and furnishings associated with the Old Supreme Court Chamber.

The office will proceed with the Connecticut Compromise mural and the portrait of Senator Bob Dole. Unveilings will be held for the Senator George Mitchell and Senator Margaret Chase Smith paintings.

An oral history program will be developed, based on the Senate Historical Office's successful format, to document the history of the Senate's collections. Artists, cabinetmakers, donors, and others will be interviewed, and appropriate information posted on the Senate web site.

Microfiching of the fine art collection files and microfilming of the Isaac Bassett papers will be completed, as will the project to digitize the annual reports from the AOC, SAA, and Secretary of the Senate. The office will continue to photograph the Senate Chamber desks.

The office plans to expand its use of Groove project management software. It is hoped that by the end of the year all staff will achieve a reasonable level of proficiency in the program and that many projects will be managed and their status reported to the Secretary using this application.

With the recent acquisition of the Cornelius & Baker armorial chandelier, the office will oversee the transfer and storage of the fixture, and will work with the Senate Curatorial Advisory Board to review options for the future use of the fixture within the Senate wing.

The office will undertake several major research initiatives. Research on the Old Senate Chamber *Eagle and Shield* will be conducted in conjunction with major decorative art museums and scholars, and it is hoped that it will result in determining the origin, maker, and original condition of this important symbolic image. Research will begin on the Senate Chamber chairs. No original 1819 chairs remain in the chamber, and as new chairs were constructed over the years, many design features and materials changed. Documenting these changes will help determine the authenticity and age of any chair that might appear for sale or donation; currently several such chairs are being considered for acquisition.

Of importance is the development of a five year plan for the Senate Preservation Program. In creating the plan, the Curator's staff will further their knowledge of state capitol preservation efforts by visiting other sites and meeting with local and state preservationists, and will seek advice from the Senate Curatorial Advisory Board. This will be a major initiative in advancing the Preservation Program.

3. JOINT OFFICE OF EDUCATION AND TRAINING

The Joint Office of Education and Training provides employee training and development opportunities for all Senate staff both in Washington D.C. and in the states. There are three branches within the department. The technical training branch is responsible for providing technical training support for approved software packages used in either Washington or the state offices. The computer training staff provides instructor-led classes; one-on-one coaching sessions; specialized training provided by vendors, computer based training; and informal training and support services. The professional training branch provides courses for all Senate staff in areas including management and leadership development, human resources issues and staff benefits, legislative and staff information, new staff and intern information. The Health Promotion branch provides seminars, classes and screenings on health related and wellness issues. This branch also coordinates an annual Health Fair for all Senate employees and four blood drives each year.

Training Classes

The Joint Office of Education and Training offered 581 classes in 2004. 5,252 Senate employees participated in these classes. The registration desk handled 20,467 requests for training and documentation.

Of the above total, in the Technical Training area 265 classes were held with a total attendance of 1,093 students. An additional 702 staff received coaching on various software packages and other computer related issues.

In the Professional Development area 316 classes were held with a total attendance of 4,159 students. Individual managers and supervisors are also encouraged to request customized training for their offices on areas of need.

The Office of Education and Training is available to work with teams on issues related to team performance, communication or conflict resolution. During 2004, 40 requests for special training or team building were met. Professional development staff also traveled to state offices to conduct specialized training and team building during the year. During the last quarter of the year, training was offered via video teleconferencing to two state offices.

In the Health Promotion area, 708 Senate staff participated in Health Promotion activities throughout the year. These activities included cancer screening, bone density screening and seminars on health related topics. Additionally 1,310 staff participated in the Annual Health Fair held in September.

The Joint Office of Education and Training has actively worked with the Office of Security and Emergency Preparedness to provide security training for Senate staff. In 2004, the Office of Education and Training coordinated 53 sessions of escape hood and other security related training for 1,683 Senate staff.

State Training

Since most of the classes that are offered are only practical for D.C. based staff, the Office of Education and Training continues to offer the "State Training Fair" which began in March 2000. In 2004, two sessions of this program were offered to state staff. This office also conducted our annual State Directors Forum for the second year. In addition, this office has implemented the "Virtual Classroom" which is an internet based training library of 300+ courses. To date, 396 state office and DC staff have used this training option.

4. CHIEF COUNSEL FOR EMPLOYMENT

Background

The Office of the Senate Chief Counsel for Employment ("SCCE") is a non-partisan office established at the direction of the Joint Leadership in 1993 after enactment of the Government Employee Rights Act ("GERA"), which allowed Senate employees to file claims of employment discrimination against Senate offices. With the enactment of the Congressional Accountability Act of 1995 ("CAA"), Senate offices became subject to the requirements, responsibilities and obligations of 11 employment laws. The SCCE is charged with all legal defense of Senate offices in all employment law cases at both the administrative and court levels. Also, on a day-to-day basis, the office provides legal advice to Senate offices about their obligations under employment laws. Accordingly, each of the 180 offices of the Senate is an individual client of the SCCE, and each office maintains an attorney-client relationship with the SCCE.

The areas of responsibilities of the SCCE can be divided into the following categories:

—Litigation (Defending Senate Offices in Federal Court)

—Mediations to Resolve Lawsuits

—Court-Ordered Alternative Dispute Resolutions
—Preventive Legal Advice
—Union Drives, Negotiations and Unfair Labor Practice Charges
—OSHA/Americans With Disability Act ("ADA") Compliance
—Layoffs and Office Closings In Compliance With the Law
—Management Training Regarding Legal Responsibilities
—Litigation; Mediations; Alternative Dispute Resolutions

The SCCE represents each of the 180 employing offices of the Senate in all court actions (including both trial and appellate courts), hearings, proceedings, investigations, and negotiations relating to labor and employment laws. The SCCE handles cases filed in the District of Columbia and cases filed in any of the 50 states.

Union Drives, Negotiations And Unfair Labor Practice Charges

In 2004, no employees attempted to unionize. Therefore, the SCCE handled no union drives.

OSHA/ADA Compliance

The SCCE provides advice and assistance to Senate offices in complying with the applicable OSHA and ADA regulations; representing them during Office of Compliance inspections; advising state offices on the preparation of the Office of Compliance's Home State OSHA/ADA Inspection Questionnaires; assisting offices in the preparation of Emergency Action Plans; and advising and representing Senate offices when a complaint of an OSHA violation has been filed with the Office of Compliance or when a citation has been issued. In 2004, the SCCE assisted all Senate offices in preparing for OSHA/ADA inspections, pre-inspected 12 offices, and gave 9 OSHA/ADA seminars.

Management Training Regarding Legal Responsibilities

The SCCE conducts legal seminars for the managers of Senate offices to assist them in complying with employment laws. In 2004, the SCCE gave 51 legal seminars to Senate offices. Among the topics covered were:

—Preventing and Addressing Sexual Harassment in the Workplace;
—The Congressional Accountability Act of 1995: What Managers Need to Know About Their Legal Obligations;
—Managers' Obligations Under the Family and Medical Leave Act;
—The Legal Pitfalls of Hiring the Right Employee: Advertising, Interviewing, Drug Testing and Background Checks;
—Disciplining, Evaluating and Terminating an Employee Without Violating Employment Laws;
—Management's Obligations Under the Americans With Disabilities Act;
—Equal Pay for Equal Work: Management's Obligations Under the Equal Pay Act;
—The Immigration Reform and Control Act of 1986 (IRCA): Steps Your Office Must Take to Verify Employment Eligibility;
—Enhancing Diversity and Avoiding Discrimination in the Workplace; and
—Workplace Violence.

Preventive Legal Advice

At times, a Senate office will become aware that an employee is contemplating legal action, and the office will request the SCCE's legal advice and/or that the SCCE negotiate with the employee's attorney before the employee files a lawsuit.

Also, the SCCE advises and meets with Members, Chiefs of Staff, Administrative Managers, Staff Directors, Chief Clerks and General Counsels at their request. The purpose is to prevent litigation and to minimize liability in the event of litigation. For example, on a daily basis, the SCCE advises Senate offices on matters such as disciplining or terminating employees in compliance with the law, handling and investigating sexual harassment complaints, accommodating the disabled, determining wage law requirements, meeting the requirements of the Family and Medical Leave Act, and management's rights and obligations under union laws and OSHA.

5. SENATE GIFT SHOP

The Senate Gift Shop was established under administrative direction and supervision of the Secretary of the Senate (SOS) in October 1992, (United States Code, Title 2—Chapter 4). The Gift Shop provides services to Senators, their spouses, staffs, and constituents, and the many visitors to the U.S. Capitol complex. Products include a wide variety of souvenirs, collectibles and fine gift items created exclu-

sively for the U.S. Senate. Services include special ordering of personalized products, custom framing, gold embossing, engraving and shipping.

Facilities

For several years the services offered by the Senate Gift Shop were over-the-counter sales to walk-in customers at a single location. Today, after more than 10 years in operation, and as a result of extended services and continued growth, the Gift Shop now provides service from three different locations. Services from these locations include walk-in sales, telephone orders, fax orders, mail orders, and a variety of special order and catalog sales.

Plans for the movement of inventory from the offsite warehouses to the soon-to-be completed SAA warehouse are currently being formulated. Plans include but are not limited to taking a physical inventory of Gift Shop merchandise stored at both offsite warehouses, devising methods for securing product on pallets and carts in preparation for transportation, transporting the merchandise, and the shelving of inventory upon delivery to the new warehouse.

Operational procedures for the new location such as staffing requirements, receiving, shipping, and security are currently under consideration. These issues as well as other procedural considerations will be more clearly defined through a series of meetings and communications between SAA and SOS Gift Shop staff as the warehouse construction nears completion.

Sales Activity

Sales recorded for fiscal year 2004 are $1,494,744.51. Cost of goods sold during this same period are $1,005,348.34, accounting for a gross profit of $489,396.17.

In addition to tracking gross profit from sales, the Senate Gift Shop maintains a revolving fund and a record of on-hand inventory. As of October 1, 2004, the revolving fund balance was $1,683,079.32 and the on-hand inventory was valued at $2,090,474.06.

Additional Activity

One of the most important objectives for 2003 and 2004 was replacing point-of-sale and accounting software, Basic Four, which was more than twenty years old and no longer meeting the increasingly unique needs of the Gift Shop.

The company providing the hardware and performing the system installation of the new retail and financial management system, has completed the bulk of the contract work and is nearing completion of the last few deliverables of the contract. The deliverables that remain to be fulfilled include the ability to export and import financial data from the Senate Disbursing Office into the Gift Shop's Great Plains accounting system, the delivery of a basic Web Store/Kiosk database engine and the development of an e-commerce storefront.

The selected software packages, Microsoft Retail Management System, Headquarters, Store Operations and Great Plains, are off-the-shelf products that required little modification to meet the specific requirements of Senate Gift Shop operations. Currently Gift Shop staff continue to modify and create databases that will serve as the foundation for the new retail system. Databases include inventory, financial data and other information required for detailed reports. Contractors are currently working to solve programming issues and are confident that they will be able to complete the contract obligations in the very near future.

It is important to note that the new system not only will meet the Gift Shop's current and near-future requirements, but will also accommodate potential add-on features such as intranet and internet sales.

Accomplishments and New Products in Fiscal Year 2004

Official Congressional Holiday Ornaments

The year 2002 marked the beginning of the Gift Shop's third consecutive "four-year ornament series." Each ornament in the 2002–2005 series of unique collectibles features an architectural milestone of the United States Capitol and is packaged with corresponding historical text taken from the book, *History of the United States Capitol: A Chronicle of Design, Construction, and Politics* by William C. Allen, Architectural Historian in the office of the Architect of the Capitol.

Our 11th annual ornament was released in 2004 and shows the Capitol enlarged with new marble wings and cast-iron dome designed by Philadelphia architect Thomas U. Walter who was appointed architect of the Capitol extension in 1851. Walter enlivened the foreground of his drawing with a spirited scene of carriages, horses and crowds of people. In keeping with a Gift Shop tradition, the authentic colors of the original drawing were reproduced onto a white porcelain stone and set with a brass frame finished in 24kt gold.

Sales of the 2004 holiday ornament exceeded 33,000, of which more than 7,400 were personalized with engravings designed, proofed and etched by Gift Shop staff. Sales revenue from this year's ornament generated more than $40,000 in scholarship funds for the Senate Child Care Center.

Pickard China Porcelain "Executive Authority" Box

Executive Authority, released in 2004, is the third in a series of four porcelain boxes that display different images from the Constantino Brumidi fresco paintings on the ceiling of the President's Room in the Senate Wing of the United States Capitol. The first and second boxes in the series, *Liberty and Legislation*, were released in 2002 and 2003. The final piece of this series, *Religion*, will be released later this year.

United States Senate Catalogue of Fine Art

The Gift Shop purchased for resale the book, *United States Senate Catalogue of Fine Art*. In order to ensure availability of this publication for an extended period of time, a large quantity was secured.

Projects and New Ideas for 2005

108th Congressional Plate

The series of Official Congressional Plates will continue this year with the design, development and manufacture of the 108th and 109th Congressional Plates. The design stage for both plates has been completed and prototypes are being produced by Tiffany & Co.

In addition to determining the design for the 108th and 109th Congressional Plates, final artwork is under development with Tiffany's for the 110th and 111th Congressional Plates.

Constantino Brumidi Birthday Celebration

This year marks the 200th Birthday of Constantino Brumidi, "The Artist of the Capitol." In celebration of this special occasion, Gift Shop staff will work closely with the staff of the Curator's Office throughout 2005 on an initiative to add to our collection of Brumidi-inspired merchandise.

Intranet/Webster

The Gift Shop actively continues to develop its website. Primary considerations include website policy, design and layout, content and products to be featured. It is the Gift Shop's intention to quickly include links to the offices of the Historian, Curator and Senate Library so the Senate community using Webster will have ready access to additional information pertaining to the product or subject of their interest.

6. HISTORICAL OFFICE

Serving as the Senate's institutional memory, the Historical Office collects and provides information on important events, precedents, dates, statistics, and historical comparisons of current and past Senate activities for use by members and staff, the media, scholars, and the general public.

The Office advises Senators, officers, and committees on cost-effective disposition of their non-current office files and assists researchers in identifying Senate-related source materials. The Office keeps extensive biographical, bibliographical, photographic, and archival information on the 1,784 former Senators. It edits for publication historically significant transcripts and minutes of selected Senate committees and party organizations, and conducts oral history interviews with key Senate staff. The photo historian maintains a collection of approximately 40,000 still pictures that includes photographs and illustrations of Senate committees and most former Senators. The Office develops and maintains all historical material on the Senate web site.

Editorial Projects

Biographical Directory of the U.S. Congress, 1774–2005.—In May 2003, both Houses of Congress adopted H. Con. Res. 138, authorizing printing of the sixteenth edition of the *Biographical Directory of the United States Congress, 1774–2005*. The first edition of this indispensable reference source was published in 1859; the most recent edition appeared in 1989. Since 1989, the assistant historian has added many new biographical sketches, expanded bibliography entries, and revised and updated most of the database's 1,875 Senate entries. In preparation for the new print edition, scheduled for release in late spring/early summer of 2005, the assistant historian has updated the Congress-by-Congress listing of members through the 108th

Congress, updated the listing of executive branch officers, and completed the editing and proofing of all Senate-related information. In addition, existing information has been edited to allow for expanded search capabilities on the online version at http://bioguide.congress.gov.

Joint Congressional Committee on Inaugural Ceremonies (JCCIC).—In early 2004, the Office began consulting with the JCCIC to develop historical content for the JCCIC's web site. The Office conducted historical research and compiled files for every inauguration since 1789. Based on the information collected, staff provided historical data for each inauguration, and wrote brief articles on all aspects of inauguration day, from the morning prayer service to the evening's ball (including the procession to the Capitol, the swearing-in ceremony, the inaugural luncheon, and the parade). The photo historian located and provided photographs and illustrations to accompany the inauguration profiles and articles. Office staff assisted JCCIC staff with publishing these materials to the Web site. In addition to the Web site, the Office assisted the JCCIC with developing the inaugural theme, and wrote and edited content for printed materials, including the platform program, luncheon program, and the luncheon portfolio.

Capitol Visitor Center Exhibition Content Committee.—Staff historians continued to assist the Capitol Preservation Commission in drafting text for the exhibition gallery of the Capitol Visitor Center. During 2004, the Office worked with Donna Lawrence Productions to develop a script for a CVC visitor orientation film.

Administrative History of the Senate.—During 2004, the assistant historian continued the research and writing of this historical account of the Senate's administrative evolution, taking advantage of newly discovered archival resources and improved search capabilities for contents of nineteenth-century newspapers and periodicals. This study traces the development of the offices of the Secretary of the Senate and Sergeant at Arms, considers nineteenth and twentieth-century reform efforts that resulted in reorganization and professionalization of Senate staff, and looks at how the Senate's administrative structure has grown and diversified over the past two centuries.

"Anchor of the Republic: The United States Senate, 1789–2006".—The Office began work on a one-volume illustrated history of the Senate, intended for publication in late 2006. This book will focus on the Senate's unique constitutional responsibilities, the development of its traditions and prerogatives, and the contributions of significant personalities.

Rules of the United States Senate, 1774–1979.—This work in progress will present a narrative history of the evolution of the Senate's standing rules, from their antecedents in the Continental Congress through their most recent recodification in 1979. Following the narrative section, a documentary section will include the original text of all standing rules, beginning with those the Senate adopted on April 16, 1789. It will reprint each of the seven subsequent recodifications (1806, 1820, 1828, 1868, 1877, 1884, and 1979) along with changes adopted between each recodification. Appendices will contain rules of the Continental Congresses, the Senate of the Confederate States of America, and the abandoned joint rules of Congress.

Member Services

Members' Records Management and Disposition Assistance.—The Senate archivist continued to assist members' offices with planning for the preservation of their permanently valuable records, with special emphasis on archiving electronic information from computer systems and transferring valuable records to a home state repository. The archivist updated the archival sections of the handbook, "Closing a Senate Office" and participated in meetings with all offices of retiring Senators to plan for the disposition of their records. The archivist worked with staff from all repositories receiving senatorial collections to ensure adequacy of documentation and the transfer of appropriate records with adequate finding aids. The archivist worked with the Committee on Rules and Administration to recommend a change in the source of Senate funding for shipment of members' official records to home-state archival repositories. Public Law 108–447 (December 8, 2004) changed the funding from individual office accounts to the "Miscellaneous Items" appropriations account within the contingent fund of the Senate. The archivist worked with the Sergeant at Arms to develop protocols for the use of an electronic document management system operated by the Office of Printing, Graphics, and Direct Mail. The system is available to all offices for scanning projects and it simultaneously produces a microfilm version suitable for archival preservation purposes. The Historical Office began using the system to produce security copies of its thirty years' accumulation of historical subject files. The archivist identified and worked with three pilot project members' offices to implement its use. The archivist conducted a seminar on records management for Senate offices.

Committee Records Management and Disposition Assistance.—The Senate archivist provided each committee with staff briefings, record surveys, guidance on preservation of information in electronic systems, and instructions for the transfer of permanently valuable records to the National Archives' Center for Legislative Archives. Over 1,365 feet of Senate records were transferred to the Archives. The archivist updated and published *Records Disposition Procedures for Offices of the Secretary of the Senate*. The archival assistant continued to provide processing assistance to committees and administrative offices in need of basic help with noncurrent files. The archival assistant produced committee archiving reports in a database format covering records' transfers for the past five years. The archivist analyzed these reports to provide committees with suggestions for improvements. The archivist also worked with all committees to transfer a set of mark-up transcripts to the Archives for security purposes. The archivist continues revision of the *Records Management Handbook for United States Senate Committees*. Part of the revision entailed developing, with assistance from National Archives (NARA) staff, a protocol for transfer of electronic records to NARA's Center for Legislative Archives. The Committee on Governmental Affairs and its archivist developed and successfully implemented a project using this protocol. In the project, all electronic information pertaining to the development of homeland security legislation was appraised, organized, and sent to the archives.

Senate Historical Minutes.—The Senate historian continued an eight-year series of "Senate Historical Minutes," begun in 1997 at the request of the Senate Democratic Leader. In 2004, the historian prepared and delivered a "Senate Historical Minute" at twenty-four Senate Democratic Conference weekly meetings. These 400-word Minutes were designed to enlighten members about significant events and personalities associated with the Senate's institutional development. More than 200 Minutes are available as a feature on the Senate Web site.

Association of Centers for the Study of Congress.—In May, the Historical Office cosponsored the second annual meeting of the Association of Centers for the Study of Congress in Washington. Among the centers involved in this promising new organization are those associated with the public careers of former Senators Howard Baker, Bob Dole, Everett Dirksen, Margaret Chase Smith, George Aiken, Thomas Dodd, Wendell Ford, Hubert Humphrey, Richard Russell, John Stennis, and John Glenn. The Association elected Senate archivist Karen Paul as its secretary.

Oral History Program

The Historical Office conducts a series of oral history interviews, which provide personal recollections of various Senate careers. This year, oral history interviews were completed with Chuck Ludlam, former staff member of the Separation of Powers Subcommittee; Arthur Rynearson, former deputy Senate Legislative Counsel; and Leonard Weiss, former staff director of the Governmental Affairs Committee. Several other interviews are currently in progress.

Photographic Collections

The photo historian continued to catalog, digitize, and expand the Office's 40,000 item photographic collection. Photos and other images were added to the online collection of Senate Historical Minutes. A photographic exhibition ("Capitol Scenes: 1900–1950") was developed for display on the Capitol's second floor, and a virtual exhibit was created of the same images for the Senate Web site. Working closely with the Senate Curator's Office and the Office of Conservation and Preservation, the photo historian helped to create and mount on the first floor of the Capitol's Senate wing a photographic exhibition entitled "World War II: The U.S. Senate and the Nation's Capital." The office acquired a late 19th and early 20th century collection of scrapbooks containing the photographic images of nearly 900 Senators who served from the Senate's earliest years through the 1920s. The photo historian also began working on a pictorial directory that will include an image of every Senator who has ever served, organized by state and class. This first-of-its-kind publication will offer a unique visual representation of the collective Senate from its beginnings to the present.

Educational Outreach

In coordination with the Joint Office of Education and Training, Historical Office staff provided seminars on the general history of the Senate, Senate committees, women Senators, and Senate floor leadership. Office staff also participated in seminars and briefings for specially scheduled groups. The historian and associate historian joined the Secretary of the Senate in making formal presentations at the June 2004 Institute on Congress and American History at the Lyndon B. Johnson Library and Museum in Austin, Texas. Staff also made several international presentations. The historian addressed the "Parliaments, Representation, and Society Seminar" at

the University of London's Institute of Historical Research and the associate historian was a featured speaker at a conference of the International Association of Oral History in Rome, Italy. Finally, on November 19, 2004, C-SPAN's "Washington Journal" devoted an hour-long program to the history of the Senate and the work of the Senate Historical Office.

7. HUMAN RESOURCES

The Office of Human Resources was established in June 1995 as a result of the Congressional Accountability Act. The Office develops and implements human resources policies, procedures, and programs for the Office of the Secretary of the Senate that not only fulfill the legal requirements of the workplace but which complement the organization's strategic goals.

HR's responsibilities include recruiting and staffing; providing guidance to managers and staff; training; job analysis; compensation planning, design, and administration; leave administration; records management; employee handbooks and manuals; internal grievance procedures; employee relations and services; and organizational planning and development.

The Human Resources Office also administers the Secretary's Public Transportation Subsidy program and the Summer Intern Program that offers college students the opportunity to gain valuable skills and experience in a variety of Senate support offices.

Ongoing projects for 2005

Classification and Compensation Review Completed

HR conducted a complete classification and compensation study. The classification study included a comprehensive collection of current job classifications and specifications for every position in the Office. For 2005 and beyond, HR will for maintain and update the entire system.

Policies and Procedures

The Secretary, through HR, will update and revise the Employee Handbook of the Office of the Secretary. With nuances in employment law and other advances, the policies will be reviewed, coordinated with counsel (if necessary), revised and updated annually.

In regard to potential violations for said procedures, the Secretary, through HR and the Senate Chief Counsel for Employment, has developed an effective method to coordinate inquiries.

Employee Self-Service (ESS)

HR has implemented use of the Employee Self-Service system (ESS) which is a secure system enabling Secretary staff to review and update personnel information pertaining to addresses, phone numbers and emergency contact information. Employees are now able to review and correct information to their electronic personnel records kept by HR. Staff and managers can also access leave records and reports through this system. The ability to review and update this information is instrumental to maintain accurate contact lists for emergencies or other contingencies.

New Leave Tracking System

In the past, employees of the Secretary of the Senate had to maintain "timesheets" for each day of work throughout the year. This system was maintained by each employee and signed off on by the supervisor and/or department head. HR created a new leave tracking system whereby attendance is only recorded by the exception, or absence. Leave slips have been created for staff to complete and submit prior to needing to take leave. The supervisor approves the request and forwards it to HR to be entered into the system. Staff now have access to their leave balance which is maintained by HR. As a result of this new tracking system, directors and HR are able to generate a multitude of reports to analyze leave usage by department and organization-wide and to review leave balances.

Attraction and Retention of Staff

HR has the ongoing task of advertising new vacancies or positions, screening applicants, interviewing candidates and assisting with all phases of the hiring process.

Outreach

HR has initiated development of an Elder Care Fair that will be available for all Senate staff interested in learning more about local and nationwide services available to assist the elderly and those responsible for their care. HR is working closely with the Senate Office of Education and Training and the Employee Assistance Pro-

gram to identify and contact agencies that may be of assistance to Senate staff. The goal is to conduct this one day event in the last quarter of 2005.

Training

In conjunction with the Senate Chief Counsel for Employment, HR has worked on preparing training for department heads and staff. The training topics include Conducting Background Checks, Providing Feedback to Employees and Goal Setting. These skills will further enhance the ability to our staff to comply and succeed in the development of the staff of the Secretary of the Senate.

Orienting New Staff

Because first impressions make such a lasting impression, HR has developed a new consistent means of orienting new staff joining the Office of the Secretary. This new system allows for a seamless transition from the orientation of HR, policies, parking, and metro subsidy, to the particular department the staff member is joining.

Interns and Fellows

HR has been instrumental in the internship program and coordination of the Heinz Fellowship program. The next group of summer interns will begin in June 2005.

Employee Feedback and Development

A key to maintaining and improving performance standards, as well as ensuring completion of organizational objectives, is providing employee feedback. HR, in conjunction with the Executive Office and department heads, has established a new comprehensive tool to evaluate staff at all levels of the organization.

8. INFORMATION SYSTEMS

The staff of the Department of Information Systems provides technical hardware and software support for the Office of the Secretary of the Senate. Information Systems staff also work closely with the application and network development groups within the Senate Sergeant at Arms (SAA), the Government Printing Office (GPO), and outside vendors on technical issues and joint projects. The Department provides computer related support for the all LAN-based servers within the Office of the Secretary of the Senate. Information Systems staff provide direct application support for all software installed workstations, initiate and guide new technologies, and implement next generation hardware and software solutions.

Mission Evaluation

The primary mission of the Information Systems Department is to continue to provide the highest level of customer satisfaction and computer support for all departments within the Secretary of the Senate's operation. Emphasis is placed on the creation and transfer of legislation to outside departments and agencies, meeting Disbursing office financial responsibilities to the member offices, and office mandated and statutory obligations.

Functional responsibilities for supporting other departments were expanded, as staffing levels were maintained. Information System staff functionality was expanded by moving the IT structure from a local LAN support structure to an enterprise IT support process. Improved diagnostic practices were adopted to stretch support across all Secretary departments. Several departments, namely Disbursing, Office of Public Records, Chief Counsel for Employment, Page School, Senate Security, and Stationery and Gift Shop have dedicated information technology staff within those offices. Public Records, Stationery, and Gift Shop remote support was added in 2004. Information Systems personnel continue to provide a multi-tiered escalated hardware and software support for these offices.

For information security reasons, Secretary departments implement isolated computer systems, unique applications, and isolated local area networks. The Secretary of the Senate network is a closed local area network to all offices within the Senate. Information Systems staff continue to provide a common level of hardware and software integration for these networks, and for the shared resources of inter-departmental networking. Information System staff continue to actively participate in all new project design and implementation within the Secretary of the Senate operations.

Improvements to the Secretary's LANs

The Senate chose Windows NT as the standard network operating system in 1997. The continuing support strategy is to enhance existing hardware and software support provided by the Information Systems Department, and augment that support

with assistance from the SAA whenever required. The Secretary's network supports approximately 300 user accounts and patron accounts in the Capitol, Hart, Russell, Dirksen, and the Page School locations.

Continuity of Operations Plan (COOP)

The Office of Information System began disaster planning for the Secretary's office in June, 1998. In January, 2001, this planning process had evolved to include other working groups within the Senate . Working with the Office of Senate Security, SAA, GSA, and GAO personnel, the Information System COOP plan was developed in March 2001. Initial emphasis was placed on the continuation of legislative and financial business elements within the Senate.

Beginning in January 2001, new product technology was implemented to migrate and store legislative data off-line. This success of the initial pilot project was used to facilitate solutions in other Secretary offices. The same technology was applied to provide the department of Public Records with off-line storage capabilities in July 2001.

Near-line server storage solutions augment the normal tape archival process. Individual server data continues to be backed up each night. At present snap servers are deployed in key locations and smaller units are located off-site and are rotated on a bimonthly basis.

Fiscal Year 2004 Highlights

1. Active Directory and Message Infrastructure Project (ADMA)

The original plan involved replacing all CC:MAIL servers and gateways with a decentralized Microsoft Outlook solution. The Secretary's office previously had six Post Offices in six different server domains. There was no central Public Address Book for all Secretary employees. Additionally, Secretary Mail requirements needed to be refined to insure the implemented solution was both cost-effective and reliable for the Office of the Secretary.

The Microsoft Outlook E-Mail client solution is referred to as the Messaging Architecture, and the replacement of the existing Windows NT server installed base is referred to as the Active Directory project. The initial plan outlined that all staff employees be enrolled in one central Active Directory Secretary enterprise. Each department (except the Disbursing and Employment Counsel office) is to be structured as a Organizational Unit within the new enterprise. In November 2004, the Office of Employment Counsel migrated to ADMA. Completion of the remaining offices will occur in fiscal year 2005.

2. Office of Public Records (OPR) Upgrades

Upgrades to all OPR hardware and software were implemented in fiscal year 2004. This involved replacing four (4) new servers at the PSQ location, and consolidating all OPR data to a new hardware platform in SH–232. Operating System software was ungraded and Database software was transferred to a Windows2000/SQL2000. During the February ricin event, OPR staff relocated and were able to operate and continue their scanning operation.

3. Senate Library Catalog Project

The existing Senate Library hardware and software server operation in SRB–20 was mirrored to facilitate access to the Library Web Catalog for all Senate offices on the Senate Intranet. Previously only workstations within SOS could access the catalog. Home and state offices can now take advantage of the numerous library resources. The mirrored server operation at another location provides a redundant data backup to the primary Russell location. Future migration of the catalog information to the Storage Area Network (SAN) located at the Alternate Computing Facility is now possible.

4. Legislative Operation Upgrades

The Journal Clerk hardware and software business applications was updated in fiscal year 2004. The previous version of software was last updated in 1997, and this new software application now takes advantage of the LIS repository located at PSQ. Composition of the Senate Journal is more accurate and takes advantage of the internal LIS architecture.

5. Gift Shop Procurement

A search began early in 2002 to investigate and find a solution for a replacement hardware and software system for the Senate Gift Shop and Stationery operations. A procurement was awarded in 2002. New hardware servers and Point-Of-Sale workstations were installed in January 2004, the older POS applications retired, and new system integration completed in February 2004. This is a long-term project

which involves the creation of a new product database, an e-commerce point-of-sale application, inventory control software, and Disbursing Office reports generation package.

6. Stationery Room Renovation Procurement

Similar to the Gift Shop renovation project, the Stationery Room awarded a contract to replace the existing business method. This process had not been updated in over ten years. Additional hardware and software was installed in 2004 to support the new point-of-sale system.

In May 2004, an enhancement to the Metro Subsidy system began which would allow Senate offices to request allotted subsidies in advance using a web-browser based connection. SAA provided the web-entry portal and the Secretary installed the necessary SQL database server. An additional hardware server and new workstations were installed in December 2004 to support the PTI solution.

7. Curator Project Management Software

In May 2004, the Curator's office desired a method to more efficiently create, edit, publish, and distribute information relative to numerous contracts and outside vendor projects. After evaluating these business requirements, the IT solution implemented now provides multi-user collaboration software (Groove) to track and monitor these numerous projects. In parallel, working with SAA Research & Development, this solution was deemed valuable to other Senate offices as this package allows staff to communicate and share files regardless of location.

9. INTERPARLIAMENTARY SERVICES

The Office of Interparliamentary Services (IPS) has completed its 23rd year of operation as a department of the Secretary of the Senate. IPS is responsible for administrative, financial, and protocol functions for all interparliamentary conferences in which the Senate participates by statute, for interparliamentary conferences in which the Senate participates on an ad hoc basis, and for special delegations authorized by the Majority and/or Minority Leaders. The office also provides appropriate assistance as requested by other Senate delegations.

The statutory interparliamentary conferences are: NATO Parliamentary Assembly; Mexico-United States Interparliamentary Group; Canada-United States Interparliamentary Group; British-American Interparliamentary Group; United States-Russia Interparliamentary Group; and United States-China Interparliamentary Group.

In June, the 45th Annual Meeting of the Canada-U.S. Interparliamentary Group was held in Idaho. Arrangements for this successful event were handled by the IPS staff.

As in previous years, all foreign travel authorized by the Leadership is arranged by the IPS staff. In addition to delegation trips, IPS provided assistance to individual Senators and staff traveling overseas. Senators and staff authorized by committees for foreign travel continue to call upon this office for assistance with passports, visas, travel arrangements, and reporting requirements.

IPS receives and prepares for printing the quarterly financial reports for foreign travel from all committees in the Senate. In addition to preparing the quarterly reports for the Majority Leader, the Minority Leader, and the President Pro Tempore, IPS staff also assist staff members of Senators and committees in filling out the required reports.

Interparliamentary Services maintains regular contact with the Office of the Chief of Protocol, Department of State, and with foreign embassy officials. Official foreign visitors are frequently received in this office and assistance is given to individuals as well as to groups by the IPS staff. The staff continues to work closely with other offices of the Secretary of the Senate and the Sergeant at Arms in arranging programs for foreign visitors. In addition, IPS is frequently consulted by individual Senators' offices on a broad range of protocol questions. Occasional questions come from state officials or the general public regarding Congressional protocol.

On behalf of the Leadership, the staff arranges receptions in the Senate for Heads of State, Heads of Government, Heads of Parliaments, and parliamentary delegations. Required records of expenditures on behalf of foreign visitors under authority of Public Law 100–71 are maintained in the Office of Interparliamentary Services.

Planning is underway for the 44th Annual Meeting of the Mexico-U.S. Interparliamentary Group, and the second meetings of both the U.S.-Russia Interparliamentary Group and the U.S.-China Interparliamentary Group, all of which will be held in the United States in 2005. Advance work, including site inspection, will be undertaken for the 46th Annual Canada-U.S. Interparliamentary Group

meeting to be held in the United States in 2006. Preparations are also underway for the spring and fall sessions of the NATO Parliamentary Assembly.

10. LIBRARY

The Senate Library provides legislative, legal, business, and general information services to the United States Senate. The library's collection encompasses legislative documents that date from the Continental Congress in 1774; current and historic executive and judicial branch materials; and an extensive book collection on American politics, history, and biography. Other resources include a wide array of on-line systems used to provide nonpartisan, confidential, timely, and accurate information services to the Senate. The library also authors content for three Web sites: Legislative Information Service, Senate.gov, and Webster.

Notable Achievements

Senate Library catalog available to all Senate staff via Webster.
Web inquiries increased 73 percent and overall inquiries increased 61 percent.
Final design requirements for the off-site storage facility submitted to SAA.
Adjourn time and vote information added to Floor Schedule on Senate.gov.

Information Services

Research

Legal, legislative, business, and general research is the library's primary mission. The complexity of research requests may require several hours of staff time and numerous resources, while working under strict deadlines. While these request totals are fewer than the Web-based inquiries, they dominate daily library activity. This year the library answered 33,750 research inquiries that resulted in the delivery of 3,265 information packages. Activities supporting research requests included 2,747 faxes, 156,891 photocopies, and 6,945 pages printed from the microform collection. The library also loaned 2,165 books and congressional documents to Senate offices. In addition, 371 Senate staff established new borrowing accounts, bringing total accounts to 2,754.

These research skills are critical in the librarians' ability to author material for three different Web sites. Since the 2002 redesign of senate.gov—the Senate's official public Internet site—the librarians have also become essential content providers, organizational consultants, and text editors. The 73 percent increase in visitors to library-authored online resources underscores the library's role in creating and delivering quality information products on the Web.

Traditional inquires—which are telephone, fax, walk-in, and e-mail inquiries—plus visitors to library-authored Web resources increased total requests by 61 percent over last year.

TABLE 1.—SENATE LIBRARY INQUIRY HISTORY, 2000 TO 2004

[Traditional Requests and Visitors to Library-Authored Web Information]

Year(s)	Category		
	Traditional Phone, Fax, E-mail & Walk-in	Web See Table 2 for details	Total
2004	33,750	602,236	635,986
2003	46,234	348,198	394,432
2000–2002 Average	38,660	2,003	40,663

Senate.gov

The Senate Library's mission includes providing accurate, timely, and professionally organized information about the U.S. Senate on Senate.gov—the most widely read publication authored by the Office of the Secretary. The librarians' expert knowledge of the legislative process and sophisticated research skills are used to develop, customize, and deliver meaningful and relevant information. They are able to tailor information to meet the needs of various Web audiences and they possess the critical skills required to provide organized and meaningful content.

Senate.gov accomplishments for 2004:

—The Floor Schedule posted on the home page was enhanced this year by including the adjournment time and a link to the day's recorded votes, an expansion of the library's original 2003 mandate to publish the convene time and the Senate's daily program. Prior to nightly posting of the interactive Schedule, Senate staff were solely dependent upon cloakroom recorded messages.

—Librarians designed Statistics & Lists to provide easy access to more than 80 lists of Senate information, including 28 that detail senatorial biography and service records. Librarians created a subject arrangement for quick access to the varied lists. Topics range from Active Legislation (subject-organized research aids providing bill numbers), to Senators who have cast more than 10,000 votes, to books about art and architecture in the U.S. Capitol.

—Librarians researched and designed an historically important page featuring links to the final Résumé of Congressional Activity for each year since the Résumé was created in 1947. To maintain currency, the latest monthly Résumé is posted upon publication in the Congressional Record. Web designers for both LIS and THOMAS—the public site for legislative status information—quickly adopted the senate.gov Résumé page to enhance their existing content.

The library's Web experience benefits offices under the Secretary needing to publish Internet information. The library designed a page for Senate Printing and Document Services that provides location, hours, and contact information, including an e-mail address for public document requests. The page also includes links to guides on identifying bill numbers and online texts of legislation, and provides definitions of the various categories of legislation. Librarians also coordinate with several Secretary's offices in the posting of monthly senate.gov articles, which complement Senate business. For instance, presidential cabinet nominations or an article announcing the *United States Senate Catalogue of Fine Art*, was prominently featured for Web visitors.

The importance of long-range planning to meet the rapidly changing technical environment was the subject of a series of senate.gov vision meetings conducted this year. The meetings focused on four topics: the value of a taxonomy for site organization and content access; developing a structured workflow and standard editing style; acquiring appropriate software; and designating staff to support the expanding Web responsibilities.

TABLE 2.—SENATE.GOV AND LIS VISITORS TO LIBRARY RESOURCES IN 2004

	Visitors
Active Legislation on Senate.gov	213,014
Reference homepage on Senate.gov	281,836
Virtual Reference Desk on Senate.gov	86,637
Hot Bills List on LIS	11,363
Appropriations Tables, Fiscal Year 1987–2005 on LIS	9,386
TOTAL	602,236

Legislative Information System (LIS)

The Legislative Information System (LIS) serves as a gateway to electronic resources critical to the work of legislative branch staff. The Senate Library serves on an editorial committee with Congressional Research Service (CRS) staff tasked to meet the constantly changing information needs of legislative staff. The committee responds to congressional staff needs by adding features, reorganizing and improving content, and enhancing design elements. Among the library's most popular LIS products for Senate staff are the Hot Bills List and Appropriations Tables.

The library is also working on improvements in LIS nomination and treaty chronologies. The project will ensure that all Senate hearing information is fully identified, regardless of when the hearing was conducted. The research and data entry strategies will be determined in 2005.

Webster

A major accomplishment in 2004 was the establishment of Senate-wide access to the online library catalog via Webster—the Senate's Intranet—which required a coordinated effort by staff from the Office of the Secretary, the Sergeant at Arms, and the catalog vendor. On-site installation and reliability testing of the catalog began in January. The server was transferred to Postal Square in July, where subsequent security testing was completed before the October 25, 2004 official release. The catalog provides staff with desktop access to more than 158,000 bibliographic records. These records include legislative materials dating from the 19th century, executive and judicial branch documents, and more than 35,000 books on the Senate, American history, politics, political biography, and legislative issues. Staff may request same-day book delivery via a catalog link. The catalog also provides full-text electronic access to selected congressional hearings, executive branch documents, and periodicals.

The Webster home page announcement feature was successfully used to promote service seminars, National Library Week events, and the release of the library catalog. More than 150 staff attended the Webster-announced events.

Instructional Services

The Information Services team serves as the Search Help Desk for the Front Page on Webster. Front Page is an information gateway to commercial databases such as LexisNexis, Westlaw, ProQuest, Leadership Directories, Congressional Quarterly, Bureau of National Affairs, National Journal, Federal Document Clearinghouse, Associated Press, and Reuters. This responsibility requires that each librarian maintain expert search skills and the ability to instruct staff in the use of these electronic resources.

Library staff, in conjunction with the Joint Office of Education and Training (JOET), provide monthly LIS training sessions in which Senate staff are instructed in the latest electronic research strategies. Students learn efficient LIS search strategies for the Congressional Record, bill summary and status reports, roll call votes, and committee actions. As the LIS Help Desk, the library continues staff training by answering content and search strategy questions and providing personalized instruction. The JOET also requested the library's assistance in developing a survey to determine the best strategies for delivering information to Senate staff.

Public Relations

The library hosted 25 public relations events in 2004, including "Services of the Senate Library" seminars, new staff and state staff orientations, Senate Page School seminars, and a Secretary of the Senate "block party." The library also provided tours to several visiting groups, including Catholic University, University of Maryland, University of North Carolina, federal librarians, GPO staff, and a delegation from Japan.

Technical Services

Acquisitions

The library received 11,553 new acquisitions in 2004. Of this number, 7,523 were congressional documents, 3,314 were executive or judicial publications, and the remaining 716 items were books related to politics, American history, or biography. There were several major acquisitions in 2004, including 127 bound volumes of Senate and House bills from the 107th Congress; a 42-volume reprint of the Annals of Congress, containing the congressional debates from 1789–1824; and a significant portion of the 28 volumes of the John C. Calhoun papers.

As a participant in the Federal Depository Library Program (FDLP), the library receives categories of legislative and executive and judicial branch publications from the Government Printing Office (GPO). In 2004, the library received 3,314 items through FDLP. The trend to distribute government publications electronically has significantly reduced the number of paper documents issued. GPO reports that 86 percent of new government documents will only be distributed electronically. The library responded by adding more than 8,300 government document links to the online catalog. The links provide Senate staff with immediate desktop access to the materials.

A major project is the ongoing review of the items received through FDLP. During this fourth year of the project, 2,031 items were withdrawn from the collection and 1,660 (79 percent) of the items were donated to requesting federal libraries. The project's final phase improves document access by integrating executive branch documents with other collections under a single library classification system. This year the cataloging staff reclassified and integrated 326 government documents.

The library's acquisitions committee meets monthly to review and approve all book purchases. The committee is composed of the Librarian, two reference librarians, and the acquisitions librarian. Library staff make recommendations to the committee through a Web-based selection tool that allows staff to suggest titles for possible purchase.

Cataloging

The library's highly productive cataloging staff draws on years of experience to produce and maintain a catalog of 158,111 items. During the year, 8,172 items were added to the catalog and an overall 8 percent increase in titles cataloged was realized.

Cataloging efforts in 2004 focused on historic treaties, Senate executive reports, and older Senate hearings. In many instances, the Senate's collection holds the only known copy of the document. This work contributed to a 33 percent increase over the previous year in cataloging historic material. As a result, the library contributed

636 new personal and treaty name records through the Name Authorities Cooperative program (NACO), a total that exceeds that of many larger institutions. The privilege to participate in NACO recognizes the professional expertise of the library's catalogers.

Offsite Storage and Collection Maintenance

A warehouse facility, scheduled for completion in 2005, will provide the Senate with permanent, well-designed offsite storage. The facility will meet the library's long-term need to preserve the Senate's archival collections. The warehouse will provide storage for 50,000 volumes, security and fire suppression, museum-standard humidity and temperature control, and air filtration. An archive of 20,000 historic and rare congressional documents is scheduled for the initial transfer to the warehouse. To meet Continuity of Operations Plan (COOP) requirements, the warehouse will have access to the Senate network and telecommunications systems. Space for collections and equipment belonging to the Historical Office and Office of Conservation and Preservation will also be provided.

An important preservation project in 2004 involved 19th century editions of the *Annals of Congress*—the official record of congressional debate from 1789–1824. Multiple sets were carefully examined to identify the best candidates for preservation. The selected sets were cleaned, wrapped, boxed, and labeled for eventual rebinding. Another aspect of collection maintenance is binding contemporary materials for permanent retention. These materials include the Congressional Record, Federal Register, and committee publications. In 2004, five shipments of 685 volumes were processed for binding at GPO.

Administrative

Budget

Budget reductions in 2004 totaled $11,009.52. Eight years of aggressive budget monitoring has resulted in reductions totaling $70,940.37. Continual review of purchases has eliminated materials that do not meet the Senate's current information needs. This oversight is also critical in offsetting cost increases for core materials and for acquiring new materials. The goal is to provide the highest service level using the latest technologies and best resources in the most cost-effective way.

Professional Staff Development

During 2004, Library staff participated in 124 training sessions, workshops, conferences, tours, and professional development seminars. The emphasis on continuing education and training is necessary to maintain and upgrade skill levels, particularly in the ever-changing field of technology. In addition to classes on news and legal databases, staff attended technical training sessions that included Web design, Internet research, taxonomy construction, cataloging techniques, and book preservation. Senior staff also conducted several review sessions on the application of cataloging rules.

Library staff toured the Senate Page School, the National Archives, and several Library of Congress divisions including Maps, Photographs and Prints, Loan, and Recorded Sound. Staff also attended several professional conferences including Computers in Libraries, Federal Depository Library, and the American Association of Law Libraries.

Unum, Newsletter of the Office of the Secretary of the Senate

Unum staff coordinated a photo of the entire Secretary's staff, the first since April 1994. The photo was published in the Autumn 2004 issue. The Secretary's quarterly newsletter, produced by Senate Library staff since May 2000, is a continued success. With distribution to approximately 1,200 readers, Unum serves as an historic record of accomplishments, events, and personnel in the Office of the Secretary of the Senate.

Major Library Goals for 2005

Acquire an XML editing tool for Web publishing.
Implement an organizational structure for the library's home page on Webster.
Complete integration of library resources onto the Secretary's network.
Implement an LIS standard for committee hearing data entry.
Transfer 20,000 volumes to the new warehouse.

SENATE LIBRARY STATISTICS FOR CALENDAR YEAR 2004—ACQUISITIONS

	Books		Government Documents		Congressional Publications				Total
	Ordered	Received	Paper	Fiche	Hearings	Prints	Bylaw	Reports/ Docs	
January	25	67	275	103	192	15	74	113	839
February	5	30	176	76	204	14	68	112	680
March	20	69	243	103	313	25	208	202	1,163
1st Quarter	50	166	694	282	709	54	350	427	2,682
April	14	70	171	56	212	15	138	292	954
May	33	75	167	0	334	27	88	158	849
June	18	51	151	6	331	20	119	192	870
2nd Quarter	65	196	489	62	877	62	345	642	2,673
July	16	62	237	0	281	32	77	295	984
August	12	37	134	166	392	23	80	316	1,148
September	15	42	222	242	233	14	61	354	1,168
3rd Quarter	43	141	593	408	906	69	218	965	3,300
October	15	90	160	43	203	10	115	289	910
November	30	66	173	80	252	16	75	343	1,005
December	22	57	220	110	233	6	68	289	983
4th Quarter	67	213	553	233	688	32	258	921	2,898
2004 Total	225	716	2,329	985	3,180	217	1,171	2,955	11,553
2003 Total	355	1,034	2,484	992	3,171	266	596	3,155	11,698
Percent Change	−36.62	−30.75	−6.24	−0.71	+0.28	−18.42	+96.48	−6.34	−1.24

SENATE LIBRARY STATISTICS FOR CALENDAR YEAR 2004—CATALOGING

	S. Hearing Numbers Added to LIS	Bibliographic Records Cataloged						Total Records Cataloged
		Books	Government Documents		Congressional Publications			
			Paper	Fiche	Hearings	Prints	Docs./Pubs.	
January	21	97	5	0	327	7	20	456
February	39	16	1	0	188	108	60	373
March	12	22	5	0	393	2	60	482
1st Quarter	72	135	11	0	908	117	140	1,311
April	2	32	6	1	221	6	45	311
May	15	30	4	0	267	0	65	366
June	5	33	2	0	284	19	65	403
2nd Quarter	22	95	12	1	772	25	175	1,080
July	3	24	8	0	338	2	35	407
August	26	28	5	8	187	6	21	255
September	24	81	5	0	277	4	75	442
3rd Quarter	53	133	18	8	802	12	131	1,104
October	17	23	9	9	385	0	60	486
November	67	21	28	7	186	7	69	318
December	9	18	10	16	276	3	87	410
4th Quarter	93	62	47	32	847	10	216	1,214
2004 Total	240	425	88	41	3,329	164	662	4,709
2003 Total	221	618	159	81	2,713	490	294	4,355
Percent Change	+8.60	−31.23	−44.65	−49.38	+22.71	−66.53	+125.17	+8.13

SENATE LIBRARY STATISTICS FOR CALENDAR YEAR 2004—DOCUMENT DELIVERY

	Volumes Loaned	Materials Delivered	Facsimiles	Micrographics Center Pages Printed	Photocopiers Pages Printed
January	125	219	173	523	5,128
February	148	227	81	421	6,320
March	222	376	260	599	9,834
1st Quarter	495	822	514	1,543	21,282
April	152	288	160	318	11,705
May	210	283	158	143	8,444
June	195	308	208	707	12,818
2nd Quarter	557	879	526	1,168	32,967
July	193	322	235	640	5,435
August	179	260	112	275	9,588
September	215	240	175	225	8,009
3rd Quarter	587	822	522	1,140	23,032
October	220	241	112	146	7,983
November	168	259	112	323	7,250
December	138	242	118	202	7,122
4th Quarter	526	742	342	671	22,355
2004 Total	2,165	3,265	1,904	4,522	99,636
2003 Total	1,664	4,078	2,747	6,945	156,891
Percent Change	+30.11	−19.94	−30.69	−34.89	−36.49

11. SENATE PAGE SCHOOL

The United States Senate Page School exists to provide a smooth transition from and to the students' home schools, providing those students with as sound a program, both academically and experientially, as possible during their stay in the nation's capital, within the limits of the constraints imposed by the work situation.

Summary of Accomplishments

Accreditation by the Middle States Commission on Secondary Schools continues until December 31, 2008.

Two page classes successfully completed their semester curriculum. Closing ceremonies were conducted on June 4, 2004, and January 14, 2005, the last day of school for each semester.

Orientation and course scheduling for the Spring 2004 and Fall 2004 pages were successfully completed. Needs of incoming students determined the semester schedules.

Extended educational experiences were provided to pages. Twenty-one field trips, two guest speakers, opportunities to compete in writing and speaking contests, to play musical instruments and vocalize, and to continue foreign language study with the aid of tutors of four languages were all afforded pages. Nine field trips to educational sites were provided for summer pages as an extension of the page experience. National tests were administered for qualification in scholarship programs as well.

Effective and efficient communication and coordination among SAA, Secretary, Party Secretaries, Page Program, and Page School continues.

The community service project embraced by pages and staff in 2002 continues. Items for gift packages were collected, assembled, and shipped to military personnel in Afghanistan, Iraq, and the USO in Frankfurt, Germany where distribution of the boxes to troops en route to war zones take place. Pages included letters of support to the troops serving in Operation Enduring Freedom. Several recipients of gift packages wrote letters to Pages expressing appreciation.

The evacuation and COOP plans have been reviewed and updated. Pages and staff continue to practice evacuating to primary and secondary sites.

Staff and pages participated in escape hood training.

Tutors were trained in evacuation procedures.

Updated materials/equipment were purchased. These included math software, ten graphing calculators, supplemental English textbooks, a chemistry textbook, and three pieces of equipment to provide for computer experiments in science.

Faculty have pursued learning opportunities. The entire faculty and principal attended a Learning and the Brain conference. Michael Bowers, history instructor, participated in a seminar conducted in Williamsburg, VA: "The Unpleasantness in the Colonies: The American Revolution From A British Perspective." Raymond Cwalina, math instructor, completed three graduate courses in mathematics and attended an Advanced Placement calculus seminar. He also attended the regional and national conventions of the National Council of Teachers of Mathematics.

Facility re-design to maximize space was completed.

Upgrading science laboratory equipment was accomplished which allows computer labs to be performed and reduces quantities of supplies used.

Summary of Plans

Our goals include:

—Individualized small group instruction and tutoring by teachers on an as-needed basis will continue to be offered.

—Foreign language tutors will provide instruction in French, Spanish, German, and Latin.

—The focus of field trips will be sites of historic, political, and scientific importance which complement the curriculum.

—Staff development options will include attendance at a technology conference, seminars conducted by the Joint Office of Education and Training, and subject matter conferences conducted by national organizations.

—The community service project will continue.

12. PRINTING AND DOCUMENT SERVICES

The Office of Printing and Document Services (OPDS) serves as liaison to the Government Printing Office (GPO) for the Senate's official printing, ensuring that all Senate printing is in compliance with Title 44, U.S. Code as it relates to Senate documents, hearings, committee prints and other official publications. The office assists the Senate by coordinating, scheduling, delivering and preparing Senate legislation, hearings, documents, committee prints and miscellaneous publications for printing, and provides printed copies of all legislation and public laws to the Senate and the public. In addition, the office assigns publication numbers to all hearings, committee prints, documents and other publications; orders all blank paper, envelopes and letterhead for the Senate; and prepares page counts of all Senate hearings in order to compensate commercial reporting companies for the preparation of hearings.

Printing Services

During fiscal year 2004, the OPDS prepared 4,515 printing and binding requisitions authorizing the GPO to print and bind the Senate's work, exclusive of legislation and the Congressional Record. Since the requisitioning done by the OPDS is central to the Senate's printing, the office is uniquely suited to perform invoice and bid reviewing responsibilities for Senate printing. As a result of this office's cost accounting duties, OPDS reviews and assures accurate GPO invoicing and plays an active role in providing the best possible bidding scenario for Senate publications.

In addition to processing requisitions, the Printing Services Section coordinates proof handling and job scheduling and tracking for stationery products, Senate hearings, Senate publications and other miscellaneous printed products, as well as monitoring blank paper and stationery quotas for each Senate office and committee. The OPDS also coordinates a number of publications for other Senate offices, from the Curator, Historian, Disbursing, Legislative Clerk, and Senate Library to the U.S. Botanic Garden, U.S. Capitol Police and Architect of the Capitol. These tasks include providing guidance for design, paper selection, and specifications for quotations, monitoring print quality and distribution. Last year's major printing projects included the Report of the Secretary of the Senate, the Semiannual Report of the Architect of the Capitol and a variety of printed materials required for the Presidential Inauguration including invitations, parking passes, maps, tickets and signage. The office also provided guidance and informational packets for new Senate office staff. Current major projects for the office include a full color version of the "History of the U.S. Botanic Garden 1861–1991" and the "U.S. Senate Catalogue of

Graphic Art" a companion volume to the fine art catalogue produced by the Senate Curator's office in 2003.

Hearing Billing Verification

Senate committees often use outside reporting companies to transcribe their hearings, both in-house and in the field. The OPDS processes billing verifications for these transcription services ensuring that costs billed to the Senate are accurate.

During 2004, OPDS provided commercial reporting companies and corresponding Senate committees a total of 787 billing verifications of Senate hearings and business meetings. This translated to an average of 41.4 hearings/meetings per committee, an eight percent decrease from 2003, typical of an election year. Over 56,000 transcribed pages were processed at a total billing cost of approximately $367,000.

The OPDS utilizes a program developed in conjunction with the Senate Sergeant at Arms Computer Division that provides more billing accuracy and greater information gathering capacity, and adheres to the guidelines established by the Senate Committee on Rules and Administration for commercial reporting companies to bill the Senate for transcription services. During 2004 the office reached its goal of increasing efficiency and accuracy by processing all file transfers between committees and reporting companies electronically. Department staff continue training to apply today's expanding digital technology to improve performance and services.

HEARING TRANSCRIPT AND BILLING VERIFICATIONS

	2002	2003	2004	Percent change 2004/2003
Billing Verifications	953	975	787	−8.0
Average per Committee	50	51.3	41.4	−8.0
Total Transcribed Pages	71,558	70,532	56,262	−8.0
Average Pages/Committee	3,766	3,712	2,961	−8.0
Transcribed Pages Cost	$471,807	$461,807	$366,904	−8.0
Average Cost/Committee	$24,832	$24,288	$19,311	−8.0

Additionally, the Service Center within the OPDS is staffed by experienced GPO detailees that provide Senate committees and the Secretary of the Senate's Office with complete publishing services for hearings, committee prints, and the preparation of the Congressional Record. These services include keyboarding, proofreading, scanning, and composition. The Service Center provides the best management of funds available through the Congressional Printing and Binding Appropriation because committees have been able to decrease or eliminate additional overtime costs associated with the preparation of hearings.

Document Services Distribution, Inventory & On Demand Publication

The Document Services Section coordinates requests for printed legislation and miscellaneous publications with other departments within the Secretary's Office, Senate committees, and the GPO. This section ensures that the most current version of all material is available, and that sufficient quantities are available to meet projected demands. The Congressional Record, a printed record of Senate and House floor proceedings, Extension of Remarks, Daily Digest and miscellaneous pages, is one of the many printed documents provided by the office on a daily basis.

CONGRESSIONAL RECORD STATISTICS

	2002	2003	2004
Pages Printed:			
For the Senate	14,489	16,835	12,642
For the House	15,201	16,259	14,243
Total Pages Printed	29,690	33,094	26,885
Copies Printed & Distributed:			
To the Senate	439,953	307,917	227,192
To the House	301,383	441,735	331,165
To the Executive Branch and the Public	532,813	449,750	323,957
Total Copies Printed & Distributed	1,268,603	1,199,402	882,314

CONGRESSIONAL RECORD STATISTICS—Continued

	2002	2003	2004
Production Costs:			
Senate Costs	$6,339,539	$9,886,805	$7,961,741
House Costs	$6,609,307	$9,563,592	$9,026,893
Other	$539,535	$693,141	$555,010
Total Production Costs	$13,488,381	$20,143,538	$17,543,644
Costs Per Copy Cost	$12.14	$16.79	$19.88

Although accessing legislative documents through the Internet is popular, there is still a strong need for printed documents, especially for larger sized legislation like the omnibus conference reports. The OPDS continually tracks demand for all classifications of congressional legislation and twice yearly adjusts the number of documents ordered in each category to closely match demand. Document waste has decreased significantly over the past several years.

The office supplements depleted legislative documents where needed by producing additional copies in the DocuTech Service Center which is staffed by experienced GPO detailees that provide Member offices and Senate committees with on-demand printing and binding of bills and reports. In March 2004, the office coordinated the installation of a new and improved DocuTech high speed digital copier and production publisher. This machine helps to decrease the quantities of documents printed directly from GPO and increases the ability to reprint documents on-demand on a larger scale. In 2004, the DocuTech Center produced 471 tasks for a total of 660,554 printed pages. The DocuTech is networked with GPO allowing print files to be sent back and forth electronically, which provides an advantage of quickly printing necessary legislation for the Senate floor and other offices in the event of a GPO COOP situation.

The primary responsibility of the Documents Services Section is to provide services to the Senate. However, the responsibility and this office's dedication and assistance to the general public, the press, and other government agencies is virtually indistinguishable from the services provided to the Senate. Requests for material are received at the walk-in counter, through the mail, by fax, and online. In addition, the office handled over 20,000 phone calls in 2004 pertaining to document requests and legislative questions. Recorded messages, fax, and e-mail operate around the clock and are processed as they are received along with mail requests. The office stresses prompt, courteous and accurate answers to the various public and Senate requests.

SUMMARY OF ANNUAL CUSTOMER SERVICE STATISTICS

Calendar year	Congress/ session	Public mail	FAX request	E-mail	Counter request
2002	107/2nd	3,637	1,866	662	55,930
2003	108/1st	1,469	2,596	735	53,040
2004	108/2nd	1,137	2,229	564	36,780

On-line Ordering

The past year has brought significant changes in providing new services and improving existing ones. In 2004 many more Senate offices have taken advantage of the on-line blank paper ordering system implemented in 2003. With help from the Secretary's Office of Web Technology Department, OPDS expanded its content on senate.gov including new links to other sources of legislative information. The ability to order documents on-line, once reserved for staff only, has been opened for public use. The Legislative Hot List Link, where Members and staff can confirm arrival of printed copies of the most sought after legislative documents is still very popular. The site is updated several times daily—each time new documents arrive from GPO in the Document Room. The Office of Printing and Document Services continues to seek new ways to use technology to assist Members and staff with added services and improved access to information.

13. OFFICE OF PUBLIC RECORDS

The Office of Public Records receives, processes, and maintains records, reports, and other documents filed with the Secretary of the Senate involving the Federal Election Campaign Act, as amended; the Lobbying Disclosure Act of 1995; the Senate Code of Official Conduct: Rule 34, Public Financial Disclosure; Rule 35, Senate Gift Rule filings; Rule 40, Registration of Mass Mailing; Rule 41, Political Fund Designees; and Rule 41(6), Supervisor's Reports on Individuals Performing Senate Services; and Foreign Travel Reports.

The office provides for the inspection, review, and reproduction of these documents. From October 2003, through September 2004, the Public Records office staff assisted more than 2,000 individuals seeking information from reports filed with the office. Additional assistance was provided by telephone, and given to lobbyists attempting to comply with the provisions of the Lobbying Disclosure Act of 1995. A total of 93,655 photocopies was sold in the period. In addition, the office works closely with the Federal Election Commission, the Senate Select Committee on Ethics and the Clerk of the U.S. House of Representatives concerning filing requirements.

Fiscal Year 2004 Accomplishments

The Public Records office revised and improved the lobbying pages on senate.gov based upon recommendations of an independent survey of North American disclosure web sites. The office also completed transition to the next generation of server hardware. During the ricin incident, the office COOP plan was activated and operational in three hours.

Plans for Fiscal Year 2005

The office intends to develop on-site redundancy in conjuncture with other offices under the Office of the Secretary that have scanning functions. The office also plans to modernize the on-site public access software.

Automation Activities

During fiscal year 2004, the Senate Office of Public Records automated the Foreign Travel Reports filed under the Mutual Security Act of 1954. This is the first time that these records have been automated. The value to the Senate is that in the event of a COOP activation, they become easily accessible off-site.

Federal Election Campaign Act, as Amended

The Act requires Senate candidates to file quarterly reports, and pre and post election reports in the case of candidates running for office in 2004. Filings totaled 4,677 documents containing 290,592 pages.

Lobbying Disclosure Act of 1995

The Act requires semi-annual financial and lobbying activity reports. As of September 30, 2004, 6,231 registrants represented 19,758 clients and employed 30,402 individuals who met the statutory definition of "lobbyist." The total number of lobbying registrations and reports was 51,496.

Public Financial Disclosure

The filing date for Public Financial Disclosure Reports was May 17, 2004. The reports were available to the public and press by Friday, June 11th. Copies were provided to the Select Committee on Ethics and the appropriate state officials. A total of 2,692 reports and amendments were filed containing 15,695 pages. There were 328 requests to review or receive copies of the documents.

Senate Rule 35 (Gift Rule)

The Senate Office of Public Records has received over 1,392 reports during fiscal year 2004.

Registration of Mass Mailing

Senators are required to file mass mailings on a quarterly basis. The number of pages was 519.

14. SENATE SECURITY

Introduction

The Office of Senate Security (OSS) was established under the Secretary of the Senate by Senate Resolution 243 (100th Congress, 1st Session). The Office is responsible for the administration of classified information security programs in Senate offices and committees. In addition, OSS serves as the Senate's liaison to the Execu-

tive Branch in matters relating to the security of classified information in the Senate.

Personnel Security

Five hundred twenty-three Senate employees held one or more security clearances at the end of 2004. This number does not include clearances for employees of the Architect of the Capitol nor does it include clearances for Congressional Fellows assigned to Senate offices. OSS also processes these clearances.

In the past year, OSS processed 1,904 personnel security actions, a 21.3 percent decrease from 2003. One hundred twenty-two investigations for new security clearances were initiated last year, and 61 security clearances were transferred from other agencies. Senate regulations, as well as some Executive Branch regulations, require that individuals granted Top Secret security clearances be reinvestigated at least every five years. Staff holding Secret security clearances are reinvestigated every ten years. During the past year, reinvestigations were initiated on 62 Senate employees. OSS processed 137 routine terminations of security clearances during the reporting period and transmitted 310 outgoing visit requests. The remainder of the personnel security actions consisted of updating access authorizations and compartments.

The length of time required for the Department of Defense (DOD) and the Federal Bureau of Investigation (FBI) to process Senate staff for security clearances has increased from 207 days to 260 days. The average time for investigations has increased by 25.6 percent relative to 2003. Since the previous increase for 2002 to 2003 was 66.7 percent, this represents a very significant increase in the last two years. The average time for an initial investigation conducted and adjudicated by the Department of Defense (DOD) is 256 days from the date that OSS requests the investigation until the letter from DOD granting the clearance is received in Senate Security. The average time for DOD initial investigations increased 30.6 percent. The periodic reinvestigation process averages 270 days, a increase of 2.7 percent relative to 2003. The average time for an initial investigation conducted by the Federal Bureau of Investigation (FBI) and adjudicated by DOD is 252 days while the periodic reinvestigation process averages 264 days. The FBI times represent an decrease of 5.6 percent and 29.0 percent respectively.

Two hundred seven records checks were conducted at the request of the FBI. This represents a 4.0 percent increase in records checks completed by OSS.

Security Awareness

OSS conducted or hosted 63 security briefings for Senate staff. Topics included information security, counterintelligence, foreign travel, security managers' responsibilities, office security management, and introductory security briefings. This represents a 20.3 percent decrease from 2003.

Document Control

OSS received or generated 2,802 classified documents consisting of 86,109 pages during calendar year 2003. This is a 5.0 percent increase in the number of documents received or generated in 2003. Additionally, 63,750 pages from 2,670 classified documents no longer required for the conduct of official Senate business were destroyed. This represents an 18.2 percent decrease in destruction. OSS transferred 1,185 documents consisting of 43,970 pages to Senate offices or external agencies, up 57.2 percent from 2003. These figures do not include classified documents received directly by the Appropriations Committee, Armed Services Committee, Foreign Relations Committee, and Select Committee on Intelligence, in accordance with agreements between OSS and those Committees. Overall, Senate Security completed 6,657 document transactions and handled over 193,829 pages of classified material in 2004, a decrease of 0.4 percent.

Secure storage of classified material in the OSS vault was provided for 107 Senators, committees, and support offices. This arrangement minimizes the number of multiple storage areas throughout the Capitol and Senate office buildings, thereby affording greater security for classified material.

Secure Meeting Facilities

OSS secure conference facilities were utilized on 1,145 occasions during 2004. Use of OSS conference facilities decreased 16.7 percent from 2003 levels. Six hundred seventy-three meetings, briefings, or hearings were conducted in OSS' three conference rooms. Of those, nine were "All Senators" briefings and five were hearings. OSS also provided to Senators and staff secure telephones, secure computers, secure facsimile machine, and secure areas for reading and production of classified material on 472 occasions.

15. STATIONERY ROOM

The mission of the Keeper of the Stationery is:
—To sell stationery items for use by Senate offices and other authorized legislative organizations.
—To select a variety of stationery items to meet the needs of the Senate on a day-to-day basis and maintain a sufficient inventory of these items.
—To purchase supplies utilizing open market procurement, competitive bid and/or GSA Federal Supply Schedules.
—To maintain individual official stationery expense accounts for Senators, Committees, and Officers of the Senate.
—To render monthly expense statements.
—To insure receipt of reimbursements for all purchases by the client base via direct payments or through the certification process.
—To make payments to all vendors of record for supplies and services in a timely manner and certify receipt of all supplies and services.
—To provide delivery of purchased supplies to the requesting offices.

	Fiscal Year 2004 Statistical Operations	Fiscal Year 2003 Statistical Operations
Gross Sales	$4,740,221	$4,843,716
Sales Transactions	58,682	61,140
Purchase Orders Issued	6,741	7,545
Vouchers Processed	7,485	8,689
Metro Fare Media Sold	67,836	52,279
$20.00 Media	60,564	46,260
$10.00 Media	4,124	3,023
$5.00 Media	3,148	2,996
Full Time Employees (FTE)	13	13

Fiscal Year 2004 Highlights and Projects

Communications.—The Stationery Room stressed communication with the Administrative Managers Steering Group to keep in touch with the customers' needs.

Flag Modernization Project.—The Stationery Room was tasked to serve on a committee with the other three business unit owners of the flag process. This effort was facilitated by staff of the Senate Sergeant at Arms and a consultant. The consultant was contracted by the SAA to outline all of the processes involved and to identify how each user of the process interacted with the other business unit owners. The consultant was also tasked to make recommendations to streamline the process.

Mass Transit Electronic FORM.—During the first quarter of the fiscal year, the Stationery Room began a pilot project to expedite and streamline the purchase processes of the Mass Transit Subsidy Program. Evolving from the pilot, the concept was to develop a Web-based application that could provide the same functionality and ease of use by the Program Administrators, yet be supported within the Senate community. In cooperation with the SAA IT Development Group, the application was written as a Web-based product. This electronic version is now being deployed through the use of the Senate's intranet server.

Computer Modernization Project.—During the first half of fiscal year 2004, Stationery Room staff spent considerable time working with a consultant to develop a requirements document, to outline the technological needs of the Department in order to move from technology now two decades old to a more robust application. As a result of the requirements document, in May 2004, Stationery Room staff began working with key staff members of the Secretary's Executive Office and the SAA Procurement staff to develop a "Statement of Work" to be used for the Request for Proposal phase and awarding of a contract. In September 2004, a contract was executed to provide software tailored to the needs of the Senate Stationery Room.

Warehouse Project.—The Senate Stationery Room has been involved in this long-term SAA project. The project mission was to determine the warehouse needs by each business user and then find a facility to meet those needs. Current usage, along with future requirements were determined with the assistance of SAA staff and consultants. Additionally, the Stationery Room took the opportunity to factor in COOP requirements that could support this department should a displacement occur.

16. WEB TECHNOLOGY

The Office of Web Technology is responsible for web sites that fall under the purview of the Secretary of the Senate, including: the Senate Web site, www.senate.gov (except individual Senator and Committee pages); the Secretary web site on the Senate intranet, Webster; an intranet site currently used for file-sharing by Secretary staff only; and a LegBranch web server housing web sites and project materials which can be accessed by staff at other Legislative Branch agencies.

Senate Web Site (www.senate.gov)

Senate Web site content is maintained by over 30 contributors from 7 departments of the Secretary's Office and 3 departments of the Sergeant at Arms. Throughout 2004, senate.gov content providers focused on fine-tuning and reorganizing content for usability, based on personal experience and feedback from the public. Collaboration continued throughout the year resulting in the coordinated posting of monthly feature articles in the major areas of the site.

Several new items were added to the site as well, including: A new subsection in the Reference Section called "Statistics & Lists"; the Placement Office web page posting their brochure & employment bulletin; and a collection of several Classic Senate Speeches.

Activities contemplated and/or underway at year's end include: A search feature, already available to Senate offices for use on their own sites; a redesign of the Homepage, bringing additional content up to the front page; several multimedia/animated presentations: The Political Cartoons of Puck—completed and soon to be posted; the Drawings of Lily Spandorf—75 percent complete; and Issac Bassett's papers Senate Desks Redesign and expansion of the Virtual Tour.

The Senate Web site (www.senate.gov) content is managed using the Documentum Web Content Management System which allows content providers to create and post information to the web site without knowing the format language of the web, HTML. The Department of Web Site Technology completed several system-enhancing development projects in 2004.

—Creation of a Java Servlet Page (JSP) Slideshow application
—Development of templates for Statistical Tables
—Authoring in XML—The Cloture Motions Project
—Sending Graphic Art Prints Data to GPO
—Upgrading Documentum 4i to Documentum 5i
—Publishing to Webster from Documentum—the Library Catalogers Project

Below is a description of several projects and how specific problems were solved or the Documentum content management system was enhanced to provide more functionality for the content providers.

JSP Slideshow

The Request: Several offices requested a slideshow application where images could be shown in an effective and interesting manner. The original template was designed for the Inaugural Print Objects the Curator's Office planned to exhibit for the inauguration.

The Solution: All needed objects from the Curator's database were exported into an XML format. Then, using another style sheet, individual XML files and all associated files (five different-sized graphics for each print, and an XML file that contains descriptive information about the graphics and links the graphics to the CMS object) were created. This method was highly effective since it allows the Curator's Office to keep information only in one place and then offers unlimited repurposing of this information by sending the data in an XML format to the Content Management System.

The Slideshow template makes an actual JSP, java servlet page, file that includes all necessary information about the slideshow. This project was the first time JSP technology was used on the Senate's central site, which was recently made possible through the upgrade of the Cold Fusion Application Server. Besides being able to offer users more interaction, and thus a more enjoyable web visit, using JSP technologies was also a proof of concept for using Java through Cold Fusion.

Individual instances of the slideshow template were made for each inauguration in the exhibit, 1853–1905. The Curator's Office can easily modify the data in any part of the exhibit without knowledge of web technologies. The final aspect of this project was to make a slideshow of the slideshows, thus connecting each small slideshow into one large cohesive exhibit. This was done through the modification of the original slideshow template to allow seamless integration as users click through the exhibit.

Moving Forward:

The Curator's Office has already found other uses for the slideshow template, such as a timeline for the unveiling of two portraits in the Senate Reception Room and is now in the midst of an exhibit on Daniel Webster. The slideshow template has been enhanced in several different ways to allow for other purposes. The Historical Office used a simpler version for their Capitol Scenes: 1900–1950, on-line exhibit. The Historical Office also plans to use a slightly modified version of this same template for two upcoming online exhibits.

Many more slideshows will be appearing on the Senate web site through the extension of the JSP Slideshow template.

Examples:

"I Do Solemnly Swear": A Half Century of Inaugural Images http://www.senate.gov/artandhistory/art/common/image__collection/inauguration__slideshow.htm

Capitol Scenes: 1900–1950 RLINK"http://www.senate.gov/artandhistory/history/common/slideshow/capitol__scenes.jsp" http://www.senate.gov/artandhistory/history/common/slideshow/capitol__scenes.jsp

Vandenburg and Wagner Time Line http://www.senate.gov/artandhistory/art/common/slideshow/vandenburg__wagner.jsp

Daniel Webster Objects http://www.senate.gov/artandhistory/art/common/slideshow/daniel__webster.jsp

Statistical Tables

The Request: The Senate Library requested a way to post their statistical information online. None of the currently existing templates gave them the control they desired for their information.

The Solution: New content templates were created specifically for tables. These ranged from two-column tables up to seven-column tables that offer controls to the content authors on how the information is displayed. For example, they can choose to have a print friendly version, if the information is applicable, or to include standard header information, which is encapsulated separately and thus reusable, or to display vertical lines to make the information more readable.

This office worked very closely with the Senate Library to make these various table templates work for all their complex information needs. Through XML we are able to offer multiple renditions of the same information for different displays (i.e., viewing online, printing, or pdf formats). This solution greatly appealed to the librarians since it now enables them to update the information in just one file and have all the various presentations of this information updated automatically from their one source file.

Moving Forward:

The Senate Historical Office has plans to begin using these same templates to disseminate some of their data well suited for a table. Additionally, they would like to have more renditions made from the same data source, XML file, such as a rich text format (RTF) for internal use.

The Senate Curator's Office has asked for the same abilities, arranging data in columns for some of their information. Pieces of the program for the original tables have been reused to accomplish their goals.

Examples:

Statistics & Lists Home Page (two-column) http://www.senate.gov/pagelayout/reference/two__column__table/stats__and__lists.htm

Measures Proposed to Amend the Constitution (three-column) http://www.senate.gov/pagelayout/reference/three__column__table/measures__proposed__to__amend__constitution.htm

Votes by Vice Presidents to Break Tie Votes in the Senate (four-column) http://www.senate.gov/pagelayout/reference/four__column__table/Tie__Votes.htm

Sunday Sessions of the Senate (since 1861) (five-column) http://www.senate.gov/pagelayout/reference/five__column__table/Sunday__Sessions.htm

George W. Bush Cabinet Nominations (six-column) http://www.senate.gov/pagelayout/reference/six__column__table/Bush__cabinet.htm

Inaugural Luncheons (Curator's Office) http://wip.cmsprod.senate.gov/artandhistory/art/common/collection__list/inaugural__luncheons.htm

Authoring in XML—The Cloture Motions Project:

The Request: The Senate Library maintains statistical information on the various Cloture Motions filed during a Congress. This information is very complicated in terms of the special cases that occur with these proceedings. This statistical infor-

mation is highly sought after and required in several different formats. Due to the complexity of this information none of the previously created table templates would suffice and a new solution was requested.

The Solution: The seven-column table template was used as a base for the cloture motion tables. Using the advances made in the seven-column table we were able to greatly reduce the development time of the cloture motion table template.

One of the major obstacles to overcome was how to fit all the information within the normal width of the screen. We worked very closely with the Library Staff to find a solution acceptable to all. These solutions included using footnotes for certain sections, legends, hyperlinks to measures and bills, and customized codes for indenting and spacing issues. These are highly specialized tables that contain advanced business logic to most accurately display the information in a very useful manner.

Since this information is so useful to a variety of organizations we also enabled the publishing of the XML document directly. This allows other groups to take the data maintained by the Senate librarians and to utilize the data in a manner most efficient for them (i.e., database querying and RSS feeds). Organizations can access this information online, so no files will need to be transferred through other means, and the most current information is always available.

An additional advance accomplished through this project was the authoring of the XML data. Since many cloture motions may exist in a single Congress and each one can contain a great deal of information it became impractical to use the XML editor that came packaged with the Content Management System. We explored several other options for the librarians to edit the data and came up with two solutions that are acceptable to all offices involved.

Moving Forward:

Information that changes often, is displayed in several different formats, and that could possibly be used by other organizations is an excellent candidate for XML technologies. Creating the XML application that delivers Active Legislation/Hot Bills information to www.senate.gov and INK"http://webster"http://webster was a springboard for this application. As content authors experience the reduction of tedious work, updating the same information in many files, more and more of these types of XML applications will prove themselves invaluable. The Library is always adding additional categories of information they maintain that would be enhanced through these applications. Additionally, the Historical Office would like to keep similar information in a rich text format (RTF) to be used by word processors. This is a relatively simple extension of the already existing application.

Examples:

Cloture Motions—108th Congress http://wip.cmsprod.senate.gov/pagelayout/reference/cloture__motions/test__108__2.htm

Cloture Motions—108th Congress (Print Version) http://wip.cmsprod.senate.gov/pagelayout/reference/cloture__motions/test__108__2.shtml

Cloture Motions—108th Congress (Raw XML Data) http://wip.cmsprod.senate.gov/pagelayout/reference/cloture__motions/test__108__2.xml

Graphic Art Prints to GPO

The Request: The Curator's Office needed to provide to the Government Printing Office the information about their graphic art prints for the Senate Graphic Art Catalogue. All information about the graphic art objects is currently maintained in their database. The titles of each one of these objects are very specific and have many styles applied to them inside the database to ensure their proper presentation. Upon exporting this information all the style information was lost and would have needed to be reentered. This opened up the possibility of unnecessary additional work for the Curator.

The Solution: An XML application was developed that was able to preserve the styles of the data, along with all other relevant information. The first step was to export the data into XML. Then, using FileMaker Pro's built-in website functionality, a web page displaying only the object titles was created. Using a product that automates computer keystrokes, a program was written to cycle through each title on the generated website, copying each title to a Word document (still preserving style data), advancing one record, and repeating the process until it traversed through all 1,000 Graphic Print Objects. The Word document containing the titles was converted to an XML file using a third-party product and was merged with the original XML data export, thus producing one XML file with all the style information preserved.

The final XML file was transformed into a word document and a PDF file sent to GPO. Development of this automated conversion process greatly reduced the

amount of work that needed to be performed, decreasing the time required to generate the necessary data and improving the quality of the data sent to GPO.

Moving Forward:

Since the Curator's Office uses a FileMaker Pro database, which produces XML reports, this was a great proof of concept of how we can manipulate the data into necessary forms. Some third party software was used due to the complexity of the project, but the knowledge gained of these add-on XML tools will assist toward solving complex formatting and printing needs in the future.

Library Catalogers Publishing to Webster

The Request: The cataloging group in the Senate Library wished to have certain pdf files and graphics of book covers available to the Senate Community. They wanted something that was easy to use and thus did not require much training.

The Solution: We added a new cabinet to the Content Management System just to be used by the catalogers. Next, we created a new web publishing configuration to push the content from the newly created cabinet to the Secretary's portion of http://webster. This required the installation of software on the Webster Server, which we accomplished by working closely with the developers and administrators of that server.

Moving Forward:

Establishing this link between http://webster and our Documentum Content Management System opens up many possibilities for the future. We now could utilize the same system to manage the Secretary's portion of Webster. This would enable non-technical employees to control the information disseminated to Senate Staff without involving a programmer. Additionally we can add more complexity for the catalogers as their needs grow.

Web Site Activity Statistics

Senate Web Site Statistics

In 2003, only 24 percent of visitors to the site saw the main Senate Homepage, the majority coming to the site via a bookmarked page (possibly directly to their Senator's site) or to a specific page from a search engine. That figure rose to 35 percent in 2004, as more people found the main Senate Homepage. Statistics on individual page activity show substantial increases in all areas of the main Senate site.

In 2004 the number of visitors to the entire web site (Senators' and Committees' sites included) increased about 9 percent, however, the number of visitors to the Senate Homepage increased by 57 percent.

Title of Web Page	2003 Visitors/ Month	2004 Visitors/ Month	Percent Increase
Visits—Entire Site	3,029,666	3,293,721	9
Senate Homepage	734,094	1,152,367	57
Senators Home	264,190	273,841	4
Legislation & Records Home	65,904	84,765	29
Committees Home	60,747	73,147	20
Reference Home	20,593	23,486	14
Art & History Home	14,807	20,413	38
Visitors Home	12,095	16,123	33

Reviewing statistics on web page usage help the content providers better understand what information the public is seeking and how best to improve the presentation of that data. The main Senate homepage and the homepages of the six subject areas (buckets) receive the most visits as people navigate around the site (see chart above). Within the buckets we find that visitors are consistently drawn to the following content items, listed in order of popularity.

2004 Top Pages	2003 Visitors/ Month	2004 Visitors/ Month	Percent increase 2003–2004
Roll Call Votes	34,860	39,408	13
Leadership Page	12,789	17,469	37
Active Legislation List	12,311	17,751	44
Session Schedule for 2004	10,121	15,219	50
Organization Chart	11,405	14,140	24
Committee Hearing Schedule	10,552	13,318	26
Bill and Resolutions Page	7,289	12,806	76

2004 Top Pages	2003 Visitors/ Month	2004 Visitors/ Month	Percent increase 2003–2004
Statistics & Lists	.....	12,005	(1)
Congressional Record Page	5,247	11,899	127
Virtual Tour of the Capitol	7,335	11,052	51
Individual States Page	5,437	10,139	86
Calendars & Schedules	7,425	10,081	36
Historical Office Page	5,341	9,608	80
Nominations Page	6,682	8,813	32
Virtual Reference Desk	4,561	7,182	57

[1] New in 2004.

Webster Statistics

Statistics for the Secretary's web site on Webster, the Senate Intranet, show that the vast majority of visitors go directly to the Disbursing Office section. This section contains information on Employee Benefits (insurance, retirement, payroll, etc.) and provides access to the many forms employees need to complete to obtain or modify these benefits. Other popular items include the Office of Printing and Document Services Document Order and Print Order Forms, and the page that lists all Secretary of the Senate services.

E-Mail to the Webmaster

The nature of e-mail to the webmaster has changed over the past two years. The improved site navigation has reduced, to only one or two a day, the number of questions regarding how to find information on the main site. In late 2003 improved error-handling was added to the site to prevent a visitor from getting the standard "page not found" error when a broken link was encountered. A message is now displayed that provides the Webmaster's e-mail address and the visitor is automatically directed back to the main Senate Homepage or the Senator's Homepage, depending on where the error occurred. Many visitors take the opportunity to write the Webmaster alerting us to broken links. This, in turn, has fostered more communication between this office and Senators' System Administrators as we work together to clean up the broken links on the entire site.

Search Engine Implementation

In 2003 a search engine was installed, configured, and tested for senate.gov. In 2004 testing has continued, focusing on how to improve the search results by adding or editing metadata associated with the content items. It was hoped that more relevant and standardized keywords, and better descriptions and titles would improve the relevance ranking of the search results. Further research and investigation is required as to how to configure the search engine for best results. Meanwhile, the search engine has been made available to Senate offices for use on their own web sites.

Training

In December 2004 the Web Site Technology staff and several content providers in the Secretary's office joined SAA staff in an onsite three day XML class. In addition to teaching valuable technical skills and familiarizing staff with XML tools, this class gave content providers a good understanding of the power and scope of XML.

LEGISLATIVE INFORMATION SYSTEM (LIS) PROJECT

The Legislative Information System (LIS) is a mandated system (Section 8 of the 1997 Legislative Branch Appropriations Act, 2 U.S.C. 123e) that provides desktop access to the content and status of legislative information and supporting documents. The 1997 Legislative Branch Appropriations Act (2 U.S.C. 181) also established a program for providing the widest possible exchange of information among legislative branch agencies. The long-range goal of the LIS Project is to provide a "comprehensive Senate Legislative Information System" to capture, store, manage, and distribute Senate documents. Several components of the LIS have been implemented, and the project is currently focused on a Senate-wide implementation and transition to a standard system for the authoring and exchange of legislative documents that will greatly enhance the availability and re-use of legislative documents within the Senate and with other legislative branch agencies. The LIS Project Office manages the project.

Background: LISAP

An April 1997 joint Senate and House report recommended establishment of a data standards program, and in December 2000, the Senate Committee on Rules

and Administration and the Committee on House Administration jointly accepted the Extensible Markup Language (XML) as the primary data standard to be used for the exchange of legislative documents and information.

Following the implementation of the Legislative Information System (LIS) in January, 2000, the LIS Project Office shifted its focus to the data standards program and established the LIS Augmentation Project (LISAP). The over-arching goal of the LISAP is to provide a Senate-wide implementation and transition to XML for the authoring and exchange of legislative documents.

The current focus for the LISAP is the development and implementation of an XML authoring system for legislative documents produced by the Office of the Senate Legislative Counsel (SLC) and the Office of the Enrolling Clerk. The XML authoring application is called LEXA, an acronym for the Legislative Editing in XML Application. LEXA features many automated functions that provide a more efficient and consistent document authoring process. The LIS Project Office has worked very closely with the SLC to create an application that meets the needs for legislative drafting.

In early January 2004, LEXA was installed throughout the SLC, and the 40-member office of attorneys and staff assistants participated in a two-day training course, designed by a contractor, to transition from XyWrite to LEXA and from locator codes to XML. It takes several months for a drafter to learn to use XyWrite and the locator formatting codes. Following the two-day LEXA training course, SLC staff immediately began producing XML documents using LEXA, and the first XML draft to become a bill was introduced on January 22, 2004. The SLC first used LEXA to draft short and simple bills and resolutions, gradually adding longer, more complex documents. The SLC also offered valuable feedback throughout the year regarding LEXA's continued development as existing features were enhanced and additional document types, such as amendments and reported bills, were added to LEXA. Following the January training course, the contractor also created a reference manual. As new features were added to LEXA, the LIS Project Office continued to update the manual. The updated, comprehensive manual was distributed in January 2005. The manual provides screen shots and step-by-step instructions for all LEXA features. The Office also developed additional training materials and provided a one day training session in December for all SLC staff on new LEXA features, including a one-click process to change a document prepared for the 108th Congress to one for the 109th Congress. The SLC intends to use LEXA for as many drafts as possible and will gradually increase the number throughout 2005. Through April 1, 2005, 75 percent of the 770 introduced and reported bills and resolutions for the 109th Congress have been created as XML documents.

The LIS Project Office worked closely with several key House, Library of Congress, and Government Printing Office (GPO) groups involved in the XML project to ensure that changes to the House and Senate XML authoring applications do not adversely affect the exchange of electronic documents among all organizations processing the documents. A new document type definition (DTD) change and approval process was developed so that all parties have an opportunity to test and comment on all proposed changes to the exchange DTDs before changes are made and distributed.

Another important joint project of Senate and House offices involves the conversion of locator documents to XML. The locator conversion software was recently updated to provide a more robust tool, and a joint project is underway to convert the compilations of current law to an XML format. The compilations are updated by both the House and Senate Legislative Counsel Offices and are used as the basis for many legislative drafts. The compilations conversion project will be completed by July 2005.

As LEXA becomes more widely used in the SLC and other offices, support of the application becomes increasingly important. The 2004 Legislative Branch Appropriations Act directed the GPO to provide support for LEXA much as they have for XyWrite for many years, and GPO has made steps toward providing that support. GPO purchased Xmetal, the base software, and installed LEXA in late July. In August, the LIS Project Office conducted two evenings of LEXA training for the second shift of GPO staff who support the bill printing process. GPO now uses LEXA to update XML documents as requested via the Senate Bill Clerk, and the XML drafts are used to create the printed and locator versions of bills. In October, GPO took over maintenance and support of the coding and style sheet portion of LEXA that converts an XML document to locator for printing through Microcomp. GPO has also developed a style sheet that is used to display XML documents on the LIS website (www.congress.gov) and on thomas.loc.gov. The XML display more closely resembles the printed version (without page and line numbers). House XML bills are currently

being tested, and once a majority of Senate bills are available in XML, the Senate XML versions will be posted on LIS as well.

The LIS Project Office provides support for LEXA via the LEXA HelpLine and LEXA web site. The HelpLine is provided through a single phone number that rings on all the phones in the office, and the website is located on a server accessible by the legislative branch. The website, legbranch.senate.gov/lis/lexa, is used to distribute updates of the application to GPO and provides access to release notes, the reference manual, and other user aids.

The document management system (DMS) for the SLC will be implemented once the SLC has completed the transition from XyWrite to LEXA and a substantial number of drafts are created in XML. Since mid-2004, the Systems Development Services group of the Office of the Sergeant at Arms has been working on updating the DMS to the most recent release of Documentum which was a major change for the base software of the DMS. The Systems Development Services group provides support and maintenance for the LIS/DMS, and that group will also support the DMS for the SLC once it is deployed. The LIS Project Office has been monitoring the upgrade effort and will contract for transition training to be developed and delivered prior to implementation. The DMS will be integrated with LEXA and will provide a powerful tracking, management, and delivery tool.

The LIS Project Office will continue to work with the SLC to refine and enhance LEXA, including developing software to create and print conference reports and to use and update the XML versions of the compilations of current law. The team will next address the specific needs of the Office of the Enrolling Clerk. Additional functionality to produce engrossed bills and amendments and enrolled bills will be added to LEXA, and that office will receive training. Other Senate offices that do drafting with XyWrite may follow, including the Committee on Appropriations.

The legislative process yields other types of documents such as the Senate and Executive Journals and the Legislative and Executive Calendars. Much of the data and information included in these documents is already captured in and distributed through the LIS/DMS database used by the clerks in the Office of the Secretary. The LIS/DMS captures data that relates to legislation including bill and resolution numbers, amendment numbers, sponsors, co-sponsors, and committees of referral. This information is currently entered into the database and verified by the clerks and then keyed into the respective documents and reverified at GPO before printing. An interface between this database and the electronic documents could mutually exchange data. For example, the LIS/DMS database could insert the bill number, additional co-sponsors, and committee of referral into an introduced bill while the bill draft document could supply the official and short titles of the bill to the database.

The Congressional Record, like the Journals and Calendars, includes data that is contained in and reported by the LIS/DMS database. Preliminary DTDs have been designed for these documents, and applications could be built to construct XML document components by extracting and tagging the LIS/DMS data. These applications would provide a faster, more consistent assembly of these documents and would enhance the ability to index and search their contents. The LIS Project Office will coordinate with the Systems Development Services Branch of the Office of the Sergeant at Arms to begin design and development of XML applications and interfaces for the LIS/DMS and legislative documents. As more and more legislative data and documents are provided in XML formats that use common elements across all document types, the Library of Congress will be able to expand the LIS Retrieval System to provide more content-specific searches.

ARCHITECT OF THE CAPITOL

STATEMENT OF ALAN HANTMAN, ARCHITECT OF THE CAPITOL

Senator ALLARD. I think we'll start, Mr. Hantman, with your testimony, and we may have to interrupt it shortly, but let's go ahead and see.

Mr. HANTMAN. Thank you, Mr. Chairman. I, too, look forward to working with you as the new Chair of the subcommittee. There's an awful lot for us to talk about, and I certainly look forward to that opportunity to do so.

I want to thank the subcommittee for its support in the past, without which we could not have completed many critical projects, continued to provide exemplary services, and assured continuity of operations in the U.S. Capitol, Senate office buildings, and throughout the Capitol complex.

Mr. Chairman, the AOC has served Congress since 1793, the year President Washington helped lower the cornerstone into place and construction of the Capitol began. Today, the AOC's responsibilities include the care and maintenance of nearly 300 acres and approximately 15 million square feet of historic buildings, which will soon include the Capitol Visitor Center.

ARCHITECT OF THE CAPITOL STRATEGIC PLAN

When we implemented our strategic plan 2 years ago, we developed four goals that guide us in setting priorities when submitting budget requests, balancing our workload, and assessing and measuring our accomplishments. As we work to achieve these goals, we evaluate our efforts to improve and excel in growing as an organization; thereby, meeting and exceeding customer expectations. Accordingly, we're requesting $506 million across all AOC-managed appropriations to provide operations and renovation activities, while also focusing on security, upgrading fire and life-safety elements, and addressing customers' requests and priorities.

FISCAL YEAR 2006 MAJOR PROJECTS

Major capital projects included in this budget are the construction of Library of Congress storage modules 3 and 4 that you mentioned, the planned construction of the U.S. Capitol Police offsite delivery center, the installation upgrade of fire and life-safety and security measures, completion of additional fire egress and protection projects, and a variety of other renovations and upgrades throughout the Capitol complex.

Noteworthy, of course, is the Capitol Visitor Center project, which is the largest addition to the U.S. Capitol in its history, increasing the size of the existing building by some 70 percent. Included in the 580,000 square foot center is the construction of 170,000 square feet of expansion space for the Senate and House.

Construction completion of the visitor center portion of the project is scheduled for September 2006.

With regard to the Senate office buildings, in fiscal year 2004 we completed 45,892 work orders requested by Senators and their staffs. So far this fiscal year, we have completed some 22,250 Senate work orders to date. In addition, we've been working on a number of priority projects, including modernizing elevators, upgrading public restrooms, opening and maintaining the Senate staff exercise facility, completing election year moves in record time, and renovating, restoring, and upgrading several committee rooms to accommodate state-of-the-art equipment.

With the increased need for perimeter security measures, we're installing new security features throughout Capitol Hill. In addition to bollards and other features compatible with Senate building design installed to date along Constitution Avenue, we anticipate similar installations to complete the outer Senate perimeter over the next 2½ years.

EMPLOYEE FEEDBACK PROGRAM

Our strategic plan contains two goals which focus on our employees, while providing the highest-quality services. One of our objectives was to develop a comprehensive employee feedback program. Accordingly, in September 2004, I invited more than 300 employees from across the AOC to participate in 25 focus group sessions. We asked them to identify problems and challenges, to help us find ways to solve them, and to make improvements within the organization. In October 2004, the Human Resources Management Division surveyed all employees, asking them to pinpoint specific areas where we needed to improve customer satisfaction. Our employees spoke, and we are listening.

Over the next several months, we will be rolling out action plans, meeting with our employees to address the issues they raised, and share concerns, ideas, and suggested solutions with one another to continuously improve the organization.

In conclusion, over the past several years, the AOC has undergone significant change, and we have reaffirmed our commitment to providing superior services for the Congress and the American people. My team of 2,000 dedicated employees and I are committed to fulfilling our objective, to ensure our continuous improvement across all of our areas of responsibility.

Our request for funds for fiscal year 2006 supports our activities as good stewards to maintain and preserve the national treasures under our care, as well as to respond to our customers' requests for priority projects and programs. In addition, we continue to strive to achieve the level of safety, security, preservation, and cleanliness expected across the Capitol complex.

We have completed tens of thousands of work orders, to our clients' satisfaction, and have achieved many of our goals due to the hard work and dedication of AOC employees. I am very privileged and honored to lead such a professional team. The subcommittee's support in helping us achieve these goals is greatly appreciated.

PREPARED STATEMENT

Once again, I thank you for this opportunity to testify today. I'd be happy to answer any questions you might have. And good morning, Senator Durbin. Thank you for your support.

[The statement follows:]

PREPARED STATEMENT OF ALAN M. HANTMAN, FAIA

Mr. Chairman, Senator Durbin, members of the Committee, thank you for this opportunity to testify today. I want to thank the Committee for its support, without which we could not have completed many critical projects, continued to provide exemplary services, and assured continuity of operations in the U.S. Capitol, in the Senate Office Buildings, and throughout the Capitol complex.

The Office of the Architect of the Capitol (AOC) has served Congress since 1793—the year President George Washington helped tradesmen lower the cornerstone into place and construction of the U.S. Capitol began. Since that time, the men and women who make up the AOC's workforce have focused on preserving, maintaining, and enhancing the national treasures entrusted to us. Today our responsibilities include the care and maintenance of approximately 300 acres and nearly 15 million square feet of historic buildings, with the newest increment of growth being the upcoming Capitol Visitor Center (CVC).

STRATEGIC PLANNING

When we implemented our Strategic Plan two years ago, we developed four goals that encompass the primary responsibilities of our organization. They are: Facilities Management, Project Management, Human Capital, and Organizational Excellence. These goals drive our day-to-day activities. They guide us in setting priorities with regard to submitting budget requests, balancing our workload, and assessing and measuring our accomplishments. As we work to achieve these goals, we evaluate our efforts so we continue to excel, meet and exceed expectations, and grow as an organization.

OVERVIEW OF BUDGET REQUEST

The AOC fiscal year 2006 budget incorporates the needs of our clients, including the Library of Congress and the U.S. Capitol Police. We believe we have met the challenge of building a budget that supports stewardship of our national treasures, while balancing fiscal responsibility and the needs of the Congress. Our fiscal year 2006 budget was developed to continue to provide routine operations and renovation activities while also focusing on security, upgrading fire and life-safety elements, addressing clients' requests and priorities, and identifying operational, transitional, and cost-to-complete needs associated with the CVC.

Accordingly, we are requesting $506 million across all AOC managed appropriations ($438 million not including items specific to the House) for fiscal year 2006 to support the maintenance, care, and operations of the buildings and grounds of the Capitol complex, which consists primarily of the Capitol, Senate and House Office Buildings, Library of Congress, U.S. Capitol Police headquarters, Botanic Garden, and Capitol Power Plant. This includes a request for an operating budget of $280 million ($242 million not including operations specific to the House), $17 million for annually funded projects, $137 million for capital projects ($107 million not including items specific to the House), $37 million for the completion of the construction of the CVC, and $35 million to transition to operating the CVC.

OPERATING BUDGET

The request for an operating budget of $280 million (less CVC operations) includes mandatory payroll increases; price level inflationary increases for materials, services, and utilities, and other general operations increases. Additional increases in our operating budget incorporate client-driven requirements for leases of facilities and related operations and maintenance costs.

ANNUAL PROJECTS BUDGET

The fiscal year 2006 budget for annually funded projects totals $17 million. Noteworthy proposed annual projects include: Copyright Office Move/Reconfiguration for the Library of Congress Buildings ($5.5 million); Conservatory Claim for the Botanic Garden ($3.5 million); Restoration of East Front Bronze Doors for the Capitol Build-

ing ($702,000); and the Upgrade Filtration Efficiency Project for the Library of Congress Buildings ($700,000).

CAPITAL PROJECTS BUDGET

Two key elements used in preparing our capital budget are the Capitol Complex Master Plan and the Facility Condition Assessments (FCAs). The Capitol Complex Master Plan identifies preservation and maintenance requirements for proposed new facilities, while FCAs determine preservation and maintenance requirements for existing facilities. Based on the Capitol Complex Master Plan and FCAs, all proposed and existing facility requirements feed into the Capital Improvement Plan (CIP) which prioritizes and incorporates project needs over a five-year period (fiscal year 2006 through fiscal year 2010).

Accordingly, the CIP process was utilized in determining the fiscal year 2006 Capital Projects multi-year request of $122 million, $72 million of which directly addresses specific client needs. Noteworthy proposed capital projects include:

—The Library of Congress Modules 3 & 4 ($40.7 million) entailing the construction of two environmentally-controlled storage buildings to be located in Fort Meade for the storage of Library of Congress collections.

—The U.S. Capitol Police Off-Site Delivery Center ($23 million) which includes the acquisition of land, design, and construction of an off-site delivery facility.

—Life-safety and security projects ($14.5 million) which include requirements for emergency exit signs and lighting upgrades, upgrades to air filtration systems, and building upgrades to address other life-safety issues.

—Fire egress and protection projects ($12.6 million) which address deficiencies in egress from buildings, stairwells, and fire wall boundary protection.

—Renovation projects ($24.7 million) to include renovations in emergency electrical service, refinishing historic woodwork, legislative call system upgrades, restroom upgrades, high-voltage switchgear replacement, and heating ventilation/air conditioning replacement.

CAPITOL VISITOR CENTER BUDGET

The CVC project is the largest addition to the U.S. Capitol in its history. Included in the 580,000 square foot Visitor Center is the construction of 170,000 square feet of expansion space for the Senate and House. Building a major underground three-story facility, adjacent to the world's most recognizable symbol of democracy, which is a fully functioning office building, conference center, and museum, is truly a significant challenge. The project is now 55 percent done and scheduled for completion in fall 2006.

Many obstacles have been faced since we broke ground in 2000. Yet, despite these challenges, our project team recently met a critical, major milestone. On January 20, 2005, President Bush exited the Capitol onto the Rotunda steps where he reviewed the troops marching across the new granite pavers installed across the East Front Plaza, thereby continuing an Inaugural tradition.

The Sequence 1 contractor responsible for excavation and structural work has essentially completed its tasks. The Sequence 2 contractor has been working to install fireproofing, masonry block, interior wall stone, mechanical ductwork, and piping. The award of construction contracts is imminent for the exhibit space and the Senate expansion space.

My budget request for the CVC consists of several major components, the most significant being the construction cost-to-complete of $36.9 million. While no Congressional decision has been made regarding governance, startup and operational costs of $15.3 million are anticipated. Therefore, until such decision is reached, the AOC has included these expenses in its budget submission. This incorporates initial estimated costs associated with the daily care, maintenance activities, operation of the facility, and associated payroll and benefits costs. Additionally, the multi-year project budget of $20 million supports the required activities and programs for the transitional and start-up costs for visitor services, exhibits, food services, gift shops, telecommunications, and information technology infrastructure support.

Mr. Chairman, the progress made on the CVC in just the past 12 months has been remarkable. At the same time, the Capitol building has been open, fully functional, and accommodating of Members and staff, as well as the visiting public throughout construction and during these times of heightened security. When the CVC opens, it will complement and support the U.S. Capitol as the "People's House," offering free and open access for all people so they may learn about, and experience, our legislative process.

SENATE OFFICE BUILDING IMPROVEMENTS

In fiscal year 2004, we completed 45,892 work orders in the Senate Office Buildings. To date, we have completed nearly 22,250 work orders in fiscal year 2005. In addition, we have been working on a number of important projects including:

—*Modernizing elevators*.—The Hart Office Building Elevator Modernization Project was completed in December 2004, six months ahead of schedule and on budget. The Russell Office Building elevators have been completely modernized. The Dirksen Office Building Elevators Cab Modernization Project will begin this summer.

—*Upgrading public restrooms*.—The Hart Office Building northwest restroom stack and the Dirksen Office Building north stack was completed last year. Currently, the Dirksen Office Building basement level restrooms are under construction, which will be followed by the ground floor restrooms, which will complete the renovations in that building. There are two remaining stacks to be completed in the Hart Office Building, which will begin this year and be completed in fiscal year 2006.

—*Staff Exercise Facility*.—In May 2004, our office opened the Senate Staff Exercise facility.

—*Russell Office Building Basement Corridor Renovation*.—The renovation of the C Street corridor of the Russell Office Building was completed and the Delaware Avenue corridor is currently being renovated.

—*Renovation of the Dirksen Swing Suite Space*.—The renovation of this space provides for the consolidation of support functions and adds two swing suite spaces thus improving the temporary office conditions for newly-elected Senators and speeding the Senate move process.

—*Election Year Moves*.—Election year moves were completed on February 26—the earliest we have ever accomplished this task.

—*Committee Room Renovations*.—Room 106 in the Dirksen Building and Agriculture Committee Hearing Room were completely renovated to upgrade the infrastructure, and add state-of-the-art sound and video capabilities, while at the same time, preserving the historic architecture of the rooms. In fiscal year 2005, five committee rooms will be renovated, followed by an additional five in fiscal year 2006.

CAPITOL BUILDING

The U.S. Capitol has been the stage for several high-profile events this past year. In June 2004, the world's eyes turned to us as we bid farewell to President Ronald W. Reagan. Our employees, working together with Congressional leadership and other Legislative branch organizations, did a tremendous job to ready the building and grounds for the respectful and historic lying-in-state ceremonies.

In January, the West Front of the Capitol was readied for the 55th Presidential Inaugural ceremony. Our team worked diligently to design, plan, and construct the platform; contract for the sound system, Jumbotron screens, and ramps and crossovers; install security fencing and crowd control features; set up 28,000 chairs; build the media platform; hang flags, draperies, and bunting; prepare Statuary Hall for the inaugural luncheon, and draft a contingency plan to move the ceremony to the Rotunda in case of inclement weather. Most importantly, on January 19, we worked throughout the night to remove all the snow from the Grounds, leaving a pristine setting for the Inaugural on the East and West Fronts of the Capitol.

In fiscal year 2004, we completed more than 20,000 work orders in the Capitol Building. To date this fiscal year, we have completed more than 10,000.

CAPITOL POWER PLANT

An on-going project, designed to meet the current and future needs of the Capitol complex, is the expansion of the West Refrigeration Plant at the Capitol Power Plant. This project addresses the advancing age of the East Refrigeration Plant, and the need to reliably meet future cooling requirements of the expanding Capitol complex. The chilled water capacity will be online by November 2005, with the overall project scheduled for completion in April 2006. When finished, the expanded facility will enable the Capitol Power Plant to reliably meet cooling requirements through 2025 and will significantly increase overall plant efficiency.

In addition to addressing future energy needs, the Power Plant staff is also working to beautify the facility and the grounds surrounding it. This month, we began efforts to install 20-foot-wide, brick-paved sidewalks, which will be shaded by two rows of trees, alongside the Plant's newly-created park area. In addition, a decorative wrought iron fence will be erected to replace the security fence now surrounding

the Power Plant. The AOC has been working closely with the Ward 6B Advisory Neighborhood Committee, the National Capital Planning Commission (NCPC), and other agencies to improve and transform the South Capitol Street corridor into a grand urban boulevard.

PERIMETER SECURITY

With the increased need for permanent security measures throughout the Capitol complex, we are installing effective, aesthetically-pleasing, perimeter security features on Capitol Hill. Senate perimeter security efforts completed over the last year include the installation of bollards along Constitution Avenue, extending from the Russell, Dirksen, and Hart Senate Office Buildings. We also installed 14 hydraulic vehicle barriers stations in Constitution Avenue. Over the next year, we anticipate installing the remaining bollards and vehicle barriers that complete the outer Senate perimeter.

PROJECT DELIVERY

We have taken several steps to improve our project delivery. Last September, we established a pilot Project Management organization comprised of project managers, construction managers, and construction inspectors. The proposed alignment establishes clear performance expectations for delivering projects on time and within budget now that the project and construction management functions reside, for the first time, within the same organization.

A good design equals good construction. Construction management is intrinsically linked to project management. Through this new project management organization and process, we will ensure that the design and construction teams interact daily. This alignment is endorsed by the Government Accountability Office (GAO) to, "align project management staff and resources with AOC's mission-critical goals."

In accordance with our Strategic Plan, an annual "lessons learned" exercise is conducted for projects identified by our clients. During this time a comprehensive assessment of each project is undertaken to apply lessons learned to future projects and facilitate continuous improvement.

HUMAN CAPITAL/ORGANIZATIONAL EXCELLENCE

Our Strategic Plan contains Human Capital and Organizational Excellence goals which focus on employees and providing the highest quality services to both our internal and external clients through improved business programs, processes, and systems.

One of our objectives under the Human Capital Strategic Plan goal was to develop a comprehensive employee feedback program that will utilize focus groups, surveys, and other related mechanisms. In September 2004, I invited more than 300 employees from across the AOC—all divisions, levels, and shifts—to participate in 25 focus group sessions. We asked them to identify problems, help us to find ways to solve them, and make improvements within the organization. In October, the Human Resources Management Division (HRMD) asked all employees to share their opinions in a customer satisfaction survey. The questions focused on the services HRMD provides and how well they deliver those services.

By coupling the feedback and the survey results, we were able to pinpoint specific areas where we needed to take action. In other words, our employees spoke and we listened.

They told us that we needed to do a better job communicating, that we needed to provide clearer, easier-to-understand information, and that we needed to better explain work processes, policies, and procedures. They also indicated that we needed to provide clearer direction with regard to expectations and job performance, and recognize employee accomplishments more often. These issues also applied to setting internal standards so our employees receive satisfactory customer support from our Human Resources, EEO, and other service organizations.

Over the next several months, we will be rolling out action plans and meeting with employees to address the issues they raised. This effort will help us to continue to foster an environment where we can share concerns and ideas with one another to continue to improve the organization.

EMPLOYEE SAFETY

One area we continue to make great strides in is our effort to reduce the injury and illness rate. I am pleased to report that for the fourth consecutive year, our rate decreased dramatically. During fiscal year 2004, we saw a 26 percent reduction in

the injury and illness rate. Since fiscal year 2000, this rate has been reduced by 67 percent and is now below the Federal average.

We attribute this reduction to a number of initiatives, including inspections of project worksites, daily safety discussions in our shops at the beginning of each shift, the posting of monthly safety messages throughout our shops and offices, active participation by employees in our Jurisdictional safety committees, and most importantly, to the constant diligence of each AOC employee and supervisor who is committed to doing their job safely and correctly. To assure that our employees have the requisite skills and equipment needed to do their jobs safely, I will continue to maintain robust training and safety budgets.

While I am very proud of my workforce and our past accomplishments, I will not be satisfied until we achieve our ultimate goal of a workplace free of injury and illness. Toward this end, I have challenged my colleagues to reduce the injury rate by an additional 10 percent. I look forward to reporting on our progress toward an injury- and illness-free workplace to this Committee next year.

CONCLUSION

Over the past several years, the AOC has undergone significant change, and we have reaffirmed our commitment to providing high-quality service to Congress and the American people. In its August 2004 report to Congress, the GAO indicated that:

—"AOC has made progress in preparing agency-wide financial statements; supporting an audit of its September 30, 2003, balance sheet; and establishing related internal control policies and procedures."

—". . . AOC has made progress addressing employee communications by developing a number of policies and procedures, such as a strategic communications plan, a draft employee feedback manual, a customer satisfaction survey manual, and a focus group guide."

—"Our January 2003 report provided AOC with recommendations for establishing and implementing an effective information security program. In our January 2004 report, we noted that AOC had made progress toward implementing these recommendations."

—"AOC has fulfilled our worker safety recommendation by developing performance measures to assess the long-term impacts and trends of workers' compensation injuries and costs."

—"During the six-month review period, AOC took steps to develop the Capitol Complex Master Plan."

—"AOC made progress in the development of its environmental program and its movement toward a more strategic approach. In particular, AOC has completed the baseline assessment as well as the waste stream analysis for its facilities and operations."

Although we still have much more to accomplish as outlined in our Strategic Plan, GAO has noted, "organizational transformation does not come quickly or easily and the changes underway at the AOC would require a long-term, concerted effort." My team and I are committed to fulfilling our responsibilities over the long-term to ensure that our transformation continues as planned.

Our request for funds for fiscal year 2006 is in direct response to our responsibility to maintain and preserve the facilities under our care, as well as to respond to our customers' requests for priority projects and programs. In addition, we continue to strive to achieve the level of safety, security, preservation, and cleanliness expected across the Capitol complex. We have completed tens of thousands of work orders to our clients' satisfaction and have achieved many of our goals due to the hard work and dedication of AOC employees. I am very privileged and honored to lead such a professional team.

The Committee's support in helping us achieve these goals is greatly appreciated. Once again, thank you for this opportunity to testify today. I'd be happy to answer any questions you might have.

Senator ALLARD. I'd like to also welcome Senator Durbin. I had indicated earlier, Senator Durbin, that, when you arrived, we'd give you an opportunity to make some opening comments if you wish. And then, also, I just wanted to thank both Ms. Reynolds and Mr. Hantman for taking the time to testify here before us today.

We're ready to move to a question and response period, but I wanted to give you an opportunity to present your opening statement first. So why don't you proceed?

STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. Mr. Chairman, first let me welcome you to the subcommittee.

Senator ALLARD. Thank you.

Senator DURBIN. It's an honor to serve with you. I think you are the third Chair that I've served with on this subcommittee, and I'm looking forward to working with you. And in the interest of time, let me put my statement in the record, and you can go straight to questions, and I'll follow you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD J. DURBIN

Mr. Chairman, first of all I'd like to welcome you, Chairman Allard, to the Legislative Branch subcommittee. I had the pleasure of working with your former colleague from Colorado, Senator Campbell, as the last Chairman of this subcommittee and I look forward to working with you.

Thank you, Mr. Chairman, for scheduling today's first budget oversight hearing of fiscal year 2006 where we will hear testimony on the budget requests of the Secretary of the Senate and the Architect of the Capitol.

I want to join the Chairman in welcoming today's witnesses, Emily Reynolds, Secretary of the Senate, and Alan Hantman, Architect of the Capitol.

Thanks to both of you for attending this morning.

Ms. Reynolds, welcome back to the subcommittee for your third year as Secretary of the Senate. I think that you and your staff are doing a superb job and your budget request looks very straightforward.

My staff and I greatly appreciate your guidance and leadership in the CVC decision-making progress. I realize that this is a long, difficult, and at times frustrating process. Your dedication and determination are very admirable.

I would appreciate any comments you might wish to include with regard to the CVC.

Mr. Hantman, good morning and welcome. Your budget request this year is $506 million, which is an increase of $156.5 million or 44 percent over fiscal year 2005 enacted. I realize that a large portion of your request is for Library of Congress and Capitol Police project items. All in all, your operating budget request seems fairly straightforward.

I was encouraged to read that the rate of accidents and injuries within the Architect's office continues to improve. This has been a major area of concern to me, as you know, and I am glad to see these numbers are coming down so dramatically.

I hope you will talk a little about the Capitol Visitor Center project. I hope you will update the Subcommittee on when you believe the CVC will open and what the final cost will be. I realize that the project has grown in size and scope from the original design when we broke ground back in 2000, but I don't think those changes account for the magnitude of the delay and cost overruns.

Last year, I asked you if you thought the spring 2006 estimated completion date for the CVC was accurate. While I don't recall your answer off-hand, I think I know what your answer would be if I asked you the same question today. So now I'd like to ask you if you think the fall 2006 date is accurate. In your testimony you state that since breaking ground in 2000, the CVC is now 55 percent complete. I find it hard to believe that the remaining 45 percent of this project can be finished in the next 17 months.

Mr. Hantman, as you know, this subcommittee is responsible for providing adequate funding to complete AOC projects such as the CVC. However, in order to do that, it is critical that we receive the most accurate information available from you and your staff. It appears that the Government Accountability Office has been far more effective than your office in providing accurate information to the members of this subcommittee and our staffs on your funding requests.

I was very concerned to read a February 23, 2005 article from "The Hill" newspaper entitled, "Fear and Loathing at the AOC," which addressed the results of a 22-page survey taken by 300 of your employees. I hope that you and your management team are making every effort to address the allegations of abuse and mismanagement alluded to by these employees. It troubles me that some long-standing issues at AOC continue to exist, such as poor communications and very low morale. You are responsible for 2,000 employees. It is critical that these employees feel they

can trust you and your front office. Without the trust and confidence of your employees, you cannot effectively run this organization.

Finally, Mr. Hantman, I'm eager for you to update the Subcommittee on your progress in making the Capitol complex a safer work environment.

Thank you Mr. Chairman.

INAUGURAL ADDRESS EFFORTS

Senator ALLARD. Very good, thank you.

Ms. Reynolds, you did mention, in your testimony, that you did a lot of work on the inaugural, and I want to just thank you, your staff and the Architect of the Capitol, for your work during the Inaugural Address. I think it was a very successful effort, and I think most Members appreciate all the fine work that went into that. And I just think that's worth mentioning at this particular point in time.

Which leads me into a question, Ms. Reynolds, what were all your responsibilities in coordinating that effort? I'd like to know some of the challenges you faced. We just had an election, and then we had the inaugural in January. And if you can share some challenges with us, we'd appreciate it, perhaps suggestion of what might be done differently at the next inaugural.

Ms. REYNOLDS. No, I appreciate that. We certainly took our lead from the Joint Committee on the Inaugural, from Senator Lott and his team. And I think one thing that we found—clearly, the Joint Committee did a beautiful job, and came, to us with the numerous things that were needed. I think, for us, one legacy I'd like to leave behind is a very distinct record of the precise things that the Secretary's office is involved with in that inaugural effort. For example, the official reporters of debates actually have a position on the platform so that they're there to transcribe the inaugural. For me, it's the first time I've been through that, while, again, the institutional memory, that important part of our staff that have been here for years, they know the things they do every 4 years, but we found that it wasn't in our own operation in any sort of concise record.

One thing I'd like to leave behind for the next Secretary is that concise record of exactly what expectations that a joint committee on the inaugural will have for us. The second piece of that is, we were delighted to work with the committee on the inaugural luncheon, which is staged in Statuary Hall. That was a huge effort on the part of our staff; again, taking the lead from Senator Lott and his team. But they did an extraordinary job in executing the lunch. And, most especially, the Curator's Office takes the lead in whichever historical painting is displayed at that luncheon, which is a reflection of the theme of the inaugural itself.

So, we're involved in a variety of different levels, a variety of different ways. It was a learning experience for me, as well. And I would add, also, that many of our staff, and myself included, had the opportunity and the high honor to serve as escorts that day; again, assisting the Joint Committee.

So, we play in this at a variety of different levels. Some, were well informed going in; others, learned along the way. But with the Joint Committee providing the leadership, I think we're even better prepared to step up to the plate in the next 4 years and have that clear and concise knowledge, of precisely what our role is.

CURATORIAL ADVISORY BOARD AND PRESERVATION BOARD OF TRUSTEES

Senator ALLARD. You mentioned, in your testimony, the new boards, the Curatorial Advisory Board and the Preservation Board of Trustees. What, specifically, are you doing to promote the efforts to the Senate community and beyond that these two boards were set up to carry out?

Ms. REYNOLDS. Thanks for asking that, because this is such—as I said, it's such an important initiative for all of us. And much of this really is an education process, it's a building process. The Curatorial Advisory Board, again, as I mentioned—12 really outstanding individuals, 13 counting our curator, who serves as its chair—they have already been a significant help to us in helping us identify possible acquisitions, in spreading the word, with all of them as professionals, whether it's from Monticello, Winterthur, the retired White House curator—their network of associates, people they've worked with through the years, has already been very helpful to us in identifying some possible acquisitions, and we've relied on their counsel very heavily already.

The Preservation Board, which, as I said, will meet in May—I'm anxious for that meeting—again, an esteemed group of individuals, who will come at this from both a business perspective, a philanthropic perspective—so I'm interested in working with them, at their first meeting, to begin to paint that blank canvas, if you will, of what specific direction that board takes.

Within our Senate community, we unveiled the Brumidi oil sketch that I mentioned, very recently, thanks to Senator Stevens, in the President pro tempore's office, and Roll Call covered that. We've done a feature in our Secretary newsletter of UNUM, which we do every quarter, and will continue to educate our own community about the efforts underway. And, again, through both of these boards, people who have a reach, not only within our Senate community, but certainly well beyond, I anticipate that we'll continue to see renewed interest in the possibility of both returning some historic artifacts to the Senate that perhaps we've lost through the years, and also pinpointing acquisitions that will reflect the history and the tradition of this institution.

CHANGING TECHNOLOGIES

Senator ALLARD. Technology is changing all our lives rapidly, both at home and, I think, here in the Capitol. And I'll have to admit that I have a certain fixation for high technology, myself, and am not reluctant to step into some of the challenges of new technology in my own personal office. I'm curious to know how you stay on top of those advances, and then, once you decide to bring them in, how can we be assured that they're going to operate as advertised.

Ms. REYNOLDS. Well, probably, to the latter portion of your question, the best way we're assured that they operate as advertised is the feedback from our own Senate community, and that's why having folks, for example, like the administrative managers involved with our FMIS, the various pilot projects that we roll out. Having

folks involved early on to help us in knowing what works and what doesn't is key.

But, quickly, I would say, in terms of how we stay abreast of technological developments, it's really threefold.

First of all, we have, internally, a top-notch information systems department that's on the cutting edge and that helps us, across the board, in remaining there and providing that sort of service internally to the Secretary's office.

Second of all, our department heads are all continually looking for better ways to do business, whether it's, as I said, working through the process of putting the library catalog online, to something as simple as providing an online service for individuals to order their paper through printing and document services, but, again, those simple things that now can be done with the click of button, if you will. And our department heads are very much involved in that process.

And, finally, again, part of that collaborative effort, since our Sergeant at Arms takes the lead on technology in the Senate, we, again, work very closely with them on technological advances. They're a huge help to us in that regard.

Senator ALLARD. Now I would like to go ahead and call on Senator Durbin. And Mr. Chairman, I'm glad that you're able to join us this morning, chairman of the Appropriations Committee, Senator Cochran.

SENATE CLERKS

Senator DURBIN. Thank you, Mr. Chairman.

Ms. Reynolds, thank you for being here, and thank you for your service to the Senate.

In your capacity, you're responsible for the professional staff that supports our legislative activity in the Senate. The clerks process the work we perform on the floor. What is the current status of that group, in terms of hires and qualifications and vacancies?

Ms. REYNOLDS. Right now, we are fully staffed on that legislative team. And I appreciate you asking about them, because they are really, in so many ways, the quiet, unsung heroes of the Senate. You know, because you're there, the hours that they put in on a daily basis. And, at the end of the day, when the Senate adjourns, when those four bells go off, their work, in essence, really begins, in so many ways. They return to their offices to prepare the Calendar of Business, the Executive Calendar, to complete the transcriptions and send those to the Government Printing Office for the printing of the Congressional Record overnight, the completion of the Daily Digest, which, of course, is completed in that record. So it really is a remarkable team.

But it's important, with that team, because of the importance of the Senate's constitutional responsibilities, to make sure that we have a balance of Senate professionals, many of whom have 20 plus years of experience in that team, and also constantly bring in fresh blood—younger people, if you will, folks who are here to serve the Senate in a nonpartisan way, and hopefully make it a career so that we have that continuity.

It's so important on that team, when you look at—in the fact that, within the last two decades, there have been 11 Secretaries,

so you see the importance of that institutional memory, that constant learning process. For example, in one of our departments, where we knew we had a retirement coming in a very critical position, we began the transition process, if you will, the succession planning, 1 year in advance, so that we were assured, on the day that that individual departed, we weren't going to miss a beat; again, in that very critical service. So we try to look—we try to look to the future, we remain as constant as we possibly can; again, recognizing that your constitutional responsibilities are first and foremost in our minds.

STUDENT LOAN REPAYMENT PROGRAM

Senator DURBIN. And, of course, in addition to long hours and important job responsibilities, they face the cruel and unusual punishment of listening to our speeches all day, so they deserve some recognition and reward for that. How is the Student Loan Repayment Program coming along?

Ms. REYNOLDS. It's coming along. It's growing.

Senator DURBIN. Tell me how you use it.

Ms. REYNOLDS. The legislation specifies that the program be used for retention and recruitment; and, that, of course, is the byword for the Senate offices. As you well know, with each Member as his or her own employing office, it is up to each office, at the current time, to decide how they administer the program. And you and I have spoken about this before in—I think, at last year's hearing. We conducted a fairly in-depth survey now about 1 year ago. We had 60 something odd offices, out of the 140 in the Senate, respond. But we found, obviously, great support for the program. We found that folks—they set their parameters in different ways as to how they employ the program. Many require at least 6 months of service before the individual is eligible for the student loan. Some set various and different caps within the office as to how much they actually give for the loan. I think the amount is up to $500. But that will vary among offices. So the administration of it is actually driven by each individual office.

What we are constantly looking for are ways to streamline the process, because it can be a cumbersome process. And, to be honest, you know, sometimes we're chasing up to as many as 100 lenders, if you will, to make sure those payments are going to the right place. And, obviously, loans, of course, within the industry are constantly being sold and repackaged. That's a challenge for us. And within the course of the last few months, we've introduced a paperwork process that we hope will help both the disbursing office and the individual receiving the loan.

We currently have just under 900 individuals participating in the program, at a cost of about just over $3 million to the Senate right now. And, at last report, Senator Durbin, we had about 126 offices participating. That's roughly the same number as the previous year.

RETENTION AND RECRUITMENT

Senator DURBIN. What has been your personal experience about the retention and recruitment angle? When I first brought this up, it was in the hopes that student loan repayment would be an in-

centive for good, talented graduates to come work here on Capitol Hill and not be discouraged by the, perhaps, lower startup pay than they might find in another place, or to retain those who enhance their education, and we'd like to keep on and use their talents. So what has your experience been in that?

Ms. REYNOLDS. I think, again, I'm going to refer back to the surveys that we received, because that's one area that we specifically addressed in the surveys of the offices. Many offices—and, again, this is anecdotal evidence—but they mentioned to us instances where they wanted to hire—you know, an office wanted to hire a young lawyer, obviously who had significant bills from law school, and they said, frankly, that without the opportunity to use that as a recruitment tool, they might have lost that talent somewhere else; again, because of the pay structure here.

So while much of this is anecdotal evidence, it was very strong anecdotal evidence that the offices take that retention and recruitment tool seriously, as do we in the Secretary's office, as well. So we employ the program, as well, and use it in the same ways.

Statistical evidence, hard to come by on that; but the anecdotal evidence from the offices, very positive in using it as a tool.

Senator DURBIN. Mr. Chairman, I don't know, maybe it's been 2 or 3 years since we've had this, and it kind of started in an odd way; let a thousand flowers bloom, we said to each office, "Here's what we're—here are the goals. See how they work with your policies, personnel policies." I'm hoping that we can gather this information and maybe harmonize some of this. I don't want a top-down rulemaking procedure, but if there are ways to put in some safeguards, to avoid abuses, to make sure there's no waste, to enhance the initial goals of the program, I'd like to do that, too.

Thank you, Ms. Reynolds.

Ms. REYNOLDS. We look forward to working with you on that. Thank you, sir.

Senator DURBIN. Thank you.

Senator ALLARD. Well said. And I would note that we do have a lot of people here today that are part of the office of the secretary, the parliamentarian, enrolling clerk, Senate security, and they do a tremendous job. I don't know how they keep the place running sometimes, but they're able to do it, and with a good deal of grace and finesse, keeping a lot of big egos happy, and they're to be commended for their job.

Mr. Chairman.

Senator COCHRAN. Mr. Chairman, thank you very much. Congratulations to you are in order for——

Senator ALLARD. Thank you.

Senator COCHRAN [continuing]. Your assuming the chairmanship of this important subcommittee. We welcome you, not only to the Committee on Appropriations, but in your new undertaking as chairman of this subcommittee, and we look forward to working closely with you and trying to support you in every way.

Senator ALLARD. Thank you.

THE SENATE DISBURSING OFFICE, "THE FRONT COUNTER"

Senator COCHRAN. Welcome to the subcommittee, Ms. Reynolds and Mr. Hantman. We appreciate very much your cooperation with

our Legislative Branch Appropriations Subcommittee and the good work that each of you do in carrying out your responsibilities.

These are very important jobs. I am impressed. When I read the summary of your responsibilities, I always come across some item of information that surprises me. Today, for example—and I don't know why I had overlooked this in the past—I found out that the front counter is the place where the financial business of the Senate is handled, and that's under the jurisdiction of the Secretary. Could you tell us what the origin of the phrase "the front counter" is?

Ms. REYNOLDS. That is a great question, and I'm going to defer to our financial clerk, Tim Wineman, to answer that.

Mr. Wineman.

Mr. WINEMAN. It is literally just that, a front counter. It kind of resembles an old banking organization. We used to be located in the second floor of the Capitol Building, right down from the Senate Chamber, and there was a huge counter that Senators and staff would come in to conduct daily business with the Disbursing Office, and we'd have staff behind the counter. And it's just evolved over the years as, kind of, the receiving point for the work that comes in from the Senate offices. General business is conducted there, inquiries, new staff are sworn in there, financial transactions, as far as issuing cash advances for travel. So it's kind of similar to a bank lobby atmosphere, and it literally is just that, there's a big counter there, and that's the term that's been used over the years.

Senator COCHRAN. But it doesn't function as the House Bank used to.

Mr. WINEMAN. No, sir.

Senator COCHRAN. No.

I just want to be sure that——

Mr. WINEMAN. In fact, I'd like to be very clear on that.

Having been here during that time, and there was a significant amount of publicity, no, it does not function as the House Bank.

Senator COCHRAN. Right. Well, it is, obviously, an important responsibility, and the offices are physically located in the Hart Senate Office Building?

Mr. WINEMAN. First floor of the Hart Building, yes, sir. We were asked to move a number of years ago, after spending a lot of time in the Capitol, when we—we literally outgrew the space that was in the Capitol building. And so, when the Hart Building was opened, in 1982, we moved over there and are located on the first floor, yes, sir.

Senator COCHRAN. Well, we appreciate your good work in supervising that operation.

Mr. WINEMAN. Thank you, sir.

Senator COCHRAN. Is there sufficient request in the budget for the operation of the front counter?

Mr. WINEMAN. Yes, sir. The Secretary has been very supportive of, not only the entire Disbursing Office, but our front-counter operation, as well.

Senator COCHRAN. That's great. Well, we thank you for that explanation and information.

Mr. WINEMAN. Yes, sir.

Senator COCHRAN. Now, could I ask a question of the Architect?

Senator ALLARD. You may, Mr.——

Senator DURBIN. Mr. Chairman, would you yield for a moment?

Senator COCHRAN. Sure.

Senator DURBIN. I just wanted to make a record here that when I was elected to the Senate, in 1996, and came to sign up for my payroll, they said, "You've worked here before," and I said, "Yes, I was an intern here in 1966, 30 years ago." And they said, "Yes, we kept your file," and they brought it out.

So pretty good file work there.

Senator COCHRAN. Very good, thank you.

CAPITOL VISITOR CENTER

Mr. Hantman, thank you for being here and participating in this exercise, too. I think the biggest challenge you're facing is the new visitor center. I appreciate very much your taking time to take me on a tour recently and show me the work that was in progress. It is really quite an impressive undertaking. And, of course, it's very expensive, as well.

What efforts are you making to try to hold down the costs? I hear rumors about overruns and schedule deadlines not being met. What are you personally trying to do to help get control over that project?

Mr. HANTMAN. Mr. Chairman, it is, as you know, a very complex project. And perhaps what we can best explain it by using some things that I don't expect you to be able to visualize or see very clearly from the dais.

If we could just set up a board or two over here.

This project, as you know, Mr. Chairman, has evolved since its inception. The budget for the CVC was first set in 1998. We talked a little bit about the inaugural, with the Secretary a little while ago, and the inaugural that we just celebrated was really key to how the entire visitor center was framed.

Before I get into that, if I may, I think I would be remiss, if I could——

Senator COCHRAN. Well, I'd just rather for you to succinctly respond to the question that I asked, rather than go into the history and the description of the project in detail. That'll come later, I'm sure, when the chairman is asking questions.

Mr. HANTMAN. Well, we have a full-time accountant on the job, Mr. Chairman. Every change order or any purchase order that comes on through is reviewed by our accounting group. Our project executive, Mr. Bob Hixon, who is behind me right now, reviews all of those, and we make sure that we pay only those that are really appropriate and that we authorized the work for in the first place.

What we are trying to do is get the remaining contracts on the street and awarded as soon as we can, because the inflation rate continues to rise. And if we can award them, we can hold the rates that we currently have; otherwise, we might have to rebid areas such as the expansion spaces for the Senate, for the House, for the exhibition areas, for the tunnel under the House office—House Capitol side of the connector.

So we're trying to move forward as quickly as we can to make sure that we lock in the prices and the bids that we have at this point in time, to make sure that the contractors understand that

we're going to be holding them to their responsibilities, as well, and that we monitor that effectively on a day-to-day basis.

Senator COCHRAN. Thank you very much.

Thank you, Mr. Chairman, for the opportunity to be here and participate in the hearing.

Senator ALLARD. Well, thank you, Mr. Chairman. And I appreciate you taking a personal interest in this. I had an opportunity to have a tour by Mr. Hantman.

I thought it was a very good tour. I'm, like you, very impressed with the scope of the facility. I look forward as I think many members do, at getting into that facility. The sooner we can get there, the better I think everybody will feel.

BUDGET AND CAPITAL IMPROVEMENTS PLAN (CIP) PROCESS

I know that it's a particular challenge for you, Mr. Hantman. You are requesting a pretty sizeable increase—45 percent—over the current budget. That type of increase does catch the attention of all of us. How have you scrubbed that budget? Have you tried to set priorities within the budget so that if we're unable to meet your request, where would you recommend that we make reductions?

Mr. HANTMAN. Mr. Chairman, you alluded, in your opening statements, on the issues of project management and master planning, two very key areas, in terms of improving our control and our projections on what the costs will be going forward, not only on individual projects, but in budgets that we will be bringing forward to this subcommittee in years to come. So, we have a CIP process, which is a Capital Improvements Plan. In that process, we rank all of the proposed projects that come forward, on a strong basis. If we could put up that board, that would be pretty helpful, I think. But what we do is, first, we have to identify projects, we have to evaluate those projects, we have to rank them and rate them before going into the budget process. So this CIP process that we have used this year for the first time is something that gives us a prioritization of those projects based on fire and life-safety issues, based on physical security issues, historic preservation and stewardship issues, impact on our mission, and the economics of it. We rank all of these projects on a scale that gives a real value to each one of them as they relate to each other and to those five key areas.

So, if we were told to cut back on our projects at this point, Mr. Chairman, what we would do is go back down to our list of elements we currently have been asking for, and start at the bottom. Those things that are ranked the lowest in the project budget, we would start eliminating, to the point at which you are willing to fund the rest of it.

Senator ALLARD. And does our staff have this list and these rankings on these projects that we can look at, at some point in time?

Mr. HANTMAN. We certainly could review all of those projects with a full background, in terms of how we prioritized them in the first place. And we'd be happy to sit down and review that. And certainly we wouldn't cut anything unless we specifically worked with you and your staff.

Senator ALLARD. We could be facing a pretty tight budget here.

Mr. HANTMAN. Yes.

Senator ALLARD. And it would be nice if we could give it some thought ahead of time. And so, the sooner you could share where your priorities are with our staff, I think it would be very helpful to them, and helpful to members on this subcommittee, to see where you're thinking is on those reductions.

Mr. HANTMAN. We have that prioritization, already, sir. It's how we established the budget request. We'd be more than happy to sit down and review it. We can start from the bottom up, and whatever we have to eliminate because of budget criteria, we'd be ready to do that.

Senator ALLARD. Very good.

[The information follows:]

TABLE 2.—FISCAL YEAR 2006 LINE ITEM CONSTRUCTION PROGRAM SUBMITTED TO THE CONGRESS

PROJECT NUMBER	PROJECT TITLE	PROGRAM AREA	JURISDICTION	PROJECT MANAGER	PROJECT COST [1]	PROJECT EVALUATION SCORING						NOTES
						A	B	C	D	E	TOTAL	
	SECTION 1—PROJECTS (EXCLUDING SUPREME COURT) ATTAINING A SCORE OF 90 OR HIGHER IN AT LEAST ONE EVALUATION CATEGORY [2]											
000231D	Smoke Detector Upgrades, JAB	BIM-SER	LOC	PRichards	$3,700,000	80	90	80	80	20	350	
000231E	Smoke Detector Upgrades, JMMB	BIM-SER	LOC	PRichards	3,700,000	80	90	80	80	20	350	
020188	Emergency Electrical Service Upgrade, USC	BIM-SER	USC	JScuderi	2,980,000	40	90	60	80	60	330	
970711D	High Voltage Switchgear Replacement, HSOB	BIM-SER	SOB	ZBajbor	540,000	.....	90	80	70	40	280	
970711E	High Voltage Switchgear Replacement, FHOB & RHOB	BIM-SER	HOB	ZBajbor	2,120,000	.....	90	80	70	40	280	([3])
	Ford House Office Building (FHOB)				(1,070,000)							
	Rayburn House Office Building (RHOB)				(1,050,000)							
970711F	High Voltage Switchgear Replacement, TJB & JMMB	BIM-SER	LOC	ZBajbor	2,270,000	.....	90	80	70	40	280	([3])
	Thomas Jefferson Building (TJB)				(1,090,000)							
	James Madison Memorial Building (JMMB)				(1,180,000)							
970269GA	Compartment Barriers and Horizontal Exits, USC	BIM-GEN	USC	KSchonbgr	2,630,000	50	90	40	60	30	270	
970269GB	West Terrace Egress Doors and Stairs, USC	REG-FIR	USC	KSchonbgr	1,700,000	.....	90	10	.....	20	120	
	SECTION 2—REMAINING PROJECTS (EXCLUDING SUPREME COURT)											
020238	Book Storage Modules 3 & 4, Fort Meade, LOC	BIM-GEN	LOC	MVarga	40,700,000	80	40	80	70	10	280	
000018A	Emergency Lighting Upgrade, RHOB	REG-FIR	HOB	SSethi	4,790,000	.....	80	40	10	40	170	
000018C	Emergency Lighting Upgrade, LHOB	REGFIR	HOB	SSethi	2,700,000	.....	80	40	10	40	170	
000018D	Emergency Lighting Upgrade, FHOB	REG–FIR	HOB	SSethi	1,030,000	.....	80	40	10	40	170	
000207B	Emergency Lighting Upgrade, HSOB	REG-FIR	SOB	RSoriente	3,600,000	.....	80	40	10	40	170	
020202A	Emergency Exit Signs and Lighting, USC	BIM-SER	USC	JScuderi	1,000,000	.....	80	40	10	20	150	([4])
030293	East Front Plantings, CG	BIM-SIT	CG	ACoulson	740,000	80	.....	60	.....	.....	140	
030130	Window Replacement, FHOB	BIM-SHL	HOB	RIngram	3,710,000	.....	30	20	60	20	130	
930281D	Public Restrooms Upgrade, South Stack, HSOB	BIM-INT	SOB	KOlmsted	2,400,000	10	20	40	20	.....	90	
020100B	Public Restrooms Upgrade, Phase I, FHOB	BIM-INT	HOB	KOlmsted	1,500,000	10	20	40	20	.....	90	
960043	Off-Site Delivery/Screening Facility, USCP	BIM-GEN	USCP	WPerlenfn	23,000,000	.....	.....	.....	.....	.....	.....	
	SUBTOTAL—Sections 1 and 2				104,810,000	.....	.....	.....	.....	.....	.....	
	SECTION 3—SUPREME COURT PROJECTS [2]											
030302	Building Security Upgrade, SC	BIM-SEC	SC	ACopeland	1,800,000	.....	20	30	20	90	160	([5])

	SUBTOTAL—Section 3	.....	.....	.....	1,800,000	.....	.....	.....	.....	.....	.....
	TOTAL—Sections 1, 2 and 3	.....	.....	.....	106,610,000	.....	.....	.....	.....	.....	.....

[1] ''Project Costs'' shown represent funding as identified in the fiscal year 2006 Budget Request; with the exception of the last three projects in Section 2, ''Project Costs'' are ''Final Project Estimates'' as developed by the AOC's Cost Estimating Group based on completed drawings and a completed Project Check List.

[2] Projects receiving a score of ''90'' or higher in one or more of the Project Evaluation Categories are considered highly desirable for accomplishment within the fiscal year identified.

[3] Project Nos. 970711E and 970711F have been separated into two parts so as to accommodate notation of costs associated with each building comprising the project.

[4] Original funding request in fiscal year 2005 was $2 million; only $1 million was approved; this project covers the additional $1 million still needed to accomplish the project.

[5] This is the Second Phase of a 2-phase project; the 1st phase was approved in the fiscal year 2005 LICP of the Supreme Court.

Senator ALLARD. Senator Durbin.

Senator DURBIN. Thank you, Mr. Hantman. And, being a liberal arts major, I don't have a clue what that chart means, so I'm just going to ask you some general questions here. What's the final cost of the Capitol Visitor Center?

CAPITOL VISITOR CENTER COST CHANGES

Mr. HANTMAN. The final cost of the visitor center, as being projected by GAO right now, is $517 million.

Senator DURBIN. Can you recall the first estimated cost and what the difference might be?

Mr. HANTMAN. The original estimate for the visitor center, set back in 1998, was $265 million.

Senator DURBIN. And if you were asked, and you're about to be, how would you explain the difference?

Mr. HANTMAN. I think that one of the charts we can put up right now is one—as the chairman mentioned earlier, the Government Accountability Office has been sitting with us since the inception of the job. This is basically, a report that they are just putting out right now, which talks about the summary of the construction cost increases.

The first bullet talks about three-quarters of the $250 million increase is due to "factors beyond, or largely beyond, the AOC's control." Scope additions is the first item. The first is the House and the Senate expansion space. When the original project was designed, Mr. Durbin, we were going to be designing just shells, just the concrete floors, no electrical, no mechanical systems. There was no program to tell us what the Senate space might ultimately be, what the House space might ultimately be. After 9/11, we were given $70 million to finish off those spaces. That was without a program, without a design. As the design evolved, as the House and the Senate approved the programs and we went out to bid on those, that $70 million was found to be low, in terms of the quality of materials and the type of program that we were directed to do. So even that $70 million was not inadequate, but that essentially added to the base of $265 million. New scope of work.

The next bullet item is the security and life-safety enhancements. Mr. Chairman, Mr. Durbin, Mr. Cochran, this project has really lived through the same type of loss of innocence, if you could say, that our country has, due to the 9/11 attacks and the anthrax attack on the Senate office buildings. We have seen multiple infusions of new dollars for new criteria go into this project.

Another one of the changes, certainly after the anthrax incident, was, to redesign our mechanical room once again to incorporate major filtration systems to take care of the type of threats that we were facing.

Security threats throughout the history of this project have been added to its costs, just as Homeland Security has been adding to their responsibilities. And the big challenge, Mr. Durbin, that we've had on this project has been that it's no longer the same project we started with. We're talking about adding $140 to $150 million of new work to the project that we had to do, while we were under contract. After the design was done, we had to try to get change orders and all of this new work incorporated and still try to meet

a schedule for an inaugural in 2005. And that basically became fairly impossible to do with all the mechanical changes.

So, these changes forced us, basically, to split what we anticipated originally as a single contract for the whole project into several pieces. First of all, we split it into a preconstruction contract so that our construction manager, Gilbane, could remove all of the utilities from inside the footprint of the project, so that we would not slow up the work of the major contractors, to come later. Then, because of the multiple redesigns of the mechanical spaces, we had to break out the excavation, the foundations, the structural work so that we could begin to work on that right away and try, still, to keep our schedule to complete this project within the parameters of the 2005 inaugural. So, that contract went ahead.

In the next contract, which we were redesigning for the changed mechanical spaces, we gave a criteria to the bidders to meet the 2005 inaugural. Out of five bidders, three dropped out, saying that was impossible. And in order to change—to at least retain competitive bidding, we said, okay, we need to support the inaugural in 2005, we recognize we're not going to be finished, and we need to work on an extended schedule to be able to do that. And that's essentially what we did. We did a top-down construction, put on all the granite. The President actually stood on the central rotunda steps, as you know, and the troops passed in review. We got that work done.

So the challenge has been——

Senator DURBIN. That was a pretty expensive review, wasn't it?

Mr. HANTMAN. In terms——

Senator DURBIN. Never mind. We set that as your goal. And I know you were living up to it. And I'm glad we did it. It apparently called for additional work and expense. And you lived up to your responsibility there. The President—the inaugural went off, I think, flawlessly in that regard, except for the outcome of the election, which I won't get into.

Let me ask you, when will the CVC be open to the public?

Mr. HANTMAN. Our construction schedule calls for us to be completed in the fall of 2006. We're looking at—our contractor schedule talks about September 2006 right now.

CAPITOL VISITOR CENTER FTES

Senator DURBIN. So why would you have such a dramatic increase in a request for FTEs if we're—for this next fiscal year, when the CVC won't be open until the very end of that fiscal year?

Mr. HANTMAN. We're actually phasing that in, Mr. Durbin. We're taking a look at—right now, our operations plan—and we have consultants, Zell Corporation, that came in, folks who are experts in visitor flow and operations of major spaces like this, and we've been meeting with Emily Reynolds and people from the Capitol Preservation Commission, 1½ years now, with the Zell group. What they're recommending is that we actually have an executive director for that group and a core staff. They should be onboard right now, basically, planning for the ultimate phasing in of the 260 people that Zell projects will need. And that executive director could certainly look at the Zell report and say that that number is off this way——

Senator DURBIN. These 260 are for the CVC exclusively.

Mr. HANTMAN. That's correct.

Senator DURBIN. And you're asking for those FTEs in this year's fiscal appropriation, though the center will not be open until September of this next fiscal year?

Mr. HANTMAN. We have authorization now, I believe, for 16 of those 260 people. And of those 16, what we've started to do is actually hire—rather interview people—we can't hire them until we have an obligation plan signed for us—the people who are looking at the operations of the building. Potentially an assistant superintendent for the Capitol Building so that he or she could get together a staff that will make sure that the mechanical systems, the electrical systems, all of the things that are being installed correctly. They will be able to review that, be familiar with the systems when the building is essentially turned over. Those are the first people we want to bring on.

CAPITOL VISITOR CENTER COMPLETION AND OPERATIONS

Senator DURBIN. Open to the public September 2006 is what you're saying?

Mr. HANTMAN. From a construction perspective. From an operational perspective, Senator, the issue is, we have not yet hired that executive director. We've not been authorized to bring on any staff to do the operations side of it. We need that component, as well, so that whatever the operations group brings to the building, we'll be able to integrate it.

And I don't know if, Ms. Reynolds, you have anything to say about that. We talked about this just this Monday evening.

Senator ALLARD. If I might interrupt, Senator Durbin, and follow up on this, you're certain, from a construction aspect, that September 2006 would be when it's completed, open for occupancy.

Mr. HANTMAN. That will depend, again, on the operations team, when they come on and what kind of work they can do early enough. In the best of all possible worlds, Mr. Chairman, this operations group would come on, and they would work in parallel with us, in terms of their programs—and the hiring that they need to do to get their staff together.

STRATEGIC PLAN NEEDED

Senator ALLARD. Do you have a strategic plan in place where, when you reach this stage, we have some assurance that there's a step-by-step approach on how everybody's going to move into the offices and, a time schedule in which you anticipate that's going to happen? If you could elaborate further on whether you have the strategic plan.

Mr. HANTMAN. Two points. First of all, let me clarify the September date again, in terms of construction. We have not gotten authority yet to award the expansion space for the House, for the Senate, for the exhibits.

So I'm not sure. As soon as we can award that, we can assess what their completion date for those components of it will be. But in terms of the operations of the visitor center, the Congress has not yet determined who will be responsible for operating the visitor center, who they will report to, what committee they will report to;

and, therefore, no decision has been made whether it will be an AOC responsibility or it will be another committee's responsibility, another group.

Senator ALLARD. And why aren't those decisions being made?

Ms. REYNOLDS. With your permission, let me just add a note here, Mr. Chairman.

Those decisions have not been made. They are an ongoing discussion between Senate leadership, House leadership, and members of the Capitol Preservation Commission. They've been going on for several months now, most predominantly at the staff level, obviously with feedback to the respective members.

I think, clearly, if we're looking at an 2006 opening date, clearly the need for those decisions is sooner, rather than later. Suffice it to say, we're working closely with the Architect on it, and it's—this is another one that's a team effort. We'd certainly appreciate your advice and counsel on this, as well, but, again, being done at the leadership level and with the Capitol Preservation Commission.

Senator DURBIN. Mr. Chairman, I just might say that we hold our witnesses and agencies accountable. Now we ought to hold ourselves accountable. I think the leadership on both sides of the Rotunda need to get together immediately and work this out. And I know it's contentious, and it hasn't been easy, but we can't blame them if the CVC doesn't open because we can't explain who's going to be in charge and make these key decisions. So, if you would like to reach out to Senator Frist, I'll reach out to Senator Reid, and let's see—Senator Cochran—maybe we can get some movement here on this.

Senator ALLARD. I do think that we need to sit down with the leadership and put together some kind of strategic plan on how we're going to go through this and make these decisions, step by step. Has any kind of proposal been made to the leadership at all from your office? Have we suggested anything to them? Say, "Look, we think this is realistic now. Can you agree to this?" Have we taken that step?

Ms. REYNOLDS. We took a step about 6 months ago, I think, and went back to the leadership with—not so much with an overall governance proposal, but we did provide to the leadership on both the Senate and the House side, really, more of an update, a working update, as a result of the operational meetings that have been held over the course of the last year with Zell, with this consultant, and really just looking broadly at the organization itself. As I said, the conversations have taken place over the last few months, with both Senate and House officers and staff. Obviously, this—because it is an extension of the Capitol, this will be, presumably, a decision of the joint leadership and the CPC, of course, which has members from both sides.

We've made progress. We are not yet prepared, I will say, at least at the staff level, with an overall recommendation. Again, we'd be—I'd love the opportunity to brief you all on the various and different proposals that have been made, the various and different discussions. And, you're absolutely right, this is one that needs our time and attention.

Senator ALLARD. Mr. Hantman, I know when the project started out we had a couple of different contractors, and they didn't get along very well at the very start. Do we have an overall contractor that's in charge right now? It seems to me one of the things that needs to happen in a project, you need to have one contractor that's in charge, and you put incentives in place for them to perform and carry out what they say they will do. And it seems to me if we have one contractor who's in charge, he can be helpful to the staff in putting together some sort of strategy on how we can get this thing wrapped up in a timely manner, while holding down our costs.

Mr. HANTMAN. Mr. Chairman, with the help of the General Services Administration, we conducted a nationwide search for a construction manager. We hired the Gilbane Corporation to be that construction manager and make sure that they coordinated the work of all of our contractors on the job. Our first-phase contractor for the excavation, for the structure, for all of that work, Centex Corporation, has completed their work. They're off the job. Our second-phase contractor, who is doing all the electro-mechanical and architectural finishes work, is Manhattan Corporation. And, in terms of coordination for the expansion spaces, to minimize complications, we're expecting that they, also, would be running the work, although we go for competitive bids on the expansion spaces, on the exhibit areas, things of that nature.

So, yes, we do have people in place, both from Manhattan and the Gilbane side, and we are giving whatever advice that we possibly can to the Capitol Preservation Commission about what's going to be in place at what point in time, and how we can phase this work, so that we can get that center opened appropriately and in good order.

Senator ALLARD. Well, then, who's ultimately accountable for getting this done on time? Is this Gilbane?

Mr. HANTMAN. Our construction manager, Gilbane, is accountable to us. We have the fiduciary responsibility, certainly. And under our project executive, Bob Hixon, they report through to Bob Hixon, and Bob Hixon reports through to me.

Senator ALLARD. Gilbane—are they doing their job? It seems to me this is their responsibility, to help you put together a strategic plan. Are they doing their job in that regard?

Mr. HANTMAN. Well, in terms of strategic plan, relative to operations, that is not their responsibility. It is the construction side of it only, Mr. Chairman.

Senator ALLARD. Go ahead, Senator Durbin.

Senator DURBIN. Are there any incentives or penalties in the contract with Gilbane, for performance?

Mr. HANTMAN. For the contractors, we have liquidated damages. For Gilbane, they are a fee-based organization, and if they're not performing—it's up to us, basically, to make sure that they do perform or to take away work from them and give it to somebody else who can perform, when they don't.

Senator DURBIN. How much has Gilbane been paid?

Mr. HANTMAN. I believe it's something like $15.5 million for the CVC Base and $2 million for the Senate shell.

Senator DURBIN. Okay.

Mr. HANTMAN. I can verify that number.

[The information follows:]

As previously stated, I would like to verify the information referring to the amounts paid to Gilbane. In reference to the CVC base contract with Gilbane $15.5 million has been obligated and $13 million has been paid or expended. For the Senate shell space $2 million has been obligated and $1.6 million has been expended.

Senator DURBIN. But there are no incentives for them, as the management side of this. The incentives relate to the actual construction.

Mr. HANTMAN. We have incentives for the contractors, in terms of—if they meet their schedules, they move ahead. We have awards for them, yes.

Senator ALLARD. You know, it's not entirely clear to me who figures out the costs and the timeline schedule. Is that Gilbane, or is that your office or one of the contractors? Who puts that schedule together and says that it gets us to September, gets us to some kind of date after that, which we don't seem to be able to get specified.

Mr. HANTMAN. Gilbane has the responsibilities for the master schedule. We have a schedule that came in from Manhattan Corporation, who is the contractor onsite now charged, basically, with all the work to finish the job. The issue, then, is—what Gilbane needs to do is take the schedules for the expansion space, for the exhibit areas, areas that we've not yet awarded, integrate them into a schedule, and make sure that we can all finish when we need to finish.

Senator ALLARD. And why haven't those other spaces been awarded yet?

Mr. HANTMAN. We need to have obligations plans signed by the House and the Senate to allow us to spend the dollars to do that, and we've not yet got those signatures.

Senator ALLARD. I see. Okay.

CAPITOL VISITOR CENTER SCHEDULE

Senator DURBIN. Mr. Chairman?

If I might ask Mr. Hantman—the GAO, when they took a look at this, agreed with your final cost figure, but disagreed with the occupancy—or maybe not disagreed, but said they felt that, by schedule, it wouldn't be completed until March 2007. Do you take issue with that date that they came up with?

Mr. HANTMAN. Again, when we talk about the project, if we could define the nature of the project. The Capitol Visitor Center portion of it, the area that will welcome visitors, where people will walk down the entry ramps—and I'd welcome the opportunity to take you on a tour, Mr. Durbin—be screened, come into the great hall, go to the information booths, go see the orientation film, go on the tour, go to the cafeteria, go to the restrooms—all of that is projected in the current contracts that we have with Manhattan Corporation. The part that has not yet been awarded, and the part that will not be ready, at this point in time, in the fall of 2006, is, in fact, the expansion space, which has not yet been awarded. And that's where GAO is going and pushing that off. And until we get

the contractor onboard and we work with them, we don't know what the schedule is for that work.

Senator DURBIN. And the contractor decision depends on leadership in Congress to decide responsibility——

Mr. HANTMAN. We have bids on that now, Senator. The issue is—we can't award those bids, because we don't have the obligation plans signed to award them. Then we could move ahead and move with that contractor to nail down a completion time.

Senator DURBIN. Okay.

CAPITOL VISITOR CENTER EXHIBITION SPACE

Senator ALLARD. Well, are there other things, other than the expansion space, that could be causing a delay on this project?

Mr. HANTMAN. The exhibit areas, Mr. Chairman. There's a wonderful exhibit area, which I showed you as we walked through—and, again, I'd welcome the opportunity for anybody who's not seen it, to take them through that again—we have not been able to award the contract for the construction of the exhibition areas. The Secretary of the Senate and the whole senior staff on the Capitol Preservation Commission, has the concern of, should we open the visitor center if the exhibition area is not ready to be opened, as well? And that's a debate that the Preservation Commission staff have been having. From my perspective, the best of all possible worlds, it should all be ready. We should be able to have full exhibits, have the air-conditioning system tested, so the original documents, amendments to the Declaration, amendments to the Constitution, all of those original documents that we're planning to put into the exhibition area, would safely be able to be installed there. We need to award the contract and move ahead and see just how we can shake it out. We still think we can make that.

Senator ALLARD. I want to move on, but Ms. Reynolds, did you want to respond?

Ms. REYNOLDS. I just wanted to add a word to what Mr. Hantman said, in terms of bringing the documents into the building and readying the exhibition space. And I certainly appreciate the commitment and the drive that the Architect has to get this facility up and running for all of us. It will be tremendous when it's done. But from an archival standpoint, both the Clerk of the House and I have the responsibility to work with the National Archives, who, of course, are the repository of the records of Congress. So one thing we would like very much to do—and I believe we have a meeting scheduled in this regard—is to have Mr. Hantman fully brief both the Archives and the Library of Congress, from whom we anticipate we will also borrow some documents, so that those preservationists, those archivists, can understand both the project in full, how the work will proceed, potentially, around the exhibition space, so that they have the assurance, before they loan precious documents to us, that they have the assurance and feel good about the prospect that those documents will be protected in this exhibition space if we still have ongoing work going on in other aspects of either the CVC or the expansion space itself.

So, again, we'll keep you posted on that, but I think we have one additional important step to make, if you will, and I certainly didn't want to leave the impression that there's a delay, if you will,

from our end. But we do have that responsibility, to protect the records of Congress, and need to make that one additional stop with those archival experts.

Senator ALLARD. I think it would be helpful for this subcommittee if we can get some sort of timeline set down here with some estimated costs, and then we can check it off as we go along. And if for some reason AOC doesn't meet the timeline, we can ask why. And if you're under budget, we can have a celebration, when we reach those various milestones. I think a lot of Members in the Senate would feel more comfortable if we could have some sort of timeline out there to get things nailed down as best as we possibly can.

Mr. HANTMAN. Absolutely.

ARCHITECT OF THE CAPITOL MANAGEMENT

Senator ALLARD. I think it would make life much easier.

The other thing that I would want to bring up, there's an article here about the AOC staff survey, and your staff expressed some dissatisfaction. I think you need to have workers that have bought into what you're doing. Noting some of the things several employees expressed concern about charges of favoritism and uneven and unfair work distribution, hire and promotions that were not necessarily based on qualifications and experience but based on personal connections. Those are the kind of comments that have been pulled out and that I have before me here. Is that a problem that you think truly exists? And even if it's a few employees, perhaps it is something to correct. I'd like to know what your suggestions are in that regard.

Mr. HANTMAN. Mr. Chairman, we take those kind of charges very seriously, and we investigate every one of them. What we have tried to do, over the 8 years that I have been here, is to create a human resources division that is responsible, not only to external clients, but to internal clients. Our staff are the backbone of the agency. The AOC is a service agency, and the 2,000 people we have essentially are our most valuable commodity. So, we are making sure that we have fair and open hiring practices, promotion practices, that we post jobs between jurisdictions, which never used to happen. Basically—somebody who worked for the House office buildings wouldn't apply for a job in the Senate office buildings. They do that now. We make sure that the benefits are the same. If you're doing the same work, you get the same benefits. The classification of all jobs are just the same. So anytime that we hear something like that—and I hear it, I will talk to people, we will talk to our human resources folks and make sure that we get a full answer and that these people are treated as fairly as possible within the guidelines of the Federal Government-type regulations.

Senator ALLARD. I do recognize there is a challenge——

Mr. HANTMAN. There is.

Senator ALLARD. But I'd encourage you to sit down and work with the employees and see if we can get it resolved. It sounds to me like maybe you've made some efforts in that regard, and I appreciate that.

Mr. HANTMAN. If I could make a statement, Mr. Chairman, that was a very disturbing newspaper article. The headline was "Fear

and Loathing in the AOC." Those are very, very heavy words. I had our folks go back to all the surveys. First of all, please be aware, we initiated 25 task groups; 300 people around our agency from all areas were invited in to talk, to give their points of view in an open manner, with an outside facilitator, impartial people, to talk about, what was wrong with their jobs. We wanted to know basically what the problems were, what the challenges were, how we can start addressing those challenges. We also conducted a survey that went across the entire agency, talking about the quality of services and how we can improve them.

As a result of the surveys we've set up eight committees on communications—no question about that, we have to improve our communications—human resources, procurement, senior leadership, strategic planning, all of these issues. We have groups that have been set up to address these issues.

But I think it's important to note that we went back to the surveys, and we studied these words that we saw. And the word "loathing," "repercussions," "payback," those with negative connotations did not appear in any of the surveys that came back from our employees. Ninety-six employees, out of 215 participating, used the word "fear." But the word "fear" was used regarding their concern about having their jobs outsourced following a study we're conducting as a congressional mandate. They did not use it in the context of fear in the workplace. I'm thinking that, clearly, there are some people who are not open enough or secure enough to express their opinions. We had a celebration for people who have Government service of, 30 to 35 years, last week. And I told the people in the labor division who were talking there that we want them to speak openly and talk about that. But I think it's important to note that that headline had nothing to do with what the surveys and the focus groups showed.

So, basically, our conclusion really is, the journalist's choice of words were the journalist's choice of words. The fear was—related to outsourcing, not to the way people are treated. Most people stated that they liked their jobs. There was certainly room for improvement in communications and other areas, but it was a totally inappropriate headline.

Senator ALLARD. I wanted to give you an opportunity to respond to that, because I think that you needed to have that opportunity.

CAPITOL VISITOR CENTER GOVERNMENT ACCOUNTABILITY OFFICE REPORT

Now, let me go on to the GAO report. And I know you have a chart over here. You just must be itching to use that chart.

I want to give you an opportunity to respond to some of the criticism from the GAO report, and I think that's what that chart's all about. So why don't you go ahead and respond to those comments from the GAO report?

Mr. HANTMAN. Mr. Chairman, the Capitol Visitor Center, I call it a magnificent challenge. It truly is that. As I indicated earlier Senator Durbin, the nature of the project has changed significantly since its inception, adding roughly $150 million of new work to the project as it was under design and construction.

If we could put the GAO summary of reasons back again, please.

The GAO does talk about management. They talk about—we could have done a better job doing management. In retrospect, when you look at the issues that we have to deal with, managing all the changes, the multiple changes—from the security perspective, from the expansion perspective—we needed to manage them, and we could have managed them more effectively, but we have managed them very well right now.

So where we talk about three-quarters of the $250 million increase due to factors, "beyond, or largely beyond, AOC's control," that's GAO's language, "77 percent of their $250 million increase was beyond our control." The next line talks about design-to-budget items impacted by market conditions.

The market volatility—since the budget for the House and the Senate expansion spaces was established in 2001, there have been material price increases. We have two estimates done for every piece of costs, Mr. Chairman. One of them is done by Gilbane, our construction manager; another is done by an outside firm, Hanscomb Corporation. We compared the two estimates for the work. With the escalating costs, the Hanscomb group indicates, in the Washington metropolitan area, some 22 percent escalation has occurred within the last 12 months, alone. So when you've established a budget years ago, and you see that kind of escalation, the $35 million budget set for each of the expansion spaces for the House and the Senate did not conceive of that level of additional dollars. So that has impacted us tremendously.

Limited competition due to a saturated construction market. You can see construction cranes all over the Washington metropolitan area. The pool of labor is down. The competitive bidding is down also, because there's enough work to go around, and contractors don't have to cut their prices; they can pick their jobs.

Added costs to bidders due to security. As you know, Mr. Chairman, we have trucks being checked on The Mall. Thousands of trucks are being inspected by—and going through a big screening area—by the Capitol Police. They're double-checked when they come onto First Street, before they come on site. All of the workers that come onto our site are screened. They undergo retinal scans and police background checks. People in the construction industry who have a police record are not able to work on our job. That's a premium that contractors add to their contracts.

Added—low estimates, and design not changed to meet the budget. When our numbers have come in higher than we anticipated, higher than our outside contractors and cost estimators have said, we come up with lists of things that could be eliminated from the project, could be changed. One of the things, which you may be aware of, we have a Buy America situation. If we had been able to bid our stone work on the international market, our contractors tell us, we could have saved $10 million. We have stone from Tennessee, from Ohio, from Pennsylvania. We fabricate in Wisconsin, in Vermont. All of this is American, and we're paying for that premium.

So the issue is, we could cut out some of that stone, we can go to sheetrock, we can go to wood. What we're doing here, Mr. Chairman, is, we're building for the future. This is not a speculative office building. This is not a normal building. This is something that

complements and supports the Capitol that's survived for 200 years; and, with the good Lord's grace, will survive for hundreds more. So this is a complement. It supplements what, in fact, is happening in the building. And the quality of the finishes—the stone, the bronze work, there is stone on the floor, there are quality woods, there are materials that make sense, and that your great-grandchildren will be proud to visit in future years. So, if we come up with lists of things to cut because our numbers come in high, we are told, no, we cannot cheapen the work. And I don't want to cheapen it, either.

So the budget cannot be, as a normal job would be, one where you cut things out, you change it, you eliminate components of it. That is not an option open to us right now. So we are living with what the—essentially, the industry tells us the costs are going to be by those who choose to bid our projects.

Senator ALLARD. Based on the GAO report and your experience up to this point, what have been your lessons learned? If you were to start back over with the project again, what would you do differently to make it a better project than what it is today?

Mr. HANTMAN. Mr. Chairman, any architect or engineer who does a major project, and it's underway, under construction, has a tremendous fear of the words, "While you're at it, why don't you"—add a piece to the exhibit areas, add new security criteria, change this, do a change order to your contract, because I don't like the way that's coming in. With the outside pressures we've had since 9/11, Mr. Chairman, nobody could have foreseen all the security issues that we have.

As far as the expansion spaces are concerned, there's no doubt in my mind that those were meant to be future expansion spaces. When 9/11 hit, we got the money to finish them off, we made basic changes. We had to redesign our structure so that hearing rooms could have the long spans that they now have while they were under construction basically, this is in terms of the structure.

So have your programs set on everything that you're going to do. Go to a single contractor—that was our original goal, but, because of the timeframe—and that was the timeframe that Senator Durbin referred to—we had this inaugural date to hit. It turned out to be impossible once all of these $150 million worth of changes were put in the project. Yet, we were still driving our contractors to do that, and we put out bids on that basis. We shouldn't have put out bids on that basis. We should have recognized earlier that that's a criteria that will lose us the bidders and the competitiveness of the bidding process.

Senator ALLARD. I think that's a comment well made. As soon as you start changing the original order, you open up the contract, and it just becomes a blank check, and it's very difficult to control costs once you've done that. I've been in the position where I had a construction project. You know, I was building a veterinary hospital. And as soon as I started requesting a change here or there, you just open the whole thing up. And I can imagine, with this size of a project, that's a huge, huge issue. Do you think there might be any more major changes coming forward that could impact cost?

Mr. HANTMAN. Well, as was indicated in your opening remarks, GAO, last time around, when we came before the subcommittees

for costs, they said, "There's further risk out there." GAO still indicates that there is further risk out there. Hopefully, not on the magnitude that we're talking about to date.

We need to award the contracts that we have yet to award, and make sure that we can move ahead as expeditiously as possible. That's the best way to control the costs.

Senator ALLARD. Mr. Chairman, do you have any questions or comments while we wrap this up?

Senator COCHRAN. Mr. Chairman, I'm very glad that we've had an opportunity to have this exchange, and the question and answers have been very informative and helpful to our understanding of where we are with the visitor center project and the responsibilities of these fine individuals, who serve as Architect and Secretary of the Senate. We appreciate your service and your cooperation with our efforts to help make sure we're getting what we're paying for and we are not being frugal and living up to our responsibilities to the general public and to the Congress, itself, and the American people, in particular.

Thank you, Mr. Chairman.

Senator ALLARD. Mr. Chairman, I couldn't agree more with your comments, and I also understand the frustration when you have numerous bosses, like the Architect of the Capitol has. We all have our own views, and I understand the challenges of your position, but I do think the more we can get down as a plan, the better off we'd all be so we can understand that. So, again, I would encourage you to get something in writing to us, some kind of a plan. It would be helpful, I think, for the subcommittee.

I agree with the chairman, this has been a very helpful hearing, from both of you. And I know there's a lot of dedicated people here that want to do the right thing for Congress, and want to do the right thing for the people. We do want this to be something we're all proud of, and I do see a lot of things in that visitor center that are just great. I want to make sure we can get through this with as few bumps as we possibly can toward completion.

I want to thank all of you for your effort. Thank you.

Mr. HANTMAN. Thank you, Mr. Chairman.

Ms. REYNOLDS. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator ALLARD. And I would request, of the witnesses, that, within 1 week, if you could respond to additional questions in writing, then we'll make those a part of the record.

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

QUESTIONS SUBMITTED TO EMILY REYNOLDS

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

Question. What are your recommendations for the closed captioning of Senate hearings based on the pilot project your office conducted in conjunction with the Judiciary Committee?

Answer. In September, 2003, the Office of the Secretary, in coordination with the Judiciary Committee, agreed to implement a pilot program for the closed captioning of Senate committee hearings, based on language included in the fiscal year 2003 Legislative Branch Appropriations report.

The pilot is summarized based on the request given to us by your committee to assess the feasibility, use and cost of the closed captioning pilot for committee hearings.

The original plan called for the pilot to run for a period not to exceed 90 days with the Secretary's Office of Captioning Services to provide the hardware and software using voice recognition technology, a technology selected at the suggestion of the Judiciary Committee. The Judiciary Committee provided funding for the product contract.

The Secretary's office invested almost $18,000 in support of the project, which included equipment and training. In addition, the director of captioning services served as the project manager and provided extensive counsel and training. A room on the mezzanine level of Hart 216 was prepared and furnished by the Architect of the Capitol and the Sergeant at Arms for the captioners' work given the need for a noise-free environment. The Senate Recording Studio also assisted in providing the necessary feed and encoding equipment.

The project concluded on October 6, 2004, following the completion of two captioned hearings for the Judiciary Committee. Unfortunately, the project encountered delays involving both the contractor and the technology, which eventually led to the selection of a second contractor in order to complete the pilot.

The first contractor began work on January 21, 2004, and conducted its first dry run on a committee hearing on February 25. A second dry run followed approximately one week later on March 3. The contractors were not familiar with the realtime captioning software, and on-site training was provided. In addition, software bugs with the technology had to be addressed and remedied. The contractors also experienced numerous hardware problems, making it difficult to determine at times whether the problems were software or hardware related. An overall lack of experience in the use of voice recognition technology led to a high error rate, so high the captions could not be understood.

The Judiciary Committee opted to terminate their contract with the first contractor in mid-March, 2004, and proceeded to engage a second operator just over one month later. The second contractor began training in late August, and two dry runs of committee hearings were conducted in September.

The contractor employed the voice recognition technology on September 22 and again on October 6 to cover two Judiciary Committee hearings that were broadcast on the Senate's internal television committee channel. In the first hearing, the average percentage of sentences with recognition errors was 55 percent. In the second hearing, the captioners showed improvement with the technology reducing the average percentage with recognition errors to 42 percent. (As a standard of comparison, captioning services for Senate broadcasts posts an accuracy rate of 99 percent).

The second contractor's captioners continued to experience setbacks with both the software and hardware, and have rendered their opinion that at least currently, the realtime captioning project is not appropriate for Senate committee work, particularly given the unique language of the Senate and the requirement for accuracy.

The Secretary's office provided a means for the Senate community to respond to the pilot, with comments, creating an e-mail address, ccpilot@sec.senate.gov. Two e-mail notices were sent prior to the internal broadcasts of the two closed captioned hearings.

Four responses were received at the e-mail address. One was an inquiry as to how to access the hearing; a second was from a committee staffer inquiring further about the pilot. Two responses came from a Congressional Research Service staffer who suggested transcript corrections.

To the best of our knowledge, voice recognition technology has not yet been employed to realtime caption television programming. In addition, the availability of voice writers is minimal in the region, particularly those with captioning experience. While the technology may hold promise for the future, on the basis of the pilot project, it is not a feasible technology for the Senate's use at this time.

Question. What information can your office provide to Senate offices on employment compensation, hiring and benefit practices, particularly for those newly-elected Senators who are in the process of setting up shop? Would it be useful for Senate offices to have an outside organization study compensation, hiring and benefit practices for Senate staff, and in your view, would it be appropriate for us to fund such a study?

Answer. Two departments under the direction of the Secretary, the Disbursing Office and the Senate Chief Counsel for Employment (SCCE) can and do provide information to Senate offices, including newly-elected Senators' offices, regarding compensation, hiring and benefit practices.

With respect to hiring and benefit practices, the SCCE does the following: (1) informs offices about how and where to advertise job openings, how to interview can-

didates, how to conduct reference and background checks, how to establish appropriate criteria for selecting among job applicants, and how to finalize and document job offers; (2) provides each office with dozens of sample employee policies that are used across the Senate and assists the office with customizing the policies; (3) assists offices with preparing employee policy manuals and supervisors' manuals; (4) educates the offices about the range of benefits customarily offered by Senate offices, such as the number of days of paid leave, paid holidays, and paid FMLA leave, and assists offices in establishing their benefits; (5) educates the offices about all of their legal obligations and employees' legal rights under employment laws, which include compensation, hiring and benefit practices.

Like the SCCE, the Disbursing Office provides extensive and detailed information to newly elected Senators' offices during the Senators-elect orientation program and in one-on-one training with all new offices. The training includes both written and verbal information on the budget structure and available funds by fiscal year for the office, the salary limitations for the office, the appointment and hiring procedures including the statutory prohibitions on when appointments and transfers can be effective, other employment restrictions, procedures and requirements for salary adjustments and termination processing, guidelines and procedures for processing overtime and paying for unused annual leave, and any other relevant employment and payroll procedures. Counseling on all federal benefits (retirement, Thrift Savings Plan, health insurance, life insurance, flexible spending accounts) is also provided to all new Senate employees.

With respect to compensation, because each member's office is, by law, an individual employer, each office establishes its own salaries. Twice each fiscal year, the Report of the Secretary of the Senate is published in compliance with Section 105 of Public Law 88–454, approved August 20, 1964, as amended. The Report is a full and complete statement of the receipts and expenditures of the Senate.

Based on the work of both the Disbursing Office and the Senate Chief Counsel for Employment, it would be neither useful or necessary to hire an outside organization to study compensation, hiring and benefit practices. Because each office is an individual employer, employee positions and job responsibilities are not the same across offices, and salaries and benefits often reflect issues unique to each state. To the extent policies and benefits are common across offices, that information is already shared across, and provided to, Senators' offices.

QUESTIONS SUBMITTED TO ALAN HANTMAN

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

BUDGET

Question. AOC is in the process of conducting a mid-year review of the current year budget. Based on this analysis, do you believe there will be any funding this year that could be reprogrammed to any projects AOC is requesting in the fiscal year 2006 budget? If there are savings, please explain why.

Answer. The mid-year review resulted in satisfying some emerging fiscal year 2005 needs and a few fiscal year 2006 needs as well. The review identified potential sources of funding to pay the Botanic Garden claim, the closing costs for the ACF purchase and the Capitol Power Plant-Replace Ash Handling.

STRATEGIC PLAN

Question. In December 2003, AOC issued a strategic plan for the agency. How is the implementation of that strategic plan specifically affecting your organizational structure and the resources you need for fiscal year 2006?

Answer. Resources in terms of both dollars and FTEs are needed to continue to make progress in implementing improvements (outlined in our Performance Plan) in key areas such as project management, IT security, Enterprise Architecture, worker safety, financial controls, and employee communications. We have not requested additional FTEs to implement these improvements and have ensured that the dollars requested in our budget are aligned with our strategic action plans. As part of our internal process to develop our budget, we require each responsible manager to include discussion on how the requested budget is linked to accomplishing one or more of AOC's Strategic goals.

In addition, the AOC proposed organizational structure would allow us to more effectively manage day-to-day operations and achieve our strategic goals. It will facilitate delegations of authority and clarify lines of communications by formally recognizing the official management structure of the agency.

Question. In your testimony you say "we are continuously evaluating our efforts so that we continue to excel, meet and exceed expectations." On what basis can you say AOC is excelling, meeting and exceeding expectations?

Answer. The AOC is constantly reviewing our progress and looking for ways to improve our operations. Examples of improvements that allow us to excel, meet, and exceed expectations include:

—Financial Management
  —Developed a Management Control Program Policy—currently in the review and approval process. Implementation team is forging ahead as the policy receives final approval. The team has completed the initial review of the first two internal control cycles: payroll and procure-to-pay.
—Project Management
  —Implemented a "pilot" PM organization to align staff with mission critical goals.
  —Continued to implement a Program Development Process that includes the prioritization of projects by a senior-level panel comprised of all jurisdictional superintendents. The project prioritization process was most recently used in the summer of 2004 in conjunction with determining the fiscal year 2006 Line Item Construction Program (LICP) as recently submitted to The Congress.
  —Developed tools to effectively communicate priorities and progress of projects. Formal Program Development Process procedures have been developed and communicated to all parties through various means. Briefings have occurred. Portions of these procedures, as appropriate, have been included in AOC manuals. The process, to include its specific application to the recommended fiscal year 2005 Line Item Construction Program (LICP), has further been communicated through the AOC's Capital Improvement Plan (CIP) prepared in February 2004. These procedures, to include their application to the recommended fiscal year 2006 LICP, are similarly being captured and communicated through the revised CIP currently nearing completion.
—Created an employee feedback process manual (undergoing final review of procedures for implementation).
—Conducted Focus Groups and a Human Resources Management Division Customer Satisfaction Survey—action plans are being developed to address opportunities for improvement especially in the areas of communication, on a wide variety of AOC issues, policies and procedures.
—Completed the 2004 Building Services Customer Satisfaction Survey (BSCSS) and reported findings and action plans to stakeholders.
—Linked senior executive and employee performance management systems to our strategic goals and objectives.
—Launched our workforce planning office which is currently developing a workforce plan/strategy to outline the process for AOC long-range workforce planning.
—Continued to implement IT Investment Management, Enterprise Architecture and Security programs.

Question. What are the most significant challenges you face in meeting your strategic plan goals and how does your budget attempt to address these priorities?

Answer. One of the biggest challenges we face, like many government agencies, is the aging of our workforce and the need to transfer knowledge to the next generation of skilled workers.

Maintaining our aging and historic facilities is another challenge we face. This is why the Facility Condition Assessment (FCAs) are so critical to achieving our Facilities Management Goal. The funding request for a FCA of the Library of Congress is an example of this.

In our fiscal year 2006 budget development process, we aligned the requests by budget line item to ensure our budget was consistent with the Strategic Plan goals and objectives. This was our first attempt to move towards a performance based budget. We are continuing to refine this process as we prepare future budgets.

As outlined in our strategic plan, a significant impact on the achievement of these goals is the time and money spent responding to data calls, and meeting with various groups that are conducting reviews of the AOC. The AOC staff is devoted to ensuring these various groups have the most accurate and complete information available to support the reviews.

CHIEF OPERATING OFFICER POSITION

Question. I understand you are working with a panel made up of the Public Printer, the Comptroller General, the Chief Administrative Officer of the House and someone yet to be appointed from the Senate Sergeant at Arms to select a new Dep-

uty ACO/COO. Could you please explain to the committee the process you are using to review applicants and make a selection? Has the panel ever met to discuss and approve this selection process? Have criteria been established for use by the panel in evaluating candidates? Did the panel participate in the establishment of these criteria and approve them? When do you expect a selection to be made? How many people applied?

Answer. As instructed by the Committees, in mid-December, 2004, we initiated contact with several executive employment search firms to identify and select one to conduct a nation-wide recruitment for a new COO. After a review of several executive employment search firms, we contracted with Korn/Ferry International on December 22, 2004.

—Korn/Ferry initiated their recruitment search process and suggested that AOC also initiate a recruitment announcement through the Federal U.S.A. Jobs system.

—AOC staff coordinated the vacancy announcement language with Korn/Ferry and the announcement was posted from January 21 through March 4, 2005.

On March 15, 2005, candidate review criteria, developed by Korn/Ferry for their use to narrow the number of candidates to be referred to the panel, were submitted to the panel for review and input. Received input on the review criteria from each of the panel members, (last one dated March 30, 2005). In addition to the review criteria panel members also suggested steps they would like to follow in completing their review and interview of candidates.

On April 5, 2005, the panel was provided with a matrix documenting their input on the review criteria to be used by Korn/Ferry in completing the candidate review process. The panel was also provided information on suggestions they submitted for "next steps", and on information they requested from Korn/Ferry for the panel's review and interview of candidates.

On April 14, 2005, the Committees were sent an update on the process, including the matrix outlining the criteria that Korn/Ferry would use in their review of candidates; In addition, we have outlined the "next steps" that the panel wanted to follow for their review and interview of candidates.

While Korn/Ferry was completing their review of the candidates, the AOC began to work with the panel members' staff to block out times when the panel could convene to review and interview the candidates. Based on the initial information received on the panel members' availability, the earliest date when all the members could convene is May 26, 2005.

On April 28, 2005, I sent a letter to all the panel members asking that they review their calendars to see if they could meet before May 26. From the information received to date, the panel will have their initial meeting on May 17. Based on the travel schedule of some of the panel members, it currently appears that the next date they can convene is May 26. I anticipate that the panel will likely need to convene several times to complete their review.

On May 3, 2005, Korn/Ferry delivered the candidate books to the AOC and they in turn were delivered to the panel the next day.

Next steps (as suggested by the panel):

—The panel reviews the candidate information for the top 12 candidates that have been submitted to them.

—The panel narrows the number of candidates to a short list of best qualified.

—The panel interviews the best qualified to determine the top candidates (not less than three).

—The panel refers (not less than three) candidates for my consideration, interview and selection.

Completion of my part of the review and interview of candidates is dependent on the panel completing its work. If they cannot complete their review until late in May or early June, we may need an extension of time. If it appears that this will be necessary, I will make such a request for the Committee's consideration as soon as we have that information.

PROJECT MANAGEMENT

Question. Project management was one of the areas cited by the Government Accountability Office as needing improvement in its 2003 report on the AOC. What improvements have you made in this area and what specific examples can you cite of "lessons learned?" Over half of AOC's current construction projects over $250,000 are behind schedule. Why? What is AOC doing to control schedule overruns? I understand AOC established a pilot project management organization last September and that is an improvement over the old way of operating, including better accountability for managers. Why is it still a pilot and why are employees reporting to both

their "old" boss and their "new" boss? Isn't it time to move ahead with this and finalize the structure, as recommended by GAO?

Answer. Organization Improvements: On September 1, 2004 the AOC implemented a "pilot" Project Management organization. This organization is comprised of Project Managers, Construction Managers, and Construction Inspectors. The proposed alignment establishes clear performance expectations for delivering high quality design and construction projects on time and within budget mainly because the project and construction management functions reside, for the first time, within the same organization. The alignment is based largely on recommendations and observations made by GAO, specifically to "align project management staff and resources with AOC's mission-critical goals" and that "too many hats" are being worn by those assigned project management responsibilities.

The pilot Project Management organization is tasked with delivering the projects identified through our Program Development Process that leads to the development of Capitol Improvement Plans. Smaller projects are managed by staff in the Engineering and Architecture Divisions, and some projects are managed directly by staff in the Superintendent's offices. In addition, there are four projects that are being managed by dedicated teams hired specifically for these one-time capital improvements efforts: the Capitol Visitor Center, the West Refrigeration Plant expansion, the Supreme Court Modernization, and most recently, the Hill-wide Perimeter Security program. Decisions as to who manages which projects are made jointly by Project Management, Architecture and Engineering and Superintendent's management staff. The primary goal, however, is to have the Project Management organization manage CIP projects, with the remaining project work being managed by others. Since September 1, 2004, an effort has been made to transition the aligned organization and its assigned workload while "bridging" those projects in transition to avoid losing institutional knowledge.

Lessons Learned: The AOC continues to show progress in using its best practices to successfully executing design and construction projects. Key findings from last year's Lessons Learned surveys (fiscal year 2004) concluded that the AOC needed to focus on project planning, scope development, and design coordination. In the ensuing months the AOC developed critical check lists and sign-off sheets to assure that all necessary project elements had been considered and appropriately addressed before proceeding. The Program Development Process leading to CIP development is serving as a gate-keeping mechanism to assure that inadequately-developed projects do not proceed forward in the funding request stream.

In addition, development and publication of the Program of Requirements (Predesign Manual) and assuring consistency with IDIQ design task Orders will also significantly improve project scoping and documentation before they are sent forward as part of developing the CIP.

Schedule Overruns: One of the key components to creation of the pilot Project Management organization was to establish clear performance expectations for delivering projects on time and within budget. Success in achieving these performance indicators is anticipated because the project and construction management functions reside, for the first time, within the same organization. When variances with schedule, quality or budget arise, the project team is required to work together in an attempt to overcome the variance and keep the customer apprised accordingly.

In addition, each of the jurisdictions at the AOC have been assigned a Jurisdictional Executive from the Project Management organization. Each Jurisdictional Executive acts as the liaison between the customer and the project-delivery organizations for resolution of project-related issues. The goal with this arrangement is to foster continuous communications and to keep projects moving forward on-time and within budget.

Although the pilot organization has made several positive steps with respect to project delivery and reporting, it must be recognized that achieving an optimal goal for "on schedule" is a multi-step and multi-year endeavor. As noted previously, many measures and processes have been put in place, but the AOC has not yet delivered a CIP project developed with the benefit of the Pre-design Manual, and there are additional refinements to the Program Development Process that need to be defined, such as creating an Acquisition Strategy process. The expectation that a seven-month-old organization can overnight correct problems inherent in projects developed years ago without benefit of the new processes and organizational structured and accountability is overly optimistic. GAO pointed out in its original General Management Review that such changes take years to accomplish in an orderly and measured manner. The AOC is confident that it continues to make steady progress in project delivery and reporting.

Pilot Organization Approval: On April 22, 2005, letters were sent by the Architect of the Capitol to both Appropriation's Committees, providing notification of his plan

to implement a new organizational structure for the Agency. The proposed organizational chart delineated changes to the current, higher-level management structure, which in-turn would modify the reporting structure for the Project Management organization, upon implementation. The letters indicated that the proposed organizational structure would be implemented in May, unless other feedback was provided by the Committees. It was thought prudent to await the implementation of the higher-level management structure, before implementing the pilot organization. Subsequent feedback to the letters has been received by the Committees and the requested follow-on information is being provided. Procedures for implementation of the pilot organization will commence immediately after implementation of the AOC organizational structure.

When the pilot organization was established in September 2004, it was made clear to the impacted employees that their official management structure would remain unchanged and that supervisory actions such as performance evaluations would continue to be performed by their current supervisor. This direction has not changed. Communications between the Acting Director of Project Management and the management of the impacted employees are continuous in an attempt to minimize confusion and disruption to the staff. It is acknowledged that implementation of the pilot organization will eliminate any perceptions of a "dual" reporting structure for the employee.

PERIMETER SECURITY

Question. Approximately $120 million has been appropriated for perimeter security since 1999. I understand on the Senate side, the work is at least a year behind the schedule that we were given last year, with completion now planned for fall of 2007. Why has it slipped by a year? Will additional funds be required to complete the overall perimeter security work around the Capitol complex? How much and when is it needed?

Answer. Work was prioritized to complete those items necessary for the Inauguration. Completion of all remaining work presently funded is scheduled for fall of 2006, with the exception of First St., N.E., which will be complete in fall of 2007 and Maryland Avenue, N.E., which will be complete the fall of 2008. Additional funding will be required for the completion of perimeter security for the Capitol Complex. The total amount and date required, is needed as follows:

Jurisdiction	Funding Required	Date Required
Senate Office Buildings	$5,985,000	2007 Budget
House Office Buildings	4,319,000	August 2005
Supreme Court	2,885,000	2007 Budget
Library of Congress (Phase 1)	5,637,000	June 2005
Capitol Square [1]	8,200,000	June 2005
TOTAL	27,026,000	

[1] Supplemental.

MASTER PLAN AND FACILITY CONDITION ASSESSMENT

Question. In July 2001, this Committee directed AOC to develop a master plan for the Capitol complex since the existing master plan is 25 years old. What is the status of the master plan? AOC has also been working to develop condition assessments for each of the buildings. What is the status of that effort and what are the most significant capital requirements should we expect over the next 5 years?

Answer. In August 2004, a contract was awarded to a consulting team to undertake development of the Capitol Complex Master Plan. In December, a draft Vision Statement for the plan was completed and reviewed by an Expert Advisory Panel through meetings convened by the National Academies of Science and Engineering. Based on that meeting, the consultants moved forward with the development of various complex-wide concept plans. A second meeting with the Expert Advisory Panel was convened by the National Academies during the week of March 7, 2005 for the purpose of reviewing the various concept plans. We are now entering the stage where more detailed facility plans are developed for each jurisdiction. This will involve extensive interaction and consultations so as to accommodate each jurisdiction's facility needs within an overall Concept Plan for the Capitol Complex. The Capitol Complex Master Plan initiative is on schedule for completion in late 2006, and remains within budget.

Contracts for Facility Condition Assessments (FCAs) for the Capitol Building, House and Senate were completed in early 2005. Projects identified as a result of

these studies will begin to appear with the AOC's submission of its fiscal year 2007 Budget Request. FCAs for all other jurisdictions, except for the Library of Congress, are ongoing with completion of the House, Senate, and Capitol scheduled for completion Spring 2005 and the remaining jurisdictions are scheduled for late 2005. Funding for the Library of Congress FCA was requested in the AOC's fiscal year 2006 Budget Submission and, subject to the receipt of funding, would start in the fall of 2005.

Capital Projects are classified as one of four types with Deferred Maintenance (DM), Capital Improvement (CI), and Capital Renewal (CR) identified primarily through FCAs while Capital Construction (CC), which is new construction of a building or construction that enlarges and existing facility, identified primarily through the Capitol Complex Master Plan. Because the Capitol Complex Master Plan is ongoing, and because 7 of the 10 jurisdictions do not yet have completed Facility Condition Assessments, it will be 2 to 3 years before a comprehensive and complete list of Major Capital Projects, defined as those over $10 million, will be available. In the interim, and based only on the three FCAs completed to date, the following Major Capital Projects, have been identified:

[Dollars in millions]

PROJ NO	PROJECT TITLE	COST RANGE	TYPE
HB05004A	Cable TV System Upgrade, Phase I, HOB	$10–20	CI
950042	Infrastructure Improvements, Phase I, DSOB	10–20	CI
SB05004A	Cable TV System Upgrade, Phase I, SOB	10–20	CI
000228	Fire Damper Installation, FHOB, RHOB & LHOB	10–15	CI
990347	480V Switchgear and Transformer Replacements, RHOB	10–20	CR
900265H	Dome Rehabilitation, Phase II, USC	50–60	CR
970280	Interior Renovations, HUGE & HUGW	40–50	DM
970279	Domestic Hot and Cold Water System Replacement, RHOB	10–25	DM
990364	Exterior Stone and Metal Preservation, USC	30–50	DM
970351	Subway Upgrade, RSOB to Capitol, RSOB	10–25	CI
030335	Emergency Evacuation and Notification System Upgrade, USC	10–25	CI
990401	Window Restoration and Replacement, USC	10–20	CR
970278	Heating System Conversion—Steam to Hot Water, LHOB	10–20	CR
980298	House Chamber Renovation, USC	25–50	CR
980050	HVAC System Upgrade, Phase 1, HOB	20–30	CR
980433	Garage Concrete Replacement , RHOB	20–40	DM
990402	Sprinkler System Installation, USC	40–50	CI
040234F	Fire Alarm System Upgrade, RHOB	20–30	CI
030320	Fire Damper Installation, DSOB	20–30	CI
030319	Smoke Management System Installation, HSOB	20–30	CI
030309B	Enhanced Filtration for Air Handling Systems, DSOB	70–90	CI
030309B	Enhanced Filtration for Air Handling Systems, RSOB	60–80	CI
030309B	Enhanced Filtration for Air Handling Systems, HSOB	30–40	CI
030309A	Enhanced Filtration for Air Handling Systems, LHOB	30–40	CI
030309A	Enhanced Filtration for AC1–15 & AC22–25, CHOB	25–35	CI
030309A	Enhanced Filtration for Air Handling Systems, FHOB	10–20	CI
000299	Smoke Management System Installation, RSOB	20–40	CI
980050	HVAC System Upgrade, Phase 2, HOB	20–30	CR
030004	Parking Garage, Lot 9, RHOB	30–40	CC

CAPITOL POWER PLANT

Question. GAO recently made recommendations to cut operating costs at the Power Plant. Do you have any plans to implement these recommendations in fiscal year 2006? How much funding might be saved by proceeding with GAO's recommendations?

Answer. The start-up, testing, and post construction activities for the expansion of the West Refrigeration Plant and the new plant central control system will commence in the 1st quarter of fiscal year 2006 and tentatively complete in the 3rd quarter. Due to the nature of these manpower intensive activities, it is unlikely that we will implement manpower changes until fiscal year 2007. The major cost saving recommendation for the efficient use of fuel has been implemented and we expect to save approximately $3,000,000 in fiscal year 2006.

FIRE AND LIFE SAFETY PROJECTS

Question. AOC has been provided close to $190 million in the past 5 years for fire and life safety projects to ensure the buildings in the Capitol complex meet appro-

priate codes and standards. How much more needs to be done and at what cost? What is the schedule for completion of all fire and life-safety related projects?

Answer. Considerable improvements in Fire Protection and Life Safety of the buildings in the Capitol complex have been completed and implementation of others continue throughout the complex. As shown in the Capital Improvements Plan there are numerous additional projects including fire alarm, smoke detector and fire sprinkler upgrades, emergency lighting and exit light upgrades, firefighter telephone installations, audibility and intelligibility upgrades, kitchen exhaust system upgrades, and egress improvements which remain to be completed. For fiscal year 2006 there are nine projects totaling $24,850,000. The total projected cost for projects included in fiscal year 2007 through fiscal year 2010 in the CIP ranges from $264 million to $499 million. It will take approximately 8 years to complete all currently defined projects. In addition, there are several egress studies and designs which will be completed in fiscal year 2007 for which cost and schedule projections cannot be made at this time.

CAPITOL POLICE OFF-SITE DELIVERY FACILITY

Question. The pending supplemental appropriations bill in the Senate includes $23 million as requested by the Capitol Police Board for a new off-site delivery facility for the police. This project was first identified as a "top 5 priority" in the Capitol Police 1999 Master Plan, yet the project has been very slow to gain momentum. It is now urgent with the new baseball stadium forcing USCP out of the current space within the year. Can you assure us that you will make this project a very high priority and obligate funds this fiscal year?

Answer. The safety and well-being of those who work in and visit the Capitol and the ability to facilitate the legislative process are our top priorities. To ensure we achieve these objectives, all items, for use in the Capitol complex undergo an inspection process prior to entering the Capitol perimeter. Having an acceptable Capitol Police Off-site Delivery Facility is critical to the entire community and our goal is to obligate the funds this fiscal year.

FORT MEADE STORAGE MODULES

Question. The budget includes $41 million for the construction of two additional storage modules for the Library of Congress at Fort Meade, MD. Could you explain the status of construction of the first and second modules at Fort Meade? I understand this is a long-term project, with many more modules to be constructed to meet the Library's storage needs. What is the total cost and timeframe for the Fort Meade storage modules project?

Answer. The first Book Storage Module is complete and the building is occupied. The second Book Storage Module is 98 percent complete and should be occupied by the latter part of May, 2005. The Library of Congress currently plans to design and contract a total of 13 High Density Book Storage Module at Fort Meade. If Modules 3 and 4 are appropriated in fiscal year 2006, the Library of Congress desires to construct a new Book Storage Module every two years. At this pace, the thirteenth module will be complete and ready for use in 2026. The total cost in current year dollars, excluding design fees, is expected to be as follows:

	Amount
Book Storage Module 1	$3,500,000
Water Tank	4,100,000
Book Storage Module 2	9,500,000
Book Storage Modules 3 & 4	40,700,000
Supporting Infrastructure	[1] 20,000,000
Book Storage Module 5	11,000,000
Book Storage Modules 6–13 ($11,000,000 each)	88,000,000
TOTAL	176,800,000

[1] To be split among all projects.

PRIVATIZATION

Question. I understand GAO has been asked to look at whether privatizing any AOC functions would make sense. Do you have any suggestions as to whether consideration ought to be given to contracting-out any of AOC's in-house functions?

Answer. We have been and will continue to look for areas that may be appropriate for consideration. We have outsourced a number of areas including trash and waste removal; shuttle bus service; pest control; some janitorial functions; a variety of A/

E support functions; information resources help desk operation and most of IRM's server support; lawn mowing and snow removal; several audit and accounting functions; art work conservation; emergency elevator repair; equipment repair and maintenance (fork lifts, floor machines); kitchen exhaust hood/duct inspection, testing and cleaning; testing, inspection and certification of elevators; testing and certification of fire alarm systems; testing and certification of fire extinguishers; and window cleaning. We are considering options to outsource facilities management of the ACF (assuming purchase) and for Capitol Police Buildings and Grounds; and outsourcing of replacement of high efficiency HVAC filters.

GAO MANAGEMENT REVIEW

Question. What is the status of AOC meeting GAO's recommendations from its 2003 review of the AOC relative to financial management improvements, including preparing auditable financial statements? What remains to be done in the financial management area? Are the resources, including staffing levels, in your budget request adequate to meet these requirements?

Answer. August 2004 report (GAO–04–966) says the following in relation to Auditable Financial Statement and Related Internal Controls: "The ability to prepare agencywide financial statements that, along with related internal controls, can be independently audited represents a key component of an organization's ability to institutionalize financial management best practices and establish a sound foundation of accountability and control. AOC has made progress in preparing agencywide financial statements; supporting an audit of its September 30, 2003, balance sheet; and establishing related internal control policies and procedures. As part of its efforts to prepare agencywide financial statements, AOC put in place internal control policies and procedures related to funds control, financial reporting, and inventory management, and is starting work on other actions to further enhance financial control and accountability."

Question. How has AOC improved its internal control framework, including establishing an environment in which management and employees maintain a positive and supportive attitude toward internal controls and conscientious management (see p. 41 of GAO/03/231)?

Answer. For the past two years as a part of our financial audit, our auditors have conducted a review of internal controls. All of their stated concerns have either been addressed or are being addressed. We are in the process of establishing an Internal Control Program. This program will assist us in establishing an "accountability" framework that will include training of all management employees on their responsibilities with respect to internal controls.

Question. What has AOC done to develop and communicate consistent human capital policies and procedures at all levels (p. 43 GAO/03/231), including provision of pay raises, bonuses, and awards?

Answer. As part of its Human Capital Plan, AOC has continued to re-write policies that need revision, or write new AOC wide policies that didn't previously exist. Listed below by fiscal year are the policies in supervisor's offices and available on AOC's intranet. For policies that have a direct impact on employees, hard copies are distributed to every AOC employee. To facilitate understanding of some policies, briefings are given to supervisors and/or employees where they are given an opportunity to ask questions. In addition, supervisors and managers use a variety of methods to communicate policies to their employees. As part of reviewing the focus group result findings, AOC management is currently considering other measures that should be taken.

	Date
Fiscal Year 2003:	
Determining Eligibility for Sunday Premium Pay	6/15/03
Performance Review Plan for Exempt Personnel	7/1/03
Hours of Duty	9/2/03
Fiscal Year 2004:	
Holiday Pay	11/21/03
Absence and Leave	12/5/03
Awards	12/19/03
Leadership Development Program	6/14/04
Clearance of Separating Employees	7/19/04
Fiscal Year 2005:	
Avenues for Assistance	10/04
Pay Under the Architect's Wage System	3/1/05

	Date
Career Staffing	Completed, awaiting approval
Performance Communication and Evaluation System	Completed, awaiting approval
Currently under development:	
Pay Under the General Schedule.	
Employee Development.	
Exempt Personnel.	

Question. Why did it take AOC 18 months from the time the GAO's report was issues, to initiate an employee survey, to begin to address GAO's recommendation to comprehensively collect and analyze data from employee relations groups?

Answer. GAO made the following recommendation in their January 2004 report "Gather and analyze employee feedback from focus groups or surveys before fiscal year 2005, as well as communicate how it is taking actions to address any identified employee concerns." The AOC addressed this recommendation in September 2004 by conducting employee focus groups. This was completed ahead of the GAO recommended date and in line with our Performance Plan.

CAPITOL VISITOR CENTER

Question. Several changes to the CVC contract appear to be due to a simple lack of coordination with both internal officials, such as the fire marshal, and other organizations including the Supreme Court. Why did this happen and what are you doing to prevent this in the future?

Answer. Several changes such as stair pressurization and fire damper monitoring are a result of professional disagreements between the Fire Marshal and the designer of life safety systems for the CVC. The uniqueness of a below grade building and inherent conflicts between the desire for increased security and the often inflexible nature of building code contributes to areas of disagreement on how to best handle life safety issues. These differences came about during normal review of building life safety systems as the details were developed.

The Supreme Court issue you are referring to is the requirement that the book tunnel between the Supreme Court and Library of Congress be undisturbed when the utility tunnel is constructed. Apparently the construction sequence requiring removal of the book tunnel for excavation of the utility tunnel and subsequent rebuilding was not known to Supreme Court security personnel, and could not be accommodated. We are proceeding to build the utility tunnel up to the book tunnel on both sides with minimal impact to the utility tunnel construction.

Question. Why was the Government responsible for all of the CVC Sequence 1 delay when monthly CVC progress reports indicated that the Sequence 1 contractor was not devoting sufficient resources to keep the project on schedule?

Answer. The CVC contract requires the government to compensate the contractor in time and money for delays cause by differing site conditions or owner changes that delay his work. Weather delay is compensable only with time. During negotiation with the Sequence 1 contractor and all of the subcontractors, a portion of the delay was attributed to weather. However, most of the delay was due to differing site conditions and changes to the Sequence 1 contract for added scope. These problems created inefficiencies that kept the Sequence 1 contractor from fully staffing the project while awaiting direction on corrective action.

Question. GAO's risk-based cost and schedule estimates for the CVC to date have been much more accurate than the AOC's or that of their construction management firm. What is AOC doing to integrate risk assessment in its future estimates?

Answer. The estimates prepared by AOC and our construction manager have been based on what was known at the time. We did not ask for additional funding beyond the needs that could be identified. The delay costs for Sequence 1 in Spring 2003 were based on the delay of a couple of months that had occurred to date, and did not contemplate an additional eight and a half months of delay to Sequence 1 that followed. There was also an expectation at that time that the delay impact on commencing Sequence 2 work would be minimal since it was felt the two contracts could be overlapped to make up most of the two month delay.

Today the risk is reduced to the delay in award of the Expansion space contract, the Exhibit construction contract, the House Connector tunnel and the Jefferson Building work. Had these contracts been awarded in February or March 2005, the risk would be minimal; however with the current delay in awarding those contracts,

the impact is uncertain. The risk of differing site conditions remains for the House Connector tunnel and Jefferson Building.

ORGANIZATIONAL STRUCTURE

Question. What steps is AOC taking to address concerns raised by the Comptroller General regarding AOC's organizational structure, in response to a letter (2/8/05) from the Architect seeking the CG's comments? Will AOC enable the CVC Project Director to report directly to the Architect?

Answer. We developed and submitted for your information a revised organizational structure incorporating most of GAO's recommendations after follow up discussions with the Comptroller General. The CVC director reports directly to the Architect.

CAPITOL VISITOR CENTER UTILITY TUNNEL

Question. According to GAO, over $1 million in additional costs was incurred due to AOC's indecision on how to construct the utility tunnel. Why did this happen?

Answer. The utility tunnel work in the Sequence 1 contract did not include new requirements by WASA for the tie-in of utilities at Second Street that was estimated to cost approximately $1 million. In order to reduce the cost for this work, a Bulletin G was created by the Architect to use precast concrete sections in lieu of poured in place concrete. Pricing received for Bulletin G was not as good as expected so other alternatives such as drilling, use of utility trench or direct burial were investigated. Ultimately, the Bulletin G scope of work was determined to be the best value to the government for first cost and long term maintenance. Pricing was available from both Sequence 1 and Sequence 2 for the work, and since Sequence 1 was nearly finished with their work and Sequence 2 was slightly lower in cost, the decision was made to award work to Sequence 2. During the period of tunnel evaluation, the cost of steel pipe and other metals, which were always in Sequence 2, went up significantly in cost. The Sequence 2 contractor could not order this material until a decision was made on the tunnel configuration, since that could affect the pipe required. The added cost for Sequence 2 materials escalation is $1 million.

CAPITOL VISITOR CENTER CONSTRUCTION

Question. In November 2004, GAO recommended AOC use incentives to keep CVC contractors on schedule, and rigorously track, document, and analyze the reasons for delays. What specific steps have you taken to implement these recommendations? The fiscal year 2006 budget request includes $36 million to complete the CVC. Are you confident this will be sufficient? Does this leave you with sufficient contingency? What steps are you taking to ensure the project stays within this new budget of $517 million? You say that delays in the job were due in part to a record year of bad weather—Why wasn't weather listed as one of the reasons for delay when the change order was settled?

Answer. The Sequence 2 contract has an award fee of $1.2 million available to the contractor that is used as a positive incentive for good contractor performance including timely completion. The first portion of that award for $150,000 is currently being evaluated. The Sequence 2 contractor's schedule is being evaluated monthly to resolve any delay issues and track their progress against the schedule. In addition, the construction manager has developed a more integrated Master Schedule for the project that includes all those activities in addition to construction that are required to complete the CVC facility for opening. To date, aside from the 10 month delay for Sequence 1 to complete their work and allow Sequence 2 to begin, there have been no delays in the Sequence 2 contract. We believe the $36.9 million requested in fiscal year 2006, together with the reprogramming request of $26.3 million in fiscal year 2005, provides sufficient funds and contingency to complete the project, providing those funds are forth coming to avoid delays in Sequence 2 for award of contracts such as Exhibit construction and House and Senate Expansion space. This also assumes our estimate of $15 million is adequate to cover the 10 month delay for Sequence 2 to commence work while awaiting the completion of Sequence 1 work, that there are no significant added costs for the House Connector tunnel and no significant owner changes to the current project including the Jefferson Building work, the Expansion spaces or the CVC.

Unusually severe weather is excusable time, but not compensable. Total delay was 235 working days. The sequence 1 contractor was compensated for a maximum of 217 days. (Some subcontractors experienced a greater weather impact than others, and their settlements were based on a lower number of compensable days).

Question. Has AOC formally evaluated the performance of its CVC construction management firm? If not, why not? If so, when and with what results? What incentives or penalties are provided in their contract for performance?

Answer. We have evaluated the construction managers' performance twice to date, in August 2004 and February 2005. The result indicated improvement was needed in schedule management, dispute resolution, and the preparation of change order packages. Since their last evaluation significant improvements have been made in dispute resolution and change order preparation, with schedule management currently being addressed. Their contract does not provide for either incentives or penalties, which has been normal for this type contract.

PROJECT MANAGEMENT

Question. AOC does not maintain consistent baseline data in its Project Information Center to track changes to project costs and schedules. What progress have you made developing information systems that quickly collect and roll up information on all ongoing capital projects to senior management and congressional committees? What still needs to be done?

Answer. One of the greatest challenges the AOC has faced is how to satisfy the many demands to report project status both internally and externally. Each entity wants to know basically the same things: is a project within budget, is it on time, and will it meet the customer's needs? The challenge in the past has been that the various entities have asked for project performance indicators in many different ways. In the attempt to satisfy the many different but similar questions, the AOC has not done as good a job as it could have.

In September 2004, when the pilot organization was initiated, project reporting through PIC was suspended pursuant to senior management's interest in reporting on contract status in lieu of project status. A manually-produced report was developed that clearly indicated contract status, and the data could easily be verified by comparison to financial and procurement documents. These so-called COTR reports have been kept internally for six months.

Over the past few months, the AOC has been working closely with the Government Accountability Office during the current cycle of its General Management Review. The GAO had asked that the AOC provide yet another series of project performance indicators. On a parallel path, the AOC project management team had been developing a report format that would answer recurring questions asked over the past several years, as well as satisfy a requirement to report project status on a quarterly basis. The report format uses project performance indicators based on verifiable contract and financial data, but also includes a text status. The format has been reviewed by some of the Superintendents, who have given it favorable comments related to its ability to accurately portray project status. Together, the AOC and the GAO are working to assure that this format, along with definitions, will satisfy project reporting requirements. The AOC's published a manually produced version of this report at the end of March 2005. Feedback will be gathered before any attempt is made to make changes in PIC to produce the report from an automated system.

Question. How will the new (pilot) project management organization improve your ability to manage projects? How will you determine if this new organization is a success?

Answer. The pilot organization has established clear performance expectations for delivering high quality design and construction projects on time and within budget. Now that the project and construction management functions reside, for the first time, within the same organization, these expectations can be managed by recognizing success and poor performance. Internally, the AOC has developed customer satisfaction surveys to measure performance as viewed by the jurisdictions. External customer satisfaction feedback will be sought in the future.

In its transitional state, only a few projects funded in fiscal year 2005 have begun the construction phase with the benefits of better planning and scope development. As the organization matures and delivers more design and construction projects, performance results are anticipated to improve.

Question. You recently released to employees a set of manuals containing project management best practices that are to be followed. How will you ensure that AOC employees actually follow those best practices?

Answer. Key components of the best practices manual processes are summarized in checklists that accompany project development through its scope development, design, construction, and closeout phases. These checklists serve as quick references to assure adherence to critical processes. Projects without completed checklists are not permitted to proceed without a senior level exemption being granted. However,

due to the significant competition for funding resources, project managers and their clients, the Superintendents, are increasingly rigorous in developing project data to satisfy justification requirements. Project managers who utilize the manuals will be successful in completing their checklists.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

ORGANIZATIONAL ISSUES

Question. In February, "The Hill" newspaper published an article entitled "Fear and Loathing at AOC", which reported on the results of a recent AOC employee feedback survey. According to the article, the survey showed that senior management at AOC is dysfunctional, inconsistent, and lacks leadership qualities. It also reiterated some long-standing issues at AOC, such as poor communications and very low morale. Why do these issues still persist? What actions are you taking to respond to employee concerns?

Answer. The article stems from an initiative we took to solicit employee feedback to identify specific areas for improvement.

In September we asked over 300 employees, from all organizations, divisions, levels, and shifts, to partake in 25 focus groups. The purpose of holding the focus groups was specifically to get employee feedback on areas for improvement. The participation and the outcome were beyond our expectations: 215 employees shared their opinions on our way of doing business. We also obtained very good feedback on opportunities for improvement.

In addition to these focus groups, the Human Resources Management Division (HRMD) invited employees to share their opinions in a customer satisfaction survey in October. The questions focused on the services HRMD provides and how well they deliver those services. The findings from the HRMD survey were compiled and validated against the issues raised during the focus groups. This process took some time in that both electronic and paper copies of the survey had to be processed and analyzed. By coupling this information, the senior management team had a broader cross-section of employees' views, opinions, and suggestions to evaluate.

Through our employees active participation in this feedback-gathering process we identified the following areas where we need to do a better job:

—Communicating (provide clearer, easier-to-understand information, obtain more employee input, explain work processes, policies, procedures, publish an organizational chart);
—Providing clearer direction (explain internal procedures and policies including job expectations, manage shifting priorities, coordinate assignments, set service standards);
—Recognizing employee accomplishments (more acknowledgment of individual accomplishments by senior managers, use of awards);
—Explaining our Mission and Vision;
—Outlining customer service expectations (define the standards for excellence, hold internal organizations accountable for quality service, clearly communicate standards); and
—Setting Agency standards that provide responsive customer support to meet AOC employee needs from HR, Procurement, EEO and other service organizations.

Based on the information and feedback received, we have created eight cross-jurisdictional work teams that are taking each of the areas identified for improvement and they are developing action plans to address them as expeditiously as possible.

CAPITOL VISITOR CENTER

Question. What do you expect the final cost of the CVC to be? What do you see as the major reasons for cost increases in this project and what are you doing to control costs during the remainder of the project?

Answer. We expect the final cost for the construction of the CVC facility to be $517.6 million. The major reason for the cost increase to date is the addition of $141.8 million in budgeted added scope, and $29.1 million in delay costs due to the added scope and differing site conditions. Sequence 1 delay costs totaled $10.3 million, and $18.5 million is expected to be required to fund Sequence 2 costs as a consequence of the 10 month delay while Sequence 2 waited for Sequence 1 to complete their work. Controlling costs for the remainder of the project requires that there be no significant changes to the contract and Expansion space, no significant differing site conditions in the House Connector tunnel or Jefferson Building work, and time-

ly release of the project funding so contracts can be awarded and change orders processed.

Question. Without additional appropriations, when will the CVC project run out of money?

Answer. The CVC project has 24 line items. We are already out of funding for the item to fund change orders for the Sequence 2 contract and will be out of authority for funding CVC Administration in mid May 2005. Until we receive additional funding we cannot award the House and Senate Expansion space. We have funding available in other line items, but those funds are required for construction of the Exhibit area, $6.6 million; security equipment, $4 million; perimeter security, $2 million; House Connector tunnel, $2.5 million; and Jefferson Building work, $3.3 million.

Question. GAO's risk-based cost and schedule estimates have been much more accurate that the AOC's or their construction management firm. What is AOC doing to integrate risk assessment in its future estimates?

Answer. The risks remaining on the CVC project relate primarily to our complicated building systems, and those elements of work not yet under contract which includes the House Connector tunnel, the House and Senate Expansion space, and the Jefferson Building work. The systems include the filtration system since it involves a new technology, and a very complicated fire safety and smoke evacuation system. To minimize the above risk the entire team, including subcontractors, is working to ensure we understand all of the issues required to complete and turn over these systems.

Question. According to GAO, over $1 million in additional costs was incurred due to AOC's indecision on how to construct the Utility tunnel. Why did this happen?

Answer. The utility tunnel work in the Sequence 1 contract did not include new requirements by WASA for the tie-in of utilities at Second Street that was estimated to cost approximately $1 million. In order to reduce the cost for this work, a Bulletin G was created by the Architect to use precast concrete sections in lieu of poured in place concrete. Pricing received for Bulletin G was not as good as expected so other alternatives such as drilling, use of utility trench or direct burial were investigated. Ultimately, the Bulletin G scope of work was determined to be the best value to the government for first cost and long term maintenance. Pricing was available from both Sequence 1 and Sequence 2 for the work, and since Sequence 1 was nearly finished with their work and Sequence 2 was slightly lower in cost, the decision was made to award work to Sequence 2. During the period of tunnel evaluation, the cost of steel pipe and other metals, which were always in Sequence 2, went up significantly in cost. The Sequence 2 contractor could not order this material until a decision was made on the tunnel configuration, since that could affect the pipe required. The added cost for Sequence 2 materials escalation is $1 million.

Question. When can we expect the CVC to be open to the public and will the Senate expansion space be ready for use at the same time? What are the liquidated damages for the CVC and are they the same for completion of the Senate expansion space?

Answer. We expect the CVC portion of the project to be available for public use in September 2006. The Senate space will probably not be ready, especially since we still do not yet have the funding approved to make the award of the contract. The liquidated damages on the CVC are $16,000 a day and the liquidated damages for the House and Senate Expansion Space work is $4,750 per day.

Question. Considering that the CVC will most likely not open until fiscal year 2007, why have you asked for so much in your fiscal year 2006 operations budget for the CVC? Additionally, why have you requested so many FTE's?

Answer. The operations and maintenance costs included in my fiscal year 2006 budget request were based on a June timeframe as opposed to September opening date. It is estimated that the costs for operations and maintenance will be $10.4 million rather than $15.3 million as originally requested. I have included these requirements in the AOC budget submission until a determination is made on who will have oversight of the facility. An additional $20 million was included for start-up and opening costs for gift shops, Visitor Center services, Capitol police furniture, fixtures and equipment, House recording studio, data network wiring and equipping of the House shell space. Since the House shell space estimate was also included in the fiscal year 2006 Budget request of the Chief Administrative Officer of the House, this request can be reduced to $9.1 million for this portion of the budget. As a result of the September opening date, the payroll estimate can be revised from $12 million to $7 million with an associated reduction in FTEs.

Question. In November 2004, when GAO presented its most recent estimate of the cost to complete the project, it recommended that you immediately enhance the CVC project team's schedule management capacity, use incentives and other means to

keep contractors on schedule, and rigorously track, document, and analyze the reasons for delays. What specific steps have you taken to implement these recommendations?

Answer. The Construction Manager contracted with a scheduling consultant to help their field staff in schedule management. In addition, we have contracted with the firm that prepared the "Cost to Complete" in 2004 to review those efforts and offer recommendations. To date those efforts still require improvement and a senior official has assumed those responsibilities.

We currently have a $1.2 million award fee that is used as an incentive for outstanding performance by the Sequence 2 construction contractor.

Question. Who was responsible for ensuring that adequate contract and project summary schedules were developed, kept current, and adhered to and for documenting delays and their causes as they occurred? How well in your view, was this done over the course of the project?

Answer. The construction manager has responsibility for ensuring that adequate contract and project summary schedules were developed, kept current, and adhered to as well as documenting delays and their causes as they occurred. That work has been marginal to date, and they are changing the personnel responsible for that effort to a senior official on site.

Question. How much has AOC paid Gilbane to manage the CVC construction work and how well has Gilbane performed? Has AOC formally evaluated Gilbane's performance? If so, when and what were the results? If not, why not? What incentives or penalties are provided for in Gilbane's contract for performance?

Answer. Gilbane's contract for construction management for the CVC portion totals $15.5 million. Payments to date total $12,772,847. We have evaluated the construction managers' performance twice to date, in August 2004 and February 2005. The results indicated improvement was needed in schedule management, dispute resolution, and the preparation of change order packages. Since their last evaluation significant improvements have been made in dispute resolution and change order preparation, with schedule management currently being addressed. Their contract does not provide for either incentives or penalties, which has been normal for this type contract.

Question. In view of the cost and completion increases for this project, what incentives are there for your various consultants to control these items?

Answer. The design and construction manager consultants' primarily incentive is the reputation they receive on projects such as this one. They are very concerned that this project be viewed in the end as a success, and that they personally are viewed as having successfully overcome huge scope additions and differing site conditions to complete the project in a timely and cost effective manner, in spite of the challenges imposed upon them.

Question. What is the overall status of AOC's efforts to correct the internal control weaknesses reported from the fiscal year 2003 audit?

Answer. The AOC has approved a policy to establish an Internal Control program modeled after the program at the Library of Congress. It has been modified to comply with the intent of the Sarbanes Oxley Act of 2002 and OMB Circular A–123. Development of the policy is partially complete with a target implementation date of September 30, 2005. The program's development is currently being handled by contractors. The program will require additional resources for its implementation.

Question. When does the AOC expect the fiscal year 2004 audit to be completed?

Answer. All field work has been completed. The final requirement to complete the audit is for AOC management to sign representation letters which we are in the process of accomplishing.

Question. Could the AOC provide a copy of the fiscal year 2004 audit report to this committee as soon as they receive it from their auditors?

Answer. Yes.

Question. Is the AOC expecting any new, significant internal control findings from the 2004 audit?

Answer. The auditors have not yet provided us with a ranking of the audit findings as to significance. The answer though is clear, there are significant findings. The audit found 15 new findings not all of which were material. There were also 6 repeat findings from the previous year. Most of the significant internal controls findings were weaknesses in the Payroll, Personnel and Procurement areas.

Question. The proposed AOC organization chart dated December 2004 shows the Project Executive for the CVC directly reporting to the Architect of the Capitol. Has this reorganization taken place?

Answer. Reorganization proposal has been submitted for Committee review and we propose to implement in May. CVC Project Executive reports to the Architect of the Capitol.

Question. The proposed AOC organization chart dated December 2004 shows a Chief of Staff reporting directly to the Architect of the Capitol. What are the duties of the person in this position? Will there be any overlap in the duties of the Chief of Staff and the Chief Operating Officer?

Answer. The Chief of Staff assists both the Architect and COO in a variety of agency outreach communication and Congressional support needs. With the COO's extensive internal operational functions, on a strategic as well as day to day basis, the support of the Chief of Staff allows the COO to concentrate more fully on these responsibilities. Following are the duties of the COO and Chief of Staff.

Duties of the Chief Operating Officer/Deputy:

—Responsible for reviewing and directing the operational functions of the Office of the Architect of the Capitol including: facilities operation and maintenance; safety; design, construction and project management; administration and modernization of information technology systems employed by the Office; productivity and cost-savings measures; strategic human capital management, including performance management and training and development initiatives; financial management, including the integration of operational functions and financial management to ensure that budgets, financial information, and systems support the required strategic and annual plans.

—Serves as senior advisor to and representative of the Architect. The individual will provide advice and assistance on all aspects of the management and operations of the AOC; provides advice on all operational aspects of AOC business functions including facilities operation and maintenance; safety; design, construction and project management; procurement and contracting; budget and financial management; information technology; human resources, and other administrative management matters.

—Assists the Architect in promoting reform and measuring results, and is responsible to the Architect of the Capitol for the direction, operation, and management of the Office of the Architect of the Capitol. Additionally, the individual is responsible for implementing the Office's mission and goals; and providing organization management to improve the Office's performance.

—Responsible for developing, implementing, annually updating, and maintaining a long-term strategic plan covering a period of not less that 5 years.

—Responsible for developing and implementing an annual performance plan that includes annual performance goals covering each of the general goals and objectives in the strategic plan and including to the extent practicable quantifiable performance measures for the annual goals.

—Responsible for proposing organizational changes and new positions needed to carry out the Office of the Architect of the Capitol's mission and strategic and annual performance goal and will ensure that the AOC's organizational structure promotes efficiency and effectiveness.

Duties of the Chief of Staff:

—Assist the Architect and the COO in exploring and developing program and management ideas, evaluating problems and developing suggested course of action in program and policy development and evaluation; conducts research and provides data to assist the Architect and COO in their review and evaluation or program and policy proposals from staff, incorporates the perspective of Members and or Congressional staff in the evaluation of AOC programs, operations and policy.

—Assists the Architect and the COO in day-to-day information management, priority initiatives, meetings and meeting information, and may represent the Architect or the COO in meetings with staff and stakeholders.

—Manages legislative affairs; develops and nurtures relations with Members and staff; tracks legislative mandates; facilitates Congressional meetings for the Architect and COO; assists in leading AOC outreach to Congressional staff to help ensure that the Agency is addressing Congressional support needs.

—Manages and coordinates Agency communications; assesses agency internal and external communications processes and develops appropriate improvement initiatives; develop proposals for communications alternatives to address Agency communications gaps or focused initiatives to meet identified needs.

PROCUREMENT IRREGULARITIES

Question. Mr. Hantman, we understand in part from The Hill article titled "Fear and Loathing at the AOC" that your Focus Group findings noted the following customer service concerns with your entire Procurement Department:

—Your process, roles, and responsibilities are either ill defined or not defined at all;

—There is a general lack of understanding of the businesses they are procuring for; and

—Procurement procedures are not applied consistently.

We also understand that your fiscal year 2003 financial audit uncovered procurement irregularities at the CVC and in fiscal year 2004 the auditors have found these same irregularities throughout the AOC.

What steps have you taken to correct this serious situation of work being performed before a contract is awarded?

Answer. In January 2004, the Procurement Division began requiring more information when an unauthorized procurement was discovered. This information includes a description and quantity of the unauthorized procurement, why it was needed, the benefit acquired, why a requisition was not prepared and a Contracting Officer allowed to place the order/contract, the circumstances that led to the unauthorized procurement, the name of the vendor used, the vendor's invoice, how the vendor was selected, the basis for determining if the price was fair and reasonable, other vendors and prices considered, the date the service or supply was received and requested by the Government, documentation from the Budget Office that funds are available if the unauthorized procurement utilized prior year funds, actions taken to prevent future unauthorized procurements, and an explanation why the unauthorized procurement should be ratified rather than holding the individual who made it personally responsible. At the same time, a Standard Operating Procedure was established in the Procurement Division to provide policy and guidance to Procurement Division staff when they discover an unauthorized procurement. On June 21, 2004, the Deputy Chief of Staff, issued a memorandum to all Superintendents and Division Directors stating that the practice of unauthorized commitments was unacceptable. On March 14, 2005, the Deputy Chief of Staff issued a second memorandum requiring that the Superintendents and Division Directors who had issued unauthorized procurements since June 2004 meet with the Deputy Chief of Staff and the Director, Procurement Division regarding this issue. On March 22, 2005, Architect of the Capitol Order 34–01–01 Ratifications of Unauthorized Procurements was signed by the Deputy Chief of Staff to establish AOC-wide policy and underscore the importance of complying with procurement regulations and the ratification process.

Question. What processes does your Procurement Department have to detect and prevent these situations from recurring in the future?

Answer. As previously stated, several processes were put in place to address and prevent unauthorized procurements. The implementation of these processes began January 2004 and culminated on March 22, 2005 with the Architect of the Capitol Order 34–01–01 Ratifications of Unauthorized Procurements.

The Procurement Division typically detects unauthorized procurements in three manners. First, an AOC employee may contact the Procurement Division directly to discuss a possible unauthorized procurement. Second, a contractor may contact the Procurement Division to inquire about recent and/or on-going work, at which time it becomes apparent that an unauthorized procurement has occurred. Third, the Procurement Division recently teamed with the Accounting Division to establish a notification process when an invoice is received that predates the contract or order. In all three instances, the Procurement Division responds by investigating to determine if the occurrence is actually an unauthorized procurement. If it is, then the appropriate Jurisdiction/Organization's official is required to submit the information required by the ratification process.

Question. In the last year, how many times did your Procurement Department discover this situation where a contractor performed work prior to a valid contract being awarded?

Answer. During the time frame of April 1, 2004-April 30, 2005, the Procurement Division discovered 28 situations where a contractor performed work prior to a valid contract being awarded.

Question. How many times was the responsible AOC employee required to submit a statement for contract ratification?

Answer. In all 28 situations that were discovered, the responsible AOC employee was requested to provide a sufficient explanation to determine if a ratification would be issued.

Question. Who is the ratifying official if not you and what steps do they take to ensure these serious irregularities are prevented in the future?

Answer. The March 22, 2005, Architect of the Capitol Order 34–01–04 Ratifications of Unauthorized Procurements specifies that the ratifying official is the Architect of the Capitol, the Chief Operating Officer, the Deputy Chief of Staff, or their designee.

PERSONNEL CONTROLS

Question. Mr. Hantman, your employees in the Focus Group findings, and your auditor, in the two audits (fiscal year 2003 and fiscal year 2004) have identified numerous findings in the Personnel Office. The findings of the Focus Group and the auditor are similar in many ways, for example:

—Focus Group—Employee questions receive either incorrect information or no information at all, answers depend on who you ask since not all staff is knowledgeable.

—Audits—Information is not properly maintained for an employee, official personnel files are not up-to-date, information is routinely entered incorrectly into the payroll/personnel system, and no checking and verification is performed.

What are you doing to address the numerous serious Focus Group and Audit findings?

Answer. As a result of preliminary findings from the financial audit, Human Resources requested an expert assessment of our Payroll and Personnel processing by the National Finance Center (NFC). The assessment was completed in March 2005, and we expect a final report at the beginning of May. Although checking and verification is performed, we have determined that it needs to be accomplished earlier in the process to prevent errors, rather than discovering errors and correcting them. Based on preliminary findings from both the Audit and NFC assessment, a number of internal controls have been instituted. In addition, Human Resources is considering a consolidation of personnel processing functions to provide greater internal controls, but we will review NFC's assessment report and recommendations before a final decision is made.

As part of AOC's Human Capital Plan, Workforce Management and Human Resources are working jointly to review AOC's Human Resources competency model, management will assess employee's using the model, and developmental needs will be addressed.

Question. When your Personnel Office's processes and systems lack fundamental internal controls, you open your agency to waste or worse, to fraud. Have any overpayments been made to AOC employees or has any fraud in the payroll area been brought to your attention? If so, what corrective action have you taken?

Answer. Incorrect payments have been made to employees through both corrections to time and attendance records, and corrections to personnel records. In cases of underpayment, the corrected action properly pays the employee. In the case of overpayments, we follow a systematic process to collect monies due from employees. Only one case of potential fraud was identified, and we are currently investigating the specific case, which involves two employees. The investigation is complete for one employee, and appropriate disciplinary action is being initiated. We are still reviewing additional records for the second employee, and appropriate disciplinary action will be initiated if warranted.

FINANCIAL MANAGEMENT REFORMS

Question. In the Senate Report on Legislative Branch Appropriations, 2002, I specifically sought the urgent need for a Chief Financial Officer at the AOC to begin essential financial management reforms. From every GAO General Management Review progress report, I have been pleased to learn that substantial progress has been made.

Mr. Hantman, can I expect your commitment to continue in this most important area?

Answer. Yes. We are examining the resource needs of the CFO's organization to ensure the people, tools and skills necessary to continue this process are in place. I am communicating to every employee especially our management employees that sound financial management is everyone's responsibility not just the CFO's.

Agency Heads in the Executive Branch are now required (similar to the Sarbanes-Oxley Act of 2002) to lead by example and assert that their fiscal year 2006 financial controls will result in timely, accurate, and useful financial and management information.

Question. Mr. Hantman, if you had the same requirement, when would you be able to make this same assertion?

Answer. Our Internal Control Program is scheduled to be in place by September 30, 2005. The reality is that I would like the program to have been in place for one year, fiscal year 2006, before we implemented full assertion as I understand is required now by OMB Circular A–123 for executive branch agencies. I recognize that this may impact our Audit results, but request time to allow our internal control program to mature.

SUBCOMMITTEE RECESS

Senator ALLARD. I want to thank you for your testimony. And, with that, we'll recess the subcommittee. Thank you.

[Whereupon, at 11:55 a.m., Wednesday, April 13, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2006

TUESDAY, APRIL 19, 2005

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

The subcommittee met at 10:27 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Wayne Allard (chairman) presiding.

Present: Senators Allard and Johnson.

LIBRARY OF CONGRESS

STATEMENT OF JAMES H. BILLINGTON, Ph.D., THE LIBRARIAN OF CONGRESS

ACCOMPANIED BY:

GENERAL DONALD L. SCOTT, DEPUTY LIBRARIAN OF CONGRESS
MARY BETH PETERS, REGISTER OF COPYRIGHTS
DANIEL P. MULHOLLAN, DIRECTOR, CONGRESSIONAL RESEARCH SERVICE

OPENING STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. The Legislative Subcommittee on Appropriations will come to order. We meet today to take testimony from the Librarian of Congress and the Comptroller General on the fiscal year 2006 budget request for the Library of Congress and the Government Accountability Office (GAO). We will also receive testimony for the record on the Open World Leadership Program.

I welcome our witnesses this morning. We will hear from Dr. James Billington, the Librarian, who is accompanied by General Donald Scott, the Deputy. We will hear from Dan Mulhollan, Director of the Congressional Research Service, Mary Beth Peters, Register of Copyrights, and many others.

The Library will be followed by Mr. David Walker, Comptroller General, who is accompanied by Gene Dodaro, GAO's Chief Operating Officer; Sallyann Harper, the Chief Administrative Officer; and Stan Czerwinski, the Controller.

The Library is requesting a budget of $628 million, 7 percent above the fiscal year 2005 level. The amount requested would support 4,365 employees and would accommodate all anticipated pay and price level increases, as well as continue some ongoing projects, such as the copyright reengineering effort and the completion of the National Audiovisual Conservation Center.

While the areas for which the Library has requested additional resources are important, it will be very difficult for this sub-

committee to approve large increases since it is very unlikely the overall level of discretionary spending will even keep up with the rate of inflation.

Following the Library, we will hear from Mr. Walker on the Government Accountability Office's budget request, which totals $493.5 million over the current year, an increase of 4 percent. GAO's request is one of the more conservative ones we have seen in the legislative branch this year and we appreciate the fact that you have attempted to restrain programmatic increases.

The budget would provide for 3,215 staff and would accommodate normal pay and inflation-related increases. GAO has been involved in a number of legislative branch assignments over the past few years, helping to oversee the Capitol Visitor Center construction project, making recommendations on management improvements within the Architect of the Capitol, and tracking Capitol Police administrative reforms to name a few. We appreciate these efforts and believe they are resulting in improvements to legislative branch operations.

One of my interests will be to continue and even accelerate efforts to hold legislative branch agencies to the highest standards of performance and accountability.

Finally, I would like to take this opportunity to recognize Stan Czerwinski, GAO's Controller. I was fortunate enough to work with Stan in his previous capacity as a managing director overseeing housing matters and I also found his insight helpful. I am looking forward to the opportunity of working with him once again as the legislative branch chairman. However, I understand that Stan will be going back to program work. While this is unfortunate for our work on this subcommittee, I look forward to regaining his expertise on program matters.

Stan, thank you for your outstanding service as Controller.

I would ask the witnesses to stick with the 5-minute rule. Go ahead and make your presentations so we will have plenty of time to get into questions and ask you questions that I may have or any member here of the subcommittee may have.

So we will start this morning with Dr. Billington with the Library of Congress.

OPENING STATEMENT OF THE LIBRARIAN

Dr. BILLINGTON. Thank you, Mr. Chairman. It is a pleasure and an honor to come before you today and first of all to thank the Congress for being for more than two centuries the greatest single patron of a library in the history in the world. The Library that Congress has created is the world's largest collection of human knowledge and the principal source of research support for the Congress itself.

You know that the Library receives books and other works submitted for copyright registration to the Copyright Office, thus preserving the immense ongoing record of American creativity. We also collect and preserve materials in 486 languages from abroad, thus adding to the wide scope of knowledge available to our citizens. The ways in which we perform these vital services are changing rapidly in response to digital technologies, which are also generating new kinds of resources. We collect films and recordings in

addition to books, journals, manuscripts, maps; we must now collect digital audiovisual resources, digital documents, electronic databases, and even web sites.

In 2004 our unique universal collection of 130 million items added 2.6 million new books and other artifacts and our richly stocked web site attracted more than 3.3 billion electronic hits. We are also leading a national program to archive materials that are unique, important, and dependable from the flood of digital material on the Internet, and we are moving our national service to the blind and physically handicapped into digital formats. We are now in fact in the advanced stages of converting almost all our processes from manual to digital and into electronic formats. At no other time has technology so directly affected how the Library performs its work.

Beyond mandatory pay raises and unavoidable price increases, our request includes additional funds for the National Audiovisual Conservation Center, for copyright reengineering, for storage modules at Fort Meade, and for direct service to the Congress, a one-time adjustment to the Congressional Research Service's budget to sustain its staff capacity, and an adjustment to the CRS acquisition base, and funds to make accessible law library materials that are important for the Congress.

NAVCC—CULPEPER

An unprecedentedly generous private donation from the Packard Humanities Institute is enabling us to create a facility that will provide state-of-the-art preservation at Culpeper, Virginia, for all of our massive and hitherto scattered audiovisual materials. We need 23 FTEs that will greatly increase production and meet the demands of this complex technical system.

COPYRIGHT REENGINEERING

We are in the last year of the 7-year plan that Congress approved for copyright reengineering. We need one-time funds to keep our technical team united for the completion of this project, support for the move to an offsite location, and funding in the AOC budget for reconstructing space in the James Madison Building.

FORT MEADE PROJECT

Congress has generously funded two modules at Fort Meade for storage of books and journals to address the long-delayed preservation needs of 26 million unique and often priceless special format materials. We request funds to begin building Modules 3 and 4.

These and other requests illustrate the ways in which the Library must continue to change if we are to maintain in the electronic age our vital historic role as the preeminent steward of the world's knowledge and of America's creative heritage.

PREPARED STATEMENT

We are deeply grateful for what Congress has already created and admirably sustained in this time of transition. The appropriations we request for fiscal year 2006 will enable us to continue providing you with comprehensive nonpartisan research and will pro-

vide future generations of your constituents with the wonderful learning resources that digital technology is making possible. You will be supporting more than just a great cultural repository. Appropriations for today's Library will be investments in tomorrow's minds.

[The statement follows:]

PREPARED STATEMENT OF JAMES H. BILLINGTON

I appreciate the opportunity to appear before you today to discuss the past accomplishments and future goals of the Library of Congress in the context of our fiscal year 2006 budget request. This Committee has always supported the Library's programs and I ask for your help again in securing the investments we need to keep the Library as useful to the Congress in the new millennium as we have been in the nineteenth and twentieth centuries.

For 205 years, the Congress of the United States has sustained the Library of Congress in its efforts to acquire, preserve, and make accessible the mint record of American creativity and the world's largest collection of human knowledge. We share this knowledge with the Congress, principally through the Congressional Research Service and the Law Library, and we protect the artistic and literary legacies of our citizens through our Copyright Office. We also serve your constituencies through our National Library for the Blind and Physically Handicapped, through our cataloging and other services to your local libraries and by offering rich educational content to your teachers and students through our acclaimed Internet site.

THE LIBRARY TODAY

The Library of Congress contains more than 130 million items in more than 470 languages and in virtually every media. Every workday the Library adds more than 10,000 new items to its collections and provides numerous specialized services. In fiscal year 2004, the Congressional Research Service performed exclusive public policy research and analysis for Congressional Members and Committees, covering more than 200 active legislative issues, preparing and updating nearly 1,000 reports and delivering nearly 900,000 responses to inquiries. Of particular note in fiscal year 2004, CRS experts responded with immediate support on matters that suddenly were on the Congressional agenda, including a comprehensive interdisciplinary response to the 9/11 Commission Report that involved 70 written products; legal analysis related to the Abu Ghraib prison controversy; and an assessment of implementation issues of the new Medicare prescription drug benefits. The Copyright Office administered the U.S. copyright laws and acquired copyrighted works for the collections of the Library while registering more than 661,000 copyright claims in the past year. The Books for the Blind and Physically Handicapped program circulated more than 23 million books and magazines free of charge, to the blind and disabled. The Library assisted the nation's local libraries by cataloging more than 300,000 books and serials, and providing the bibliographic records to libraries everywhere. Finally, the Library provided free internet access to more than 75 million records and recorded more than 3.3 billion hits on its website in fiscal year 2004.

ACCOMPLISHMENTS

Throughout fiscal year 2004 and into fiscal year 2005, the Library continued to reach important milestones. We moved forward with our massive film preservation facility in Culpeper, Virginia, slated to open in the Fall of 2006. Phase 1 of the project will be completed this year, allowing the initial transfer of the Motion Picture, Broadcasting, and Recorded Sound Division collections to Culpeper in August. Years of planning for off-site storage of other collections at Fort Meade, Maryland came to fruition when Module 1 opened in November 2002. This facility represented the start of the Library's program to use custom-built offsite facilities to relieve overcrowding on Capitol Hill, and to ensure an excellent preservation environment. During fiscal year 2004, 567,000 items were transferred to the facility, bringing the total number of items transferred to Module 1 to 1.2 million. This module is now completely full. Completion and commission of Module 2 is scheduled for Spring 2005.

Under the mandate of the Congress's 2000 National Digital Information Infrastructure and Preservation (NDIIPP) Act, we continue to build a strong nationwide network of partners. We awarded nearly $14 million to eight partner institutions who agreed to provide matching funds and to help collect and preserve a diverse

range of important, at-risk digital material that could prove useful to current and future generations of researchers, scholars and lifelong learners. NDIIPP also partnered with the National Science Foundation to establish the first digital archiving grants program that will fund cutting-edge research to support the long-term management of digital information.

In fiscal year 2004, the Library added approximately 2.6 million new items to its collections through all sources of acquisitions, including purchase, exchange, gift, federal transfer, and copyright deposit. Through the Federal Library and Information Network (FEDLINK), which makes available an array of print serials, books, electronic publications and preservation services, the Library contracted with more than 100 major vendors to provide services to approximately 1,200 Federal offices participating in the program saving the offices an estimated $8.9 million in cost avoidance benefits and more than $11 million in vendor volume discounts.

The Copyright Office exceeded its 90-day target for processing of claims. The Office now processes claims on an average of 80 days; this is a 60 percent improvement since 2001. The Copyright Office also cut average recordation processing time in half, reaching 33 days at the end of 2004, an 85 percent improvement since 2001.

The Library organized and sponsored, with the funds raised from the private sector, the third National Book Festival with 85,000 attendees—the most ambitious National Book Festival to date. Through other fund raising activities this past year, the Library received a total of $11 million, representing 828 gifts from 713 donors. The Library awarded the first John W. Kluge Prize for Lifetime Achievement in the Human Sciences in fiscal year 2004. The $1 million prize—made possible by an endowment established by the Madison Council Chairman John W. Kluge—is given for lifetime achievement in the humanities and social sciences, areas of scholarship for which there are no Nobel Prizes. Finally, for the ninth consecutive year, the Library received an unqualified "clean" opinion on its fiscal year 2004 consolidated financial statements.

BUILDING A 21ST CENTURY LIBRARY

Shifting media formats, the greatly increased flood of important material available only in perishable digital form, and increasingly complex data rights issues—have combined to create immense new challenges for the Library. At no other time has the emergence of technology so directly affected how the Library acquires, catalogs, preserves, serves and secures its vast collections and holdings.

In order for the Library to continue fulfilling its historic mission, we must embrace the rapidly unfolding technology revolution, build and maintain an internal infrastructure and recruit, educate, and train a new staff of knowledge navigators able to sort out, prioritize, and help mediate to Congress and the Nation what is worth saving from the increasingly unfiltered information online.

LIBRARY'S FISCAL YEAR 2006 PLAN

In preparing the fiscal year 2006 budget, the Library considered the areas that will be most changed by the transition from a largely print-on-paper collections to a hybrid collection that incorporates great numbers of digital materials. As we shape the Library of the future, we recognize the need to concentrate on three areas: technology, acquisition, and preservation. Specifically:

Technology

Develop an infrastructure to support the digital library.

Build a stronger connection between the Library and the wider library community to create a national digital library to make widely useful material locally available through the Internet, even if not always physically housed at the Library of Congress.

Redefine the Library's leadership role in describing and organizing information—adjusting cataloging methods and setting standards for the digital environment.

Preservation

Preserve at-risk "born digital" materials and work in partnership with educational and corporate partners to keep such materials available for subsequent generations.

Acquisition

Reconceptualize our special collections development policies to include the creations of writers, artists, cartographers, photographers, and musicians that are available only online (or born digital).

FISCAL YEAR 2006 BUDGET REQUEST

Our fiscal year 2006 budget represents in many ways, a transition to closure on several multi-year projects that are essential for building a 21st century library.

The Library is requesting a total budget of $628 million for fiscal year 2006. This includes $591 million in net appropriations and $37 million in authority to use receipts, a net increase of $43 million or 7 percent above the fiscal year 2005 level. This total includes $24.3 million for mandatory pay and price level increases needed to maintain current services and to prevent a reduction in staff, which would severely impact the Library's ability to manage its diverse and complex programs.

The requested funding will support 4,365 full-time equivalent (FTEs), a net increase of 74 FTEs above the fiscal year 2005 level of 4,291, but still 355 FTEs short of the fiscal year 1992 total—despite the fact that we are doing far more work now than in fiscal year 1992.

UNFUNDED MANDATES

A total of $2.5 million and 3 FTEs is requested for two new and unfunded mandates: $1.2 million for the Administration's Department of State Capital Security Cost Sharing program, and $1.3 million and 3 FTEs for the new Copyright Royalty Judges Program.

Two years ago, the Department of State launched a 14-year program to finance the construction of approximately 150 embassy compounds. The Library was assessed $2.4 million for fiscal year 2006 based on the number of staff we have in overseas acquisition field offices attached to an embassy. The Library has argued for a reduction in the assessment, based on the services provided to the Library by the Department of State in diplomatic facilities, but the matter has not been resolved. We hope the amount requested by the Department of State will be less, but until a decision is reached, the Library must request full funding. It is essential that we not risk losing our overseas offices, which collect vast amounts of important and otherwise unavailable material for many of the world's trouble spots.

The Copyright Royalty Distribution Reform Act of 2004 (Public Law 108–419), signed into law on November 30, 2004, created a new program in the Library to replace most of the current statutory responsibilities of the Copyright Arbitration Royalty Panels (CARP) program. The new Copyright Royalty Judges (CRJ) program will determine distributions of royalties that are disputed and will set or adjust royalty rates, terms and conditions, except satellite carriers' compulsory licenses. The Satellite Home Viewer Extension and Reauthorization Act, signed into law on December 8, 2004, extends satellite compulsory licenses and requires CARPs, rather than CRJs, to set new rates for satellite retransmission. The CARPs will be funded by participants in the proceedings and/or by royalties. Unlike CARP, the new Copyright Royalty Judges program will be funded by new permanent net appropriations and nominal filing fees. Funding supports the salaries and related expenses of the three royalty judges and three administrative staff required by law to support this program.

MAJOR PROJECTS

The Library is requesting $7.284 million and 45 FTEs for projects that are either in the last year of development or on a time-sensitive schedule that must be maintained if the entire project is to be successful. The projects support preservation, electronic delivery of services, acquisitions and access functions. The first of these projects is the National Audio-Visual Conservation Center (NAVCC) in Culpeper, Virginia.

A gift of $120 million from the Packard Humanities Institute (PHI) three years ago launched the National AudioVisual Conservation Center, an unparalleled conservation facility for the special formats that are uniquely held by the Library of Congress. The construction project at Culpeper, Virginia is proceeding well, and the collections from five disparate storage collections will be moved to Culpeper during the summer, 2005. The staff will be relocated to Culpeper in 2006.

During fiscal year 2006, the Library's ability to procure, deliver and install NAVCC furnishings, equipment and infrastructure must again be carefully managed in concert with PHI's schedule for finishing, testing and commissioning Phase 2 of the facility, slated for completion and move-in by April 2006. For this reason, no-year authority is again required to accommodate unforeseen fluctuations in the construction schedule. The Library is requesting a net decrease of $3 million and an increase of 23 new FTEs in fiscal year 2006. This request follows the original five-year plan submitted for Culpeper. Funding supports several components for which timing and funding flexibility will be especially desirable, including the bulk

of the staff relocations, the completion of collections relocations (including nitrate film), and completing the design, procurement and integration of the complex digital preservation systems with the NAVCC's audio-visual laboratories. Of the total amount requested for fiscal year 2006, approximately $11 million reflects one-time costs. After the staff and collections have been relocated, the Culpeper budget will only require funding for ongoing operations.

Fiscal year 2006 is the final year of the Copyright Office's reengineering initiative that requires new funding. The reengineering program is an extensive multi-year effort to redesign the Office's business processes, including the development of a new information technology infrastructure, new work flows, new job roles, and new facilities design. The new environment will support electronic delivery of copyright services, including electronic submissions of copyright registrations and receipt of digital deposits. During fiscal year 2006, the Copyright Office will relocate staff to a temporary off-site leased space, reconfigure its main facilities, and install new furniture and equipment. Final implementation is scheduled the first half of fiscal year 2007, after relocation of the staff to the reconfigured space in the Madison Building. A total of $4 million in one-time funding is requested in the Copyright Office's budget to fund the temporary offsite relocation of the staff. Completion of the reengineering initiative is contingent upon the Architect of the Capitol's budget request of $5.5 million to pay for construction costs to reconfigure existing Madison Building space. These requests will permit the Copyright Office to move forward on the facilities work so critical to the final implementation of the reengineering project.

The Library is requesting a total of $2 million for the GENPAC program and $1 million for CRS to recover lost purchasing power of critically needed research materials. This funding will support the purchase of serial subscriptions and/or electronic resources—ensuring that the CRS analysts and other Library staff have access to the highly specialized research materials and data needed to support the work of the Congress and other Library customers.

The boundaries of the world become ever smaller as information production increases across the globe. There are great opportunities to acquire new materials from parts of the world we had little knowledge of up until now. The Library collects little known and hard-to-find materials because it is in the national interest to have the resources that document other cultures and nations. We are interested in acquiring the emerging electronic publications from all parts of the world, including the Web sites for advocacy as well as education. In selecting the most important electronic resources, the Library places special emphasis on those databases and scholarly journals containing information to support the work of Congress in the development of public policy.

Preservation is a unique responsibility of the Library of Congress—a library that all other libraries expect to keep materials in perpetuity. The Library requests $3.375 million and the retention of 22 NTE FTEs to continue the preservation efforts required to place 4.5 million items (most of them audio-visual materials or special collections) in proper storage containers and through proper transshipment to Fort Meade, Culpeper, or other off-site repositories.

Other projects are critical to the Library's acquisition and preservation programs. Specifically, funding of $52 million is requested by the Architect of the Capitol (AOC) to support essential and long deferred projects specifically requested by the Library. This total includes $41 million for construction of Book Modules 3 and 4 at Fort Meade. These modules are already designed and will provide critically needed collections processing and storage space and cold vaults for unique and growing special format collections. This program is critical to providing relief to collections storage and resulting safety problems in the Library's Capitol Hill buildings. Of the remaining $11 million requested, $5.5 million supports the Copyright Re-engineering construction project and $5.5 million supports minor construction, design, and/or the operation and maintenance of the Library's Capitol Hill, Fort Meade, and Culpeper buildings.

MAJOR LIBRARY-WIDE PROJECTS

In addition to these major projects, the Library is requesting $5.5 million and 7 FTEs for several Library-wide infrastructure projects that support all organizational entities within the Library and are key to performing the Library's mission efficiently and effectively. The first is in the all-important area of Information Technology (IT), where the Library is requesting a total of $3.3 million and 5 FTEs, needed to keep pace with rapid technological changes. Included in this total is $571,000 and 5 FTEs for the ITS Systems Engineering Group (SEG) to support a workload that has grown dramatically in recent years. The current staff of SEG op-

erates with single individuals shouldering responsibilities without backup. This situation presents a high-level risk and places the Library in a serious and highly vulnerable position. The Library must mitigate this risk and protect itself against the potential loss of knowledge and breakdown of services in the event of illness or other unforeseen circumstances. The total also includes $1 million to support the increased costs associated with the IT service provider contract. Our IT staff is struggling with the vast increase in the Library's digital services and will have to either curtail services or decrease equipment purchases if funding is not provided. Finally, the total includes $720,000 for contract support for the certification and accreditation of the Library's IT systems as required by the Federal Information Security Management Act of 2002 and $1 million to implement the next phase of the Library's new financial management information system.

The Library is requesting a total of $1.4 million and 2 FTEs to support space management of all the Library's buildings—the Madison Building alone is one of the largest in the Washington, DC area, with over 2 million square feet of space. With more shifts outside Capitol Hill to Fort Meade and Culpeper and resulting shifts on Capitol Hill as space utilization is redefined, the Library must have the ability to remap and maximize critical space needed for staff, collections and business operations and in a timely manner to ensure continuity of operations. The requested funding supports two additional in-house staff and the use of contracted staff support to supplement in-house resources with a full range of professional services, including project management, interior design, safety, engineering, construction administration and custodial support. Without the requested funding, valuable space will go unused or be used inefficiently, impacting the acquisition and preservation of the Library's collections, safety of its employees, and the operation of its programs.

For those working on Capitol Hill, the value of emergency preparedness cannot be overstated. The Library is requesting $746,000 to implement its Continuity of Operations and Shelter-in-Place plans, and to purchase medical supplies in the event of a large scale emergency that may affect Library personnel and visitors. We continue to work with our Capitol Hill counterparts to coordinate emergency planning efforts.

SUSTAINING STAFF CAPACITY

Closely related to the mandatory and price level increases, the Library needs two critical payroll adjustments to maintain payroll purchasing power to sustain staff capacity. CRS is requesting a one-time permanent base adjustment of $2.9 million to align its funding with the current staffing mix, level, and benefits costs to achieve a total capacity of 729 FTEs. This request will enable CRS to continue to fulfill effectively its mission by rebuilding and sustaining a level of research capacity that meets the changing needs of the Congress—needs which are increasingly more demanding and highly complex. CRS has proven to be a solid, long-term investment for the Congress with a high return on the investment through its shared pool of highly skilled experts who serve "around-the-clock" as the research arm of the Congress by assisting every Member and Committee of Congress in every phase of the legislative process.

Because of the fiscal year 2005 rescission, the Library reduced pay in all offices by a total of $3 million. The Library is requesting restoration of the $3 million in fiscal year 2006 to maintain its future payroll purchasing power needed to sustain staff capacity. Over time, the Library will be forced to reduce staff in all offices, in spite of growing workloads and new challenges and responsibilities if the payroll budget is not restored.

OTHER PROJECTS

The Library is requesting $8 million and 52 FTEs for five other initiatives. Included in this amount is $493,000 and 7 FTEs to support the new Chinese acquisition strategy in which Chinese scholars identify unique materials to add to the Library's collections. The total also includes $445,000 to begin reclassifying one-third of the Law Library's legal collections from the obsolete "Law" shelving arrangements to the Library of Congress Class K international standard, to ensure retrievability of invaluable and unique legal materials.

Of the $8 million total, $1.6 million in one-time funding is requested to procure and implement a comprehensive, new, web-based classification and staffing system that will track all human resources functions. Replacement of the current system is needed to add new functionalities and to allow the integration with the Library's emerging Human Resources Information System. Also included in the total is $1.5 million in no-year funding to continue the renovation and refurbishment work in the

Thomas Jefferson and John Adams buildings. Maximizing available space on Capitol Hill is a priority for the Library and the restoration projects will provide much needed space for staff and programs. Finally, the total includes $4 million and 45 FTEs to continue addressing the police staffing shortfall of approximately 77 FTEs.

PROPOSED CHANGES TO LEGISLATIVE LANGUAGE

The Library has proposed language under the National Digital Information Infrastructure and Preservation Program (NDIIPP) Section, to set aside $25 million of the $75 million provided under the fiscal year 2001 appropriations act, and exempt the set-aside from the dollar-to-dollar match requirement. The set-aside is to provide competitive grant funding for state governmental entities, who meet NDIIPP preservation partnership network building and digital content preservation grant guidelines, to preserve significant, at-risk, and born digital state and local government information.

The Library has also proposed new appropriation language to address the new Copyright Royalty Judges program, authorized by the Copyright Royalty and Distribution Reform Act of 2004.

The fiscal year 2005 administrative provision that limits the Library's assessment for embassy construction (to an amount equal to or less than the unreimbursed value of the services provided to the Library on State Department diplomatic facilities) is also maintained in fiscal year 2006.

CONCLUSION

The Library must continue to sustain and perform its traditional core mission for the Congress, the Nation, and the world of acquiring, preserving and making accessible its knowledge. At the same time, we must develop new ways to perform this historic mission in light of the plethora of digital information that must be harvested and cataloged. The fiscal year 2006 budget request will enable the Library to complete crucial projects of modernization, while laying the foundation for our future.

I thank the Committee for its continued support of the Library's programs, projects, and people. Together, we can accomplish much today and more tomorrow.

PREPARED STATEMENT OF JAMES H. BILLINGTON

OPEN WORLD LEADERSHIP CENTER

Chairman Allard, Senator Durbin, and Members of the Subcommittee: The United States Congress initiated the Open World Russian Leadership Program as a pilot exchange program at the Library of Congress in 1999 (Public Law 106–31). Congress in December 2000 established an independent Legislative Branch entity, the Open World Leadership Center, to conduct the Open World Program. The Center is governed by a Board of Trustees.

The Open World Program was crafted in 1999 to bring emerging federal and local Russian political and civic leaders to the United States to meet their American counterparts and gain firsthand knowledge of American civil society. Program participants experience American political and community life and see democracy in action, from the workings of the U.S. Congress to debates in local city councils.

A Government Accountability Office (GAO) report [1] on the Open World Program concluded that "Open World has exposed a large, broad, and diverse group of Russians to U.S. economic and political systems" and stated that many of the alumni interviewed for the report said they have "taken concrete actions to adapt what they learned from their U.S. visits to the Russian environment." GAO analysis indicates that Open World has achieved a remarkably high degree of proportional geographic representation, and that U.S. ambassadors and embassy officials consider Open World "a valuable tool to complement U.S. mission activities and outreach efforts" in Russia in part because of its unique place in the Legislative Branch.

Since July 1999, Open World has brought 8,900 current and future decision makers from all 89 regions of the Russian Federation to more than 1,300 communities in all 50 states. In 2003, as testament to the success of the Open World model, Congress expanded Open World to include cultural leaders in Russia and political leaders in the 11 remaining Freedom Support Act countries and the Baltic republics (Public Law 108–7). The Open World Leadership Center Board of Trustees in 2003

[1] General Accounting Office, *International Exchange Programs, Open World Achieves Broad Participation; Enhanced Planning and Accountability Could Strengthen Program*, GAO–04–436, Washington, D.C., March 2004.

approved pilot programs in Ukraine, Uzbekistan, and Lithuania and also approved a new cultural leaders program for Russia. From countries other than Russia, 370 young leaders have experienced the practice of American democracy and community life through Open World in the past two years. The Board has expressed concern that program expansion not jeopardize the strength of the Center's original and continuing commitment to the Russian Federation.

In December 2004, Public Law 108–447 expanded Open World program eligibility to any other country that is designated by the Board of Trustees, provided that the Board notify the House and Senate Appropriations Committees of such a designation at least 90 days before it is to take effect. Over the life of the program, Congress has signaled its intention for Open World to function flexibly and strategically for U.S. interests around the globe. With key Members of Congress on its board, Open World has supported parliamentary relationships led by the Speaker of the House and Senate Majority Leader and remains a flexible and important tool for public diplomacy within the Legislative Branch.

BOARD OF TRUSTEES

As Chairman of the Board of Trustees, I am honored to serve on the Board with several of your distinguished colleagues, as well as regional experts and private citizens. The Congressionally appointed members are Senate Majority Leader Bill Frist (TN), Senator Carl Levin (MI), and Representative Robert E. (Bud) Cramer (AL). Senator Ted Stevens (AK) is honorary chairman. Former Ambassador to Russia James F. Collins and Walter J. Scott, Jr., Chairman of Level 3 Communications, are the current citizen members. We are awaiting an appointment by the Speaker of the House to replace the seat held by retired House member Amo Houghton.

Since its inception in 1999 in the Legislative Branch, the Open World Program has gained from the active interest and direction of this Committee. In accordance with a recommendation made by our Board of Trustees last year, Congress has added the Chair of this Committee and the Chair of the Senate Subcommittee on Legislative Branch to the Board. Your membership on the Board will greatly enhance our ability to provide effective direction for the future of the Open World Leadership Center.

FISCAL YEAR 2006 BUDGET REQUEST

The Center's fiscal year 2006 request of $14 million (Appendix A) will allow Open World to continue to operate the core Russian programs, including work with alumni and cultural leaders, and to continue funding for expansion programs in selected countries. The requested 4.5 percent increase above fiscal year 2005 funding represents unavoidable price increases and the weakened purchasing power of the dollar abroad.

PROGRAM OBJECTIVES

Open World was created by the Congress both to make a contribution to democratic developments in Russia and to combat negative and manipulated images of America fostered by long years of isolation from the West under Soviet power. Through Open World, emerging leaders in previously authoritarian countries experience short but intensive immersion in the reality of civil society and the rule of law in the United States. George F. Kennan summarized what an effective public-diplomacy effort like Open World is about when he suggested that our system is most persuasive not when we talk about it, but "when we show other people what can be done in a democracy, and nothing is more useful than that."

Open World was created to allow participation by non-English speakers, and, as a result, the program has successfully engaged a very broad sector of young political leadership in each participating country. Programs are matched carefully to participants' professional interests and responsibilities, and almost all include the following elements:

—Meeting U.S. government, business, and community leaders at the federal, regional and local levels;
—Understanding the separation of powers, checks and balances, freedom of the press, and the transparency and accountability of democratic government;
—Experiencing a free market economy;
—Learning how U.S. citizens organize voluntary and nongovernmental initiatives to address social and civic needs;
—Building a continuing relationship with the U.S. hosts;
—Sharing approaches to common challenges;
—Participating in American family and community activities.

STRATEGIC GOALS

As the Open World Program has matured from its six-month Russian pilot in 1999 to its current scale in four countries, the Board and staff have been guided by strategic goals that shape the annual budget submission and our year-round operations.

Goal I: Improving U.S.-Open World program-country relations and mutual understanding.

The Open World Program is located in the Legislative Branch, housed in and administratively supported by the Library of Congress, but its work abroad is shaped and implemented in cooperation with the embassies in each Open World country. All elements of the program—its focus, candidate nomination and selection, parliamentary delegations—are closely coordinated with the U.S. Embassy and such organizations as the Helsinki Commission.

Goal II: Provide the highest caliber program within the United States so that Open World participants return with a good understanding of America's democracy, market economy, and civil society.

Open World has improved the quality of its programs by continuous monitoring of programs, site visits, post-visit evaluations, and annual participant surveys. There is an annual review and evaluations of all program elements. The program has increasingly focused on a few key themes central to building democracy and the rule of law.

Goal III: To extend the catalytic effect of a 10-day U.S. stay by fostering continued, post-visit communication among Open World participants, with alumni of other USG-sponsored exchange programs, and with their American hosts and counterparts.

Open World's multilingual website maintains communication among participants, American hosts, and other interested parties. The visit to the United States is just the beginning of a Russian delegate's association with the Open World Program. Open World encourages continued contact with U.S. hosts and among participants themselves. In 2004, Russian alumni participated in more than 250 workshops, interregional conferences, meetings, and professional seminars. An alumni bulletin and web forums are available to all 8,900 Russian participants.

Many of Russia's larger cities now also boast Open World alumni associations and clubs organized by the alumni themselves—supporting special projects, such as support for orphanages or environmental efforts and career development seminars. Alumni-led activities in 2004 included a youth health fair in Tver and a seminar for Novgorod educators on how to encourage volunteerism among high school students.

STRATEGIC DECISIONS

Russian Federation

The Chairman of the Senate Foreign Relations Committee, Senator Richard G. Lugar, at a recent hearing on "Democracy in Retreat in Russia" said, "The states of the former Soviet Union present a special challenge to the advancement of democracy . . . The biggest concern in the region for democracy advocates is . . . Russia. Despite elections and the experience of post-Soviet personal freedoms . . . the fate of democracy in Russia is perhaps more ambiguous now than at any time since the collapse of the Communist system." Noting the decline in State Department funding for democracy programs, Senator Lugar commented: "With so much at stake in Russia, this is not the time to diminish our funding in this area."

Despite the authoritarian direction of much recent Russian policy, Russia remains a key ally for the United States in antiterrorism and nonproliferation efforts. Open World's 8,900 alumni in all 89 regions are a strategic asset in the continuing struggle to secure a constitutional democracy in Russia. Assessments of Russia's current political state by the International Republican Institute (IRI) point to the dichotomy of suppression of democratic voices at the national level, but "re-invigoration at the regional level." [Testimony of Stephen B. Nix, Director, Eurasia Programs, IRI; appearance before the Senate Foreign Relations Committee; February 17, 2005.] Open World's base of participation in Russia spans the entire country and is not concentrated in Moscow at the federal level.

Expansion Beyond Russia

Meanwhile, Open World offers a unique and effective tool for Congress to respond to new realities and opportunities around the globe. The Open World Board's decision in 2003 to invest in a Ukraine pilot has yielded a broad-based program in operation before the Orange Revolution that brought the first delegations to the United

States in the wake of the 2004 presidential elections. A pilot program in Lithuania focused on building regional government expertise and pointed the way toward important regional activity that Open World might undertake in Kaliningrad and Belarus. Similarly, Open World's prior experience in the largely Islamic regions of Russia helped shape a successful investment in Uzbekistan. Despite continuing and legitimate concerns about the repressive central government, Uzbekistan remains strategically important to the United States, and Open World delegates have returned to strengthen independent media and economic development and lead efforts to combat trafficking in the region.

With a Congressional authorization to operate in any country in the world, Open World represents an asset that deserves continued investment to allow its continued development as an important tool of American public diplomacy, particularly in regions of the world that are not the principal focus of State Department efforts.

WHAT THE INVESTMENT HAS YIELDED

Russia

Russia Civic and Cultural Program

The Open World Russia Program completed its fifth year in 2004. Open World's core exchange program—with the Russian Federation—brought 1,567 young leaders in calendar year 2004, with wide regional representation (87 of the 89 Russian regions), diverse hosting experiences throughout the United States (44 states), a high percentage of women delegates (58 percent), and multiethnic representation. The selected themes for 2004—economic and social development, environment, health, rule of law, women as leaders, and youth issues—focus on key areas essential to democracy-building. The focus on rule of law, especially in the context of current evaluations of Russia's commitment to an independent judiciary and a constitutional democracy, deserves special mention.

In 2004, Open World emphasized programs on the elections process and media coverage of the presidential and local elections process. Participants in all themes who traveled during the months leading up to the election came away with unique election-year experiences of watching the debates with their host families, seeing signs for presidential and local government candidates posted in front lawns, and observing volunteers of all ages as they supported their candidates at campaign headquarters.

Eight delegations received an insider's view into Election Day in the United States. Three Russian delegations consisting of government officials and aides visited Baltimore, Maryland; Moorhead, Minnesota; and Saratoga Springs, New York. The delegations observed the activities of polling stations in their host communities, visited voter advocacy organizations, and witnessed firsthand the reactions of individual citizens as they watched television coverage of the voting results. Five delegations of print and television media professionals visited Atlanta, Georgia; Louisville, Kentucky; Portland, Oregon; Reno, Nevada; and Rochester, New York. These groups visited local news outlets to discuss and watch election coverage, interviewed election workers and voters, and even wrote on-the-spot news articles to be published in Russia.

Additional examples of Open World's impact in Russia and elsewhere in our participants' own words are found in Appendix B.

Open World in Colorado

As I speak to you today, four women leaders from Russia—a businesswoman, a president of a regional NGO, an education administrator, and a legislative staff assistant—are visiting Longmont, Colorado to examine women's leadership roles. Highlights of the delegation's agenda include a meeting with an NGO director; a discussion with senior women bankers on banking relationships with women-owned businesses; talks with Colorado senators and representatives about elections, government and the role of women in politics; and a panel discussion with a district attorney and chief district judge. Their visit is being conducted by the Longmont Rotary Club, a five-time Open World host organization that has helped make it possible for Colorado to welcome 200 other Open World participants.

Rule of Law Program

Open World's specialized rule of law program is the largest U.S.-Russia judicial exchange. Working in close cooperation with federal judges associated with the International Judicial Relations Committee of the Administrative Office of the U.S. Courts, and with a network of state judges, Open World sponsors intensive, 10-day U.S. professional visits for Russian judges, judicial branch officials, prosecutors, defense attorneys, legal educators, and court staff. Since its inception in 2001, the pro-

gram has enabled prominent jurists from all over Russia to observe and participate in the U.S. judicial system and to form lasting working relationships with their American judicial hosts and counterparts.

Just last month, Justice Anthony M. Kennedy hosted a high-level Open World delegation at the U.S. Supreme Court for two days of intensive working sessions on U.S.-Russian judicial cooperation and the status of judicial reform in Russia. Our distinguished delegates were Russian Supreme Court Chief Justice Vyacheslav M. Lebedev, Justice Yuriy I. Sidorenko, who chairs Russia's Council of Judges, and a top regional judge. Chief Justice William H. Rehnquist and Justices John Paul Stevens, Sandra Day O'Connor, Antonin Scalia, Ruth Bader Ginsburg, David Hackett Souter, and Stephen G. Breyer all participated in the Russians' Supreme Court visit, as did U.S. District Judge Michael M. Mihm of Peoria, Illinois, and other prominent U.S. judges. Not only did the Russians discuss jury trials, judicial independence, and the rule of law with the highest judges in the land, they also saw the U.S. judicial system in action by observing oral argument at the Supreme Court and attending proceedings at the federal courthouse in Alexandria, Virginia.

As the Lebedev delegation visit illustrates, the Open World specialized rule of law program contributes to Russia's progress toward judicial reform by demonstrating the concepts and practices that underpin the United States' strong, independent judiciary. By observing and discussing the workings of the U.S. legal system with their American counterparts, participants have developed a better understanding of some of the new procedures that they are being required to adopt by Russia's judicial reform legislation, and they have demonstrated great enthusiasm for implementing many U.S. practices that are relevant to their own situations. Another important program outcome is the establishment and strengthening of a number of sister relationships between the courts of our U.S. host judges and those of their Open World participants. And American host judges have made return trips to Russia to participate in follow-up alumni work on the all-important issue of ethics.

In 2004, 258 participants (43 delegations) visited 30 communities in 25 states and the District of Columbia on the specialized rule of law program. A total of 31 federal and state judges hosted for Open World in 2004. An illustrative example of Open World's work in this important area:

Cultural Leaders Program

The late Academician Dmitri Sergeevich Likhachev was co-chairman of the original Russia-focused Open World Program in 1999. Likhachev was a lifelong advocate of the need for Russia to learn about and have contact with Western culture. The expansion of Open World to Russian cultural leaders is based on this principle.

In 2004, 44 young folklorists, writers, and jazz musicians participated in Open World exchanges designed to foster an understanding of American culture and how it is sustained. The goal is to forge better understanding between the United States and Russia by enabling Russian cultural leaders to experience American cultural and community life, and to share their talents with American artists and audiences. Performances and readings are an essential component of the visit.

The jazz musicians, creative writers, managers of folk arts institutions, and arts administrators who took part in the 2004 program were hosted by prominent arts organizations and educational institutions in five states. Each host community selected by Open World boasts rich cultural institutions and is the center of a flourishing arts scene.

The cultural leaders program has continued in 2005. Currently, the University of Mississippi is hosting four young Russian authors who specialize in poetry, fiction writing, literary criticism, and translation. The delegation participated in the twelfth annual Oxford Conference for the Book, and is taking part in translation workshops with students and faculty in the Ole Miss creative writing program and panel discussions on Russian and American culture. The National Endowment for the Arts provided financial support for this hosting.

Pilot Programs

Ukraine

Ukraine was selected for an Open World pilot program in 2003 because of its strategic position in Eurasia, its large and educated population, its mounting difficulties in democracy-building, and its important potential contribution to regional stability.

Elections formed a central focus for the Open World Program's 2004 Ukrainian exchange, which took place in August, when both the American and Ukrainian presidential campaigns were in full swing. The 50 Ukrainian participants came from 19 of the country's 27 regions and represented a wide range of political views. Two delegations of Ukrainian party activists, NGO election monitors, and campaign experts participated in the "electoral processes" theme, and three delegations of print and

broadcast journalists took part in the "independent media" theme, which included a concentration on political and election coverage. The five Ukrainian delegations that visited under the NGO development theme also had opportunities to learn about campaign practices and citizen engagement in politics in the United States.

In March, Open World held the first major post-Orange Revolution exchange in the United States, hosting 45 Ukrainian judges, journalists, elections experts, NGO leaders, and researchers. Their U.S. community visits, which had been rescheduled from December 2004 (when the presidential election was still unresolved by the courts), focused on the rule of law, elections, and the role of an independent media.

This exchange was very much a two-way learning process, as everyone the Ukrainians met with was interested to hear about the Orange Revolution and the current political climate. The Ukrainian delegates were here to strengthen ties to the United States and their own professional understanding of their role in a democracy. On arriving in Washington, delegates had frank and future-oriented discussions with Representative Marcy Kaptur of the Congressional Ukrainian Caucus, Supreme Court Justice David Souter, and two former U.S. ambassadors to Ukraine.

Ukraine Program in Ohio

The March exchange marked the debut of Open World's rule of law theme for the Ukraine program, and our highest-ranking judicial delegation was hosted in Columbus, Ohio, by state Supreme Court Chief Justice Thomas J. Moyer and Judge Robert Cupp of the Ohio Third District Court of Appeals. The visit began with a Ukrainian bread-and-salt welcoming ceremony at the Ohio Judicial Center and concluded with a live television broadcast of a symposium on Ukrainian democracy with the Ukrainians and Chief Justice Moyer. In between, the delegation—which included a Ukrainian Supreme Court justice—observed court proceedings, including a jury trial; took part in roundtables with Ohio judges; and met with Governor Bob Taft. Rule of law delegations simultaneously visiting Georgia, Minnesota, New York, and Pennsylvania had similar experiences.

Lithuania

Lithuania was selected for an Open World pilot because of its prospects for building a successful market economy and democracy and because of Congressional interest in including a Baltic country. Lithuania's independent parliament (Seimas) and historical ties with the United States made a legislative-based program very welcome.

Open World launched its Lithuania pilot program in 2004, bringing mayors, journalists, business and NGO leaders, environmental experts, and youth activists from nine of the country's 10 administrative districts to the United States in February and September. Lithuanian Ambassador Vygaudas Usackas held receptions for both travel groups at his embassy during their Washington, D.C., orientations.

Open World's newest program received high marks from the 100 Lithuanians who participated. Higher education, lobbying, business associations, health care, Social Security, and citizen participation in local government were rated among the most useful topics studied. In a representative comment, a delegate on a Fort Collins, Colorado, program on youth issues stated, "My best moments were when I realized that people in the United States work very hard in order to accomplish their goals, especially helping the youth. This motivates me to work harder in Lithuania."

Chicago, Illinois, hosted several of our inaugural Lithuanian delegations in 2004, with significant participation by the large Lithuanian-American community there. Among the highlights of the Chicago visits were a Q-and-A session for Lithuanian journalists at the Chicago Tribune, a fundraising workshop for NGO leaders at the Donors Forum, and, for a Lithuanian business-development delegation, a nuts-and-bolts overview of how U.S. business incubators work at the Industrial Council of Nearwest Chicago.

Uzbekistan

Uzbekistan was chosen for an Open World pilot on the basis of its large population, its cultural and intellectual prominence among the new independent states of the former Soviet Union that are principally Islamic, and its strategic position in Central Asia. The Open World Board believed that furthering democracy and a market economy in Uzbekistan would promote stability in the entire region.

Open World hosted its second Uzbek exchange in October 2004. The 50-person group included senior representatives from Uzbekistan's ministries of economics, finance, and public health; Central Bank officials; judges; prominent journalists; agricultural experts; women entrepreneurs; and health advocates. Delegates came from 10 of Uzbekistan's 14 political subdivisions.

Open World has received numerous reports on how participants have used the knowledge they gained while in the United States. A business consultant running

for the Nukus City Council campaigned on themes inspired by her U.S. visit: creating favorable conditions for private business through legislation and defending the rights of female entrepreneurs. The head of the Agro-Industrial Stock Exchange in Tashkent reports that, as a result of his visit to the Kansas City Board of Trade, his exchange has now introduced electronic trading.

A doctor who practices in the populous Fergana Valley conducted a workshop on premature infant care for 45 of her colleagues to share the neonatal techniques she had seen at Tampa General Hospital. And a Tashkent newspaper reporter is publishing two long articles, "Two-Story America" and "The White Stele [Monument] of Washington," that describe in detail how his impressions of America and Americans changed for the better as a result of his Open World visit to Chattanooga, Tennessee, and Washington, D.C. He writes, "The one thing that really impressed me in the United States is the people. To tell the truth, having watched Hollywood films, I expected to see an undisciplined public where people did whatever they felt like. But already in Washington, I was sincerely surprised by the proper and polite Americans that I met. On the street, people were smiling . . . and no one looked at us with unfriendliness. At the end of my stay in the U.S. capital, I felt as though I were at home in Tashkent."

Future Directions

In 2004 the Senate requested that Open World study the feasibility of expansion to Pakistan and Afghanistan. The Open World model, with appropriate U.S. in-country support, has demonstrated its suitability in a variety of environments. The key question for the Open World Board, which includes the Chairman of this Subcommittee, as well as the Chairman of the House Appropriations Committee, is to decide the allocation of available resources among the countries in which Open World is authorized. Recent concerns have been raised by Members of Congress about Belarus, Moldova, and Georgia. Congressional interest in Russia, Ukraine, Uzbekistan and Lithuania have remained strong. Yet Open World's annual budget has been modest since its inception. In the current budget environment, significant expansion is unlikely; therefore, decisions will be influenced by available resources.

A regional approach, centered in Russia, the western NIS, and Central Asia, would allow Open World to respond flexibly to U.S. strategic interests but avoid the upfront investment devoted to setting up a new country-focused program. Open World might offer a cost-effective means of delivering current exchange programs in a number of countries. If Congress so approves, the Board could request that a new regionally aimed model be developed for fiscal year 2007. The fiscal year 2006 budget request is based on the current country-specific model. The staff evaluation of the feasibility of pilot programs in Afghanistan and Pakistan is included as Appendix C.

FISCAL YEAR 2006 BUDGET REQUEST

The Center's budget request for fiscal year 2006 reflects an increase of $.612 million over fiscal year 2005, in order to continue the Center's proven mission of hosting young political and civic leaders from Russia and other countries of the region. The Board of Trustees believes that maintaining a robust Open World presence in Russia is necessary and important for future U.S.-Russia relations. Program capacity in fiscal year 2006 at the requested level remains far below the limitation of 3,000 set in the Center's authorizing legislation.

The budget request maintains hosting and other programmatic activities at a level of approximately 1,400 participants total (continuing a decrease in hosting levels begun in fiscal year 2003), based on airfare and other travel increases above the overall inflation rate, and projected higher foreign exchange rates. The Department of State Capital Security Cost Sharing charge for the Center's two Foreign National Staff is also included. Actual participant allocations for individual countries will be based on Board of Trustees recommendations and on consultations with the Committee.

Major categories of requested funding are:

—Personnel Compensation and Benefits ($.883 mil/11 FTEs)

—Contracts ($8.435 mil)

  —Management of delegate nomination and vetting process

  —Visa and other document processing

  —Travel arrangements, including international and domestic air travel

  —Management and coordination with grantees on delegate host placement

  —Database maintenance and development

  —Information services

—Grants ($4.354 mil) (U.S. host organizations)

  —Professional program development

—Food and (limited) lodging
—Cultural activities
—Local transportation
—Interpretation

The requested funding support is also needed for anticipated fiscal year 2006 pay increases. Overall administrative costs remain at a low 6 percent of the Center's annual expenditures.

OTHER PROGRAM CONTRIBUTIONS

Major financial support to the Open World Program is contributed by American citizens who host program participants in their homes and communities. Private American citizens freely provide cultural activities, community-wide activities, and housing for one week, which often reduces the program's per diem expenses—by a substantial amount when estimated over the life of the program. During 2004, Open World also received financial support from The Russell Family Foundation for support of environmentally focused programming and from TNK-BP for general support of Open World programming and alumni activity in Russia and Ukraine.

CONCLUSION

The fiscal year 2006 budget request will enable the Open World Leadership Center to continue to make major contributions to an understanding of democracy, civil society, and free enterprise in a region of vital importance to the Congress and the Nation.

I thank the Subcommittee for its continued support of the Open World Program.

APPENDIX A

OPEN WORLD LEADERSHIP CENTER BUDGET, FISCAL YEAR 2006

Description	Fiscal year 2006 estimated obligations
11.1 Personnel Compensation	$702,000
12.1 Personnel Benefits	181,000
21.0 Travel	80,000
22.0 Transportation	3,000
23.0 Rent, Comm., Utilities	204,000
24.0 Printing	21,000
25.1 Other Services/Contracts	8,435,000
26.0 Supplies	4,000
31.0 Equipment	16,000
41.0 Grants	4,354,000
Total, fiscal year 2006 budget request	14,000,000

APPENDIX B

OPEN WORLD DELEGATE QUOTATIONS

Russia

"During my Open World visit to America I was struck by the well-functioning educational system, social programs, and the people themselves, full of life and purpose, wanting to help others. Our mayor Aleksandr Yermoshin and vice-mayor for legislative relations Yuriy Sukhoruchenkov have also had the opportunity to travel to the U.S. on Open World. I consider that all that we saw and experienced has definitely influenced our work in municipal development. Key to our social policy are current programs for children, improving their health (infant mortality has decreased between 2002 and 2004), finding placement for orphans, providing therapy to children in dysfunctional families and those with disabilities, creating employment and activities for youth, and working with gifted children."

Yuriy Kostev
First Vice-Mayor of Aleksin, Tula Region
San Diego, CA

"While visiting the United States on the Open World Program I became aware of the genuinely constructive interaction that can exist between government bodies and the community. Upon my return home, I decided to take action. I told the peo-

ple of Voronezh how they can protect their right to adequate accommodations, and prevent unsuitable living conditions resulting from the inaction of local government. The 'Citizen Inspection' project was born, providing information (letters) from local authorities on budgetary information and deadlines for the refurbishment of houses and buildings in the community. I received many letters and telephone calls informing me about what really goes on in housing and communal services. This information led to the creation of the Citizen Inspection television program. A second project called 'My Rights' was also successful. This project provides information about property registration rights and opportunities. Our brochures describe the registration procedure, rates, and free services that the community can and must demand from the authorities."

Aleksandr Vladimirovich Sysoyev
Deputy, Voronezh City Duma
Milwaukee, WI

"A close working relationship exists between school and family in both Russia and the U.S. Parents and older classmates are actively recruited to work with children. Promoting a healthy lifestyle should begin with pre-schoolers."

Svetlana Safonova
Psychologist/Nakhodka City Department of General Professional Education Information and Curriculum Development Center
Denver, CO

"I became enamored with American crisis centers in Chicago where all resources—counselors, medical help, lawyers, etc.—are available in one place, unlike in Russia (where a child has to relive the horror of domestic abuse several times at several different agencies)."

Sergey Vitalyevich Belashev
Head/Children's Department Rostov-on-Don Psycho-Neurological Center
Chicago, IL

"It is clear that Americans rigorously defend their rights that are guaranteed by the Constitution. This also raised a sense of patriotism in us for our country and our Constitution. Order can be established through a set of laws in which all people are truly equal. This is one of the fundamental principles of civil society that we need to strive for. That is good enough reason to study the American example."

Alyuset Mezhmedinovich Azizkhanov
Freelance radio journalist and member of the Russian Journalists Association
Durham, NC

"These organizations [U.S. NGOs] have just a few paid workers. The vast majority spends it own time and effort and work without pay. We asked: 'For what?' And they answered: 'I need this, my children need this, my country needs this.' For us, volunteer efforts are surprising, for them it is the norm. What also surprised us is the belief of ordinary Americans that much depends on them in their personal lives as in the life of the city, state, and nation."

Mariya Abramova
Public and International Relations Specialist and Assistant to the Deputy Governor of the Tomsk Region Administration
Baltimore, MD

"America showed me our different attitudes in our relations between man and government and man and society. I learned from my host that she believes that her participation in the life of her country, community, and government matters and that the future of America depends on the actions of every American. This lesson allowed me to take a fresh look at my work for the past ten years. I first met the parents of Down's Syndrome children in the early 1990s. The government considered these children unteachable. Parents united to deal with the situation themselves. This resulted in a decorative arts workshop where some of the adults and teens with Downs Syndrome now work, in a group that prepares athletes for Special Olympics, and another group that works with severely mentally retarded children. So we discovered that those with Down Syndrome are teachable and employable and

that they should be taught and employed. I wanted to work with them, first as a volunteer and later as a professional art therapist. I now teach specialists how to teach the learning disabled. Never before was there such a demand for all my talents. Thank you, Fran Satina (OW host), I now know that I can change my country for the better."

Marina Rodkevich
Moscow City Psychologist and Art Director, "Same as You" organization
Akron, OH

"I was very impressed with the plans of Vicksburg, Tupelo, and Oxford, Mississippi. Although the population of Nizhniy Novgorod is more than one million people, much of the planning of these small towns could be applicable to Nizhniy Novgorod's own development. Strategic community planning at the city level is a new trend in economic development in the Russian Federation. As a new trend, it seems likely that we can adapt American experiences with such planning and effectively apply these principles in the development of Russian cities."

Galina Yuryevna Topnikova
Head/Social-Economic Development Projection Section, Nizhniy Novgorod City Administration, Economic Development and Planning Department
Oxford, MS

Ukraine

"I think it [his Open World visit] will expand all of my horizons, as well as everyone else's. I also have ambitions at some time in the future to help draft legislation for my country. I think these experiences will help that as well."

Judge Valentyn Paliy
Judge/Kyiv Commercial Court
Corvallis, OR

"We saw that Americans live in this democracy every day, but every day they create it. We realize more and more how difficult is the path ahead of us."

Maryna Bohdanova
Deputy chief editor and columnist/Ria weekly newspaper
Pittsburgh, PA

"The important thing about this program is that it will bring about change—change in the participants personally—and that it will serve as a stimulus for greater effort in Ukraine."

Olena Morhun
Crises Prevention Program Coordinator/ Woman for Woman Center
Washington, DC

"I was impressed with the members of the group with which I worked over the past ten days because I realized their immense potential in Ukraine, thanks to the high level of their competence and experience. It is very important that we met in this group from Ukraine, and I expect that we will continue our work there together."

Valentyna Kyrylova
Director/Osnovy Publishing House
Washington, DC

"Especially useful for me was to see democracy in action, exercising its influence on the government, and the role of society in the decision-making process of government."

Lyudmyla Merlyan
Head/Gender Committee of the Civil Parliament of Ukrainian Women
Washington, DC

Uzbekistan

"The one thing that really impressed me in the United States is the people. To tell the truth, having watched Hollywood films, I expected to see an undisciplined public where people did whatever they felt like. But already in Washington, I was sincerely surprised by the proper and polite Americans whom I met. On the street, people were smiling . . . and no one looked at us with unfriendliness. At the end of my stay in the U.S. capital, I felt as though I were at home in Tashkent."

Viktor Krymzalov
Special Correspondent/Private Property newspaper
Chattanooga, TN

"It wasn't just a trip to America; it was a trip to the future, the future that I thought would never see in my lifetime or in my country. Owing to this opportunity, I now know what it is, and I will try to bring something from the future that I saw back home to Uzbekistan."

Zhumanazar Melikulov
Deputy Editor-in-Chief/Fidokor newspaper
Chattanooga, TN

"I have unforgettable impressions of the Open World Program. My understanding of America as a country and Americans has completely changed. Before my trip, I had a very vague insight of what it is. My comprehension now: it is a great country, which is as it is owing to its free, honest and direct people. I was impressed by a high motivation and energy of American entrepreneurs and especially by the fact the legislation and the system as a whole support them. The significant result of my trip was elaboration of a new system for exchange trade—Internet—trading. I'm proud to say that we've implemented it successfully and today there is no analogy of it in CIS countries. I'd like to take this opportunity to express my gratitude to the organizers of the Open World Program."

Temur Valitov
Chair/Agro-Industrial Exchange
Kansas City, KS

Lithuania

"My best moments were when I realized that people in the United States work very hard in order to accomplish their goals, especially helping the youth. This motivates me to work harder in Lithuania."

Youth Issues program participant
Fort Collins, CO

"Local grass-roots initiatives really left a big impression on me. I have both learned how to better communicate with city and village communities and realized the need to consult with them more regularly on policy issues."

Virgilijus Skulskis
Head, Information and Analysis Department/Institute of Agrarian Economics
Middlebury, VT

"In Vermont, much of your success depends on the trust you've built through working relationships. This is something that we need to improve among ourselves."

Linas Vainus
Project Manager/Atgaja Green Movement
Middlebury, VT

"While we did not even know each other as recently as last week, it now feels like we have known each other for a long time—like classmates, and I know that we will be friends for a long time to come."

Algirdas Ronkus
District Administrator/Klaipeda District Municipality
Omaha, NB

"I was surprised to find out that many NGOs in the United States work without any government support . . . Our NGOs should follow this example rather than expecting support from the government."

Women's Issues and NGOs program participant
Portland, OR

"At the Shelburne town meeting we understood that this was a useful way for a small community to influence local government's decision-making process . . . We were able to make new contacts and an idea for a project in Lithuania emerged."

NGO development program participant
Burlington, VT

APPENDIX C

ASSESSMENT OF PROPOSED OPEN WORLD EXPANSION INTO AFGHANISTAN AND PAKISTAN

Background.—In December 2004, Public Law 108–447 expanded Open World program eligibility to any other country that is designated by the Open World Leadership Center Board of Trustees, provided that the Board notify the House and Senate Appropriations Committees of such a designation at least 90 days before it is to take effect. During Senate floor consideration of the Open World legislation, Open World Board Chairman James Billington and Open World staff were requested explore the possibility of expanding the program to Afghanistan and Pakistan, two countries crucial to U.S. interests. (Congressional Record, Sept. 21, 2004, S9425.)

Summary of Assessment Efforts to Date.—Open World staff met with Congressional Research Service experts on the region, the Library of Congress Field Director at the U.S. Embassy in Islamabad and his staff, and Open World grantees with hosting experience in both target countries. Open World contractors conducted logistical assessments and contacted key State Department, embassy and AID personnel.

Overall Comment.—Each country has different, overarching obstacles to applying the Open World model successfully. Afghanistan's societal structure and civil society have very little in common with what is found in the United States. Pakistan's population is so large and diverse that it is questionable how much impact a program involving only a few hundred delegates would have (details below).

Afghanistan

Political Situation.—Afghanistan is stabilizing after more than 22 years of warfare, and the successful presidential election appears to be accelerating political and economic reconstruction. The United States is committed to a secure and stable Afghanistan. Many observers are looking forward to the September 2005 parliamentary elections and the next major step toward stable governance.

Viability of Open World Candidates/Themes.—Afghanistan currently has very few identifiable civic leaders because there are few identifiable elements of civil society, but small U.S. exchange programs have been implemented. (For example, in 2004, Meridian International, an Open World grantee, hosted 30 Afghans in themes such as civil society, local government, democracy building, cultural heritage, and civic education.) These exchanges do not have homestays, but do include visits to American homes. Women travel in all-female groups. Delegates do not have English-language capability.

Embassy Support.—It would be very difficult for the U.S. Embassy to lend logistical support to an Open World program, both for security and workload reasons, but the embassy would need to handle the actual selection process and is willing to do so under the scenario given in the recommendation below.

Visas.—All candidates must be flown to Islamabad for their visa interview. A minimum of six weeks is required from the time of the interview until a final decision is made on issuance or nonissuance of the visa. In 2004 there was a high incidence of nonissuance to Afghan exchange candidates.

Costs.—The estimated cost is $18,000–$19,000 per person, almost 150 percent above the cost for a Russia civic program delegate.

Recommendation.—State Department officials have expressed support for an Open World pilot program for new Afghan parliamentarians that would bring them into direct contact with their American federal and state legislative counterparts. If Congress directs Open World to implement a pilot program, Open World staff would recommend hosting one pilot delegation of 8–10 parliamentarians and/or parliamentary staff following the September 2005 parliamentary elections.

Pakistan

Political Situation.—Hopes that the October 2002 national elections would reverse Pakistan's history of unstable governance and military interference in democratic institutions were eroded by the actions of the Musharraf government. The United States has continued to express concern over lack of progress on political rights and civil liberties, but Pakistan's stability and cooperation in the war against terrorism are of vital importance to the United States.

Viability of Open World Candidates/Themes.—Exchange programs in Pakistan are well established and growing. Several Open World grantees have extensive experience hosting Pakistani participants. Certain segments of urban Pakistani society are very well educated, know English, and are enthusiastic about interacting with Americans. We continue to assess whether this segment of society would benefit from Open World programs, which usually reach into the far regions of participating countries. Because of the current security situation in Pakistan, travel by State Department employees from the embassy and consulates is restricted. This limits their ability to identify qualified candidates for exchange programs outside Islamabad.

Visas.—The visa application process takes a minimum of six weeks and there is a high rate of rejection, especially for males. The Library of Congress Field Office will report to us in late March on their discussions with the consular section to identify more specifically the level of support for Open World available under current staffing and security conditions.

Costs.—$12,000 per person (nearly twice the cost for most Open World Russia delegates)

Recommendation.—If Congress directs Open World to implement a pilot program, Open World staff would recommend hosting one or two delegations of 8–10 delegates each on Open World's Federalism or Women as Leaders themes.

PREPARED STATEMENT OF MARYBETH PETERS

Mr. Chairman and Members of the Committee:Thank you for the opportunity to present the Copyright Office's fiscal year 2006 budget request.

For fiscal year 2006, the Copyright Office is seeking the Committee's approval of one major request for the Office and support for two of the Architect of the Capitol's (AOC) requests on behalf of the Copyright Office. First, in the BASIC appropriation we are requesting a $4.161 million increase in new net appropriation authority and a $500,000 decrease in offsetting collections authority. Four million dollars of the requested funds will be used for offsite lease costs to temporarily relocate the Office while its existing space in the Madison Building is under construction. I am pleased to report that we have made great progress on our Reengineering Program and expect full implementation in the first half of fiscal year 2007. The remaining $161,000 is a request for restoration of the fiscal year 2005 rescission. Additionally, in recognition of new legislation that terminated funding, we are requesting a $1.872 million decrease in the CARP offsetting collections authority.

As part of AOC's budget, we request your support to provide $5.5 million for reconstruction of existing Copyright Office space in the Madison Building to accommodate the reengineered processes and new organizational structure. Also, as part of the AOC's budget, we request $800,000 to do a design study for construction of a Copyright Deposit Facility at Fort Meade. This facility will provide environmental conditions for copyright deposits that allow us to meet our legal requirements to retain, and be able to produce copies of, these works.

I will review these requests in more detail, but first will provide an overview of the Office's work.

REVIEW OF COPYRIGHT OFFICE WORK AND ACCOMPLISHMENTS

The Copyright Office's mission is to promote creativity by sustaining an effective national copyright system. We do this by administering the copyright law; providing policy and legal assistance to the Congress, the administration, and the judiciary; and by informing and educating the public about our nation's copyright system. The demands in these areas are growing and becoming more complex with the evolution and increased use of digital technology.

I will briefly highlight some of the Office's current and past work and our plans for fiscal year 2006.

Policy and Legal Work

We have continued to work closely with the Senate Committee on the Judiciary and its House counterpart. In July I testified on S. 2560, the Inducing Infringement

of Copyrights Act of 2004, which would have created a new cause of action for intentionally inducing copyright infringement. After the hearing the bill's sponsors, Senators Hatch, Leahy, Frist, Daschle, Graham of S.C. and Boxer asked me to meet with the interested parties to discuss alternatives, evaluate whether these parties could reach consensus on an approach to this legislation, and to provide them with the Office's recommendations. The parties failed to reach consensus, and late in September I submitted our recommended approach which accommodated the legitimate concerns of all parties, provided a basis of moving forward, while at the same time meeting the goals of the bill's cosponsors. Unfortunately, there was not sufficient time to move this bill forward in the remaining days of the 108th Congress.

The Office's general counsel testified on my behalf on the Satellite Home Viewer Extension Act of 2004, which was enacted as part of Public Law 108–447, and we assisted in reform of the Copyright Arbitration Royalty Panel System (the Copyright Royalty and Distribution Reform Act of 2004, enacted as Public Law 108–419).

I testified in the House, and we worked closely and extensively with staff, on the proposed Family Movie Act, which is now part of S. 167, the Family Entertainment and Copyright Act, passed by the Senate on February 1, 2005. H.R. 357, the House's companion bill, cleared the House Judiciary Committee on March 9, 2005. We have also worked extensively on issues concerning the existing compulsory license for the making and distribution of phonorecords of musical compositions, including digital phonorecord deliveries of music. Other issues included proposals to create criminal and civil penalties for camcording by individuals in theaters, providing statutory damages for "pre-release works," and creating a system of pre-registration for certain classes of "pre-release works," which are included in S.167 and H.R. 357, mentioned above.

On January 5, 2005 Senators Hatch and Leahy asked me to study the issue of "orphan works," copyrighted works whose owners are difficult or impossible to locate, and to report our findings and recommendations to them by the end of the year. We are in the process of seeking initial comments on the scope of the problem and possible solutions. The Office also intends to hold hearings during the year.

During fiscal year 2006, the Office will initiate and conduct most of the required work on its triennial rulemaking on exceptions from the section 1201 prohibition on circumvention of technological measures that control access to copyrighted works. The purpose is to determine whether there are any particular classes of works as to which users are, or are likely to be, adversely affected in their ability to make noninfringing uses due to the prohibition. (In 2003, the Librarian of Congress, upon the recommendation of the Register, exempted four narrow classes until October 27, 2006.) Comments proposing exemptions will be solicited, comments on the proposals will be sought, and hearings will held.

The Office has been extremely active in a number of important copyright cases, many of which challenged the constitutionality of various provisions of the Copyright Act. In these cases the Office assisted the Department of Justice in defending the law. The Office also assisted the Department of Justice in the government's Supreme Court amicus brief of the United States in *MGM Studios* v. *Grokster, Ltd.*, on whether providers of "file sharing" network software can be held secondarily liable for copyright infringement when the vast majority of uses of the providers' network constitute copyright infringement. (Oral argument was heard on March 29, 2005.)

As always, the Office continued to provide ongoing advice to executive branch agencies on international matters, particularly, the United States Trade Representative, the Department of Commerce and the Department of State, and participated in numerous multilateral, regional and bilateral negotiations.

Registration including Renewals and Recordation

Registration of authors' and other copyright owners' claims to copyright, including claims in renewals, and recordation of documents, such as assignments, security interests, and mergers are important parts of the U.S. copyright system. The Office has significantly improved its delivery times for registration and recordation services since 2001.

During fiscal year 2004, the Copyright Office received 614,235 claims to copyright covering more than a million works and registered 661,469 claims received during fiscal year 2003 and 2004. Registration is now two and a half times speedier than in 2001, when the average time between receipt of a claim and the issuance of a registration certificate was 200 days. At the end of fiscal year 2004, the Office has shortened the average time to process a claim to 80 days.

The Copyright Office records documents relating to copyrighted works, mask works, and vessel hull designs and creates records of those documents. These documents frequently concern popular and economically significant works. The Office re-

corded 14,979 documents covering more than 470,000 titles of works in fiscal year 2004. At the end of the fiscal year, the average time to record a document was 33 days, more than six times faster than the average of 210 days in fiscal year 2001.

These achievements took place during a period of increased security concerns. In early February 2004, ricin-contaminated mail was delivered to a Senate Office. This incident stopped the Office's postal mail delivery for an entire month while enhanced screening processes were put in place. The disruption affected mail processing until early June, when the last of the delayed mail was delivered. The Office worked to restore normal processing levels, and the improvement in timeliness reflects efforts to overcome the disruption.

However, processing time for the creation and making available of online cataloging records increased in fiscal year 2004 because of the Office's focus on improving the efficiency of registration processing. The result was an increase in the Cataloging Division's work on hand. For the remainder of fiscal year 2005, the Office will concentrate on improving processing time for these records.

With respect to renewal registrations, the Office is facing the fact that the number of renewal registrations will decrease significantly in fiscal year 2007. Renewal registrations only apply to works that were copyrighted before January 1, 1978, the effective date of the current copyright law. Before 1978, if a work was published with the required notice of copyright or an unpublished work was registered with the Copyright Office, it received an initial term of copyright protection of 28 years, and a renewal term that initially was 28 years and today is 67 years. To receive the renewal term, a renewal registration had to be made in the last year of the initial term, i.e., the 28th year. The last year for 28th year renewals is the end of this year, December 31, 2005.

Additionally, the law was changed in 1992 to make renewal registration voluntary. There are certain benefits that are gained by renewing in the 28th year. However, if no renewal claim is registered in the 28th year of the term, renewal is automatically secured on the last day of that year. The 1992 law applies to works copyrighted between January 1, 1964 and December 31, 1977. However, even if renewal is automatically secured, i.e., no renewal application was submitted in the 28th year of the initial term of copyright, a renewal claim may be submitted after the 28th year and some benefits flow from such a registration. A number of such registrations are made each year.

When renewal registration was required, the Office registered approximately 52,000 claims. Since the enactment of the automatic renewal provision in 1992, the number of renewal claims decreased each year. Last year the Office received approximately 17,000 renewal claims. We believe that between 1,500 and 2,000 renewal claims were post 28th year renewals. Our records show that approximately 5,500 renewal claims were received in October, November and December, 2004. The renewals unit consists of a staff of five.

The Office currently receives approximately $1 million a year for renewal services. We project that the Office will take in significantly less money in fiscal year 2006 for the 28th year renewals received in October, November, and December 2005 and for renewals submitted after the 28th year. During fiscal year 2006 we will assess the impact of this loss of revenue and the decreased workload. However, it is likely that in the fiscal year 2007 budget submission, the Office will request a permanent decrease in its offsetting collections authority and a reduction in FTEs.

Public Information and Education

The Copyright Office responded to 381,845 requests for direct reference services and electronically published thirty issues of its electronic newsletter NewsNet a source that alerts subscribers to Congressional hearings, new and proposed regulations, deadlines for comments, new publications, other copyright-related subjects, and news about the Copyright Office to 5,297 subscribers.

The Office website continued to play a key role in disseminating information to the copyright community and the general public. The Office logged 20 million hits by the public in fiscal year 2004, representing a 25 percent increase over the previous year. The Spanish language pages on its website received approximately 130,000 hits during the fiscal year.

The website received an updated look to coincide with the January 1, 2004, introduction of the new office seal, logo, and wordmark. The website displayed the new symbols along with new colors derived from those used in the Office's printed materials. The pages' appearance was also standardized, streamlined, and designed for faster loading. The Department of Health and Human Services selected the Copyright Office website as an example of a government site that meets user expectations with regard to navigation, content, and organization.

The Copyright Office, with the Library's Office of Strategic Initiatives, initiated the Copyright Records Project to determine the feasibility of digitizing millions of Copyright Office paper records covering 1790–1977. In 2004, the project team researched and documented the various types of paper records, developed a strategy, and issued a Request for Information seeking expressions of interest. In early fiscal year 2005 three potential vendors conducted a test of their capabilities to digitize and index sample records and we expect a report on the results by the end of April 2005.

Licensing Activities

The Copyright Office administers the copyright law's statutory licenses and obligations. The Licensing Division collects and distributes royalty fees from cable operators for retransmitting television and radio broadcasts, from satellite carriers for retransmitting "superstation" and network signals, and from importers and manufacturers of digital audio recording products for later distribution to copyright owners. In fiscal year 2004, the Office collected $212.9 million in royalty funds and distributed $154.1 million to copyright owners.

With the passage of the Copyright Royalty and Distribution Reform Act of 2004 (Public Law 108–419), a new program was established in the Library of Congress, the Copyright Royalty (CRJ) program, which assumed most of the functions of the Copyright Arbitration Royalty Panels (CARPs). The interim Chief Copyright Royalty Judge is submitting a separate statement to request funding for the new CRJ Program.

FISCAL YEAR 2006 BUDGET REQUEST

Reengineering Program

The Copyright Office's seven-year Reengineering Program initiative is to redesign delivery of its public services. This program is customer driven to prepare our Office for the future growth in electronic submissions. The Office had planned for the reengineering implementation to be fully funded and completed in fiscal year 2006, to include moving staff offsite so that its space in the Madison Building can be renovated in one phase. However, due to infrastructure and offsite lease requirements, the program cannot be completed until the first half of fiscal year 2007.

The relocation of the Copyright Office staff and the Madison Building construction need to be done concurrently. Because of the complexity and integrated nature of the various steps in the registration and recordation processes, they must be located in one place. The Library of Congress does not have sufficient swing space to accommodate such a large group of staff and operations; therefore, there is no choice but to relocate most staff to leased offsite space.

The $4 million request for new one time funding is to cover most of the fiscal year 2006 expenses associated with moving staff offsite, specifically lease and utilities, furniture rental, security guards, and voice and data line leases. With the committee's support for the new fiscal year 2006 funding, the Office will relocate staff to leased offsite space, reconfigure its main facilities, install new equipment and staff workstations, and bring the new IT systems infrastructure online. In late 2006, staff will move back from the leased offsite location to a new organizational structure to begin reengineered operations. This represents the fourth and last net appropriations increase to the Copyright Office BASIC appropriation base to complete the Reengineering Program. The project will be fully implemented in fiscal year 2007 with no new funding requested for fiscal year 2007. Rather, the Office plans to reduce its net appropriation base in fiscal year 2007 and return non-recurring Reengineering Program funds.

The reengineering initiative is contingent upon the AOC receiving its fiscal year 2006 request for $5.5 million to undertake the construction of the current Copyright Office space in the Madison Building.

Sustaining Staff Capacity

Because of the fiscal year 2005 rescission, the Copyright Basic fund reduced pay by $161,000. The Library is requesting the restoration of the $161,000 in fiscal year 2006 to maintain payroll purchasing power needed to sustain staff capacity.

Copyright Deposit Facility at Fort Meade

The Copyright Office is required by law (title 17) to retain unpublished copyright deposits for the full-term of copyright, which is life of the author plus 70 years, and published deposits for the longest period considered practicable and desirable by the Register of Copyright. A retention period of 120 years has been established for the unpublished deposits and 20 years for the published deposits. A certified copy of a

copyright deposit may be used in legal proceedings as evidence of the scope of copyright in a work.

Currently, the Copyright Office archives more than 800,000 copyright deposits annually in a variety of media as part of the registration process which results in an annual storage increase of approximately 3,500 cubic feet of published deposits and records and 3,500 cubic feet of unpublished deposits. From fiscal year 2007 through 2020, the storage requirement is projected to expand to a total of approximately 245,000 cubic feet.

Copyright deposits are currently stored at two locations: leased space in Landover, Maryland, a GSA facility, and at a commercial records management facility in Sterling, Virginia, managed by Iron Mountain. Both facilities are subject to wide temperature variances and high humidity levels, and therefore fail to provide the appropriate environmental conditions necessary to ensure the longevity of the deposit materials. According to the Library of Congress Conservation Division, continued storage under present substandard environmental conditions will accelerate the aging of the deposit material and reduce the useful life span by 75 percent, placing these deposits at risk, especially after 25 years.

In 1994, the U.S. Army transferred a 100-acre site at Fort Meade, Maryland, to the Architect of the Capitol (AOC) for use by the legislative branch for the construction of storage modules. The master plan envisioned 13 buildings for the Library of Congress of which one was dedicated to the storage of copyright deposits. Both the design and construction documents were completed in August 2003. In recognition of the tight budgetary environment, the Copyright Office is recommending that the Fort Meade facility be redesigned for modular construction so that the facility can be built in phases in order to spread out the costs over multiple funding cycles. The AOC is requesting $800,000 in fiscal year 2006 funds for this redesign effort with construction of the initial phase being deferred until fiscal year 2008. We ask your support for this request.

CARP offsetting collections authority

The Copyright Arbitration Royalty Panels (CARP) system funded by royalty fees and by participants is being replaced by the Copyright Royalty Judges (CRJ) Program, created by the Copyright Royalty and Distribution Reform Act of 2004, signed into law on November 30, 2004. However, there are still some proceedings that will or may operate under the old CARP system during fiscal year 2006. In accordance with the Satellite Home Viewer Extension and Reauthorization Act of 2004, signed into law on December 7, 2004, the satellite carrier statutory license rate setting procedures will be conducted by CARPs. Therefore, the cost of the arbitrators for the CARP proceedings will be paid for by the participants, and staff and other expenses will be funded from the royalty pools. The Office is requesting a $1.872 million decrease in the CARP offsetting collections authority, leaving $300,000 to fund the fiscal year 2006 program.

CONCLUSION

Mr. Chairman, I ask that you support the fiscal year 2006 Copyright Basic budget request for a one time $4 million increase in net appropriations and a $500,000 decrease in offsetting collections for the BASIC appropriation to implement the Reengineering Program, and a $1.872 million decrease in offsetting collections authority in the CARP appropriation. Your support is also requested to approve the $5.5 million in the AOC budget for reengineering costs to construct the redesigned facilities.

Our fiscal year 2006 request permits us to move forward on the facilities work critical to the final implementation of our Reengineering Program. We appreciate the past support you have given us for this project. We are now at the point that we cannot turn back, and, with your continued support, we look forward to bringing the Office into the electronic environment that is so prevalent today.

I thank the Committee for its past support of the Copyright Office requests and for your consideration of this request in this challenging time of transition and progress.

PREPARED STATEMENT OF BRUCE FORREST, INTERIM CHIEF COPYRIGHT ROYALTY JUDGE

Mr. Chairman and Members of the Committee: Thank you for the opportunity to present the Copyright Royalty Judge program fiscal year 2006 budget request.

The Copyright Royalty Judge (CRJ) system was created by the Copyright Royalty and Distribution Reform Act of 2004, Public Law 108–419, signed into law on No-

vember 30, 2004 ("Reform Act"). The Copyright Royalty Judges will assume the duties formerly carried out by the Copyright Arbitration Royalty Panels and the Librarian of Congress with respect to setting rates for the statutory copyright licenses (with the exception of certain rate-setting proceedings being conducted this year for the satellite television license under 17 U.S.C. § 119, which remain under the CARP system) and distributing royalties from the royalty pools maintained by the Copyright Office. The CRJ program will provide an important improvement over the CARP system because it lowers the cost to the participants, requires decision makers to have certain subject matter expertise, and makes use of institutional knowledge to render consistent decisions.

The Reform Act specifies that the new CRJ system, which will be part of the Library of Congress, will have three Copyright Royalty Judges (CRJs) and three staff employees. The three judges will be responsible for setting the rates and terms for the statutory licenses that allow for: (1) the retransmission of copyrighted broadcast programming by cable systems and satellite carriers; (2) the making and distribution of phonorecords; (3) the reproduction and performance of sound recordings by means of digital audio transmissions; and (4) the use of certain copyrighted works in connection with noncommercial broadcasting. In addition, the judges will conduct distribution proceedings for the cable and satellite royalty fees deposited with the Copyright Office and the fees collected for the making and distribution of digital audio recording devices and media. The CRJs will have authority, unlike the CARPs, to determine the status of a digital audio recording device or digital audio interface device under chapter 10 of the Copyright Act. The CRJ program also vests the judges with the continuing authority to correct any technical or clerical errors, or to modify any terms in response to unforeseen circumstances, and grants them authority to promulgate notice and recordkeeping requirements for use of certain licenses.

Congress took care to insure that the Copyright Royalty Judges would have adequate qualifications to perform these highly technical and difficult tasks. Under the Reform Act, each Copyright Royalty Judge must be an attorney with at least 7 years of legal experience, and the Chief CRJ must have at least 5 years of experience in adjudications, arbitrations, or court trials. Of the other two Judges, one must have a significant knowledge of copyright law and the other must have a significant knowledge of economics.

REVIEW OF COPYRIGHT OFFICE WORK AND ACCOMPLISHMENTS

In fiscal year 2005, you approved the Library's request to reprogram $540,000 and three FTEs from the Copyright Arbitration Royalty Panels (CARP) to the Copyright Royalty Judge program, since the Library's fiscal year 2005 budget did not include funds to cover the costs of the new program. This allowed the Library to use existing offsetting collections authority funded by royalties to cover the personal and nonpersonal costs of the new CRJ program during the transition phase of the program, as provided for under the Act. As required by the Act, one interim CRJ has been sworn in to draft new regulations to govern the rate setting and distribution proceedings under the new statutory guidelines and to initiate immediately a rate setting proceeding to establish rates for the statutory licenses that allow for the public performance of sound recordings by means of digital transmissions, e.g., webcasting.

FISCAL YEAR 2006 BUDGET REQUEST

This fiscal year 2006 budget, which is the first budget request for Copyright Royalty Judge (CRJ) operations and proceedings under the Reform Act, requests new permanent funding ($1.3 million) in appropriations with no-year authority. The level of funding is essentially ordained by the requirements of the Reform Act. The funding will support three full-time Copyright Royalty Judges and three staff positions, whose salary levels are specified in the Reform Act, and other non-personal expenses. The CRJs' primary task will be to set rates and terms for the various statutory licenses and to determine the distribution of royalty fees collected by the Copyright Office.

In summary, I ask that you support the fiscal year 2006 Copyright Royalty Judge Program budget request for new permanent $1.3 million increase in total appropriations.

CONCLUSION

I thank the Committee for its consideration of this request.

Senator ALLARD. Thank you very much, Dr. Billington.

General Scott, do you have any additional comments for the committee?

General SCOTT. No, sir, I do not.

Senator ALLARD. Okay, thank you.

Now I will recognize Senator Johnson for his opening comments.

STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Well, thank you, Mr. Chairman. I will forego opening statements. I have a statement I can submit. I simply want to welcome Dr. Billington and Mr. Walker to the hearing today and thank them for their leadership. I look forward to working with you as well as ranking member Durbin as we wind our way through the appropriations process in a year that is going to be a difficult one for all of us.

Thank you, Mr. Chairman, and thank you again to our panel today.

[The statement follows:]

PREPARED STATEMENT OF SENATOR TIM JOHNSON

Thank you, Mr. Chairman, for calling today's hearing to examine the budget requests for the Library of Congress and the Government Accountability Office. I want to first welcome you, Mr. Chairman, to the Appropriations Committee and as the chairman of the Legislative Branch Subcommittee. I look forward to working with you and Ranking Member Durbin as we work on the Legislative Branch appropriations bill this year.

I also want to welcome Dr. Billington and Mr. Walker to the hearing today. So much of what we do here in Congress is made easier and better because of the work done by the Library of Congress and Government Accountability Office. The Library, with such a unique array of collections, is truly a national treasure. I enjoyed visiting the Library to see the Lewis and Clark exhibit that was on display in the Jefferson Building. I had a particular interest since the Lewis and Clark expedition came through South Dakota and reportedly first saw the vast buffalo herds of the Great Plains from Spirit Mound near my hometown of Vermillion, South Dakota.

The Library's Congressional Research Service continues to be one of the best sources of information and analysis provided to members and our staffs on even the most obscure subjects. I want to publicly thank the dedicated staff at CRS for their timely and thorough responses to inquiries from our offices.

Mr. Walker, I also want to thank you and everyone at GAO for the professional work done under what can sometimes be extraordinary circumstances. Without GAO's investigative abilities, Congress would be hard pressed to fulfill its oversight role. My staff and I have relied upon GAO to look into matters ranging from country of origin meat labeling to No Child Left Behind Act implementation in rural states. Thank you for the work GAO does to assist us in Congress, especially GAO's ongoing assistance to this Subcommittee on the Capitol Visitor Center.

I look forward to your testimony and to working with both of you in the coming months as we move through the appropriations process. Obviously, we find ourselves in a very difficult budget situation, so funding will be tight across the board. However, the roles the Library of Congress and GAO play are vital to helping Congress meet its constitutional responsibilities.

Thank you again, Mr. Chairman.

FUNDING PRIORITIES AND CHALLENGES

Senator ALLARD. Thank you, Senator Johnson. Just for your information, we are going to use the 5-minute rule and we will rotate around a little. If we have to have several rounds of questioning, we will do that. My hope is that we will get out this morning about 11:45 or so, when we have scheduled votes on the floor.

Let me start with you, Dr. Billington. You talked a little bit about the budget priorities. The Library's budget request is an increase of $45 million or 7 percent over the current year budget. In

the event we are unable to provide the full amount requested, please explain what your highest budget priorities will be?

Dr. BILLINGTON. Well, our budget request basically supports every aspect of our basic historic mission and enables us to continue, hopefully, our transition to the new digital world. That mission is, as I have indicated, acquiring, preserving, making accessible this enormous collection.

The business of acquisition and preservation cannot be deferred. Maintenance cannot be deferred for very long, and basic services I do not think should be curtailed, although that is ultimately for the Congress to determine. But to maintain our historic role in knowledge management, the traditional key to the investments we seek are to maintain our construction schedule, long delayed, for storage and preservation at Fort Meade and Culpeper, to regain some of our purchasing power for acquisitions, which has been seriously eroded over the last 10 years for acquisitions and for CRS research materials. Of course reengineering our business processes for outdated manual systems, particularly this last year of the copyright program, is important. And of course the whole question of revitalizing our human capital resources and infrastructure, particularly information technology, is of central importance.

NAVCC—CULPEPER

Senator ALLARD. Thank you, Dr. Billington.

I also want to just take a moment here and thank the Packard Foundation for their generous support of the National Audiovisual Conservation Center. Hopefully, later on in the year I would like to have an opportunity to go out there and take a look at that facility.

The Library's budget requests $16 million and 47 FTEs, an increase of 23 new positions, for the National Audiovisual Conservation Center, which is scheduled to open next year. Why are these additional staff needed now and what will be the total annual operating cost for the NAVCC once it is fully operational?

Dr. BILLINGTON. Well, the increase is 23 FTEs. First of all, the Packard donation is a capital donation that is almost unprecedented.

Senator ALLARD. It is.

Dr. BILLINGTON. It is somewhere between $120 and $130 million. So the building is basically being built with private funds. The increase of FTEs, first of all, is consistent with the 5-year plan we submitted and was approved by the Congress 3 years ago. But the point is that we are not simply relocating people and materials to a new facility. We are creating a national conservation center, which we have never really had, with a new digital preservation system for audiovisual materials that will allow the Library to preserve the collection for at least 100 years, the same standard that we have for paper.

So this is a totally new achievement that will be made possible. The new technical system and the enhanced capacities of the conservation center require additional and more technically qualified staff. Even with the increase in staffing, total funding requested in the Federal budget for this year for the Culpeper center is $3 million less than the funding was last year.

Our new restoration lab that we are setting up there will operate 24 hours a day and the new system will allow us to increase preservation productivity 10 times the current rate. So this is a fundamental revolutionary escalation of our capacity to exercise and realize the congressional mandate of 1976 to create a real national archive for the preservation of radio and television, as well as recorded sound, film, and other audiovisual materials.

So it is a major undertaking. I cannot give you today the exact projection figures for what the operating costs will be. I do not want to just guess at that. But a good deal of what we have been asking the last couple of years for the appropriation are one-time things to get us in there, to get us established. So I think we have to get over that bump. But that is a small bump compared to the mountain that the Packard Foundation is contributing.

Senator ALLARD. Well, we would appreciate that response. We will be looking forward to getting those figures and showing some more detail on that.

[The information follows:]

The Library's five-year request to Congress to acquire the new equipment and staff resources necessary to operate the NAVCC concludes in fiscal year 2008. Full initial operations, using existing base funds and new resources will start in fiscal year 2009, with ongoing annual operating costs beginning that year of $22.5 million. This figure includes $6 million for preservation digitization, $3.5 million for storage, $1.5 million for facilities management, and $11.5 million for staff. It includes existing base funds and staff from the Motion Picture, Broadcasting and Recorded Sound Division. The operating capacities reflected in these costs were established based on our urgent need to preserve at-risk national heritage collections dating back nearly 120 years, as well as the need to begin ingesting significant new born-digital works. Fortunately, the proven technologies to achieve this have recently become available, and the Packard Humanities Institute gift of the state-of-the-art NAVCC facility will allow us to take advantage of these technologies for the first time.

Senator ALLARD. Senator Johnson.

Senator JOHNSON. I do not have any questions.

FORT MEADE STORAGE

Senator ALLARD. Senator Johnson indicates he does not have any more questions, so I will move on to Fort Meade storage modules. The Architect's budget includes $40 million for additional storage modules at Fort Meade. I would like to have you explain the importance of these storage modules and what the future requirements the Library expects to have at the Fort Meade location. My understanding is that there will be a considerable number of modules that are being projected out over the years to bring into that Fort Meade location.

Dr. BILLINGTON. Well, let me just say briefly, and I can let General Scott speak mainly to this, but the purpose of the two modules, Modules 3 and 4, is to house 26 million special format collections, including maps, prints, photographs, microfilm, manuscripts, things of a special nature, almost all of which are one of a kind.

Senator ALLARD. Excuse me for interrupting you, Dr. Billington. Are they refrigerated or special humidity controlled?

Dr. BILLINGTON. Modules 1 and 2 are for book storage. The beauty of these new modules is that they are really not simply storage, they are—for instance, from Module 1, we have had a 100 percent retrieval rate on all things; it happens within 24 hours. So they are very efficient for storing and retrieving. But most important of all

the collections to be stored in Modules 3 and 4 are practically all one of a kind items of which there are no other copies. They will be in state-of-the-art preservation conditions, which is important, as with the Culpeper audiovisual collections. So the creation of these Modules is an investment simply prolonging the lifespan of priceless things, of which we are the custodian of so many, in this case 26 million items in the special format collections, which cannot be just stacked the way books are, but have to be handled in a special manner.

So that is it. But I will let General Scott speak further to the whole project, except to say that we submitted a detailed plan for the various modules quite some time ago with the Congress. So we are on schedule, even though we were 5 years behind getting construction started according to the original plans and are already 1 more year delayed beyond the 5 years for these important modules for these special collections.

Senator ALLARD. And you do not see any change on those plans that were submitted, any modifications or anything? The time line is the same; it is just the total time line has been moved back?

Dr. BILLINGTON. That is right, that is right.

Senator ALLARD. Okay. General?

General SCOTT. Yes, sir. You had asked about future storage needs for the Library. We do have a complete plan that envisions having 13 buildings out at Fort Meade that would carry us up through the year 2027. Module 1, which was completed in 2002, is completely filled. It was at capacity in about 2½ years with some 1.5 million items.

Module No. 2, which is slated to open very soon, has a capacity of 2 million items and similarly it too will house books. Our projection is that Module 2 will also be filled within 2 years once it opens.

The 13 modules that are either in design or construction will hold books and special format collections as well as other treasures from the Library. To date, funding has been provided for Modules 1 and 2. We are requesting funding for Modules 3 and 4.

We would be happy to submit for the record a table that highlights our future storage and capital requirements.

Senator ALLARD. I wonder if you would do that, General Scott. I think that would be helpful for the committee.

[The information follows:]

LIBRARY OF CONGRESS FUTURE FORT MEADE CAMPUS STORAGE (CAPITAL) REQUIREMENTS

[Dollars in millions]

Storage Requirement	Fiscal Year Plans			Projected Costs	Materials To Be Stored
	Design	Construction	Occupancy		
Fort Meade Module 2	Completed	Fiscal year 2005	Fiscal year 2005	NA	General collections (2M items)
Fort Meade Modules 3 & 4	Completed	Requested fiscal year 2006		$40.7	Special format collections: maps, prints, photographs, manuscripts, microfilm (26M items)
Fort Meade Copyright Deposits [1]	Requested fiscal year 2006 ($800,000).	Requested fiscal year 2008		$45	$800,000 re-design funding requested fiscal year 2006 will permit modular, phased construction. Will house Published and Un-Published Copyright Materials.
Fort Meade Logistics Warehouse	Completed	Requested fiscal year 2007		$56	Preservation materials, Exhibit Cabinets, Office supplies, equipment, computers, business records, Library publications, and material staging
Fort Meade Modules 5	Completed	Requested fiscal year 2007		$11	General collections (2M items)
Fort Meade Modules 6–13	Module		Through 2026	[2] $88	General collections. Eight additional modules planned through 2027.
Total				$240.4	Through Year 2027

[1] Note: As a result of the fiscal year 2005 construction request of $59 million for the Copyright Deposit, the committee requested that the Library research other options. The options included an analysis of the second building at the Alternate Computer Facility in Massases, VA. The re-designed facility will introduce a modular approach with a goal of reducing the cost to $45 million.

[2] $11 million each.

Dr. BILLINGTON. Excuse me, Mr. Chairman. I must just say that as far as Culpeper is concerned, the beauty of that facility is that it is very capacious and we will not need any supplementing of that for a very long period.

POLICE MERGER

Senator ALLARD. I want to talk a little bit about merging the Library police force with the Capitol Police Force. As I understand it, this effort was to try and streamline and unify the security for the Capitol complex. The Congress authorized in fiscal year 2004 any new Library police positions to be filled by the Capitol Police officers. Late last year the Library and Capitol Police entered into an memorandum of understanding (MOU) to enable 23 Capitol Police officers to be assigned to the Library.

How would you assess the effectiveness of this merger to this point, Dr. Billington?

Dr. BILLINGTON. I will let General Scott speak to that.

Senator ALLARD. That would be fine. General.

General SCOTT. As you indicated, the Congress did approve 23 police FTEs for the Library back in the 2004 budget. To set that in context, the Library had indicated in the 2004 budget that we would need at least 100 FTEs spread over a 3-year period. In 2004, we received an appropriation for 23 of those FTEs with the directive that the Capitol Police hire those officers for the Library.

To facilitate the hiring, the Library and Capitol Police entered into a memorandum of understanding. The MOU laid out the procedures through which we would receive the 23 officers who came on board in December 2004. The augmentation was seamless and it is working well.

However, the Library still needs to continue building toward the 100 FTEs and is therefore asking for 45 new police officers in fiscal year 2006. The MOU does not provide the Capitol Police the authority to hire those 45. Additionally, we think that the MOU does not resolve our long-range police staffing requirements as we will still need to have 32 more to round out the 100 that we requested in 2004.

Finally, the MOU does not address or protect the fundamental authority of the Librarian to protect the buildings, the staff, and the collections of the Library.

Dr. BILLINGTON. Could I just add that if the hiring of the 45 additional police officers, which we are requesting in this budget, continues to go through the U.S. Capitol Police, that what we are in fact seeing is a de facto police merger taking place without authorization from the appropriate congressional committees and without their knowledge of the full fundamental change that will be made in the Librarian's historic and statutory responsibilities.

Senator ALLARD. Now, you have requested 45 police officers. Did you consult with the Capitol Police on this request?

General SCOTT. Yes, sir, we did.

Senator ALLARD. You did?

General SCOTT. Right.

Senator ALLARD. And this is a number that they felt they needed to have? Here is the issue and the reason I structure it this way. My understanding is that right now there is no authorization for

more police officers as far as the Library is concerned, that has been passed over then. So I am a little perplexed why you make that request under this budget here and why we did not get the request through the Capitol Police budget. I wonder if you can respond to that.

General SCOTT. Yes, sir. We have been consulting with the Chief of the Capitol Police over the staffing issues, as well as other police issues. The 45 that we are asking for is based on the staffing model and the guide that the Capitol Police have. We are asking for officers that would augment our current force, and make us consistent in our entrance and exit posts with the staffing of the Capitol Police.

Senator ALLARD. I hope that we can have some uniformity. During my tour of the Capitol Visitor Center we had a good look at the tunnel and everything, which I am excited about, the direct access over to the Library. But not only do we increase access to the Library, but we also increase access back into the Capitol. I think if we have not given any thought to that, I think we have to think about that in the process, because we have a security issue coming back into the Capitol from the other side.

So it is something that I just made note of here and I want to check out a little further. I appreciate your response on this. I understand that Roll Call had an article on this. Apparently they talked to Library employees and I think it was an anecdotal type of story. But anyhow, they viewed the Library as a possible weak link on the Hill, as far as security.

Do you agree with that article? Do you think that is something to be concerned about?

General SCOTT. I cannot comment about the article, Senator. I had not read the article. But I can say this, that we are in complete agreement that security on Capitol Hill is our highest priority and we are determined to meet all the security requirements. We want to mirror the Capitol Police augmentation on our posts.

I would also add that the inspector, who is in charge of the Library's police and an employee of the Capitol Police, has made significant improvements in the liaison role that we now have with the Capitol Police.

Senator ALLARD. I tell you what. I do have a copy of that article that staff has just handed me. What I thought I would do is I will give you a copy of it, I will make it a part of the record, and then you can maybe respond to any issues that are raised in this article if you will.

General SCOTT. Yes, sir.

Senator ALLARD. I think it would be helpful.

General SCOTT. Okay.

[The information follows:]

The Library is not a weak link in the security of the Capitol complex, as depicted in the recent Roll Call article (April 5, 2005). We do agree that it is critical for the Library to maintain a level of security commensurate with the rest of Capitol Hill. The Library has been effectively addressing the protection of its employees, visitors, and assets for years, as well as contributing toward strengthening the security of the Capitol complex as a whole, with the goal of creating seamless security throughout the complex.

Since the mid-1990s, the Library has aggressively implemented major security improvements consistent with the many security improvements that have been put in place throughout the Capitol complex. Examples of the Library's improvements in-

clude major perimeter security enhancements, implementation of full building entry screening, expanded emergency communications capabilities, and establishment of a robust emergency preparedness program.

The Library Police are an integral component of the Library's steady progress toward strengthening Library security programs. Over the past several years, the Library Police have achieved major improvements in operations and personnel readiness. Although the Library Police force is comparatively small and does not have all the resources available to the Capitol Police, the Library Police work closely with the Capitol Police to maximize the level of support for daily operations and for emergency situations. There has been significant enhancement in the coordination efforts between the Library Police and the Capitol Police in those areas where the capabilities of the Library Police are limited because of resource considerations or to avoid costly duplication of effort. With the continued commitment and assistance of the Capitol Police, we see no discernable differences in response capabilities of either police force.

The Library Police recently underwent an audit by the Library's Inspector General. The audit did not identify any significant systemic weaknesses or program vulnerabilities that would place any employee, visitor, facility, or any part of the collections at risk. The goal of the Library Police is to achieve cooperative parity with the Capitol Police. The Library Police have been working diligently for some time to ensure that the Library receives the same level of protection as the remainder of the Capitol complex.

The unique security and enforcement requirements of the Library have developed a police culture having somewhat different responsibilities than most federal police agencies. The successful record of the Library Police in both detecting and deterring crimes against the facilities, personnel, or property of the Library demonstrates that the Library Police are fully capable of meeting their statutory requirements and, as demonstrated through the ongoing detail of Capitol Police officers, can work effectively with other agencies. There is no evidence that the Library Police constitute a weakness in meeting their law enforcement and security requirements, and the Library Police's aggressive implementation of the recommendations from the Inspector General's audit indicates their willingness to improve processes and procedures to enhance their capabilities and professionalism.

In summary, Library management has confidence in the Library Police that they will continue to provide the required level of security and law enforcement to meet their statutory responsibilities in the ever-improving security climate on Capitol Hill.

COPYRIGHT REENGINEERING

Senator ALLARD. The Library of Congress budget included $4 million to complete the Copyright Office's reengineering initiative. It includes funds for the lease of temporary office space. Please explain how the copyright process will be improved through the reengineering effort, which I am pleased to see you doing, because if there is one criticism that I get it is the copyright procedure and how long it takes to get approval. My hope is that this will speed things up and it sounds like you are on that, and I want to compliment you on that.

General SCOTT. Thank you, sir. Marybeth Peters, who is the Director, the Register of Copyrights, has had a visionary insight in recognizing that commerce and the digital network environment now demands that we meet customer expectations by electronically making it possible to receive copies of digital works, web sites, databases, and various filings, such as applications for registrations, and to process them electronically.

Five years ago the Register of Copyrights announced a very well thought-out plan that would change the copyright processes to support our electronic environment. Fiscal year 2006 is the last year that new appropriated funds will be needed to complete this project.

Deferring the project beyond 2006 will not only result in the loss of $19.7 million in past investments, but the Library will also lose the contract staff who built the new systems and the related expertise which is needed to complete this project. These resources, if we lost them, would not be available beyond 2006 due to other commitments.

The new system cannot be implemented without, of course, a reconfiguration of the Copyrights Office space since the current floor plans are not aligned with the flow of the new business processes. Without the 2006 funding, this project may never be implemented, that is why we are making this request.

Dr. BILLINGTON. Don's basic point is that the registration will be much quicker, which has been a constant concern and complaint, and in the long run it will be much more economical because it can be done electronically.

Senator ALLARD. Both of those are very worthy goals. I am just trying to think through the process. If you are an author, do you submit the book in written and electronic form? Your book then would go into storage and then you add the book to your electronic database?

I would like you to clarify that for the subcommittee.

General SCOTT. At this point I would really like to call upon Mary Beth because she is the expert in this, sir.

Senator ALLARD. If you feel uncomfortable talking about that, we will be glad to put something in the record.

Ms. PETERS. No, I am not in the least bit uncomfortable talking about it.

Dr. BILLINGTON. She has been dealing with this for 40 years.

Ms. PETERS. That is right.

Senator ALLARD. I notice I brought a smile to your face. You must enjoy it.

Ms. PETERS. The truth is I love it.

COPYRIGHT REGISTRATION PROCESS

If you have authors today and they choose to register as soon as they write their books, before they send the manuscript to a publisher——

Senator ALLARD. Then it gets a Library of Congress number, is that correct?

Ms. PETERS. Not if it is the submission of the author's manuscript and it is unpublished. If I write a book and I have not sent it to a publisher, I may want to get a registration before I send it out to publishers, I would send the copyright office a paper copy because today we are not equipped to take it in electronically.

Starting this fall, we will be experimenting with taking in all types of material electronically and processing them electronically.

Senator ALLARD. Would that not help your process if you expected the author to provide an electronic one when it goes to the publisher.

Ms. PETERS. Absolutely. When the publisher gets the author's manuscript, it is in electronic form. Then the publisher converts it to print form. The print copy is used to register the publisher's claim to copyright. The print copies usually go into the collections

of the Library of Congress, and could end up at storage Module 1 or 2 at Fort Meade.

Senator ALLARD. Depending on its perceived importance, is that right?

Ms. PETERS. Depending on the Library's acquisition policies.

Senator ALLARD. I see, okay.

Ms. PETERS. So, we hope that we are able to provide all of our services within 2 weeks. Reengineering will totally revolutionize the way that we do business.

Senator ALLARD. I was trying to visualize it. That is what I was visualizing, we are making it more efficient. We can also keep a hard copy in case something happens to the electronic one.

Ms. PETERS. Yes, a digital file will come in to the copyright office for registration. If the Library wants print copies of a literary work, the publisher will send two print copies for the use of the Library, but the copyright office will have a digital file of the work.

Senator ALLARD. Very good, thank you.

Ms. PETERS. Thank you.

OPEN WORLD LEADERSHIP

Senator ALLARD. I have just one question on the Open World program and then we will hear from the CRS.

Your statement indicates that Russia alone has nearly 9,000 Open World alumni, Dr. Billington, each of whom has visited a U.S. community for a 10-day stay under the program. I am curious as to what continuing communication is needed and desirable beyond the original introduction to America, which is a 10-day stay here with a host family as I understand the program.

Dr. BILLINGTON. Well, this has been an extraordinary program in a lot of ways. One of the ways is that it has created a lot of sister relationships. For instance, we have been emphasizing the rule of law. We have had 800 judges and prosecutors. Many of them have established sister court relationships. That is a very common thing. Or there are oftentimes return visits that are at the invitation of the Russian visitor.

The alumni of this program have set up an internal web site to communicate, giving a sense of identity and community among these people exchanging their own perceptions and ideas once they are there. They have had alumni meetings all over Russia. As you know, they have come from all 89 political districts of Russia, all 50 States of the Union. So there is a very substantial continuity. Recently, we had the first major Ukrainian visit for the Ukrainian program since the so-called Orange Revolution there and they established a lot of contacts that I am sure are going to be useful. One of the participants was then subsequently elected to higher office. This is a frequent phenomenon.

There are all kinds of linkages. There is an upcoming alumni event in the Russian Far East, but I would like to give you a full itemization of the program. I am just speaking off the cuff here. Overall, 44 percent of the participants have been women with an average age of about 37, which is something totally new in Russia. Not a single one of the Russian participants has stayed in this country. That is almost unheard of in relations between Russia and America. As you know, people often want to stay when they come

to America. The open world participants are tremendously impressed by the time they have because it is a total immersion. It is not a series of lectures or dialogues where people just give speeches to each other.

We just had a delegation of their version of the Supreme Court and the top jurists, and our Supreme Court met with them here for a couple of days and it was really quite exciting. I believe some of the U.S. Justices will be returning the visit. So this is really the opening up of contacts with a new generation of Russian leaders, which is very much the hope of that country if it is going to make it as a functioning democracy.

The one thing they all take back, the most important thing is the excitement over nongovernmental organizations, the extent to which many social services, many problems are dealt with at the community level.

This is the biggest exchange program of its kind since the Marshal Plan. It is something that has been done entirely within the legislative branch of Government and it is having an extraordinary effect, even though it is a short period of time. The participants stay in homes. They see the real America. They shadow people, and the cooperation is extraordinary—we have many more volunteers across the country to take these people in than we are able to accommodate. So it is a good sign that the American people everywhere in all communities are really interested in getting better informed about what is going on in Russia.

Senator ALLARD. There is follow-up, then, so that at some point in time we would like to be able to measure results. I hope that we have follow-up on the program. The only way I see us being able to measure results is to see what happens to these folks 5 years or 10 years down the road.

Dr. BILLINGTON. Absolutely. It is a long-term investment because these people have to work their way up through the system. We can give you a lot of information on this.

Senator ALLARD. Good.

Dr. BILLINGTON. But we do follow up and they do have a continuing existence both as alumni, on their web site, and in answering to the host organizations in America.

CONGRESSIONAL RESEARCH SERVICE

Senator ALLARD. Very good. Thank you.

Now on the Congressional Research Service (CRS) increase, there is an increase of $9 million or 9 percent that is requested for CRS, for a total budget of $105 million. The budget request would provide for 729 staff compared to the 700 staff you are now operating with. Now, why is that level not sufficient? I think Mr. Mulhollan is here to answer that question. Could you tell us why you think such an increase for CRS should be given preference over other legislative branch priorities? So you have got two questions there.

STATEMENT OF DANIEL P. MULHOLLAN

Mr. MULHOLLAN. This is a question of why is CRS a priority for the Congress. I would argue that it is the fact that we are a cost-effective extension of congressional staff. In other words, we are a shared pool of experts that helps each Member and every com-

mittee. The Congress draws upon CRS to get thorough analysis, that are context-based, and provide a framework for considering and comprehending the issues and potential consequences of legislative options. CRS supports equally the majority, the minority, and each chamber. CRS is a shared resource, so each committee and office does not have to acquire such expertise because you have it available. CRS expertise and products are targeted to your needs. CRS guarantees the confidentiality of all our work for you.

Given the need to sustain this shared pool of expertise, and recognizing the budget difficulty you face, half the request is for the mandatories and price level increases. The next $3.6 million is to keep us whole at the level of 729 FTEs. CRS is at a tipping point. Three major factors contribute to this request.

One is that the level of expertise CRS must hire is greater than it has been in the past and costs more. Back in 1995 our average new hire was a GS–7 step 9. Today it is GS–13 step 9. You face more compelling, complex, and interrelated problems, such as terrorism and homeland security layered onto the massive domestic issues that the Nation faces. The nature of your work dictates that CRS hire individuals with high levels of formal education and specialized experience.

Second is staff participation in the newer retirement system. The committee has been very supportive of CRS in our succession planning. To that end, we have been very thoughtful in identifying what kind of expertise the Congress needs and who we need to hire. As we lose our older employees, who for many years have participated in the older Federal retirement system where the employer-paid portion of the benefit is 13.5 percent per employee. Virtually all those coming into CRS are under the newer Federal employee retirement system, FERS. Under FERS, the employer-paid benefit is 27 percent per employee, twice as much.

The third element is that in the past 10 years, with one exception, 1998, we faced a gap between what we have anticipated and asked for with regard to the mandatory pay adjustments and what was enacted. For example, in fiscal year 2004 the adjustment we anticipated was 3.7 percent. What the President signed into law was 4.42 percent. That caused a $400,000 shortfall in our budget and that is four FTEs.

We are seeking a one-time catch-up to keep us whole on that staffing level.

[The statement follows:]

PREPARED STATEMENT OF DANIEL P. MULHOLLAN

Mr. Chairman and Members of the Committee: I appreciate the opportunity to appear before you today to present the fiscal year 2006 budget request for the Congressional Research Service (CRS). I also wish to express my gratitude to the Committee for its support of the Service's budget requests in years past, as I am well aware of the fiscal environment and the difficult funding decisions you face.

The Service's request for fiscal year 2006 represents not a workload increase but instead reflects our need to replenish the levels of staffing and resources required to enable us to meet our statutory mission of serving all Members of Congress with comprehensive, accurate, and timely research and analysis. As such, CRS' fiscal year 2006 budget request is composed of two parts: funding for our mandatory pay- and inflation-related costs and two increases necessary to sustain our staff and resource capacities.

These are challenging times for lawmakers. The environment within which the Congress works is fluid and dynamic, with multiple pressures vying every day for

your attention and for the resources each Member is charged to manage. The major policy issues facing Congress, such as the ongoing war efforts, Social Security reform, tax reform, immigration and border control, homeland security, and issues relating to terrorism, are more complex, are politically charged, and have global consequences. These and many other issues are complicated and multi-faceted. Congress is functioning under ever-increasing pressures and expectations to be conversant on all the issues and serve as an expert on virtually every topic as it deliberates these highly consequential issues.

CRS assists every Member and committee. Our assistance responds to your full range of legislative needs, from identifying and evaluating authoritative, reliable sources of research and information to offering and analyzing legislative and policy options that might best address complex, high-stakes public policy problems. All of our work is confidential and focuses solely, directly, and specifically on the needs of the congressional community.

Everyone at CRS takes seriously the trust that the Congress has in our work. I believe this trust is earned daily through the interactions CRS staff have with you and your staff. Each of us at CRS, no matter what role we play, strives to improve and excel in every aspect of the service that we provide.

FISCAL YEAR 2006 BUDGET REQUEST

Mr. Chairman, my fiscal year 2006 budget request presents to you only what CRS needs to achieve its statutory obligations. I am keenly aware of the budgetary pressures facing this Committee and the Congress. My responsibility as Director of CRS is to weigh these pressures against the basic needs of the Service and to offer you a fiscally responsible assessment of the condition of the Service.

The 2006 request would fully fund our mandatory and price-level increases, our first and highest priority, along with two baseline adjustments that would enable us to recuperate from shortfalls that are straining our ability to acquire staff and research tools. Specifically, CRS is requesting a total of $105.289 million for fiscal year 2006, an increase of $9.171 million over fiscal year 2005. The increase is comprised of $5.097 million for mandatory and price-level increases and $4.619 million for increases to recover lost purchasing power. The request also includes a $544,000 reduction for the one-year funding provided last year to implement XML capacity.

STAFF CAPACITY

CRS' strength is its people: 88 percent of our budget is devoted to staffing. The remaining 12 percent of the CRS budget covers the non-personals expenses, the day-to-day business operations of the Service, including the monthly phone bills, hardware and software maintenance agreements, technology refreshment, and permanently contracted operations. These non-personals costs offer little financial flexibility for adding to staff capacity. Because our work is dependent on the skills and abilities of the people, I am continually reviewing the composition of CRS' staff so that we have the right mix of individuals with the right expertise to assist the Congress as it frames and considers major policy problems. CRS staff are ready to meet today's needs and, at the same time, are anticipating and preparing for the major policy issues on the horizon.

CRS is proposing a one-time budgetary adjustment of $3.6 million to sustain its staffing level of 729 full-time equivalents (FTEs). Without this additional funding the Service would have to reduce permanently down to about 700 FTEs. There are three factors contributing to the need for $3.6 million: CRS' need to sustain a higher level of staff expertise, the gap between the funding provided in the budget process and the federal pay raises enacted, and the impact of a workforce shifting from the old to the new federal retirement system.

The first factor evolves from the change in CRS' workforce composition. The variety and range of expertise of CRS staff must match the expertise needed by the Congress as it develops and undertakes its legislative agendas, both current and anticipated. We routinely conduct two Service-wide examinations: to identify the major policy areas Congress is likely to address and to assess and forecast the availability of CRS experts to assist the Congress in those issue areas. The results of these assessments guide my decision-making in our annual staffing plan and subsequent staffing selections. The nature of your legislative work requires a higher level of CRS expertise. As we recruit and interview prospective employees, we are finding that the work competencies we need are best met by those seeking positions in the higher general schedule pay ranges. This is confirmed by CRS statistics on new hires: in the period from fiscal year 1995 to the present, the grade level of the average CRS hire has increased from a GS–7, Step 9 to a GS–13, Step 9. The complex and often technical nature of the policy problems you face requires us to ensure that

we have the right expertise to correspond to the myriad sources having stakes in the policy outcomes of your work.

The second factor contributing to the need for this baseline increase is the cumulative shortfall in funding that has resulted from pay raises enacted at a higher rate than provided for in the Legislative Branch annual appropriations, albeit you have provided what we asked for. Since 1995, with the exception of 1998, the Service's budget has been increased for staff salary and benefits costs in an amount less than what was ultimately required by law to be paid to the employees. For example, in fiscal year 2004, the budget process anticipated an annual rate increase of 3.7 percent; however, the actual enacted pay raise was 4.2 percent, costing CRS about $400,000 (or four FTEs) more to sustain the current staff. The cumulative impact over the past ten years contributes to the need for our current budget request for sustaining staff capacity.

It is costing the Service more to subsidize retirement benefits. As of right now, about 42 percent of the CRS workforce participates in the Civil Service Retirement System (CSRS). Based on fiscal year 2004 data, a CSRS participant is costing the agency about 13.5 percent in employer-paid fringe benefits. This compares to the 27 percent in employer-paid benefits for a Federal Employee Retirement System (FERS) employee. For the past few years, virtually all of the CRS retirements are staff participating in CSRS, while the majority of new hires are eligible to participate only in the more expensive FERS. As the proportion of the FERS workforce continues to grow, the fiscal impact has been, and will continue to be a dramatic rate of increase in agency costs.

The budget I am requesting will allow CRS to rebuild and replenish to its authorized ceiling of 729 FTEs, the staffing level needed to sustain current services. A single example will allow me to illustrate the level of service that I am committed to providing to the Congress and that the Congress has come to expect from this agency. When the congressional leadership last July identified the newly released 9/11 Commission report as its top priority, CRS acted. Within one week over 70 CRS analysts and information professionals came together to provide Members with thorough analyses of the report. Those analyses were context-based, providing a framework for considering and comprehending the report's contents in view of other relevant factors and their potential impact. Most importantly, we provided real-time, round-the-clock analysis. We were ready when your deliberations began and remained at your side as you considered the Commission's recommendations and as you took steps to enact the policy changes deemed most appropriate.

We were able to provide this kind of specialized and close support because our staff work collaboratively across disciplines, are experts in their fields, and are available on-demand to consult individually with Members and committees. Because of our proximity to the Congress, because of the close working relationship we enjoy with you and your staff, and because our experts prepare analyses that benefit the entire congressional audience, we were able to deliver the services Congress has mandated and come to expect. This is the kind of work the Congress has outlined for CRS in our organic statute. However, our ability to sustain this level of assistance, as you deliberate the wide range of policy problems facing the Nation, will be in jeopardy if our staffing capacity is reduced further.

CRS is a cost-effective extension of congressional staff. As a shared pool of experts, CRS has the ability both to address high-priority issues from a multi-disciplinary perspective and to provide a wide range of high-level, specialized expertise. Individual committees and Members could not retain such a valuable resource for their own offices, but CRS, as a centralized, shared pool, proves to be very cost-effective when meeting total congressional demand.

CRS RESEARCH MATERIALS

The third component of my request is a one-time, $1 million baseline adjustment for research materials. There are a number of critical electronic materials continually requested by our subject-matter experts that CRS is currently unable to procure.

Annually, the Service carefully considers each subscription and database renewal to ensure that the available funding is used to acquire only the highest priority materials. Even with this close scrutiny and the elimination of lesser used items, CRS has barely been able to maintain a stable inventory of the resources most pertinent to our work, let alone add any newly requested resources. However, sound analysis depends on authoritative sources covering the full range of subject areas that the Congress may consider.

CRS' work requires materials that are timely and authoritative, particularly in emerging public policy issue areas, such as homeland security and global terrorism.

Your approval of our fiscal year 2006 request would enable us to buy resources such as *Oxford Analytica*, Inside Washington publications, prescription-drug proprietary databases, and the *PIERS* database. These represent highly specialized and technical research resources and are not acquired by the Library of Congress for CRS use. These materials are, however, available to others who provide you information and who lobby for particular positions and policy outcomes. Without access to those resources, CRS experts' capacity to capture the range of knowledge available on an issue, to prepare you for challenges you may face in defending your position, and to provide you with the consequences of policy options is diminished.

MANAGEMENT INITIATIVES

Congress holds me accountable for managing responsibly, and in the last 11 years I have gratefully undertaken that charge. I take seriously my responsibility to assure you that the budgetary support you give the Service results in a cost-effective organization that is dedicated to its statutory mission and that offers you the highest quality of service. I would like to take this opportunity to summarize briefly some actions I have and continue to take that reflect this commitment.

We continually examine and adjust our organizational structure to maximize direct service to the Congress. We consolidated some CRS facilities in the House congressional buildings with the assistance of the Committee on House Administration. We made use of flexible hiring programs, such as the Presidential Management Fellows and Hispanic Association of Colleges and Universities (HACU) programs. We have taken advantage of the cost savings that can be achieved through outsourcing by implementing contracting services for our messenger service, copy operations, and technology help-desk, and continually seek out new opportunities.

Another initiative affecting personnel and improving efficiency is the reorganization of our information professionals into a single organizational unit. The thrust behind this major re-engineering effort is to increase collaboration between information professionals and analysts, which in turn will maximize efficiencies. Through collaboration each functional unit can ensure that the work is handled by the individual with the appropriate expertise to accomplish that work.

Earlier I noted that 88 percent of CRS' budget is salaries and benefits. The remaining 12 percent also merits close attention in my efforts to streamline. Although this 12 percent of the CRS budget represents our relatively fixed costs, we look carefully at those costs to see if any component of that expenditure can be reduced or eliminated. To achieve this we conduct an annual "zero scrub" of the entire CRS budget. We look at every single cost category from the ground up; we do not simply roll over the budget for these categories from one year to the next. Also, we have initiated audits of every on-going activity within CRS. These comprehensive audits will help us to continue to secure a well-executed and cost-effective program, with the assurance that every dollar spent contributes to the Service's singular mission. I hope that you would contact me directly if you have any concerns about our management activities, processes, or direction.

CONCLUSION

In closing, Mr. Chairman, I appreciate the opportunity to inform the Committee about the state of CRS and the near-term challenges we face in our continuing ability to serve the Congress. As the first branch of government, the Congress must ensure that it maintains its independent capacity to analyze the complex challenges that the Nation confronts, especially during a time of war. I hope that you agree that CRS contributes significantly to this independent capacity and that we are fulfilling our mission in a way that warrants your ongoing support. I am, of course, always available to answer any questions that the Committee may have.

CONGRESSIONAL RESEARCH SERVICE RESPONSE TIME

Senator ALLARD. Thank you for your explanation.

Are you measuring the length of time it takes you, or do you have some idea about the length of time it takes you to respond to the average Congressional request?

Mr. MULHOLLAN. The majority of information requests are answered in 24 hours. But a significant amount of time can be spent on more complex questions—for instance, a study for a committee dealing with, let us say, prescription drug pricing and what changes are being considered in medicare benefits. The use and

manipulation of the drug pricing database can take several months—and that could be considered one request.

Meanwhile, let us say an LA calls and says, "I have a Member who is looking at this language; can you explain this language to me? We have just gotten it and the subcommittee meeting is in a half hour." So it is also this kind of rapid-response expertise that is drawn upon daily by the Congress.

PERFORMANCE MANAGEMENT

Senator ALLARD. As you can tell, for those of you here at the table and in future testimony, I have a lot of interest in performance and measurement. We require that on executive branch agencies. We do not require it on the legislative branch. But I do think that we ought to set an example here in the legislative branch for the rest of the agencies. So I am going to request more and more definitive assessment through what we call GPRA, Government Performance and Results Act.

I think it has been a good business tool. When I did my business, I set goals that were measurable, measured them, and then it helped me evaluate as a manager in my own business exactly whether we were meeting those goals or not.

So some of my questions are being laid out to prepare you a little bit for when we get into the next year and then I will be asking questions about how you are doing setting down performance standards and then measuring the results. I think as administrators it helps us all understand what is going on and then we can focus on results and do not have to focus about the nitty-gritty of management, we will leave that to you, but we just look at results and then we have something that is measurable, hopefully.

CRS PERFORMANCE MEASUREMENT

Mr. MULHOLLAN. Mr. Chairman, may I add for the Congressional Research Service, we welcome that. We have been spending a significant amount of time on considering meaningful performance measurements. You can look at the workload measures that we have identified. I think there are significant success stories. For example, in fiscal year 2002 we responded to a total of 811,000 requests, and in fiscal year 2004 we responded to almost 900,000 requests.

We break that down further, for example to track hits on the CRS web site, which is solely for use by the Congress. No one else has the depth of expertise covering roughly 170 major public policy areas, where you can have it targeted to meet the needs of each chamber, whether in committee or on the floor, and where the analysis anticipates the consequence of your decisions there. We have now, almost 5,000 reports, continually updated on more than 300 issues and available for the Congress. Two years ago we had 4,000. So it is an additional 1,000 reports that we are keeping updated along this line.

Another measure is e-mail exchanges. Following up with a Congressional request we now have an encrypted e-mail exchange between the Senate and the House and ourselves. As a consequence of that effort, last year we counted 77,000 exchanges. As of the first

quarter of the current fiscal year, we have seen a 13 percent increase from last year.

So our measures I think on our focused assistance are good and solid, and we are working to improve them.

Senator ALLARD. Very good. Thank you.

LIBRARY OF CONGRESS PERFORMANCE MEASUREMENT

Dr. BILLINGTON. Mr. Chairman, let me just add——

Senator ALLARD. Dr. Billington.

Dr. BILLINGTON [continuing]. A point, that we are not actually required to use the Government Performance and Results Act, but we do use it as a guide.

Senator ALLARD. I am glad to hear that.

Dr. BILLINGTON. I would only say also that, as we were just saying with the Open World program, which actually is a separate line item but I happen to chair the board, so I am happy to answer for it and it is in the legislative branch as well, in that as in the Library as a whole performance has to be seen over a long period of time. One would have said that there was very little justification for keeping old German archaeological records. Every other library in the world discarded them. But when it came to verifying whether the tanks that did the flanking motion in southern Iraq would sink in the sand or be able to sustain them, it was that kind of material that enabled them to verify, because the Germans pedantically reported how much they dug and how long it took, with what kind of shovel, in Mesopotamia, which is where a lot of the archaeology was.

So what I am saying is that having this extra margin, which is what we are talking about when we talk about the need for acquisitions and the use of our overseas offices—Islamabad, Cairo, all these places—where valuable information is gathered that really does not exist anywhere else, it is a long-term investment. You do not know when you are going to cash in the investment, but it is of incalculable value to have so much knowledge because you cannot possibly anticipate what kinds of questions are going to be essential for this country.

Senator ALLARD. I recognize the complexities of getting measurable goals out there. It is not always easy. And I recognize the fact that you cannot look at it just on a short-term basis, but you do need to collect this data on an annual basis and see over a trend line over several years, and then that gives you some idea of how your programs are operating.

Dr. BILLINGTON. Oh, absolutely, and we welcome it. And as I say, we try to follow these guidelines.

Senator ALLARD. That is one of the issues I am going to take a little time exploring with all the legislative agencies.

Thank you, Dr. Billington. Thank you, General Scott. Dan, thank you, and Mr. Mulhollan. I appreciate your testimony. Thank you.

General SCOTT. Thank you, sir.

ADDITIONAL COMMITTEE QUESTIONS

Senator ALLARD. Also, we will be making your full statement a part of the record.

If there are any additional questions, they will be submitted to you for your response.

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

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

IMPACT OF TECHNOLOGY

Question. According to LOC's budget justification, "To help researchers quickly find information that is relevant, authoritative and verifiable, the Library must adapt its traditional strengths of acquiring, describing, serving and preserving information to an environment that is not bound by time or physical space." How do you balance the Library's traditional mission with this new requirement? How does technology help streamline and make more cost-effective the Library's ability to meet its mission, and even reduce costs?

Answer. The Library's traditional mission is being pushed by the expectations of users, who increasingly demand and rely on electronic resources in addition to the traditional reference, descriptive, and access services for physical collections that the Library provides. While the Library continues to make accessible and preserve its print and multimedia collections, it requires additional resources and new skill sets among staff to purchase and serve electronic resources such as subscription databases, which are the cornerstones of research in many academic disciplines today.

Technology enables the Library to increase its services to the Congress and to its other constituencies in many ways:

—Entire Library collections of primary source materials are available online via American Memory and Global Gateway to be shared in libraries and classrooms around the country and around the world.

—Reference questions are asked and responded to via the Web.

—Guides to Library manuscript and other special format collections are available online for researchers to peruse before they come to the reading rooms, making their time in the Library more productive.

—Catalogers are pioneering Electronic Data Interchange (EDI) applications to share bibliographic and authority control records with other national libraries and library services vendors.

—Publishers share pre-publication galleys of books electronically with the Cataloging in Publication (CIP) program to streamline cataloging processes and shorten publication time.

The Library offers direct services to Congress electronically as well. "LCnet" premiered this spring as an online portal devoted solely to Members of Congress and their staff to interact with the Library on a number of fronts—to reserve rooms and plan special events, to arrange tours for constituents, to receive customized calendars of Library events, and to fulfill other special services or information needs that arise.

CVC TUNNEL

Question. The Capitol Visitor Center will include a tunnel to the Library of Congress' Jefferson Building. Do you have any estimate of how much visitation will increase? Will you need additional staff for tours or security? Do you plan any new activities that will necessitate additional resources?

Answer. The number of visitors to the Library could triple to more than three million annually with the opening of the Capitol Visitor Center tunnel. Should the number of visitors exceed building safety requirements, the entrance through the tunnel to the Thomas Jefferson Building will be limited on an hourly basis or through a ticketing system. At present, we are assuming that security screening will take place on the Capitol Visitor Center side and that visitors entering the Library through the tunnel will not be re-screened.

The Library is studying the impact the Capitol Visitor Center tunnel will have on the level of visits to the Thomas Jefferson Building in particular and to the Library and its services for visitors as a whole. Planning is underway to enhance the visitor experience, and it is not yet clear whether the experience will be largely self-guided and enhanced by interactive kiosks and audio tours, or whether it will be more traditionally led by staff and volunteer docents. Internal and external planning expertise is being deployed on this front, and the results of these consultations will determine whether additional resources will be necessary.

BOOKS FOR THE BLIND AND PHYSICALLY HANDICAPPED

Question. The Library has been working for several years to develop a design for a "digital talking book" to replace the current cassette tape system to make books available to the blind. When do you expect to need the funds necessary to begin the full conversion to the digital format? How much will be required in total?

Answer. The National Library Service for the Blind and Physically Handicapped projects that a total of approximately $76.5 million will be required to fund the transition from analog cassette to a digital format over a period of four years. An initial request of approximately $19 million will be submitted in fiscal year 2007.

NATIONAL DIGITAL INFORMATION INFRASTRUCTURE AND PRESERVATION PROGRAM

Question. Library has been spearheading a $100 million effort aimed at preserving "born-digital" materials. There are now 8 NDIIP grantees/partners, who were awarded $14.5 million. What has been accomplished to date and what do you expect to accomplish in the year ahead? Why is the Library requesting a waiver for state government entities of the dollar-for-dollar match requirement? Do you anticipate additional funds will be needed in the future for this effort? Are other federal agencies, such as the National Archives, providing resources for this effort?

Answer. NDIIPP Accomplishments to date and expected accomplishments include the following:

—The goal of the NDIIPP is to build a national preservation program for reliable digital content. The Library is following the plan approved by Congress in 2002, executing three areas of investment: building a network of partners to share in this responsibility; developing the technical architecture to support that network (standards and protocols); and creating the tools for digital preservation. Continuing investment in these three areas is expected in the coming years.

—An 18-month test of 6 existing technical architectures was completed with 4 other large research libraries. This work advances the development of the architecture necessary support a network of partners.

—NDIIPP launched its first partners in January 2004—8 consortiums with a total of 36 organizations to collect at risk digital content in excess of 60 terabytes. The content is diverse and consists of web sites, social science data sets, geospatial materials, business history, and digital television programming. These partners provided $15 million in pledged matching funds over the next 3 years.

—A Copyright Working Group, made up of representatives of the content creator/distributor communities, libraries, and archives, was just launched to examine Section 108 of the copyright law dealing with libraries and archives. This work is sponsored by NDIIPP working with the U.S. Copyright Office. The working group will make recommendations to Congress about revisions to the law.

—Working with NSF, the Library is funding 7 advanced research grants for developing tools and techniques for digital preservations.

—The Library is working with E-Archives, the San Diego Super Computer Center and the Los Alamos National Laboratories to develop repository software for archiving different types of digital content.

In 2005, we are developing a program to bring state and local organizations into the preservation network. The request for a waiver results from the Library's experience in building collaborative NDIIPP relationships in the last few years. The Library recognizes that there are limited discretionary funds available, especially from state governmental entities, to meet common digital preservation challenges faced by all preserving institutions. Building sustainable preservation network partnerships is a long-term process. By requesting the state waiver, the Library plans to encourage the active building of broad collaborative relationships within and among state entities. By not subjecting these entities immediately to the match provision, the Library hopes to catalyze states to seek out building sustainable long-term collaborative relationships during and after the grant period, and not before.

The Library does not anticipate additional funds, beyond that which already has been authorized for NDIIPP, will be needed to execute the NDIIPP program by 2010.

The Library works collaborative with other federal agencies through their participation in the National Digital Strategy Advisory Board (NDSAB), joint participation in developing technical digital preservation guidelines and best practices, and their work with the Library's collaborating partners in the NDIIPP program. Other federal agencies do not provide direct resources to the Library and its NDIIPP program.

OUTSOURCING

Question. Is the Library seeking opportunities to outsource any activities, as a way to reduce costs? Please explain.

Answer. The Library outsourced a significant number of activities and continually seeks to identify additional activities that are appropriate for outsourcing in order to improve service, reduce cost, increase responsiveness, and promote efficiency in the agency. Some examples of activities that are currently outsourced include:

—Infrastructure support services (custodial services, food services, furniture and furnishings installations and maintenance, trash removal and recycling pick-up, vehicle leases, secure mail operations, messenger service, graphics and design services, etc.)

—Human Resource Services (employee assistance program, retirement services, management of personnel records, job analysis, selected training, etc.);

—Information technology (help desk and user support);

—Security (security within reading rooms, exhibit areas, and outlying annexes, and ID card and finger printing functions);

—Financial (payroll processing, travel services, implementation of new financial systems, etc.); and

—Program support (translation services, receptionist support).

In addition, several of the Library's major programs are either outsourcing some of their work or investing in outsourcing pilots. For example:

—Library Services has issued a contract to an Italian bookseller for a pilot project in which Italian books bought for the collection will also be cataloged by the bookseller. If this pilot is successful, outsourcing the cataloging of some of the foreign language collections is a possibility—both to reduce costs and to gain language expertise that is not always available on staff.

—The Copyright Office outsourced its registration certificate production (i.e., printing and quality checking for over half a million copyright registration certificates per year). In addition, data entry of titles from recorded copyright documents, totaling anywhere from 300,000 to 500,000 titles per year, and contracting for selected divisional IT technical support are partially outsourced.

—The Law Library outsourced work related to its Global Legal Information Network (GLIN), including scanning of documents, data input, and quality control of laws, regulations and other legal sources that comprise the GLIN. The Law Library has also outsourced a number of core services related to collection management, such as processing new receipts, binding preparation, loose leaf filing and shelving.

—In addition to actions taken and planned within the Library, the Congressional Research Service (CRS) has done a significant amount of outsourcing and continues its efforts to seek out additional opportunities. In response to the recent Legislative Branch Agency Self-Certification Survey, CRS described a number of activities that have been outsourced and for which the tangible benefits have already been factored into the Service's annual Operating Plan. Over the past eight to ten years, CRS has permanently outsourced a number of on-going business activities, including its messenger service; mail operations; copy centers; technology help-desk and user support; foreign language translations; receptionist positions; job analysis; graphics design work; and general laborers/movers. CRS utilizes contractors to produce specific deliverables within a limited timeframe where securing in-house capability is not warranted given the temporal nature of the need. Examples of this type of outsourcing include library support functions; professional librarians; on-site group training and staff development services; assistance with developing a performance management system; professional survey instruments; professional services to help develop new authoring policies and procedures as well as meeting federal archiving obligations under the Federal Records Act; and cataloguing services.

Savings gained through these outsourcing measures has provided CRS with some interim financial flexibility to absorb cost increases in other aspects of the Service's budget, e.g., software maintenance, research materials, employer-paid benefits costs for staff, and staff performance awards. While the Service believes that it has reached a level of critical mass with paring down its expenses and defraying unavoidable cost increases, CRS continually evaluates its programs, activities, and projects to determine the feasibility of undertaking them through outsourcing mechanisms.

Further, CRS conducts in-depth program/financial audits of each of its on-going business activities every two years to ensure that the level of service is both appropriate for and contributes directly to meeting the mission and strategic objectives and performance targets set forth by the Director. In addition to the on-going activ-

ity reviews/audits, CRS conducts other internal studies to assess organizational structure or performance in comparison to the Service's total program needs. The results of these studies inform business decisions about the proper skills levels and mix needed throughout the Service, the right distribution of those skills and capacities, and the most cost effective way to deliver the skills and capacities—specifically, via in-house staffing or by outsourcing. Using information gleaned from its quarterly/annual performance reviews and annual management control reviews, CRS is continually probing its own operation to ensure that every aspect of the day-to-day business is carried out in the most efficient and cost-effective way possible and contributes to the singular goal of meeting the analytic research and information needs of the Congress.

GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF DAVID M. WALKER, COMPTROLLER GENERAL OF THE UNITED STATES

ACCOMPANIED BY:
GENE DODARO, CHIEF OPERATING OFFICER
SALLYANNE HARPER, CHIEF ADMINISTRATIVE OFFICER
STAN CZERWINSKI, CONTROLLER

Senator ALLARD. Now we will call the Government Accountability Office (GAO), please. We are having Mr. David Walker, Comptroller General; Gene Dodaro, Chief Operating Officer; and Sallyanne Harper, Chief Administrative Officer; and then Stan Czerwinski, who is our Controller.

Mr. Walker, when you are ready you may proceed. We will ask that you limit your testimony to 5 minutes or so, and we will go into question and answer. We will make your full statement part of the record.

OPENING REMARKS

Mr. WALKER. Thank you, Mr. Chairman. It is a pleasure to be back before this subcommittee to talk about our fiscal 2006 budget request. As you mentioned, accompanying me on my immediate right, Sallyanne Harper, our Chief Administrative Officer and Chief Financial Officer; on her right, Stan Czerwinski, about whom you had very kind comments, our Controller; on my left, Gene Dodaro, our Chief Operating Officer. We appreciate your having us before you, because all of these individuals and others have played an important part in putting together this budget submission.

I respectfully request, Mr. Chairman, that my entire statement be included in the record. Therefore, I will summarize the highlights.

Senator ALLARD. So ordered, without objection.

Mr. WALKER. Thank you very much.

As you know, Mr. Chairman, GAO is the third largest agency in the legislative branch based upon budget authority. Our job is to help the Congress discharge its constitutional responsibilities, basically geared toward helping to improve the performance of Government and assure the accountability of Government for the benefit of the American people. I was encouraged and had a very favorable reaction to your conversation before about performance and results.

I would note that we voluntarily comply with the Government Performance and Results Act. Our objective is not just to comply with the Act; it is to lead by example and to be the best in Government in anything that we do. I would respectfully suggest that when you have a chance you may want to take a look at GAO's Fiscal Year 2004 Performance and Accountability Highlights Report, because I think you will be proud of what it has to say.

We have an important philosophy of leading by example, because we are the agency that audits, investigates, and evaluates others. Therefore, I believe we have a responsibility to be as good or better than the agencies we audit, investigate or evaluate. This adds to our effectiveness as well as our credibility. In fact, one of our four goals under our strategic plan for serving the Congress is to be a model Federal agency and a world class professional services organization.

MEASURING SUCCESS

We have four key success measures: results that are outcome based, not activity based; the feedback we get from clients; what our most valuable asset, our employees, say about us; and what our partners within and outside of Government, say about us, namely whether we are a good partner.

For fiscal year 2004 we had record results, all-time record results for GAO. For example, we achieved $44 billion in financial benefits, a $95 return for every dollar spent by GAO—an all-time record. Number one in the world, nobody is even close. Second, with regard to clients, a 97 percent client satisfaction rate. Also, an all-time record. With regard to employees' views on our overall operations and work environment, GAO will probably receive one of the highest ratings in the federal government based upon past reported activity. With regard to our partners, we get very positive feedback.

With regard to our budget, we are very well aware that the federal government faces a large deficit and a long-range fiscal imbalance. Therefore, for several years we have tried to lead by example in this regard as well. We have had very modest budget requests, as is the case this year.

There is some risk, Mr. Chairman, in trying to lead by example in this regard, because it means that we count on you, your capable staff, and others to make sure that there is a level playing field in scrubbing these budget requests before you make final decisions. For example, if this subcommittee were to approve the request of every legislative branch agency—and I know you are unable to do that because of the fiscal pressures—and if you were to see how much of a budget increase would have been achieved in the last 3 years, from fiscal years 2004 to 2006, versus the average for the legislative branch, GAO's increase if we got everything that we asked for, which is based on need versus want, would be a total of 7.4 percent. That is basically inflation. The average for the legislative branch would be 18.4 percent.

So I would respectfully suggest, Mr. Chairman, that it is important not just to look at 1-year budget requests, but also to look, as you pointed out before, at the trendline of what has happened over the last several years, where do things stand on a relative basis as well as hopefully be able to look at return on investment. By having a modest budget request and a strong return on investment, we hope that puts us in a strong position to get our fair share.

PREPARED STATEMENT

The last thing I would say, Mr. Chairman, is I appreciate this subcommittee's past support of GAO. I look forward to working with you. I congratulate you on your appointment to the chairman-

ship, and I know that it is going to be a tough year and series of years. But I think by focusing on minimizing budget requests, maximizing return on investment, and focusing on positive, outcome-based results, I hope that it will make your job a little bit easier.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF DAVID M. WALKER

Mr. Chairman and Members of the Subcommittee: I am pleased to appear before you today in support of the fiscal year 2006 budget request for the U.S. Government Accountability Office (GAO). This request is necessary to help us continue to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people.

We are grateful to the Congress for providing us with the support and resources that have helped us in our quest to be a world-class professional services organization. I am proud of the work we accomplish as we continue to provide our congressional clients with professional, objective, fact-based, non-partisan, non-ideological, fair, balanced, and reliable information in a timely manner regarding how well government programs and policies are working and, when needed, recommendations to make government work better. We believe that investing in GAO produces a sound return and results in substantial benefits to the Congress and the American people. In the years ahead, our support to the Congress will likely prove even more critical because of the pressures created by our nation's current and projected budget deficit and long-term fiscal imbalance. These fiscal pressures will require the Congress to make tough choices regarding what the government should do, how it will do its work, who will help carry out its work in the future, and how government will be financed in the future.

We summarized the larger challenges facing the federal government in our recently issued 21st Century Challenges report.[1] In this report, we emphasize the critical need to bring the federal government's programs and policies into line with 21st century realities. Continuing on our current unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living, and ultimately our national security. We, therefore, must fundamentally reexamine major spending and tax policies and priorities in an effort to recapture our fiscal flexibility and ensure that our programs and priorities respond to emerging security, social, economic, and environmental changes and challenges in the years ahead. I believe that GAO can be of invaluable assistance in helping the Congress address these challenges.

My testimony today will focus on our (1) performance and results with the funding you provided us in fiscal year 2004, (2) streamlining and management improvement efforts under way, and (3) budget request for fiscal year 2006 to support the Congress and serve the American people.

SUMMARY

In summary:

—The funding we received in fiscal year 2004 allowed us to audit and evaluate a number of major topics of concern to the nation and, in some cases, the world. For example, we reported on the reconstruction efforts in Afghanistan and Iraq; important concerns about pay and other support for the National Guard and Reserve forces; numerous topics related to homeland and national security, including improving operations of the Departments of Homeland Security and Defense; curbing the use of counterfeit identity documents; and making the nation's transportation system safer from potential acts of terrorism. We also continued to raise concerns about the nation's long-term fiscal imbalance, summarized key health care statistics and published a proposed framework for related reforms, and provided staff support for the 9/11 Commission. In fiscal year 2004, we exceeded or equaled our all-time record for six of our seven key performance indicators while continuing to improve our client and employee feedback results. I am especially pleased to report that we documented $44 billion in financial benefits—a return of $95 for every dollar spent, or $13.7 million per

[1] GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO–05–325SP (Washington, D.C.: February 2005).

employee. In fiscal year 2004, we also recorded 1,197 other benefits that could not be measured in dollar terms including benefits that helped to change laws, to improve services to the public and to promote sound agency and government-wide management. Also, experts from our staff testified at 217 congressional hearings covering a wide range of important public policy issues during fiscal year 2004.

—Shortly after I was appointed Comptroller General, I determined that our agency would undertake a transformation effort. This effort is consistent with the elements of House Report (H. Rpt.) 108–577 that focus on improving the efficiency and effectiveness of operations at legislative branch agencies. Our transformation effort has enabled us to eliminate a management layer, streamline our organization, reduce our overall footprint, and centralize many of our support functions. Currently, over 50 percent of our support staff are contractors, allowing us to devote more of our staff resources to our mission work. We recently surveyed managers of agency support operations and identified additional activities that potentially could be filled through alternative sourcing strategies. In fiscal years 2005 and 2006, we will further assess the feasibility of using alternative sourcing for these activities. I would be pleased to brief you at a later date on our preliminary analyses.

—In developing our fiscal year 2006 budget, we have taken into consideration the overall federal budget constraints and the committee's desire to lead by example. Accordingly, we are requesting $493.5 million which represents a modest increase of 4 percent over fiscal year 2005. This increase is primarily for mandatory pay costs and price level changes. This budget request will allow us to continue to maximize productivity, operate more effectively and efficiently, and maintain the progress we have made in technology and other areas, but it does not allow us sufficient funding to support a staffing level of 3,269—the staffing level that we requested in previous years. Even as we are tempering our budget request, it needs to be acknowledged that there are increasing demands on GAO's resources. For example, the number of congressional mandates for GAO studies, such as GAO reviews of executive branch and legislative branch operations, has increased more than 15 percent since fiscal year 2000. While we have reduced our planned staffing level for fiscal years 2005 and 2006 in order to keep our request modest, we believe that the staffing level we requested in previous years is a more optimal staffing level for GAO and would allow us to better meet the needs of the Congress and provide the return on investment that both the Congress and the American people expect. We will be seeking your commitment and support to provide the funding needed to rebuild our staffing levels over the next few fiscal years, especially as we approach a point where we may be able to express an opinion on the federal government's consolidated financial statements.

FISCAL YEAR 2004 PERFORMANCE AND RESULTS

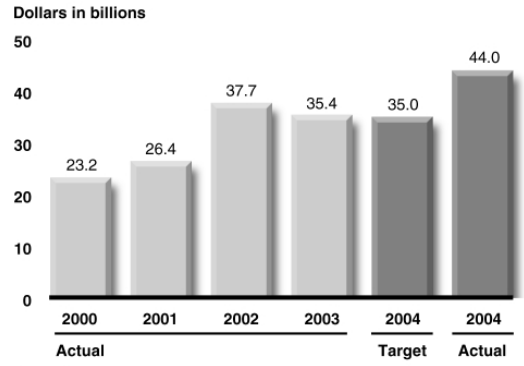
In fiscal year 2004, much of our work examined the effectiveness of the federal government's day-to-day operations, such as administering benefits to the elderly and other needy populations, providing grants and loans to college students, and collecting taxes from businesses and individuals. Yet, we remained alert to emerging problems that demanded the attention of lawmakers and the public. For example, we continued to closely monitor developments affecting the Iraq war, defense transformation, homeland security, social security, health care, the U.S. Postal Service, civil service reform, and the nation's private pension system. We also informed policymakers about long-term challenges facing the nation, such as the federal government's financial condition and fiscal outlook, new security threats in the post-cold war world, the aging of America and its impact on our health care and retirement systems, changing economic conditions, and the increasing demands on our infrastructure—from highways to water systems. We provided congressional committees, members, and staff with up-to-date information in the form of reports, recommendations, testimonies, briefings, and expert comments on bills, laws, and other legal matters affecting the federal government. We performed this work in accordance with the GAO Strategic Plan for serving the Congress, consistent with our professional standards, and guided by our core values. See appendix I for our Strategic Plan Framework for serving the Congress and the nation.

Outcomes of Our Work

In fiscal year 2004, our work generated $44 billion in financial benefits, primarily from recommendations we made to agencies and the Congress (see fig. 1). Of this amount, about $27 billion resulted from changes to laws or regulations, $11 billion resulted from agency actions based on our recommendations to improve services to

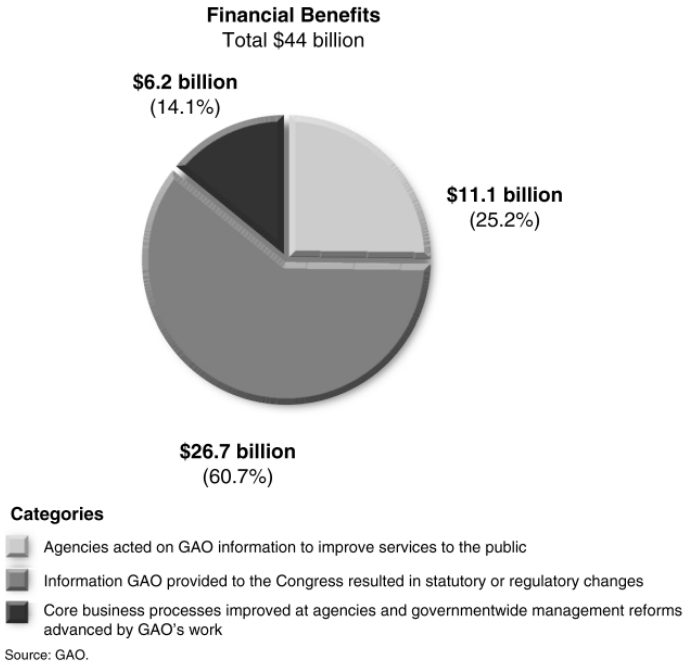
the public, and $6 billion resulted from improvements to core business processes, both governmentwide and at specific agencies, resulting from our work (see fig. 2). Our findings and recommendations produce measurable financial benefits for the federal government when the Congress or agencies act on them. The funds that are saved can then be made available to reduce government expenditures or be reallocated to other areas. The monetary effect realized can be the result of changes in business operations and activities; the structure of federal programs; or entitlements, taxes, or user fees.

Figure 1: GAO's Financial Benefits



Source: GAO.

Figure 2: Types of Financial Benefits Recorded in Fiscal Year 2004 from Our Work



Source: GAO.

For example, financial benefits could result if the Congress were able to reduce its annual cost of operating a federal program or lessen the cost of a multiyear program or entitlement. Financial benefits could also result from increases in federal revenues—due to changes in laws, user fees, or sales—that our work helped to produce. Financial benefits included in our performance measures are net benefits—that is, estimates of financial benefits that have been reduced by the costs associated with taking the action that we recommended. Figure 3 lists several of our major financial benefits for fiscal year 2004 and briefly describes some of our work contributing to financial benefits.

FIGURE 3.—GAO'S SELECTED MAJOR FINANCIAL BENEFITS REPORTED IN FISCAL YEAR 2004

Description	Amount
Eliminated Medicaid's upper payment limit loophole. We identified a weakness in Medicaid's upper payment limit methodology that allowed states to make excessive payments to local, government-owned nursing facilities and then have the facilities return the payments to the states, creating the illusion that they had made large Medicaid payments in order to generate federal matching payments. Closing the loophole prevented the federal government from making significant federal matching payments to states above those intended by Medicaid. The amount shown represents the net present value of estimated financial benefits for fiscal years 2005 and 2006—the final years for which benefits can be claimed.	$10,073
Updated the Consumer Price Index (CPI). We recommended that the Bureau of Labor Statistics periodically update the expenditure weights of its market basket of goods and services used to calculate the CPI to make it more timely and representative of consumer expenditures. The bureau agreed to do this every 2 years, and the CPI for January 2002 reflected the new weights. For federal programs that use the CPI as an index for determining benefits, the adjustments have resulted in decreased federal expenditures (e.g., reduced Social Security cost-of-living adjustments) and increased federal revenues, such as reductions in the growth of personal exemptions for federal income taxes. The amount shown represents projected financial benefits for fiscal year 2007, the fifth and final year for which we will allow benefits to be claimed for this action.	$5,074

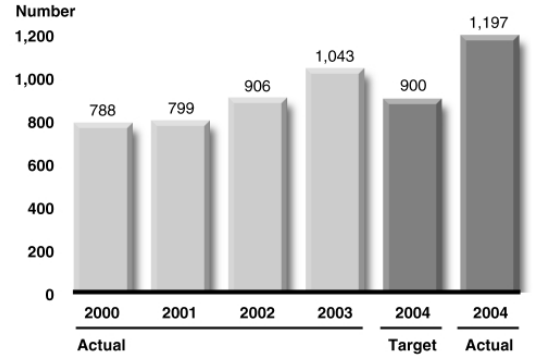
FIGURE 3.—GAO'S SELECTED MAJOR FINANCIAL BENEFITS REPORTED IN FISCAL YEAR 2004—Continued

Description	Amount
Reduced costs associated with Medicare spending on home health care. We reported in 2002 that Medicare's payments for home health care episodes were, on average, about 35 percent higher than the estimated costs of home health care provided in the first 6 months of 2001. Our report helped to ensure that the Congress did not delay or eliminate a scheduled reduction in Medicare home health payments that had risen rapidly from the late 1980s through the mid-1990s.	$4,661
Reduced the cost of federal housing programs. We determined that the Department of Housing and Urban Development (HUD) did not have the information it needed to routinely calculate and track unexpended balances in its housing and community development programs. As a result of our work, the Congress required HUD to prepare quarterly reports on unexpended balances for each program, and HUD management committed to closely monitor these balances and identify amounts available for recapture.	$3,638
Improved the use of the Iraqi Freedom Fund. We reported that the military services may not obligate all of the funds appropriated for the global war on terrorism in fiscal year 2003 as required. Thus, the Congress rescinded $3.49 billion from the September 2003 balance remaining in the Iraqi Freedom Fund as part of the fiscal year 2004 Department of Defense Appropriations Act. These funds were made available for other purposes.	$3,490
Reduced costs associated with preparing the Department of Defense's (DOD) financial statements. We determined that DOD's initial plans to obtain a favorable fiscal year 2004 audit opinion were not feasible or cost-effective. Therefore, instead of moving $2.2 billion to fund the DOD components' efforts focused on a fiscal year 2004 audit opinion, the DOD Comptroller shifted $184 million to begin auditability assessments and audits, as applicable, as part of a long-term strategy to improve DOD's fiscal accountability. The Comptroller's decision not to reprogram the funds allowed DOD to use over $2 billion for other purposes during the fiscal year.	$2,057
Modified the focus of funding for DOD's V–22 Osprey aircraft program. We highlighted for DOD officials—before full production of the aircraft was scheduled to begin—numerous risks and unknowns that existed in the V–22 Osprey program because of inadequate testing and evaluation. We reported these concerns to a blue-ribbon investigative panel established after a second fatal crash of the V–22. As a result of our work, the blue-ribbon panel recommended that DOD temporarily reduce the production of the V–22 to a minimum level to free up funds to better address the research and development issues we raised. The Congress reduced the procurement funding for purchasing V–22 aircraft from the planned 37 to 11 for each of fiscal years 2003 and 2004. This action allowed some funds to be used for development testing of the V–22 aircraft, but the remaining funds were made available for other purposes.	$1,618
Eliminated unnecessary military funding from the budget. We recommended that requested fiscal year 2004 funds be eliminated for three terminated military operations involving Iraq's compliance with various United Nations resolutions, Operations Northern and Southern Watch and Operation Desert Spring. These funds were made available for other purposes.	$1,353
Improved DOD's contracting and acquisition practices. We developed a strategic framework—based on the best practices of leading private-sector companies—to guide DOD's services contracting reforms and recommended changes in DOD's organizational structure and approach to acquiring goods and services, such as using cross-functional teams and spend analyses to coordinate key purchases and leverage buying power for the agency. As a result of work done by us and others, the Congress cut DOD's budget in its fiscal year 2003 appropriation in anticipation of expected savings. This accomplishment amends a financial benefit we claimed in fiscal year 2002 and represents an additional benefit in fiscal year 2004—the final year for which a benefit can be claimed.	$868

Source: GAO.

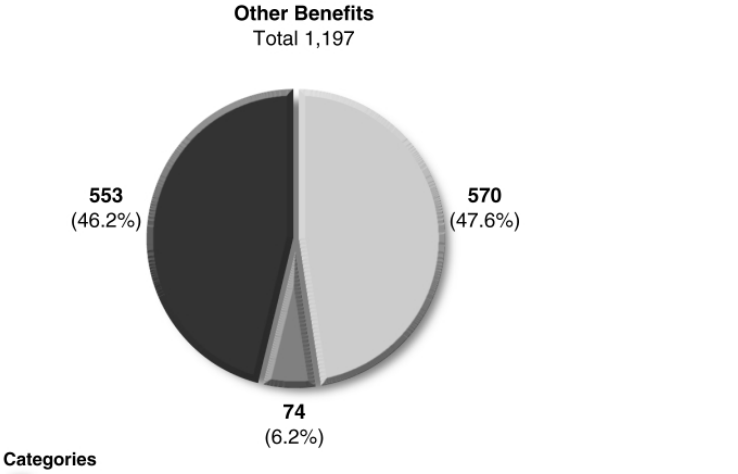
Many of the benefits that result from our work cannot be measured in dollar terms. During fiscal year 2004, we recorded a total of 1,197 other benefits (see fig. 4). We documented 74 instances where information we provided to the Congress resulted in statutory or regulatory changes, 570 instances where federal agencies improved services to the public, and 553 instances where agencies improved core business processes or governmentwide reforms were advanced (see fig. 5). These actions spanned the full spectrum of national issues, from ensuring the safety of commercial airline passengers to identifying abusive tax shelters. See figure 6 for examples of other benefits we claimed as accomplishments in fiscal year 2004.

Figure 4: Other Benefits



Source: GAO.

Figure 5: Types of Other Benefits Recorded in Fiscal Year 2004 from Our Work



Source: GAO.

FIGURE 6.—GAO'S SELECTED OTHER (NONFINANCIAL) BENEFITS REPORTED IN FISCAL YEAR 2004

	Explanation
OTHER BENEFITS THAT HELPED TO CHANGE LAWS	
Vision 100-Century of Aviation Reauthorization Act, Public Law 108–176.	We worked closely with the Congress to draft language that was included in this law related to curriculum and certification requirements for aviation mechanics. The language, which was based on recommendations we had made, included a requirement that the Federal Aviation Administration update and revise curriculum standards for aviation mechanics.
Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108–173.	Congress included six provisions in the law based on analyses and recommendations we made. For example, our work found that Medicare's method for establishing payment rates for drugs obtained under Medicare Part B—which covers doctors' services, outpatient hospital care, and some other nonhospital services—was flawed because it based payments on nonmarket-driven price estimates. The law addressed these issues by lowering payment rates in 2004 for drugs covered by Part B to more closely reflect acquisition costs and by changing the method for calculating these payment rates in 2005, basing these rates on a market-driven estimate. Also, partly on the basis of our work, the Congress modified the eligibility criteria for small rural hospitals to qualify as critical access hospitals under the Medicare program. This change provides flexibility for some additional hospitals to consider conversion. Because of Medicare's payment methodology, converting to a critical access hospital may help bolster a hospital's financial condition, allowing it to continue to provide services to patients.
Consolidated Appropriations Act, 2004, Public Law 108–199.	We found that HUD could make more accurate eligibility decisions for individuals seeking housing assistance if it had access to more timely income information available from the Department of Health and Human Service's Office of Child Support Enforcement's National Directory of New Hires. We recommended that HUD match applicants and current recipients of its rental housing assistance programs with the new hires database. This law gives HUD access to information from the database that will better ensure that only eligible individuals receive housing assistance.
National Defense Authorization Act for Fiscal Year 2004, Public Law 108–136.	We testified that most existing federal performance appraisal systems, including a vast majority of DOD's systems, are not designed to support a meaningful performance-based personnel system, and agencies should have to demonstrate that these systems are modern, effective, and valid in order to receive any additional performance-based flexibilities. We suggested that the Congress establish a governmentwide fund whereby agencies could apply for funds to modernize their performance management systems and ensure that those systems have adequate safeguards to prevent abuse. This law established the Human Capital Performance Fund to support all executive agencies as they plan for and carry out performance-based rewards for their civilian employees.
OTHER BENEFITS THAT HELPED TO IMPROVE SERVICES TO THE PUBLIC	
Helped to Ensure the Safety of Shellfish ...	In July 2001, we reported that the Food and Drug Administration's (FDA) oversight of states' shellfish safety programs was not risk-based and thus FDA was not using its limited resources wisely. To better ensure shellfish safety, we recommended that FDA identify risk factors for each of its program elements (growing area classification, processing and shipping, and control of harvest). FDA developed a scoring system for these factors. FDA shellfish specialists compute a total risk score of high, medium, or low that determines the frequency of the evaluation of that program element. High-risk elements were to be evaluated every year beginning in fiscal year 2003, medium-risk elements every second year beginning in fiscal year 2004, and low-risk elements every third year beginning in fiscal year 2005.

FIGURE 6.—GAO'S SELECTED OTHER (NONFINANCIAL) BENEFITS REPORTED IN FISCAL YEAR 2004—Continued

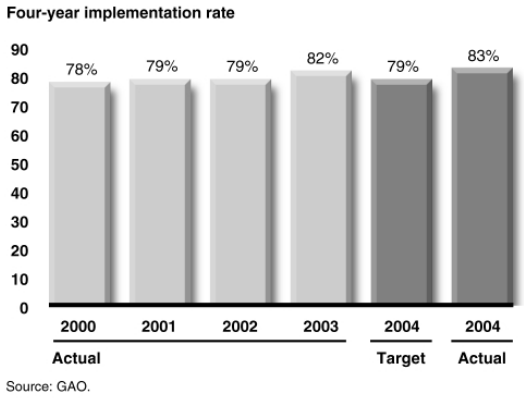
	Explanation
Identified the Need for Better Criteria to Determine Highly Qualified Teachers.	Our report found that states did not have the information needed to determine whether teachers had met criteria to be considered highly qualified, as required by the No Child Left Behind Act. Specifically, states did not have the information they needed to develop methods to evaluate the subject area knowledge of teachers. To help states determine the number of highly qualified teachers they have and the actions they need to take to meet the requirements for highly qualified teachers by the end of the 2005–2006 school year, we recommended that the Secretary of Education provide more information to states about methods to evaluate subject area knowledge of current teachers. In January 2004, Education issued a revised version of the guidance ''Improving Teacher Quality,'' which contains more information on how to evaluate subject area knowledge to meet the federal definition of a highly qualified teacher. Specifically, the guidance includes a new section that, among other things, defines evaluation standards and factors to consider when developing them.
Encouraged VA to Clarify the Array of Home Health Care Services Available to Veterans.	We recommended that the Department of Veterans Affairs (VA) specify in policy whether three home health services—home-based primary care, homemaker/home health aide, and skilled home health care—are to be available to all enrolled veterans. In response, VA published an information letter on October 1, 2003, clarifying that, according to VA policy, the three home health services are to be available for all enrolled, eligible veterans in need of such services. The information letter was distributed to all facilities through e-mail and is available on the VA Web site.
OTHER BENEFITS THAT HELPED TO PROMOTE SOUND AGENCY AND GOVERNMENTWIDE MANAGEMENT	
Identified the Need for More Specific Criteria to Select for Audit Tax Returns from Large Corporations.	We found that the Internal Revenue Service (IRS) is investing more in audits of large corporations and getting less in return. To improve the audits of tax returns filed by large corporations, we recommended that IRS provide more specific objective criteria and procedures to guide the selection of large corporate tax returns and classification of tax issues with high audit potential across the districts. In March 2002, IRS implemented a process for scoring returns in order to fully implement a plan to place these returns in the field for audit. IRS has begun to identify high-risk returns from corporate and partnership tax returns using the Discriminant Analysis System.
Helped to Centralize the Oversight of Major DOD Contracts.	We examined various DOD initiatives underway that are intended to better manage acquisition of services, including drafting policy to provide better oversight on purchases of high-dollar value services. In response to our work, the Under Secretary of Defense for Acquisition, Technology, and Logistics and each of the military departments now have a management structure in place and a process for reviewing major (i.e., large-dollar or program-critical) service acquisitions for adherence to performance and other contracting requirements. The new policy establishes a threshold of $500 million or more for selecting service purchases for review and approval by the military department and possibly DOD headquarters, allowing DOD to adequately plan major purchases before committing the government to major expenditures.
Helped to Reduce Fraud, Waste, and Abuse of Agencies' Purchase Cards.	In a series of reports and testimonies beginning in 2001, we highlighted pervasive weaknesses in the government's $16 billion purchase card program. Our work identified numerous cases of fraud, waste, and abuse at DOD, HUD, and the Federal Aviation Administration. These agencies have taken significant steps to implement the hundreds of recommendations we made to upgrade their controls. Major improvement areas include enhanced controls over card issuance and cancellation, reduced span of control for approving officials, increased human capital resources and training, new performance measures and goals, required advance approval of purchases, and independent receiving and acceptance of goods and services. These efforts will substantially reduce the government's vulnerability to fraud, waste, and abuse in agencies' purchase card programs.

Source: GAO.

Recommendation Acceptance Rate

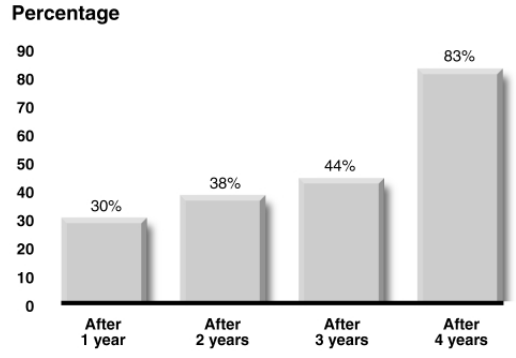
At the end of fiscal year 2004, 83 percent of the recommendations we made in fiscal year 2000 had been implemented (see fig. 7), primarily by executive branch agencies. Putting these recommendations into practice is generating tangible benefits for the American people. As figure 8 indicates, agencies need time to act on our recommendations. Therefore, we assess recommendations implemented after 4 years, the point at which experience has shown that, if a recommendation has not been implemented, it is not likely to be.

Figure 7: Past Recommendations Implemented



Source: GAO.

Figure 8: Cumulative Implementation Rate for Recommendations Made in Fiscal Year 2000

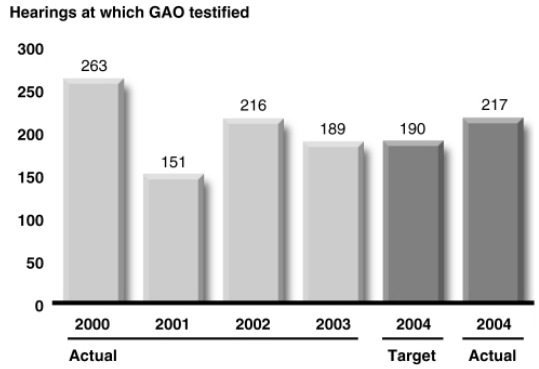


Source: GAO.

Testimonies That Serve the Congress

During fiscal year 2004, experts from our staff testified at 217 congressional hearings (see fig. 9) covering a wide range of complex issues. For example, our senior executives testified on the financial condition of the Pension Benefit Guaranty Corporation's single-employer program, the effects of various proposals to reform Social Security's benefit distributions, and enhancing federal accountability through inspectors general. Nearly half of our testimonies were related to high-risk areas and programs. See figure 10 for a summary of issues we testified on, by strategic goal, in fiscal year 2004.

Figure 9: Testimonies



Source: GAO.

FIGURE 10.—*Topics on Which GAO Testified During Fiscal Year 2004*

Goal 1: Well-being and financial security of the American people

Student loan programs
Child welfare
Pension plan insurance programs
Energy Employees' Occupational Illness Compensation Program
Social Security reform's effect on benefits and taxes
Medicare spending
Intergovernmental Medicaid transfers
Private health insurance
Defense and veterans' health care
U.S. gasoline markets
Farm program payments
Security challenges at chemical facilities
Oil and gas activities on federal lands
Postal Service transformation
Rail security
Federal real property
Federal aviation management and modernization
Pipeline safety
Telecommunications

Goal 2: Changing security threats and challenges of globalization

Gulf War illnesses
International broadcasting
Border security
Terrorist financing
United Nations Oil-for-Food program
Oversight of government-sponsored enterprises
Securities and Exchange Commission operations
Mutual funds
Use of Reserve forces
Destruction of chemical weapons
Mail delivery to deployed troops
Defense personnel clearances
Unmanned aerial vehicles
Military base closures
Operations in Iraq
Challenges in inspecting oceangoing cargo containers
Homeland security advisory system
Security at nuclear facilities
Counterfeit identities
Information security
Critical infrastructure protection
International defense sales
U.S. Army combat systems
Military aircraft
Defense's space systems
National strategy for homeland security

Goal 3: Transforming the Federal Government's role

Army Reserve and Army National Guard pay
Defense contractor tax system abuses
Fraudulent diplomas
Illicit Internet pharmacies
Information technology management
Information technology continuity of operations
Electronic government
Border and transportation security
Electronic voting
Abusive tax shelters
Diversity among senior federal executives
Transformation of the federal government
Long-term federal budget issues
Office of Management and Budget's Program Assessment Rating Tool
The impact of the Government Performance and Results Act
District of Columbia government

Federal financial management and fiscal challenges	Excess Defense property
Federal purchase and travel cards	Space shuttle program
	Defense contract management

GAO's High-Risk Program

Issued to coincide with the start of each new Congress, our high-risk update lists government programs and functions in need of special attention or transformation to ensure that the federal government functions in the most economical, efficient, and effective manner possible. Our latest report, released in January 2005, presents the status of high-risk areas identified in 2003 and lists new high-risk areas warranting attention by the Congress and the administration.[2]

In January 2003, we identified 25 high-risk areas; in July 2003, a twenty-sixth high-risk area was added to the list (see table 1). Since then, progress has been made in all areas, although the nature and significance of progress varies by area. Federal departments and agencies, as well as the Congress, have shown a continuing commitment to addressing these high-risk challenges and have taken various steps to help correct several of their root causes. GAO has determined that sufficient progress has been made to remove the high-risk designation from the following three areas: student financial aid programs, FAA financial management, and Forest Service financial management.

Also, four areas related to IRS have been consolidated into two areas.

This year, we designated four new high-risk areas. The first new area is establishing appropriate and effective information-sharing mechanisms to improve homeland security. Federal policy creates specific requirements for information-sharing efforts, including the development of processes and procedures for collaboration between federal, state, and local governments and the private sector. This area has received increased attention, but the federal government still faces formidable challenges sharing information among stakeholders in an appropriate and timely manner to minimize risk.

The second and third new high-risk areas are, respectively, DOD's approach to business transformation and its personnel security clearance program. GAO has reported on inefficiencies and inadequate transparency and accountability across DOD's major business areas, resulting in billions of dollars of wasted resources. Senior leaders have shown commitment to business transformation through individual initiatives in acquisition reform, business modernization, and financial management, among others, but little tangible evidence of actual improvement has been seen to date in DOD's business operations. DOD needs to take stronger steps to achieve and sustain business reform on a departmentwide basis. Further, delays by DOD in completing background investigations and adjudications can affect the entire government because DOD performs this function for hundreds of thousands of industry personnel from 22 federal agencies, as well as its own service members, federal civilian employees, and industry personnel. The Office of Personnel Management (OPM) is to assume DOD's personnel security investigative function, but this change alone will not reduce the shortages of investigative personnel.

The fourth high-risk area is management of interagency contracting. Interagency contracts can leverage the government's buying power and provide a simplified and expedited method of procurement. But several factors can pose risks, including the rapid growth of dollars involved combined with the limited expertise of some agencies in using these contracts as well as recent problems related to their management. Various improvement efforts have been initiated to address interagency contracting, but improved policies and processes, and their effective implementation, are needed to ensure that interagency contracting achieves its full potential in the most effective and efficient manner.

Lasting solutions to high-risk problems offer the potential to save billions of dollars, dramatically improve service to the American public, strengthen public confidence and trust in the performance and accountability of our national government, and ensure the ability of government to deliver on its promises.

TABLE 1.—THE YEAR THAT AREAS ON GAO'S 2005 HIGH-RISK LIST WERE DESIGNATED AS HIGH RISK

Area	Year designated high risk
Medicare Program	1990
DOD Supply Chain Management	[1] 1990

[2] GAO, *High-Risk Series: An Update*, GAO–05–207 (Washington, D.C.: January 2005).

TABLE 1.—THE YEAR THAT AREAS ON GAO'S 2005 HIGH-RISK LIST WERE DESIGNATED AS HIGH RISK—Continued

Area	Year designated high risk
DOD Weapon Systems Acquisition	1990
DOE Contract Management	1990
NASA Contract Management	1990
Enforcement of Tax Laws	[2] 1990
DOD Contract Management	1992
HUD Single-Family Mortgage Insurance and Rental Housing Assistance Programs	1994
DOD Financial Management	1995
DOD Business Systems Modernization	1995
IRS Business Systems Modernization	[3] 1995
FAA Air Traffic Control Modernization	1995
Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures	1997
DOD Support Infrastructure Management	1997
Strategic Human Capital Management	2001
U.S. Postal Service Transformation Efforts and Long-Term Outlook	2001
Medicaid Program	2003
Managing Federal Real Property	2003
Modernizing Federal Disability Programs	2003
Implementing and Transforming the Department of Homeland Security	2003
Pension Benefit Guaranty Corporation Single-Employer Insurance Program	2003
Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security	2005
DOD Approach to Business Transformation	2005
DOD Personnel Security Clearance Program	2005
Management of Interagency Contracting	2005

[1] This area was formerly entitled DOD Inventory Management.
[2] One of the two high-risk areas that were consolidated to make this area—Collection of Unpaid Taxes—was designated high risk in 1990. The other area—Earned Income Credit Noncompliance—was designated high risk in 1995.
[3] IRS Financial Management has been incorporated into the IRS Business Systems Modernization high-risk area. Both areas were initially designated as high risk in 1995.

Source: GAO.

In fiscal year 2004, we issued 218 reports and delivered 96 testimonies related to our high-risk areas and programs, and our work involving these areas resulted in financial benefits totaling over $20 billion. This work, for example, included 13 reports and 10 testimonies examining problems with DOD's financial management practices, such as weak internal controls over travel cards, inadequate management of payments to the Navy's telecommunications vendors, and abuses of the federal tax system by DOD contractors, resulting in $2.7 billion in financial benefits. In addition, we documented $700 million in financial benefits based on previous work and produced 7 reports and 4 testimonies focusing on, for example, improving Social Security Administration and Department of Energy processes that result in inconsistent disability decisions and inconsistent benefit outcomes.

STREAMLINING AND MANAGEMENT IMPROVEMENT EFFORTS

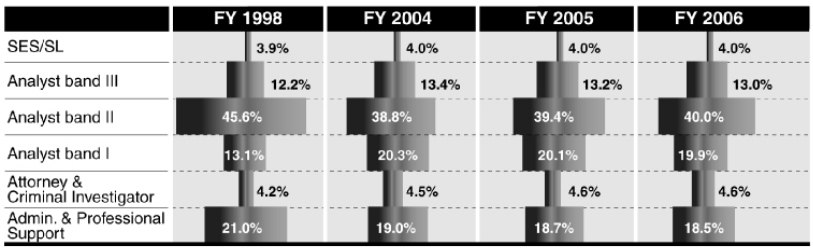
Shortly after I was appointed in November 1998, I determined that GAO should undertake a major transformation effort to better enable it to "lead by example" and better support the Congress in the 21st century. This effort is consistent with the House Report 108–577 on the fiscal year 2005 legislative branch appropriation that focuses on improving the efficiency and effectiveness of operations at legislative branch agencies.

The Mandate:

H. Rpt. 108–577 directed GAO to work closely with the head of each legislative branch agency to identify opportunities for streamlining, cross-servicing and outsourcing, leveraging existing technology, and applying management principles identified as "best practices" in comparable public and private sector enterprises. H. Rpt. 108–577 also directed the legislative branch agencies to be prepared to discuss recommended changes during the fiscal year 2006 appropriations hearing cycle.

Our agency transformation effort has enabled GAO to become more results-oriented, partnerial, client-focused, and externally aware, and less hierarchical, process-oriented, "siloed," and internally focused. The transformation resulted in reduced organizational layers, fewer field offices, the elimination of duplication in several areas, and improved our overall resource allocation. We began our transformation effort by using the GAO Strategic Plan as a framework to align our organization and its resources. On the basis of the strategic plan, we streamlined and realigned the agency to eliminate a management layer, consolidated 35 issue areas into 13 teams, and reduced our field offices from 16 to 11. We also eliminated the position of Regional Manager—a Senior Executive Service level position—in the individual field offices and consolidated the remaining field offices into three regions—the eastern region, the central region, and the western region, each headed by a single senior executive. Following the realignment of our mission organization and field offices, GAO's support organizations were restructured and centralized to eliminate duplication and to provide human capital, report production and processing, information systems desk-side support, budget and financial management, and other services more efficiently to agency staff. This has resulted in a 14 percent reduction in our support staff since 1998. As shown in figure 11, these and subsequent measures improved the "shape" of the agency by decreasing the number of mid-level managers and by increasing the number of entry level and other staff with the skills and abilities to accomplish our work.

Figure 11: GAO's Human Capital Profile



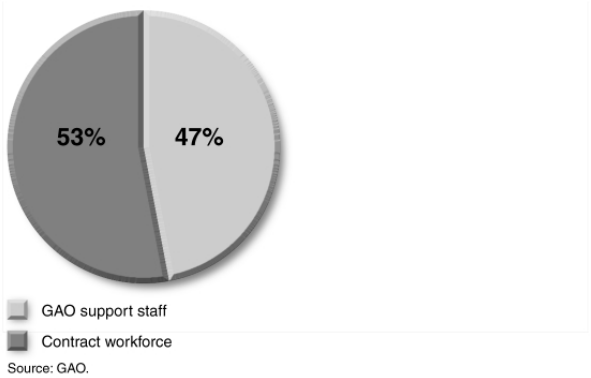
Source: GAO.

Note: Profiles represent staffing at the end of each fiscal year. Fiscal years 2005 and 2006 are projected.

During my tenure, GAO has outsourced and cross-serviced many administrative support activities, which has allowed GAO to devote more of its resources to mission work. In fiscal year 2004, about two-thirds of our nonhuman capital costs were spent to obtain critical mission support services for about 165 activities from the private and public sectors through outsourcing. Outsourcing contracts include a wide range of mission support activities, including information technology systems development, maintenance, and support; printing and dissemination of GAO products; operation and maintenance of the GAO Headquarters building; information, personnel, and industrial security activities; records management; operational support; and audit service support. GAO also meets many of its requirements through cross-servicing arrangements with other federal agencies. For example, GAO uses the Department of Agriculture's National Finance Center to process its personnel/payroll transactions. Also, GAO uses the legislative branch's long-distance telephone contract, which has resulted in continual reductions in long-distance rates. GAO also uses a wide range of contracting arrangements available in the executive branch for procuring major information technology (IT) services. GAO also uses the Library of Congress' Federal Library and Information Network to procure all of its commercial online databases.

Currently, as shown in figure 12, over 50 percent of our staff resources in the support area are contractors, allowing us to devote more of our staff resources to our mission work. We recently surveyed managers of agency mission support operations and identified additional activities that potentially could be filled through alternative sourcing strategies. In fiscal years 2005 and 2006, we will assess the feasibility of alternative sourcing for these activities using an acquisition sourcing maturity model and cost-benefit analyses.

Figure 12: Composition of GAO's Support Staff



Source: GAO.

Utilizing IT effectively is critical to our productivity, success, and viability. We have applied IT best management practices to take advantage of a wide range of available technologies such as Web-based applications and Web-enabled information access, as well as modern, mobile computing devices such as notebook computers to facilitate our ability to carry out our work for the Congress more effectively. We make wide use of third-party reviews of our practices and have scored well in measurement efforts such as total cost of ownership, customer service, and application development. In fiscal year 2002, an independent study of GAO's IT processes and related costs revealed that, "GAO is delivering superb IT application support and development services to the business units at 29 percent less than the cost it would take the Government peer group to deliver." In confirmation of these findings, in fiscal year 2003, GAO was one of only three federal agencies to receive the CIO Magazine 100 Award for excellence in effectively managing IT resources to obtain the most value for every IT dollar. We were named to the CIO Magazine's "CIO 100" for our excellence in managing IT resources in both 2003 and 2004.

Because one of our strategic goals is to maximize our value by serving as a model agency for the federal government, we adopt best practices that we have suggested for other agencies, and we hold ourselves to the spirit of many laws that are applicable only to the executive branch. For example, we adhere to the best practices for results-oriented management outlined in the Government Performance and Results Act (GPRA). We have strengthened our financial management by centralizing authority in a Chief Financial Officer with functional responsibilities for financial management, long-range planning, accountability reporting, and the preparation of audited financial statements, as directed in the Chief Financial Officers Act (CFO Act). Also, for the eighteenth consecutive year, independent auditors gave GAO's financial statements an unqualified opinion with no material weaknesses and no major compliance problems.

In the human capital area, we are clearly leading by example in modernizing our policies and procedures. For example, we have adopted a range of strategic workforce policies and practices as a result of a comprehensive workforce planning effort. Among other things, this effort has resulted in greatly upgrading our workforce capacity in both IT and health care policy. We also have updated our performance management and compensation systems and our training to maximize staff effectiveness and to fully develop the potential of our staff within both current and expected resource levels.

GAO'S FISCAL YEAR 2006 REQUEST TO SUPPORT THE CONGRESS

We are requesting budget authority of $493.5 million for fiscal year 2006. This budget request will allow us to continue to maximize productivity, operate more effectively and efficiently, and maintain the progress we have made in technology and other areas. However, it does not allow us sufficient funding to support a staffing level of 3,269—the staffing level that we requested in previous years. In preparing this request, we conducted a baseline review of our operating requirements and reduced them as much as we felt would be prudent. However, with about 80 percent of our budget composed of human capital costs, we needed to constrain hiring to

keep our fiscal year 2006 budget request modest. We plan to use recently enacted human capital flexibility from the GAO Human Capital Reform Act of 2004 as a framework to consider such cost savings options as conducting one or more voluntary early retirement programs and we also plan to review our total compensation policies and approaches.

There are increasingly greater demands on GAO's resources. Since fiscal year 2000, we have experienced a 30 percent increase in the number of bid protest filings. We expect this workload to increase over the coming months because of a recent change in the law that expands the number of parties who are eligible to file protests. In addition, the number of congressional mandates for GAO studies, such as our reviews of executive branch and legislative branch operations, has increased more than 15 percent since fiscal year 2000. While we have reduced our planned staffing level for fiscal years 2005 and 2006, we believe that the staffing level we requested in previous years is a more optimal staffing level for GAO and would allow us to successfully meet the future needs of the Congress and provide the return on investment that the Congress and the American people expect. We will be seeking your commitment and support to provide the funding needed to rebuild our staffing levels over the next few fiscal years, especially as we approach a point where we may be able to express an opinion on the federal government's consolidated financial statements. Given current and projected deficits and the demands associated with managing a growing national debt, as well as challenges facing the Congress to restructure federal programs, reevaluate the role of government, and ensure accountability of federal agencies, a strong GAO will result in substantially greater benefits to the Congress and the American people.

Table 2 summarizes the changes we are requesting in our fiscal year 2006 budget.

TABLE 2.—FISCAL YEAR 2006 BUDGET REQUEST, SUMMARY OF REQUESTED CHANGES

[Dollars in thousands]

Budget category	FTEs	Amount	Cumulative percentage change
Fiscal year 2005 budget authority to support GAO operations	3,215	$474,565	.....
Fiscal year 2006 requested changes:			
Nonrecurring fiscal year 2005 costs	.....	(4,122)	(0.9)
Mandatory pay costs	.....	20,778	3.5
Price level changes	.....	1,428	3.8
Relatively controllable costs	.....	899	.....
Subtotal—requested changes	.....	$18,983	4.0
Total fiscal year 2006 budget authority required to support GAO operations	3,215	$493,548	4.0

Source: GAO.

Our budget request supports three broad program areas: Human Capital, Mission Operations, and Mission Support.

In our Human Capital program, to ensure our ability to attract, retain, and reward high-quality staff and compete with other employers, we provide competitive salaries and benefits, student loan repayments, and transit subsidy benefits. We have undertaken reviews of our classification and compensation systems to consider ways to make them more market-based and performance-oriented and to take into consideration market data for comparable positions in organizations with which we compete for talent. Our rewards and recognition program recognizes significant contributions by GAO staff to the agency's accomplishments. As a knowledge-based, world-class, professional services organization in an environment of increasingly complex work and accelerating change, we maintain a strong commitment to staff training and development. We promote a workforce that continually improves its skills and knowledge.

We plan to allocate funds to our Mission Operations program to conduct travel and contract for expert advice and assistance.

Travel is critical to accomplishing our mission. Our work covers a wide range of subjects of congressional interest, plays a key role in congressional decision making, and can have profound implications and ramifications for national policy decisions. Our analyses and recommendations are based on original research, rather than reliance on third-party source materials. In addition, GAO is subject to professional standards and core values that uniquely position the agency to support the Congress in discharging its oversight and other responsibilities under the Constitution.

We use contracts to obtain expert advice and or assistance not readily available within GAO, or when expertise is needed within compressed time frames for a particular project, audit, or engagement. Examples of contract services include obtaining consultant services, conducting broad-based studies in support of audit efforts, gathering key data on specific areas of audit interest, and obtaining technical assistance and expertise in highly specialized areas.

Mission Support programs provide the critical infrastructure we need to conduct our work. Mission support activities include the following programs:

—*Information Technology*.—Our IT plan provides a road map for ensuring that IT activities are fully aligned with and enable achievement of our strategic and business goals. The plan focuses on improved client service, IT reliability, and security; it promotes effectiveness, efficiency and cost benefit concepts. In fiscal years 2005 and 2006, we plan to continue to modernize outdated management information systems to eliminate redundant tasks, automate repetitive tasks, and increase staff productivity. We also will continue to modernize or develop systems focusing on how analysts do their work. For example, we enhanced the Weapons Systems Database that we created to provide the Congress information to support budget deliberations.

—*Building Management*.—The Building Management program provides operating funds for the GAO Headquarters building and field office locations, safety and security programs, and asset management. We periodically assess building management components to ensure program economy, efficiency and effectiveness. We are currently 8 percent below the General Services Administration's (GSA) median costs for facilities management. We continue to look for cost-reducing efficiencies in our utility usage. Our electrical costs are currently 25 percent below GSA's median cost. With the pending completion of our perimeter security enhancements and an automated agency wide access control system, all major security enhancements will have been completed.

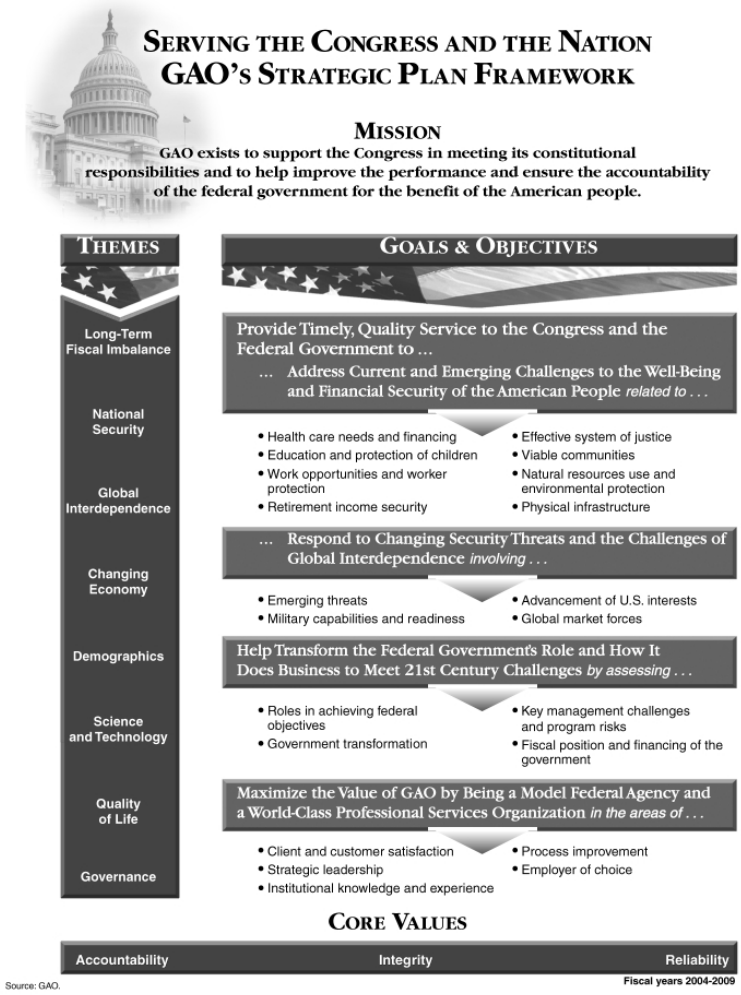
—*Knowledge Services*.—As a knowledge-based organization, it is essential for GAO to gather, analyze, disseminate, and archive information. Our Knowledge Services program provides the information assets and services needed to support these efforts. In recent years, we have expanded our use of electronic media for publications and dissemination; enhanced our external Web site, resulting in increased public access to GAO products; and closed our internal print plant and increased the use of external contractors to print GAO products, increasing the efficiency and cost-effectiveness of our printing operation. Due to recent budget constraints, we have curtailed some efforts related to archiving paper records. We currently are implementing an electronic records management system that will facilitate knowledge transfer, as well as document retrieval and archival requirements.

—*Human Capital Operations*.—In addition, funds will be allocated to Human Capital Operations and support services to cover outplacement assistance, employee health and counseling, position management and classification, administrative support, and transcription and translation services.

CONCLUDING REMARKS

We appreciate your consideration of our budget request for fiscal year 2006 to support the Congress. GAO is uniquely positioned to help provide the Congress the timely, objective information it needs to discharge its constitutional responsibilities, especially in connection with oversight matters. GAO's work covers virtually every area in which the federal government is or may become involved anywhere in the world. In the years ahead, GAO's support will prove even more critical because of the pressures created by our nation's large and growing long-term fiscal imbalance.

This concludes my statement. I would be pleased to answer any questions the Members of the Subcommittee may have.



SOURCES OF GAO WORK

Senator ALLARD. Well, thank you for your testimony.

You talked quite a bit about your staffing levels. You have requested fewer staff for 2006, FTEs is 3,215 employees, than you had in 2005, which is also down from 2004. At the same time, you report that the number of congressional mandates for GAO studies has increased by more than 15 percent. How do you plan to meet the Congress' increased expectations with fewer staff?

Mr. WALKER. Mr. Chairman, first, if you look at the trend line over the last 3 years you will see that the number of mandates we received and the percentage of staff time spent on them has gone up. What this means is that we will have to respond more and more to requests from committee and subcommittee chairs, such as yourself, and committee and subcommittee ranking members. We will have less ability to respond to requests from Members who may be on a relevant committee of jurisdiction but not in a leadership capacity.

Basically what happens is that when we have more mandates, when we have constrained resources, it limits our ability to be able to deal with non-leadership requests. It also can have an effect on how long it might take us to get to a particular issue. That is the fallout.

I did say for the record, Mr. Chairman, that we also are trying to lead by example on what we are requesting. Since 80 to 81 percent of our total costs are people costs, to the extent that we have funding constraints it very quickly affects our people, and our head count, because we do not have a whole lot of flexibility in other areas.

BACKLOG OF REQUESTS

Senator ALLARD. Do you have a backlog in some areas on work that is requested from the Congress? Are there some areas where you do not have enough flexibility to permit you to initiate work on your own? Could you comment on that?

Mr. WALKER. Thank you, Mr. Chairman. As you know, 90 percent of the work that GAO did in fiscal 2004 was either a mandate from the Congress or a written request from the Congress, typically a chair or ranking member of a committee or subcommittee of jurisdiction. The other 10 percent includes about 5 percent that represents events of broad interest to the Congress that I do under my own authority as Comptroller General because many committees are interested and it is not appropriate for one committee to capture it. For example, the work that we are doing on Iraq contracting, and the work that we are doing with regard to a variety of other issues of broad interest to the Congress.

About 5 percent has to do with items where we may not get a request, but relate to significant issues in our strategic plan that we know are of interest to the Congress, but they may not be an immediate concern. For example, we did work on Social Security reform starting several years ago, when Congress was not focused on it, so we are well ahead of the curve. We have done work on health care reform before Congress was focused on it, to be well ahead of the curve. We did work on counterterrorism before 9/11 to be ahead of the curve.

We do have varying backlogs. Our biggest backlog is in health care, as you can imagine, Mr. Chairman.

Senator ALLARD. Not a surprise.

HEALTH CARE BACKLOG

Mr. WALKER. Probably our single biggest domestic policy challenge is health care. That has been and continues to be our biggest backlog. We are continuing to do the best that we can to recruit

as many people as possible in the health care area to staff up. There is a tremendous amount of demand from other organizations. It is a highly competitive marketplace. As a result, we continue to work with the relevant committees of jurisdiction to try to rebalance the portfolio and reset priorities.

There are some areas where we do not have as large a backlog, but that can be explained in part because many times committees want us to do work, but they do not necessarily want to put their name on it. For example, we do a lot of work in the defense area. I can assure you that the work that we do in the defense area is highly valued and sought after. At the same point in time, from time to time Members do not necessarily want to put their name on a request to look at a particular weapons system because of the potential implications that that might have for employment levels or other issues.

So we would be happy to provide for the record if you like a detail of exactly where our backlogs are and how they are trending. But I think we are very actively managing these backlogs. As I said, we would not have 96 percent client satisfaction unless we were doing a decent job. But it is a constant challenge.

PERFORMANCE RECOGNITION

Senator ALLARD. Well, I do agree that there is a lot of good work coming out of the Government Accountability Office. You have changed your name a little bit. I have to think about it, the Government Accountability Office. And I like your approach. I like your pay for performance effort that you are implementing.

Do you think that it has improved the overall performance of employees throughout GAO, your results-driven management style?

Mr. WALKER. I think the numbers speak loudly, Mr. Chairman. If you look at GAO today, we actually have slightly fewer people today than we had 5 years ago. But our outcome-based results—financial benefits, nonfinancial benefits, client feedback, employee feedback, client satisfaction, et cetera—have gone up dramatically. In fact, with regard to our financial results, they have more than doubled during that 5-year period of time.

Now, that is for a lot of reasons. Strategic planning. We did our first strategic plan in Spring 2000. GAO never had one before that. We realigned our organization based on that plan. We eliminated a layer of management, reduced the number of field offices, reduced the number of units from 35 to 13, redeployed resources horizontally and externally. We redefined success for GAO as outcomes and developed results-based measures. We linked institutional, unit, and individual performance measurement and reward systems.

We did a number of things and the combination of all these initiatives, which were done in partnership with my colleagues here with me today as well as others, has had a dramatic and profound effect, not only on the results but I think, quite frankly, on the culture and the reputation of our agency.

Senator ALLARD. Well, I think you bring a good news story here to the subcommittee and I am delighted to hear what you have to say.

MAKING A DIFFERENCE IN GOVERNMENT

Mr. WALKER. Gene Dodaro has been with GAO, we like to say, since the beginning, since he graduated from college. He might be able to give you a little perspective.

Senator ALLARD. Okay.

Mr. DODARO. Yes, Mr. Chairman. We track why people come to GAO to work and then why they stay with us. The basic reason is they want to make a difference. They want to make Government better, they want to improve the situation. To the extent to which we say, we are going to reward you for bringing about positive change in Government, either saving money or improving programs, public safety, et cetera, they are energized by that. They are not here just to produce reports, although at times, as you know, for policy issues we give information without recommendations to the Congress to help you make decisions.

We are making more recommendations in our reports, and our recommendation implementation rate is at an all-time high—83 percent of the recommendations we made in fiscal year 2000 got implemented within a 4-year timeframe. So it is very important to the employees.

PERFORMANCE AWARDS

Senator ALLARD. Well, thank you. I would suspect an important part of your employee motivation is your rewards and bonuses. I see where your budget request increases rewards and recognition by 8 percent, for a total of $2.6 million. Maybe you can explain that.

Mr. WALKER. Mr. Chairman, part of our philosophy is we want to be able to have as many people as our budget will allow. But it is very, very important that, however many employees we have, they be reasonably compensated and rewarded based upon results. Consequently, our whole philosophy is that we want a market-based and performance-oriented compensation system. We want to recognize both team and individual outcome-based performance geared toward our strategic plan for serving the Congress and the country.

That means by definition that we need to make sure we have adequate funding to be able to recognize and reward people when they generate positive results. That is what that budget request is.

Sallyanne, I do not know if you have anything else you want to add to that.

Ms. HARPER. We are also implementing this year, Mr. Chairman, for the first time pay-for-performance for the administrative staff of the agency. They previously were under the General Schedule (GS) system and only got the within-grade increases based on length of service and, perhaps, a special recognition award.

Mr. WALKER. In fact, Mr. Chairman, now virtually all of GAO's employees are not only in broadbanding, but also pay-for-performance systems. So we are a window to the future, I think, with regard to the Federal Government.

Senator ALLARD. Well, I think you are doing a great job and I think you set a good example for the legislative branch. As you heard in my previous comments, I think that is important when we

are setting policy throughout the Government. I think it is incumbent on this subcommittee to hold each of the agencies accountable so that Members of the Senate and House do not get embarrassed because somehow we have a different standard here than you have for the rest of the government.

I know in my own personal office I make an effort to set an example so that when you are asking other agencies to be frugal that you can show in your own office you are frugal. I think the same thing applies here.

ADDITIONAL COMMITTEE QUESTIONS

I compliment you on the way you are running your agency and your office. I think that you reflect in a positive way what is happening here in the legislative branch and I think that is something that all the Members need to appreciate in the Senate. So I am going to carry a very positive message as to what you are doing to my colleagues, and I thank you for your testimony and I thank you for your good work.

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

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

Question. Your report on 21st Century Challenges emphasizes a need for dramatic change to federal government programs and policies if we are to avoid serious damage to our economy, our standard of living and our national security. You say that we need to fundamentally reexamine major spending and tax policies and priorities if we are to meet the challenges that lie ahead. What role do you believe GAO, and you as the Comptroller General of the United States, should play in addressing these challenges?

Answer. In our report and testimony on 21st Century Challenges, we stated that nothing less than a fundamental review, reexamination, and reprioritization of all major spending and tax policies and programs is needed. Given our role in supporting the Congress, we believe that GAO has an obligation to provide policymakers in Congress with the support they need in identifying issues and options that could help to address these fiscal pressures. Of course, while answers to these questions may draw on the work of GAO and others, only elected officials can and should decide which questions to address and how and when to address them.

GAO and I stand ready to assist the Congress as it develops its agenda and to help collect facts, develop options, conduct analyses and perform other work in connection with the questions the Congress wishes to pursue. The challenges identified in the report are based upon our past and pending work, a vast majority of which was performed at the direction or request of the Congress. In addition, the reexamination questions are based heavily on GAO's issued work, our strategic plan, and the institutional knowledge of our staff. However, the size of the problem is so large and the programs and issues covered span such a wide range that the process of rethinking government programs and activities will in all likelihood rely on multiple approaches and sources of analysis (e.g., GAO, your staff, other Congressional support agencies and OMB) over a period of years.

GAO and I may also be useful to the Congress by helping to raise public awareness of issues and problems thereby preparing the way for the Congress to take related actions. Our past and pending work has addressed and will continue to address such items, including federal spending and tax programs, existing budget processes and financial, fiscal, and performance management activities. Inevitably, given the breadth of our work, some of our past and current engagements touch on many of the reexamination issues and questions, but it is up to the Congress to determine the issues and questions that merit GAO's resources.

Question. Is GAO currently structured properly with adequate resources in the right places to address the complexities of the issues you raise?

Answer. Yes. We believe we are well positioned to help the Congress address these issues. We are currently organized to align our work in support of our strategic plan for serving the Congress. This plan reflects the same emerging themes discussed in our 21st Century Challenges report. Importantly, we can both cover

broad cross-cutting government-wide issues while providing support to Congressional Committees on their specific areas of interest.

We have worked very hard over the past several years to build and modernize the structure that will best address our client's needs and make GAO a model for other federal agencies. We believe it is working very well. In particular, we are greatly encouraging a risk-based and matrix management oriented approach to our work that facilitates and motivates staff in different areas to work together to produce analyses of very complicated issues. Accordingly, we are not planning to change our basic structure at this time. Of course, we will continue to monitor our services to the Congress for the benefit of the American people and make changes as needed.

Question. Will the role you envision for GAO require additional resources in future years?

Answer. Yes, but not to any significant extent. We will work with our congressional clients to prioritize our work so that we are most beneficial to them while assisting them in this reexamination. Also, as mentioned above, we envision this to take place over several years and involve numerous organizations in addition to the GAO. The most challenging issue we may face in accomplishing this is to harness the great potential of our new staff, a very sizable portion of our agency, and give them the experience they will need. We are working very hard to help develop them so that they can make meaningful contributions to the Congress for years to come. We do, however, expect that additional staff and resources will be necessary when the federal government comes closer to being able to receive a qualified opinion on the consolidated financial statements.

Question. Your budget submission shows very little change in the distribution of FTE resources among your teams between fiscal year 2005 and fiscal year 2006. Do you expect that to continue or do you think you will need to redistribute to better help the Congress meet the challenges you say we are facing?

Answer. Although small, our fiscal year 2006 request does reflect some adjustment to our team FTEs to better meet the Congress' needs. Each year we adjust our FTE distribution based on a systematic assessment of the workforce that we will need to carry out our work in support of the Congress, the American public, and our strategic priorities. Our total FTE request, as well as our internal allocation of FTEs, is based on a number of factors including: Congressional requests and interests, strategic priorities, emerging issues, current staffing data, identified skill shortages, succession and knowledge retention issues, results achieved with staff resources, and budgetary considerations. Based on our analysis of this data, GAO's leadership team makes fact-based decisions about our FTE needs and the optimal deployment of our staff resources to most efficiently accomplish our work. Since 2002, we have used this process to make refinements to our unit-specific staffing allocations to reflect shifting strategic priorities. For example, as tax policy issues rise to the forefront of federal budget and deficit issues, we combined our tax group with other areas that address cross-cutting, broad-based fiscal issues. We also reallocated existing resources to create the Homeland Security and Justice team to focus on these areas after a major realignment of executive branch departments and agencies. While we have not finalized our fiscal year 2006 workforce plan, we do expect some changes to the team allocations, but not of a significant nature.

In addition to our workforce planning process, we also foster a spirit of cooperation throughout GAO whereby staff on several teams will work together under a matrix management approach to produce the most efficient product. Much of our workforce is now working in this manner. This provides flexibility and helps minimize the need for major realignments of resources. Of course, we will continue to monitor the need for organization structure changes and will notify the Congress of any major realignment.

Question. You mention in your budget materials that over 50 percent of your mission support staff resources are contractors and that during your tenure you have outsourced many administrative tasks allowing you to devote more resources to mission work. Have you found that contractors actually cost less than performing the same functions with GAO employees or are you adding contract money and moving FTE's and salary money to mission units? If you have an analysis of cost comparison between in-house and contractor operations could you share that analysis with the Subcommittee? What factors other than cost savings led you to decide to turn so much of your administrative operations over to contractors?

Answer. In an environment of increasing fiscal restraint, we have in recent years reduced our overall FTE staff usage from 3,275 in fiscal year 1999 to 3,215 FTEs planned for fiscal years 2005 and 2006. Through a number of targeted initiatives, including reengineering, technology applications, and contracting out, we have also reduced the number of administrative, professional and support (APSS) staff from

21 percent at the beginning of fiscal year 1999 to less than 18.9 percent. Some of this reduction in APSS staff has allowed GAO to devote more FTEs and salary funds to core mission operations. Since fiscal year 1999, we have also leveraged more contractor resources, increasing the level of contract funds from $45.7 million to $69.7 million.

GAO contracts out for many reasons, such as improving service delivery, obtaining specialized expertise not readily available within GAO or when needed within compressed timeframes, providing technology, and minimizing demands on the agency's resources. Contracts provide an efficient, flexible vehicle to obtain technical assistance and expertise in highly specialized areas, and allow us to better respond to fluctuating demands. When GAO contracts-out for cost-effectiveness reasons, it is to take advantage of firms with lower cost structures than GAO. While direct salary and benefit costs for GAO staff and contractor staff in many instances are comparable, contractors do not always have lower costs. Contractor costs include management time and other fees that make up corporate overhead, equivalent to indirect costs an agency would pay to provide supervision, staff development, equipment, and other overhead costs. In addition, contractor costs also include profit not found in the federal environment. In other instances, the federal sector cannot compete with salaries paid by the private sector to staff in highly specialized disciplines, such as information technology (IT).

Independent of cost, technical factors specific to the service area are identified and assessed to ensure quality services or products are obtained. A technical evaluation of contract proposals would assess such items as, qualifications and skill levels of the proposed staff, contractor's approach to providing services, ability to integrate services in GAO's environment, and customer impact. Use of contract staff provides the agency the flexibility to maintain operational capabilities and obtain specific expertise for a limited duration—expanding or shrinking the workforce as demands change for specific skills—without the constraints of the federal recruitment and retention processes. It also allows an agency to focus its own staff on core functions, inherently governmental functions, and critical or sensitive issues, while managing and overseeing contractor functions to ensure accountability. For example, we found that we are able to reduce the number of staff working in our financial management area. Vendor invoice processing could be performed more cost effectively through a cross-servicing arrangement with the Department of Interior's National Business Center. In addition, as a result of travel management system improvements made in fiscal year 2004, we are able to further reduce our staffing requirements in this area. Our new travel management system streamlines and expedites transaction processing, reduces administrative processing requirements, and reduces the number of manual external processes needed by GAO to manage this function.

A cost benefit analysis is conducted for each situation where GAO considers utilizing contract resources. For example, in fiscal year 2003, GAO conducted a study of its mail operations center. GAO decided to retain its in-house operation managed by GAO staff, and supplemented by contract services for selected functions, after comparing GAO's operation with other federal mail operations and assessing the cost to outsource the operations. This decision resulted in a cost-avoidance of about $250,000. Nine years ago, the mail center had 19 staff. Through a series of changes, the mail operation has been reduced to a small, but efficient operation with six staff.

In the area of library services and records management support, however GAO has been able to obtain contract staff at less cost than GAO staff. For example, the contract costs of a contract supervisory library technician is about $61,000 compared to a salaried employee whose fully-loaded cost is about $76,000. As current staff retire or separate, we plan to increase our reliance on contract resources, especially in the area of interlibrary loan services.

In the IT area, the costs for contract labor is higher than that of salaried GAO staff and reflect the marketplace. Current fully-loaded contract costs for an entry-level IT employee are about $30,000 above that of an entry level IT salaried GAO employee. Most of our IT contracts are GSA schedule contracts. In addition, we further negotiate with vendors to obtain best value services and rates. Given the rapidly changing IT environment, our contracts are structured to provide GAO maximum flexibility to quickly obtain staff with the appropriate skill mix to meet both short and long-term needs.

Question. The Subcommittee applauds GAO's efforts to transform the agency to become more results-oriented and to devote more of its resources to the agency's core mission. However, we also note that GAO is asking for an increase in resources for mission support in fiscal year 2006. Why?

Answer. In developing our fiscal year 2006 budget, we have taken into consideration the overall federal budget constraints and the committee's desire to lead by example. We have continued to streamline our agency, modernize our policies and

practices, and leverage technology in manners that help us achieve our mission more effectively and efficiently. These efficiencies have allowed us to maintain our support of the Congress and enhance our overall performance without the need for large budgetary increases. In addition, we conducted a baseline review of our operating requirements and allocated our resources to achieve the greatest return on investment. These actions led us to request a modest increase of 4 percent over fiscal year 2005. However, in order to keep our request modest, we needed to constrain our staffing levels. We will be seeking your commitment and support to provide the funding needed to rebuild our staffing levels over the next few years. This will be essential when we get closer to the time when GAO may be able to render our opinion on the consolidated financial statements of the U.S. Government.

GAO is requesting a 3 percent increase in mission support operations costs to support our infrastructure and cover the cost of mandatory price-level increases and targeted investments, such as information security and building management improvements. This increase is less than the total requested increase in our budget authority of 4 percent. We have been able to minimize the requested increase by conducting base reviews of our support costs and through offsets of non-recurring requirements. For example, our facilities management program cost estimates assume that a GAO staff person will retire and can be replaced by a more junior contract staff person.

Question. What is the percentage of staff allocated to mission support activities?

Answer. The administrative and professional staff responsible for GAO's mission support activities currently comprise less than 18.9 percent of total staff, down from 21 percent at the beginning of fiscal year 1999. We expect this percent to decline to 18.5 percent by the end of fiscal year 2006. The staff provides essential services for IT, building management, knowledge services, human capital operations and other support services. These services are vital to ensuring consistency in the delivery of quality products to our clients and customers.

Question. What is the percentage of costs allocated to mission support activities? Where do you see these percentages going in the next few years? What do you believe is the appropriate level of investment in mission support?

Answer. Administrative and professional support staff and mission support operational costs represent about 26 percent of GAO's total budget authority. We believe that we have achieved a core level of administrative and professional support staff and operating costs necessary to provide the appropriate infrastructure for staff to conduct their work. While we continue to seek opportunities to streamline operations and leverage outsourcing mechanisms for efficiency and economy purposes, we believe our investment is the appropriate level without sacrificing quality in our administrative and professional support services.

Question. GAO has established a strategic goal of being a model agency. Your fiscal year 2004 Performance and Accountability Report indicates three major management challenges, human capital, physical security, and information security. Why were these areas identified as management challenges? What actions have been taken to address these challenges? What additional actions and funding are required to address current weaknesses in these areas? Are there other areas that you consider to be challenged?

Answer. At GAO, the Comptroller General and the agency's senior executives through the agency's strategic planning, management, and budgeting processes identify key management challenges. The three challenges identified are all areas in which we have, and will continue to experience substantial and continual change and challenges. They are also areas that significantly impact our ability to support our mission. We must focus our efforts and resources on maintaining our flexibility to adapt to changing technology and world events, while ensuring the security of our information assets and systems, and ensuring that our human capital resources are best suited to meet the needs of our congressional client. These are all internal challenges. Our key external challenge is to assure that Congress adequately funds GAO for the benefit of itself and the country.

Human Capital Management

In the area of human capital management, during the last few years, we developed our first formal and comprehensive strategic plan for human capital which communicates GAO's strategy for becoming a model professional services organization, including how we plan to attract, retain, motivate, and reward a high-performing and top-quality workforce. We also fully implemented our workforce planning processes, addressing the size, deployment, and profile of our staff to ensure we have the appropriate resources strategically placed to pursue our goals and objectives now and in the future. We continue to build on our accomplishments in attracting and retaining a diverse workforce with the knowledge, skills, and abilities

to meet the new century's challenges through succession planning activities and training and development. For example, we implemented revised policies to expand the use of flexi-place to provide employees additional options. Such initiatives are particularly important given our employee profile where about 50 percent of our staff are recent hires.

During fiscal year 2004 we completed establishment of market-based and performance-oriented compensation systems and competency-based appraisal systems for all our staff, and we began monitoring, reviewing, and assessing these systems to identify enhancements that may be needed. In fiscal year 2005, a consulting firm assisted us in establishing pay rates that are competitive with comparable organizations and these rates were used for certain purposes in our annual pay for performance process for analysts, specialists, and attorneys. We also began implementing policies and processes to implement the human capital flexibilities authorized by Congress under GAO's Human Capital Flexibilities Act of 2004. Other actions we have taken include initiating strategy formulation for the annual adjustment of GAO employees' salaries; revising and issuing our regulations on pay administration to implement the satisfactory performance requirement for GAO analysts and related specialists and attorneys; drafting and issuing for review a regulation applicable to employees placed in lower grades or bands as a result of workforce restructuring or reclassification; revising and issuing for comment our leave policies and procedures regulation, which includes the provision permitting designated key employees with less than 3 years of federal service to earn 6 hours of annual leave; and drafting and issuing for comment our regulation implementing the Executive Exchange Program.

We anticipate that we will implement a number of the human capital flexibilities authorized by Congress and for which we are drafting, revising, and issuing for comment a number of regulations in fiscal year 2005. In addition, we will implement a streamlined, user-friendly guide to government and non-government professional development opportunities; develop and implement an expedited and coordinated new hire process; determine the feasibility of implementing a development program for new hires with previous experience; and enhance our competency-based performance systems. No additional funding will be needed for these actions.

Physical Security

The challenge to provide a safe and secure work environment for employees remains a government-wide issue in light of changing security threats, which can have a profound impact on the way GAO conducts business in the United States and around the world. Protecting our people and our assets is paramount to agency operations. We continue to devote time and resources to the assessment of security operations as we further enhance GAO's security posture. Within the next few months, our perimeter security enhancements will be complete. These enhancements include protective barriers, such as installation of walls and bollards around the building, vehicle restraints at the garage ramps, ballistic-rated security guard booths, and vehicle surveillance equipment at the garage entrances. We also plan to install a state-of-the-art electronic security system during fiscal year 2005.

During fiscal year 2004, we developed a continuity of operations plan and held communications drills to test our plan this fiscal year. As part of our plan to ensure our continuity of operations should we have to vacate our headquarters because of an emergency, we identified an alternative facility to house our continuity-of-operations team. We have also updated our Shelter in Place plan and *Emergency Response Handbook* for headquarters and prepared similar plans for the field offices. We continue to hold annual security fair seminars to disseminate information on security and emergency preparedness at the workplace and at home. We have no additional funding requirements at this time.

Information Security

Following the events of September 11, 2001, expanded internet access, and global technology, information security remains a government wide issue. In the area of information security we implemented a centralized reporting system to track audit findings through a Plans of Action and Milestones tool; established monthly remediation meetings for regular remediation effort tracking; completed updates to our security awareness training presentation; began performing weekly vulnerability assessments of our information systems to ensure our scheduled patching process and configuration management practices are working; and installed a firewall and spyware on our workstations.

New initiatives for fiscal year 2006 include establishing annual specialized training for various levels of management and IT staff with elevated system privileges; and combining the IT Disaster Recovery and the Continuity of Operations Plan into

an integrated security plan, and completing training for these plans. In addition, activities that will be completed during fiscal year 2006 include completion of the integration of a Web caching proxy and a firewall for Web-based traffic into the GAO network architecture to provide additional information security protection at the network level; continuing efforts to harden our network and desktops with upgraded authentication devices, exploring intrusion protection devices and external monitoring services for after hours network security monitoring of our intrusion detection devices; and completing the information sensitivity program to provide system data sensitivity in accordance with FIPS Pub 199 and NIST SP 800–60. We anticipate additional funding of $487,000 will be needed to complete these actions.

Question. Have you assessed the costs and benefits associated with being a "model" agency?

Answer. No. While we have not conducted a formal cost/benefit analysis, there is little question that our actions result in enhanced value and better cost management. They also serve to enhance GAO's image externally and our credibility within the government and the accountability profession, both domestically and internationally.

Question. Your fiscal year 2006 budget request indicates that the two main focal points for increased funding and new initiatives in IT for fiscal years 2005 and 2006 will be in the areas of IT security and business systems development. Please provide the Subcommittee an update on your efforts to date in these areas. Please elaborate on the opportunities that you have identified to affect economies and efficiencies?

Answer. GAO has redesigned and automated numerous business and work processes, as well as taken advantage of numerous electronic tools, to foster productivity, improve cost savings and enhance timeliness. As reliance on technology has grown, our technology efforts have and will continue to directly affect the quality of our mission work and the service GAO staff provide to the Congress through audits and analyses. Our GAO fiscal year 2004 Performance and Accountability Report highlights a number of efforts that have directly affected economies and efficiencies while improving the quality, responsiveness, and timeliness of GAO services. Several of these initiatives best illustrate our efforts.

Acquisition Systems Management (ASM) Weapons Systems Database

This system has enabled GAO to become Congress' primary source of annual evaluations of DOD acquisitions. The system expanded staff's ability to query and view information across weapons systems programs, perform micro and macro trend analysis, and shortened turnaround times. Major benefits of this system include more comprehensive and sophisticated analyses and improved multi-year reporting on weapons acquisitions practices. The tool has significantly increased staff productivity while contributing to recommendations that resulted in $1.6 billion in programmatic savings in fiscal year 2004.

Financial Management and Assurance (FMA) Consolidated Financial Statement Audit Database

This system, whose development is currently underway, documents the planning, internal control and testing, and reporting phases of GAO's annual audit of the U.S. Government's Consolidated Financial Statements (CFS). Major efficiency benefits will include (1) shortened audit cycle and ability to perform increased audit work; (2) increased functionality and accessibility of audit tool to project users; (3) improved reliability of the financial data collected and analyzed; (4) improved security and backup capability; (5) increased potential for data analysis as needed to improve the reliability of information of the U.S. Government; (6) ability to conduct in-depth analyses to support rendering opinions on CFS; and (7) ability to document audit work performed to support auditor's reports on the CFS. In addition, by reducing the staff days required for database maintenance, staff would be able to devote more time to analyses and improved service to clients. Plans are to also make this system available to the Inspector General community for their individual department and/or agency audits.

Staffing Information System

This subsystem of the Engagement Management System will support team decision-making and facilitate matrixing, multitasking, and sharing of staff. It will support team decision making by balancing staff preferences/development needs and provide real time access to staffing data. By integrating data from all related systems, it will eliminate staffing cuff systems and reduce the administrative burden on teams.

Electronic Records Management System

This system automates management of GAO's records to leverage institutional knowledge within and across agency functions. It establishes a foundation for knowledge management in GAO, while providing the ability to manage and dispose of records electronically. It will also afford a seamless records system for GAO's move to electronic business processes. Several significant benefits include: Reduced in time spent by mission and administrative staff managing and locating records; ready access to and retrieval of GAO records; reduced costs for offsite storage, secure destruction, and courier services to records centers; and more efficient and effective records management processes.

Question. What savings will you be able to achieve by fiscal year 2006?

Answer. IT initiatives enable GAO to increase productivity and ensure economy, efficiency, and effectiveness in performing GAO's work. Many of the initiatives cited in the previous response are good examples of these efforts. In many of our IT projects a residual benefit is enabling staff to redirect time once spent on redundant, time-consuming, and unproductive activities to more productive, mission-related work. For example, the ASM Weapons Systems Database enabled staff to shift time once spent on data collection and entry to more analyses of greater breath and depth. Prior to this database, ASM reviewed about 10 weapon systems programs per year with estimated costs of $78.9 billion. In fiscal year 2004, ASM was able to review 60 programs and report on 51, covering estimated costs of $672 billion. As a result, GAO was able to identify for the Congress a total potential reduction in funding of $1.5 billion in these programs.

There are also IT efforts that provide opportunities for cost savings in IT and non-IT areas. Remote access improvements are an effort that resulted in a reduction in IT operational costs. The movement to AT&T remote access services provided local access points and eliminated reliance on costly "800#" dial-up services. It also increased efficiencies by giving staff the ability to access the GAO network using a wider range of devices such as DSL and cable modems.

The videoconferencing expansion project was an IT effort that reduced non-IT costs. We provided a second videoconferencing system in most field offices and expanded the number of units in headquarters. This has resulted in increased communications and matrixing across geographic locations and increased staff productivity. It also created the potential for reductions in travel time and costs.

Question. What is the status of your efforts to upgrade your financial management system?

Answer. This year we initiated efforts to replace our financial management system by obtaining these services through cross-servicing with another government agency. To date we have:

—Assembled a project team consisting of staff from our Financial Management and Information Systems and Technology Services organizations which has developed a steering committee charter and identified steering committee members and a management team that will oversee requirements definition, system selection, procurement activities and system deployment.

—Conducted initial rounds of interviews to identify user-specific requirements and major pain points with the current financial management.

—Developed a Government-off-the-shelf (GOTS) evaluation process methodology.

—Identified potential cross-service agencies.

We plan to select a system early in fiscal year 2006 and implement the system for operational use in fiscal year 2007.

Question. Your focus in recent years has been on implementing technology improvements and tools that enhance business practices, as well as improve staff productivity. Which of these improvements has the ability to create efficiencies throughout the legislative branch?

Answer. Two improvements that could create efficiencies throughout the legislative branch for those agencies that utilize the Department of Agriculture's National Finance Center (NFC) computer services are WebTA and I*CAMS. Both GAO and the Library of Congress are using these systems.

In 2004, GAO deployed WebTA, a user-friendly Web-based time and attendance (T&A) system that replaced a costly and inefficient T&A process. Benefits of this system include: Elimination of duplicate entry of T&A data; an automated interface with NFC; on-line supervisory approval; reduced time to process T&As; and decrease of T&A errors.

The second initiative that could benefit other legislative branch agencies is the utilization of a Web-based human capital front-end to the NFC personnel/payroll system, I*CAMS (Agriculture's Internet-based Combined Administrative Management System). To date GAO has implemented the transaction processing system that supports and integrates transaction processing, position management, and

awards processing. There are a variety of benefits agencies may realize: Improved data accuracy and timeliness; customized and real-time reports; elimination of paper driven and standalone, automated ad hoc systems for tracking and supporting transactions; reduced duplicate data entry; and human capital portal capability for role-based and personalized access to human capital information.

HEALTHCARE BACKLOG

Question. Are there some areas in GAO where there is a backlog of work requested by Congress and other areas where there is enough flexibility to permit you to initiate work on your own? Explain to the Subcommittee the process you use to prioritize and address congressionally requested work.

Answer. Yes. GAO has a backlog of congressionally-requested work, but it is not uniformly spread across all of our teams. The backlog in a few areas like health care and natural resources and the environment is particularly large. At any point in time, the backlog may not reflect all of the work that our clients would like us to do, as some of them prefer not to send requests when they know that we do not have the resources to begin the work.

To ensure adherence to GAO's core values, effective management practices, and efficient use of available resources, GAO generally initiates work according to the following priorities: Congressional mandates; Senior congressional leader and committee leader requests for issues within a committee's jurisdiction; and Individual Member requests, with additional consideration given to requests from Members who are on a committee of jurisdiction.

After receiving a mandate or a request, GAO will initiate a meeting with the committees of jurisdiction staff to gain a better understanding of the need for information, the nature of the research questions and related timing issues.

Question. Do you routinely move resources from areas where backlogs are small or non-existent to areas where they are significant?

Answer. Yes, we do move resources, but only to the extent that we believe it can be done efficiently and without harming our long-term responsibility to serve the entire Congress. We have also reassigned work from overbooked areas to others that may be able to address the work more quickly. For example, six requesters asked us to do a review of the Klamath River Basin Conservation Area Restoration Program. One of our teams—Natural Resources and Environment—was unable to do it because of their backlog, so we assigned the work to our Financial Management and Assurance team. In another case, our Homeland Security and Justice team had difficulty staffing a review of reprogramming of air marshal program funds, so it was assigned to our Strategic Issues team.

We also work hard to foster matrix management in our work, wherein we have staff from one team work with other teams without making a permanent reassignment. This allows us to work more efficiently. Nonetheless, in some cases, a specific expertise is needed that cannot be met through matrixing or by using staff from another area. In those cases, we may need to wait for the staff with the proper expertise to be available before we can start the work. We also work periodically with some committees to have them help prioritize the backlog of work attributable to their committees.

Question. The organization chart in your budget submission shows 13 teams that perform the substance of GAO's work. Would you please provide the Subcommittee with a breakout by team of the number of congressionally mandated jobs in fiscal year 2004 and fiscal year 2005, the average amount of time that elapsed from receipt of a Congressional mandate to when data gathering actually began on the job, and the number and age of requests currently on hand for each team?

Answer.

Team	Fiscal Year 2004 Completed Mandates/Requests	Fiscal Year 2005 Ongoing and Completed Mandates/Requests as of 3/31/2005	Median Age in Months from Request Receipt to Engagement Initiation [1]	Number of Requests Pending as of 3/31/2005 [1]	Median Age in Months
GAO	1,061	894	1.1	278	3.7
Goal 1—Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People					
Education, Workforce, and Income Security	79	79	1.3	16	1.5
Financial Markets and Community Investment	50	46	1.0	11	3.7
Health Care	75	79	2.1	[2] 48	13.2
Homeland Security and Justice	83	70	2.3	29	1.9
Natural Resources and Environment	105	106	3.1	[3] 55	7.2
Physical Infrastructure	79	64	.5	15	5.4
Goal 2—Respond to Changing Security Threats and the Challenges of Global Interdependence					
Acquisition and Sourcing Management	54	46	1.8	28	1.1
Defense Capabilities and Management	92	57	.1	10	2.9
International Affairs and Trade	75	46	.5	19	1.6
Goal 3—Help Transform the Federal Government's Role and How it Does Business to Meet 21st Century Challenges					
Applied Research and Methods	8	12	.2	.....	.....
Financial Management and Assurance	181	168	.2	5	3.6
Information Technology	95	58	.4	25	1.0
Strategic Issues	85	63	.6	17	1.4

[1] These figures exclude legislative mandates and those requests that are dependent on (1) a triggering event (e.g. an agency action), (2) a distant future due date that does not require GAO to start too early, and (3) sequencing situations where other GAO work must be performed before work can logically be started.

[2] Ten of these jobs have been started, but the engagement initiation paperwork is pending.

[3] The team has made steady progress in reducing its backlog. Some requests await staff with appropriate clearances; others have been sequenced by requesters. Ten requests are from individual members and are, therefore lower in priority and have been in the backlog for some time.

Question. How much work do you initiate each year that is not requested by Congress? How many FTE's and how much money do you spend on that work?

Answer. In fiscal year 2004, about ninety percent of our audit resources were spent on congressional requests and legislative mandates, and about 10 percent on work performed under the CG's legal authority. Importantly, a significant majority of the CG initiated requests relate to areas of broad interest to the Congress. Under our Congressional protocols, such items, especially when they are precipitated by a significant event, can be done under the CG's authority in order to facilitate broad sharing of related information with the applicable congressional committees, e.g., election reform, Iraq contracting. Many requests under the CG's authority represent items of interest to Committees and/or Members, but they would prefer not to be identified as the requester, e.g., defense related work.

We have further categorized the ten percent of our audit resources initiated under the Comptroller General's authority (CGA). They include

—Engagements initiated by GAO that provide an opportunity for us to do work on a wide range of issues we believe have particular value but have not been requested (5.5 percent).

—GAO's High-Risk program, which focuses on selected federal programs that are more vulnerable to waste, fraud, abuse, and mismanagement than other programs or have major challenges with their economy, efficiency, or effectiveness (1.6 percent).

—Our budget justification reviews that are of considerable help to the Congress in authorizing and appropriating funds for federal programs every year (1.6 percent).

—Work that addresses the broad interests of the Congress on longer-range, cross-cutting, and transformational issues; the topics may be heavily requested by numerous Congressional clients, as was the case on some of our most recent work on elections and Iraq (0.6 percent).

—Presentations and guidance given on GAO's key responsibilities such as the recently revised Government Auditing Standards or accounting issues (0.5 percent).

The amount of work done under the CGA also varies from team to team in GAO as shown in the following table for fiscal year 2004:

Team	Percent of Fiscal Year 2004 Audit Resources Spent	
	Requests and Mandates	Engagements Under the CGA
Goal 1—Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People		
Education, Workforce, and Income Security	85	15
Financial Markets and Community Investment	93	7
Health Care	99	1
Homeland Security and Justice	99	1
Natural Resources and Environment	97	3
Physical Infrastructure	97	3
Goal 2—Respond to Changing Security Threats and the Challenges of Global Interdependence		
Acquisition and Sourcing Management	75	25
Defense Capabilities and Management	68	32
International Affairs and Trade	97	3
Goal 3—Help Transform the Federal Government's Role and How it Does Business to Meet 21st Century Challenges		
Applied Research and Methods	74	26
Financial Management and Assurance	98	2
Information Technology	99	1
Strategic Issues	90	10

Question. Do you believe that there is a need to maintain a certain level of work that is not requested by Congress?

Answer. Absolutely. This allows the GAO to address significant current or emerging issues having broad-based Congressional interest that may have a significant ef-

fect on the nation's future. Indeed, a very significant portion of our financial[1] and other non-quantifiable benefits are attributable to work initiated by us and eventually used by the Congress. In fact, every engagement initiated by us under our CGA relates to our strategic plan and is expected to be of significant value to the Congress and the American people.

Examples of this work include work assessing: major DOD weapon programs, funding for the global war on terrorism, offshoring of American jobs, reporting of uncollectible debt to IRS, SBA's disposition of disaster assistance applications, the Centers for Disease Control and Prevention, factors influencing gasoline prices, and issues associated with the future of intercity passenger rail transportation.

Question. How do you decide what that work should cover?

Answer. The GAO has a comprehensive strategic planning effort that lays the foundation for all of the work we do. This effort, which draws heavily upon our staff's knowledge of federal programs and issues, is also heavily dependent on the views of Congress and others in the government and elsewhere who are interested in the work of the GAO. We would be pleased to provide additional copies of this plan if needed. Our Web site (www.gao.gov) also features this plan.

Our most senior executives, including the Comptroller General and Chief Operating Officer, must approve engagements initiated by the GAO. Our senior executives meet every week to discuss new engagements, routinely consider each job and the likelihood that it will be of significant use to our Congressional clients and produce results such as financial benefits to the American people and improvements in the management of the nation's government.

Question. You have been using a pay for performance system for some years now. Have you done any analysis to determine whether your system costs more than what the rest of the Government is doing? Also, please describe your efforts to establish a market-based compensation system. Do you have benchmark data available on GAO salaries?

Answer. No, GAO has not analyzed the cost of the agency's pay for performance system in relation to other federal government agencies. There are a variety of pay for performance systems operating throughout the federal government, so there is no single model which can be used for cost comparison. Importantly, in our view, given the operational flexibility provided to GAO in 2004, it would be more appropriate to consider conducting any such analyses after our pending changes have been in effect for several years.

In July 2004, Watson Wyatt Worldwide, a leading compensation consulting firm, assisted us in establishing pay ranges that are competitive with comparable organizations including selected government, not-for-profit, and professional services entities in the labor markets where GAO staff are located. Watson Wyatt worked closely with GAO executives and representatives of our Employees' Advisory Council to assure that the GAO positions were appropriately matched to positions in the numerous published compensation surveys from which compensation data were extracted. Watson Wyatt presented their recommendations for compensation ranges to GAO's Executive Committee in November 2004. After consideration of the unique aspects of the roles and responsibilities of some GAO positions in relation to the applicable markets, as well as the need to assure internal equity among positions doing similar work, the Executive Committee made some minor adjustments to the compensation ranges recommended by Watson Wyatt. The proposed compensation ranges were presented to all GAO employees in a Comptroller General Chat in December 2004. These proposed ranges were used for certain purposes in making individualized performance-based compensation decisions for fiscal year 2004 performance, but our new overall compensation ranges will not be formally adopted and fully implemented until January 2006. Initially, we focused on establishing competitive pay rates for the analysts, specialists, and attorneys, who make up about 77 percent of our workforce, but we will also establish competitive pay rates for our administrative and professional support staff by the end of 2005.

The establishment of competitive pay ranges, along with the development of a new methodology for making individualized performance-based compensation decisions, was undertaken as part of a comprehensive classification and compensation review that is guided by seven principles:

—Enable GAO to attract, retain, motivate, and reward top talent.

—Result in equal pay for work of equal value over time.

—Be reflective of the roles and responsibilities that we expect GAO staff to perform.

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[1] In fiscal year 2004, $16.4 billion of the $44 billion in GAO's financial benefits (37 percent) flowed directly from our work performed under GAO's CGA.

—Be reasonable, competitive, performance-oriented, and based on skills, knowledge, and role.
—Be affordable and sustainable based on current and expected resource levels.
—Be in conformity with applicable statutory limits.
—Try to assure a reasonable consistency in ratings and related compensation results within and between teams.

Watson Wyatt was able to benchmark 34 of the 36 positions for which GAO requested assistance in developing competitive pay rates. We were very pleased with this result, which greatly exceeded the 40–60 percent of positions that Watson Wyatt indicated would normally be benchmarked to the market and gave us increased confidence in the reliability of the market matches. GAO's proposed compensation ranges set the "competitive rate" at the 50th percentile relative to our comparable organizations. The most robust data was found for positions in the Washington, DC market. GAO's 12 field locations are grouped into five zones. The salaries for each zone are adjusted using a geographic differential that contemplates the cost of labor for that geographic location against the market data collected for positions in Washington, DC.

One of the significant findings of the compensation study was that the cap for our Band I analysts and specialists should be lowered from $81,986 to $74,000. When GAO validated its new competency-based performance management system, we found that there were two different roles for analysts and specialists at the Band II or "Senior" level—that of an "individual contributor" and that of an "engagement leadership." In doing the compensation study, we asked Watson Wyatt to see if the market made a distinction in how the two roles are compensated. They found the market did distinguish between the two roles. In fact, the distinction led them to recommend that we increase our current pay range for Band IIs from $114,987 to $125,000, but only for individuals who are in a leadership role. For individual contributors, the market data indicated that the current pay range should be lowered from $114,987 to $99,000. Over the next few months, as we prepare for the full implementation of these market-based compensation ranges, we will be developing the final pay ranges, as well as the criteria and a process we will use to make pay range placement decisions for our current Band II staff. We recognize the importance of assuring that both the criteria and the process are objective, transparent and nondiscriminatory. We will also assure that staff have an opportunity to appeal their placement.

At the Band III level, the current statutory cap of $135,136 limits our ability to fully implement the compensation ranges the market indicates would be competitive, especially for attorneys and PhD economists, and to a lesser extent, for analysts and specialists with management or senior leadership responsibilities. For example, the true competitive rate for attorneys is $143,000, which would put the pay range maximum at $178,750. That is 32 percent higher than the current cap. Even attorneys at the current cap will be below the market rate by about 5.4 percent.

Question. Will changes in your compensation system improve your ability to retain staff?

Answer. Yes, we expect that it will and believe that it will not have an adverse effect. As I mentioned earlier, one of the principle objectives in undertaking the development of our market-based compensation system was to enhance GAO's ability to attract, retain, motivate, and reward top talent within current and expected resource levels. Individuals generally cite the nature of the work, the opportunity to make a difference, and the reputation of the agency as primary reasons they choose to work for GAO. While it is true that for individuals who choose public service, salary is not the primary motivator, it is nonetheless an important factor. Except as I discussed above with respect to the limitations the current statutory cap places on our ability to adopt market-based pay ranges reflective of the true competitive rate for Band IIIs, I am confident that we will be competitive with entities that we regularly compete with for talent. I believe that our competitive position will over time be enhanced by our approach to individualized performance-based compensation that assures that top performing staff are identified and well rewarded. I also believe that it is important in adopting a market-based compensation philosophy that we have reasonable flexibility to implement the competitive pay ranges that are applicable to our workforce. As a result, I am planning to request legislative authority to exceed the GS–15/10 statutory cap when the market-based data indicates a higher cap is reasonable and appropriate given the relevant facts and circumstances. This will help us to more effectively compete with the SEC, banks, regulatory agencies, and other federal entities.

Question. How will planned changes impact your average annual salary?

Answer. I have made a commitment to our staff that no GAO employee's current salary, including accumulated locality pay, will be reduced irrespective of their cur-

rent position, pay, performance, or location. I also have made a commitment that they will receive annual adjustments that will at least maintain their purchasing power, if they are performing at the "Meets Expectation" level or above on all of the competencies relevant to their band level and if their current salary is not in excess of their applicable pay range limit. While annually we will review and adjust, as appropriate, our pay ranges to reflect changes in labor market rates, the salaries for individuals being paid in excess of their pay range limit will be frozen. That means that they will not receive an annual salary adjustment until their salary falls within the expected pay range. However, they will still have an opportunity to earn an annual performance bonus if their rating places them in the top 20 percent of their band level within their team. This "floor guarantee" will be paid as a cash bonus. In addition, they will still be eligible for various other incentive awards, e.g. spot awards.

Over time, an employee's average annual salary will be based more on the competitive rate for their position and band level, with only top performing staff receiving salaries that are above a certain point in the pay range (e.g., the 75th percentile) that is referred to as a "speed bump". This is a key aspect of a performance-oriented and market-based compensation philosophy and is markedly different from the pay philosophy under which GAO and most federal agencies have been operating. When GAO went to pay banding in 1989, we adopted pay ranges that followed the GS schedule, and we assumed that staff were correctly classified. In retrospect, that may not have been the case. However, the underlying pay philosophy was that everyone had the right to advance to the pay cap in the absence of performance issues—it was not a matter of "if", but only "when". As we transition to a performance-oriented and market-based compensation philosophy where pay ranges are set to be competitive with entities that compete with GAO for talent, everyone has the opportunity to advance to the pay cap—but individuals must have performance in excess of a certain level to advance beyond "speed bumps". That will limit the number of staff who will advance to the pay cap. It will also help to assure that the only individuals who are paid in excess of the minimum pay rate for the next higher level of responsibility are strong performers.

Within a few years after implementing the market-based compensation ranges, I expect that the combined effect of managing salaries around the competitive rate and implementing a performance "speed bump" will result in a lower average annual salary (in today's dollars) as compared to what would otherwise occur under our current system. However, that won't necessarily translate to a lower average total cash compensation because of the impact of our new individualized performance-based compensation system, which allocates pay earned on the basis of performance between a salary increase and a one-time cash bonus payment. Individuals whose current salaries are below the competitive rate receive more of their performance pay as a salary increase, while individuals whose current salaries are above the competitive rate receive more of their performance pay as a one-time cash bonus. For 2005 pay adjustments, all Washington, DC-based employees received across-the-board and locality increases of 3.71 percent. In addition, analysts, specialists, attorneys, and economists received an average performance-based compensation increase of 1.65 percent, allocated between salary increase and cash bonus.

With the flexibilities provided by the GAO Human Capital Reform Act of 2004, more of individuals' annual pay adjustments in future years will be determined by their performance. The allocation process is a key element in managing salaries around the competitive rate, but it is also justifiably a source of concern for GAO staff because the portion received as cash is not a component of the calculation of an individual's "high-3" for retirement or of the salary base upon which Thrift Savings Plan (TSP) contributions are computed. Therefore, in order to address these concerns, I am planning to request legislation that would permit calculation of "high-3" and TSP contributions on an individual's total cash compensation, rather than on base salary plus accumulated locality pay as required by current law. I believe such authority could significantly facilitate more widespread use of more market-based and performance-oriented compensation systems that allocate annual performance pay between salary increases and bonus payments.

Question. Please elaborate on the cost savings options that you are considering as part of your revised human capital framework.

Answer. By implementing a more market-based and performance-oriented compensation system, GAO is continuing to work towards our strategic goal of maximizing the agency's value under current and expected resource levels. Our compensation initiatives have involved the assessment of positions to ensure appropriate classification of various career streams and levels of responsibility along with a market-based determination of the appropriate salary range for positions. Each year as part of the annual performance-based compensation process, GAO provides

employees with pay adjustments that reward performance, are reflective of the market value of positions, consider changes in purchasing power, and are financially sustainable. For increases effective October 1, 2005, GAO will develop and apply its own methodology for annual cost-of-living and locality pay adjustments. For example, pay ranges in Washington, DC, and in other cities in which GAO employees reside, will be based on the results of an independent, market-based compensation study conducted for GAO.

While cost savings are not the impetus for our market-based, performance-oriented compensation system and other human capital initiatives, the Congress will likely place increasing emphasis on fiscal restraint given large budget deficits and the nation's long-range fiscal imbalance. GAO is planning for the possibility of significant and recurring constraints on the available agency resources. Since 80 percent of our budget is composed of people-related costs, any serious budget situation will have an impact on our human capital policies and practices. Using our recent human capital flexibility as a framework, GAO would consider such options as conducting early out offers, reviewing our policies and approaches to total compensation, delaying or reducing investments in discretionary programs that support the workforce, rethinking our current approach to hiring, and considering workforce restructuring actions on the basis of organizational need and budgetary considerations.

Question. Can you tell us what the average cost per FTE is for your Band II and Band III employees and how that compares to the average cost per FTE for GS–13 through GS–15 employees in agencies like OMB and OPM? How does the percentage of Band II and Band III employees in GAO compare to the percentage of GS–13 through GS–15 in OMB and OPM?

Answer. The average salary for GAO Band II and Band III employees at September 30, 2003, the most recent year when comparable data is available, was $98,426. The average salary for GS–13 to GS–15 staff was $98,333 for OMB and $112,174 for the SEC. We do not consider OPM comparable to GAO since over 72 percent of OPM staff perform clerical, administrative and compliance related work which is typically compensated at lower salary levels than staff performing work of an analytical nature. We believe that work performed by the SEC is more comparable to that performed by GAO. The average salary for GS–13 through GS–15 employees at OPM at September 30, 2003, was $89,099.

As of September 30, 2003, Band II and III employees accounted for 51 percent of GAO's staff. OMB and SEC GS–13 through GS–15 employees accounted for 54 percent and 55 percent, respectively. At the OPM, the percentage of GS–13 through GS–15 employees was 25 percent.

Question. Does your pay for performance and broad banding system cover all GAO employees?

Answer. No. We have 5 Wage System employees who will not be converted to a broad banded pay for performance system and 20 criminal investigators who we are in the process of converting to a broad-banded system. All GAO employees who are covered by a pay-banding system will be eligible for pay for performance.

Question. Do you believe there is a need to further refine your system to make it more effective? If so, what changes do you plan to make and how much will they cost? Do you expect these refinements, once implemented, to reduce overall compensation costs? If compensation costs are reduced, can the savings help you to restore your FTE levels?

Answer. Yes. After the completion of each performance appraisal cycle and performance based compensation process, GAO conducts an evaluation by reviewing data and by soliciting feedback from managers and employees. As part of our continuous improvement process, we have made modifications to the performance appraisal and pay process every year based on this evaluation. We are currently analyzing the results of our evaluation of the fiscal year 2004 process to determine what, if any, modifications will be recommended for next year. Continuous improvement costs are minimal, as the majority of changes require minor adjustments to the existing system. We do anticipate a review of the analyst band structure and the competencies associated with the band levels in connection with the implementation of market-based compensation ranges. We anticipate the cost of this effort to be minimal because the compensation work has already been completed and the majority of the work on the competencies was completed when GAO initially undertook revising its performance appraisal system.

While cost savings are not the impetus for our competency-based performance management and compensation systems, by implementing a more market-based and performance-oriented compensation system, GAO is continuing to work towards our strategic goal of maximizing the agency's value while managing its costs. Our compensation initiatives have involved the assessment of positions to ensure appro-

priate classification of various career streams and levels of responsibility, along with a market-based determination of the appropriate salary range for positions. Each year as part of the annual performance-based compensation process, GAO will provide employees with pay adjustments that reward performance, are reflective of the market value of positions, consider changes in purchasing power, and are financially sustainable. For increases effective on or after October 1, 2005, GAO will develop and apply its own methodology for annual cost-of-living and locality pay adjustments. For example, pay ranges in Washington, DC, and in other cities in which GAO employees reside, will be based on the results of an independent market-based compensation study conducted for GAO.

Within a few years after implementing the market-based compensation ranges, I expect that the combined effect of managing salaries around the competitive rate and implementing a performance "speed bump" will result in a lower average annual salary (in today's dollars) as compared to what otherwise would occur under the current system. However, that won't necessarily translate to lower average total cash compensation because of the impact of our new individualized performance-based compensation system, which allocates pay earned on the basis of performance between a salary increase and a one-time cash bonus payment. Individuals whose current salaries are below the competitive rate, set at the 50th percentile of the compensation ranges compared to comparable organizations, will receive more of their performance pay as a salary increase, while individuals whose current salaries are above the competitive rate will receive more of their performance pay as a one-time cash bonus. For 2005 pay adjustments, all Washington, DC-based employees received an across-the-board and locality increase of 3.71 percent. In addition, analysts, specialists, attorneys, and economists received an average performance-based compensation increase of 1.65 percent, allocated between salary increase and cash bonus. Finally, benefits costs also need to be considered when determining total compensation and average compensation amounts.

Question. Could you also explain the process you use to determine who gets monetary awards, how many GAO employees received them last year and what the amount of the award was for each?

Answer. GAO employees receiving performance-based compensation are eligible for an increase to base pay, a bonus or a combination of the two. A summary of the performance-based compensation is as follows:

Each year, the Comptroller General determines the budgetary parameters for performance-based compensation, the methodology by which amounts will be calculated and awarded to employees and the effective date on which it will be paid. The methodology used to award performance based compensation for fiscal year 2004 considered an employee's appraisal, current salary and the applicable competitive compensation range. Employees' appraisal averages were converted to statistically standardized rating scores in order to minimize the impact of any variability in raters' applications of the standards. Performance based compensation amounts were calculated as a percentage of the midpoint of the employee's band. The distribution of the compensation amount between a permanent salary increase and a lump sum was based on the employee's salary with employees at the lower portion of the salary range receiving their awards primarily as base increases and those employees at or near the top of the pay range receiving their awards as lump sum payments. Performance based compensation is prorated for those employees who have less than a full year of service during the performance cycle.

In addition to performance-based compensation, GAO employees are eligible for incentive awards. Agency regulations describe the categories of incentive awards, the forms the award may take, e.g., plaque, money, time off, etc., and the recommendation and approval process associated with each category of award.

GAO-wide honor awards, GAO's highest awards, recognize individuals and teams for their noteworthy achievements and extra effort through the performance-based compensation system and provide incentives for employees to strive for greater achievements. These awards consist of plaques and may include monetary recognition for individual recipients (not teams) based on annual guidance. Each year, a request for nominations is issued agency-wide and a screening committee reviews the resulting nominations. The screening committee, which is selected by the Executive Committee, comprised of the agency's top management team, makes recommendations to the Executive Committee. Two SES level employees lead the committee which is comprised of nine other members representing mission teams, mission support and field operations. GAO provides the following agency-wide honor awards: Comptroller General's Award, Distinguished Service Award, Meritorious Service Award, Equal Employment Opportunity Award, Customer Service Award, Client Service Award, Community Service Award, Integrity Award, Grand Finale Award, Big Picture Award and Human Capital Management Award.

GAO also provides Results through Teamwork Awards, which recognize the accomplishment of teams working collaboratively across organizational lines beyond what is normally expected and recognized through the performance based compensation system. Awards may be provided in the form of a monetary, time off, or a certificate award. Managing Directors submit team nominations for the Executive Committee's review and approval.

Employees are also eligible for unit awards, which are designed to reward deserving individuals or teams for extra effort above and beyond what is normally expected and recognized through the performance-based compensation system. Rewards may include cash, paid time off, and written expressions of appreciation, or combinations thereof. Unit awards must be approved by the SES-level unit head and each unit is responsible for developing a process to make award decisions that ensures that all staff are fairly considered, and that awards are based on performance, contributions, and extra effort above and beyond what is normally expected and recognized through the performance-based compensation system.

In fiscal year 2004, cash incentive awards were provided as follows:

—Number of Awards: 2,293

—Average Amount: $471

—Median Amount: $300

—Total Cost: $1,080,000.

Question. The GAO Human Capital Reform Act of 2004 provided you with a number of flexibilities in the human capital arena, including the ability for the GAO to decouple itself from annual executive branch pay adjustments. Please provide the Subcommittee an update on each of the provisions of the Act, including expected implementation timeframes and outstanding issues.

Answer. Public Law 108–271 contained various human capital flexibilities. As required by section 10 of the act and consistent with GAO's long standing practice, the human capital flexibilities authorized by sections 2, 3, 4, 6, 7 and 9 are being implemented in continuing consultation with GAO's employees and executives. The status of each of these flexibilities is as follows:

—Section 2 amended Public Law 106–303, the GAO Personnel Flexibilities Act of 2000, to permit the Comptroller General to offer voluntary early retirement and voluntary separation incentive payments on a permanent basis. GAO's regulations for offering voluntary early retirement were issued on November 15, 2004. Since fiscal year 2002, GAO has held several early retirement opportunities. To give the fullest consideration to all interested employees, any employee may apply for consideration when an early retirement opportunity is announced, even if he or she does not meet the stated criteria. The Comptroller General may also authorize early retirements for applicants on the basis of the institutional needs of GAO subject to certain statutory limits. The following table summarizes data on the voluntary early retirement program.

SUMMARY DATA ON VOLUNTARY EARLY RETIREMENTS

Applications/Status of applications	Fiscal year 2002	Fiscal year 2003	Fiscal year 2004	Fiscal year 2005	Total
Applicants separated by voluntary early retirement	54	28	21	9	112

The amendment in section 2 also removed the December 31, 2003 sunset date on the CGA to offer voluntary separation incentive payments. The voluntary separation incentive provision, which is now permanent, has not yet been implemented by regulation. The costs associated with voluntary separation incentives can be considerable. GAO anticipates little, if any, use of this authority because of the associated costs. For this reason, as well as to avoid creating unrealistic employee expectations, GAO has not developed and issued agency regulations to implement this section of the act.

—Section 3 of the act amended 31 U.S.C. 732(c), which required GAO employees' pay to be adjusted at the same time and to the same extent as the General Schedule and instead authorizes the Comptroller General to determine the amount of annual pay adjustments subject to the factors enumerated in section 3. Additionally, section 3 establishes a requirement that an employee must be performing at a satisfactory level in order to receive an annual pay adjustment.

The CGA under section 3 is effective for increases on or after October 1, 2005. We are formulating strategies for determining the appropriate methodology for establishing alternatives to the annual adjustment and anticipate the issuance of regulations prior to January 2006—the first opportunity for the Comptroller

General to exercise this authority. GAO Order 2500.1, Pay Administration in the GAO Regulations, was issued January 4, 2005 and implemented the satisfactory performance requirement for GAO's analysts and related specialist and attorneys. These groups of employees have been covered by validated competency-based appraisal systems for at least one full appraisal cycle. The regulations provided for withholding annual increases from any employee whose performance on any competency was rated as below expectations. Our regulations will be revised to make this requirement applicable to the analysts and related specialists and attorneys prior to the January 2006 annual adjustment. The administrative, professional and support (APSS) staff were recently converted to a pay for performance system. We are continuing to implement components of the APSS system and have not yet determined the methodology for establishing annual adjustments.

—Section 4 authorizes the Comptroller General to establish pay retention regulations applicable to employees who are placed in lower grades or bands as a result of workforce restructuring, reclassification or other appropriate circumstances. Draft regulations are currently under review. It is our intention to complete the review and consultation process and implement this section prior to January 2006.

—Section 6 authorizes GAO to provide increased annual leave to key employees. After consultation, GAO Order 2630.1, Leave Policies and Procedures, was issued for employee comment on December 29, 2004. These regulations contain a provision permitting designated key employees with less than 3 years of federal service to earn 6 hours of annual leave. The 45-day comment period closed on February 14, 2005 and employees' comments are being analyzed and will be considered by GAO's Executive Committee before finalizing the regulations. We anticipate finalization of the regulations and implementation of this provision on or before June 1, 2005. In addition, in January 2005, we updated GAO Order 2317.1, GAO's Senior Executive Service and Senior Level Positions, to allow senior executives and senior level staff to accrue annual leave at the rate of 1 day for each full biweekly pay period without regard to the length of their service with the federal government.

—Section 7 authorized GAO to establish an Executive Exchange Program. Draft regulations implementing the Executive Exchange Program were provided to employees for comment on January 31, 2005. The comment period closed on March 4, 2005 and review and analysis of the comments is in process. We anticipate issuing final regulations on or before June 1, 2005, and are concurrently working on the operational implementation of the program.

—Section 9 amended 31 U.S.C. 732(d) and incorporated additional requirements for GAO's competency-based performance management system. GAO's competency-based performance management system, including its competency-based appraisal systems, addresses all of these factors. However, we conduct an annual review and assessment of our performance appraisal policies and processes as part of ongoing continuous improvement of the system.

SUBCOMMITTEE RECESS

Senator ALLARD. The subcommittee stands in recess until Wednesday, April 27, when we will take testimony from the Senate Sergeant at Arms and the Capitol Police Board. Thank you very much.

[Whereupon, at 11:33 a.m., Tuesday, April 19, the subcommittee was recessed, to reconvene at 11 a.m., Wednesday, April 27.]

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2006

WEDNESDAY, APRIL 27, 2005

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

The subcommittee met at 11:02 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Wayne Allard (chairman) presiding.

Present: Senators Allard and Durbin.

U.S. SENATE

OFFICE OF THE SERGEANT AT ARMS AND DOORKEEPER

STATEMENT OF HON. WILLIAM H. PICKLE, SERGEANT AT ARMS AND DOORKEEPER

ACCOMPANIED BY:

LYNNE HALBROOKS, DEPUTY SERGEANT AT ARMS
J. GREG HANSON, ASSISTANT SERGEANT AT ARMS AND CHIEF INFORMATION OFFICER
CHUCK KAYLOR, ASSISTANT SERGEANT AT ARMS FOR SECURITY AND EMERGENCY PREPAREDNESS
AL CONCORDIA, ASSISTANT SERGEANT AT ARMS FOR POLICE OPERATIONS
ESTHER GORDON, ASSISTANT SERGEANT AT ARMS FOR OPERATIONS
RICK EDWARDS, ADMINISTRATIVE ASSISTANT AND ASSISTANT SERGEANT AT ARMS
NANCY ERICKSON, EXECUTIVE ASSISTANT

OPENING STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. The subcommittee will come to order.

This morning we will be taking testimony on the fiscal year 2006 budget request for the Sergeant at Arms and Doorkeeper of the Senate, the U.S. Capitol Police, and the Capitol Guide Service.

We welcome our witnesses this morning. First we will hear from the Sergeant at Arms and Doorkeeper of the Senate, Bill Pickle. Welcome.

Mr. PICKLE. Thank you, sir.

Senator ALLARD. Fellow Coloradan, I might add. Mr. Pickle is accompanied by his deputy, Lynne Halbrooks, and his Chief Financial Officer, Chris Dey.

The Sergeant at Arms budget request totals $220 million, an increase of $42 million, or 24 percent over the current year. The Sergeant at Arms takes care of a wide assortment of needs here in the

Senate, ranging from ensuring our security; processing our mail and ensuring its safety; providing us with computers, Blackberries, and telephones; and carrying out protocol responsibilities for visiting dignitaries.

The Sergeant at Arms' role has grown significantly since September 11 to include many new security and emergency preparedness activities. The Sergeant at Arms has accomplished a great deal this year, from implementing better mail processing protocols following the ricin attack last February, to preparing for the Reagan state funeral.

Thank you for all your hard work and that of your staff, Mr. Pickle.

Mr. PICKLE. Thank you.

Senator ALLARD. For fiscal year 2006, a large part of the increase SAA requests is associated with the need to replace our 20-year-old telephone system here in the Senate. I understand security needs also account for a significant portion of the increase, as well as information technology requirements.

Following the Sergeant at Arms, Mr. Pickle will put on his hat as Chairman of the Capitol Police Board and he will be joined by fellow board members, House Sergeant at Arms Bill Livingood, and Architect of the Capitol Alan Hantman, and the Capitol Police Chief, Terry Gainer. So we are going to have three panels. You will be the first panel, Mr. Pickle. You will be one panel and then we are going to have the Police Board as the second panel, and then the Guide Board will be the third panel.

Mr. PICKLE. Yes, sir.

Senator ALLARD. All right. Now in reference to the Capitol Police Board, the Board is requesting $290 million for the Capitol Police, an increase of $59.7 million, or 26 percent over the current year, excluding any supplemental funds which may be provided in the bill which is pending in conference, of course. The amount requested would enable the Capitol Police to increase sworn officers by 122, for a total of 1,714.

Also, additional funds are needed to support new security equipment and systems installed in recent years.

The Capitol Police are to be commended for all their hard work recently in ensuring that the Presidential inauguration went forward without incident.

Finally, we will again hear from Mr. Pickle, this time as Chairman of the Capitol Guide Board, along with Mr. Livingood and Mr. Hantman. Also present is Tom Stevens, the very capable head of the Capitol Guide Service and a 20-year veteran of the Guide Service.

The Board is requesting $4.1 million for the Guide service. This is an increase of $254,000 over the current budget.

Before turning to my ranking member for his opening statement let me say, as I have at the other legislative branch hearings, that the increases being sought will be very tough to accommodate, as you are probably well aware of. While they may be meritorious, we may be left with no choice but to make reductions to comply with the budget resolution.

So I ask each of you to consider carefully what your highest priorities might be, and which projects might be deferred, and whether you have looked at how to operate most efficiently.

Having made those opening comments, we will now turn to you, Mr. Pickle, and we will hear your testimony.

OPENING STATEMENT OF WILLIAM PICKLE

Mr. PICKLE. Thank you, Mr. Chairman. I really appreciate the opportunity to be here today. It is an honor to serve the Senate along with the almost 900 people that we have on the Sergeant at Arms staff. I have my senior staff with me today and I would like to take just a moment to introduce them to you, if I may.

Lynne Halbrooks is the Deputy Sergeant at Arms. Mr. Greg Hanson is the Chief Information Officer and Assistant Sergeant at Arms as well. Chuck Kaylor is the Assistant Sergeant at Arms for Security and Emergency Preparedness. Al Concordia is the Assistant Sergeant at Arms for Police Operations. Esther Gordon is our newest Assistant Sergeant at Arms for Operations. Our third statutory officer, Mr. Rick Edwards, is the Administrative Assistant and Assistant Sergeant at Arms. And finally and not least is Nancy Erickson, the Executive Assistant, and she represents the Democratic leader.

We have made significant progress this year, and you touched on some of that during your opening remarks. We have many established plans to make this place continue to work better. As you know, 9/11 changed much of what we do here. It has changed dramatically, as many of you who have been here much longer than I have realize.

As you indicated, in 2006 we are asking for $219,968,000. This is a substantial increase, Mr. Chairman. It is 23 percent more than our 2005 budget. I know it is a large increase. And I know how you demand fiscal responsibility, and I know how this subcommittee desires to keep spending down. But I think as we go into the testimony, and especially our written testimony, if we do not get into it in the questions, you will see that our budget request is meritorious and will enable us to meet Senate requirements. This request is not driven by me or my staff. It is driven by the needs of the Senate.

The request will help us institutionalize many of the changes that we have made since 9/11, since the anthrax attack in 2001 and since the ricin attack last year. It will help us to incorporate many of these changes into our normal business practices.

We are a much more agile and flexible agency since 9/11. We have been forced to become so. The leadership has been very clear that security is its number one priority for my office, and technology is right up there with it. It is demanded that we provide state-of-the-art technology to the Senate. And that is what we are working to do.

The changes that we have implemented in both regards really ripple across the entire Sergeant at Arms organization. But more importantly, they ripple across the entire Senate. Before 9/11, I would say less than 20 percent of the time spent by the Office of the Sergeant at Arms was dedicated to security. Today it is prob-

ably 50 percent. The large increase that you have seen in FTEs since 2001 are almost all dedicated to technology or security.

We do all we can to make this institution safe. And I think your office, the subcommittees, and other offices realize that and see it. We train. We train. We train. We equip. We equip. We equip. And we try to make sure that people know what to do in an emergency.

I am not talking about anything that is classified when I say that we are a target. We realize we are a target. It is arguable which is the number one target, the White House or the Capitol. But we plan for the worst and we certainly hope for the best. And that is our goal here, and that is why we have such a large budget increase.

The other part of this budget increase, the telecommunications systems which you alluded to, or the telephone system, is a very important part of our budget. It is one of these expenses that we pay now or we pay later.

As you know we have a 20-year-old telephone system. This system technically could go on, I guess, for many years to come. But it does not allow us the flexibility of using the voice-over Internet protocol. It does not allow us to have more flexibility with voice, data and video.

There is even a bigger part of this, which I am just going to touch on, and that is security. The new telecommunications system will provide a very important security benefit to the Senate. It will provide redundancy, and in today's environment, that is critical.

Now, can we implement this system in incremental steps? Yes, we can. I know that funding is going to be tough to get, and we will certainly work with Carrie Apostolou and do the best we can to meet your needs and the subcommittee's needs, but this project is important.

Mr. Chairman, I am not going to belabor the point. I would be happy to take questions. I have some more testimony I would like to introduce for the record.

Senator ALLARD. Without objection, we will make your full testimony a part of the record.

Mr. PICKLE. Thank you. I would like to end my remarks, however, by simply saying that I am so honored to represent the almost 900 people who work for the Sergeant at Arms office. When you look at the many hundreds of different types of services we perform, some people say as many as a hundred businesses. When you look at the job that these people do, it is truly remarkable. They are dedicated. They are talented. Many of them are with me here today. And I am so proud of them. And I truly think that the taxpayers get their dollar's worth out of these people who work for you here today. Thank you.

PREPARED STATEMENT

Senator ALLARD. Thank you for your comments. We appreciate your testimony.

[The statement follows:]

PREPARED STATEMENT OF HONORABLE WILLIAM H. PICKLE

INTRODUCTION

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to testify before you today. I am pleased to report on the progress the Office of the Sergeant at Arms (SAA) has made over the past year and our plans to enhance our contributions to the Senate in the coming year.

For fiscal year 2006, the Sergeant at Arms respectfully requests a total budget of $219,968,000, an increase of $42,151,000 (or 23.7 percent) over the fiscal year 2005 budget. This request will allow us to maintain the significant improvements and level of service we provided the Senate community over the past year. It will also fund several important initiatives including replacement of the Senate telephone system, state-office security enhancements, and outfitting the Senate space in the Capitol Visitor Center with furniture and equipment. Appendix A, accompanying this testimony, elaborates the specific components of our fiscal year 2006 budget request.

Last year I testified before this Committee and reported on our progress in accomplishing two priorities: (1) ensuring the United States Senate is as secure and prepared for any emergency as possible; and (2) providing the Senate outstanding service and support, including the enhanced use of technology. These priorities continue to guide my office and we are moving forward in a number of crucial areas.

An outstanding senior management team leads the efforts of the dedicated Sergeant at Arms staff. Until recently this team included Deputy Sergeant at Arms J. Keith Kennedy, who chose to move to the position of Chief of Staff of this esteemed Committee. We miss him, but know that his skills already have served this Committee well. I have tapped the very capable Lynne Halbrooks to take over as the Deputy Sergeant at Arms in his stead. I look forward to a great tenure with her. Lynne and I are joined by Administrative Assistant Rick Edwards, Assistant Sergeant at Arms for Security and Emergency Preparedness Chuck Kaylor, Assistant Sergeant at Arms for Police Operations Al Concordia, Assistant Sergeant at Arms and Chief Information Officer J. Greg Hanson, and the newly appointed Assistant Sergeant at Arms for Operations, Esther Gordon. The many accomplishments set forth in this testimony would not have been possible without this team's leadership and commitment.

MAJOR EVENTS OF THE PAST YEAR

The Office of the Sergeant at Arms faced several challenges this past year; some were planned, some were not. In particular, in 2004 we faced the ricin attack in February, the Reagan funeral in June, the transition to the 109th Congress beginning with the November elections, and the recent Inauguration. I am pleased to report that the staff performed capably and enabled the Senate to function effectively throughout these events.

Ricin Attack.—The discovery of ricin in the Dirksen Senate Office Building on February 2, 2004, tested the emergency planning we had undertaken over the past several years. In response to the attack, SAA staff coordinated our efforts with those of the United States Capitol Police, the Committee on Rules and Administration, the Office of the Secretary of the Senate, the Office of the Attending Physician, and numerous other agencies and organizations to support Senate operations while all three Senate Office Buildings were closed.

The incident prompted significant revisions to our mail testing protocols and modifications to our mail processing facility. The SAA Post Office staff adapted to working within a controlled environment while wearing personal protective equipment. Over the past year, they have opened, tested, and delivered over 12,500,000 articles of United States Postal Service mail and over 68,500 packages. To accommodate time-sensitive items addressed to Senate offices while maintaining the Senate's safety, the Congressional Acceptance Site processed and delivered over 98,000 items within our community from 3,200 couriers.

Reagan Funeral.—During the week beginning June 6, 2004, the United States Capitol was the site of the first State Funeral since 1973. On Wednesday, June 9, the remains of former President Ronald Wilson Reagan arrived on the West Front of the Capitol by a horse-drawn caisson in a formal military procession. I had the distinguished, yet somber, honor of greeting Mrs. Reagan upon her arrival at the Capitol for the State Funeral in the Rotunda.

The SAA staff played a key role in the preparations for this national event and demonstrated tireless dedication to meeting the Senate community's needs. The Capitol Facilities staff cleaned and set up holding rooms, the Photography and Recording Studios captured the event for historical purposes, and others provided be-

hind-the-scenes support. We also focused on protocol and security throughout the week. The Executive Office staff coordinated attendance at the service in the Capitol Rotunda with Senate offices, assisted the Senators and Officers who participated in the program, and were responsible for the official Senate delegation's attendance at the National Funeral Service that was held at the Washington National Cathedral. The SAA security team had a continuous presence in the Capitol Police Command Center, and helped the Capitol Police, U.S. Secret Service, and other federal agencies ensure that Washington, DC was safe. As a result, almost 105,000 mourners were able to pay their respects to the former President while complying with the enhanced security measures added since the last State Funeral.

Transition.—The SAA staff facilitated the transition to the new Congress by equipping, staffing, and running the Transition Office for newly elected Senators, and by moving and setting up equipment for temporary and permanent office suites. They installed equipment in the transition office space, and provided administrative and mail services, as well as Web sites, documents, and placement services to facilitate new Senators' entry to the Senate. The Office of Education and Training assisted with in-depth training for new Senators, and provided training to their Chiefs of Staff and to Administrative Managers.

Inauguration.—SAA staff also provided guidance on protocol, created the Web site, recorded the video feeds, photographed the events, produced documents and posters, helped set up the Capitol, and developed and implemented the infrastructure, computers, telephones, and applications to support the Inauguration. In addition, as part of the Inaugural security team, which also included the Capitol Police, the Metropolitan Police Department, the U.S. Secret Service, and the Armed Forces, we put effective security measures into place that enabled people to participate in Inaugural events, but also ensured that the events were safe.

These examples are representative of how the staff of the SAA serves the Senate. This dedication is often unnoticed, but I wanted to let you know that it happens, even when there is no emergency.

CONTINUING EMPHASIS ON SECURITY AND PREPAREDNESS

The Senate was in a heightened security posture for much of the past year, starting with the increased threat levels of the 2003/2004 winter holiday season. In addition, the ricin attack in February, President Reagan's funeral in June, the 2004 conventions, Senators' campaigns, and the Inauguration all increased the demand on the SAA's security team and the Capitol Police. These challenges reflect the new reality of our security environment; we cannot and have not become complacent in our approach to the security of the Senate. The Senate's layered security strategy provides a framework that we use to address security challenges. In implementing the strategy, we integrate good intelligence, threat-driven protective measures, response capabilities, comprehensive emergency plans, and an aggressive training and exercise program to create comprehensive, Senate-wide security and preparedness. I would like to highlight some of our security efforts for you.

The Senate Security Team

The Senate's security team includes the SAA Offices of Security and Emergency Preparedness and of Police Operations, along with the U.S. Capitol Police, the Secretary of the Senate, the Architect of the Capitol, and other supporting agencies. Together, these groups provide the Senate with a security team that is strong and well coordinated. Senate Leadership, this Committee, and the Committee on Rules and Administration are also strong and supportive members of this team.

Prevent and Protect

Threat Intelligence Sharing.—The Capitol Police exchange threat intelligence information with the law enforcement and intelligence communities. Along with the Capitol Police, SAA security experts evaluate threats against Senators and certain visitors to the Capitol area, and take appropriate measures to eliminate or mitigate those threats.

Personal Safety

Security for Senators Who Participate in Foreign Congressional Delegation (CODEL) Visits.—The Consolidated Appropriations Act, 2005 authorized Capitol Police officers to travel outside the United States in a liaison capacity to coordinate security arrangements for Senators traveling individually or as part of a CODEL. SAA staff, the Capitol Police, and the Department of State are developing policies and procedures to implement this new authority.

Security for Senators at Special Events.—With the Capitol Police, we have created a standard for assigning security resources to Senators when they attend special

events, whether the events occur on the Capitol campus or out of town. Special events include public appearances by Members in and out of Washington, DC, offsite conferences and policy retreats that Members attend, and offsite Committee hearings. This initiative allows us to align our efforts with those of other law enforcement agencies and allocate resources to ensure Members' safety and security.

Safety on the Capitol Campus

Mail, Packages, and Freight.—All mail and packages coming into the Senate are tested, whether they come through the U.S. Postal Service or from other delivery services. Last year, with guidance from our science advisors and Senate Leadership, we improved our mail- and package-testing and security procedures. With over a year of experience with the improved procedures, I can report to you that they are working.

An outside contractor currently provides the Senate's testing and processing service for mail and packages coming into the Senate, but this year we will move this service in house and to a larger, less costly (per square foot) facility. We expect this change to save the Senate $250,000 annually.

In addition to mail testing and security procedures, we support the efforts of the Capitol Police to screen vehicles and freight by using technology, K–9 units, and officers. The Capitol Police will implement new security measures when they construct and move into a new screening facility.

Perimeter Security.—Significant progress has been made in our perimeter security over this past year as we neared completion of Capitol Square perimeter security measures and of the bollard line along Constitution Avenue next to the Senate Office Buildings. In the coming year, this work will continue on Capitol Square and around the remainder of the Senate perimeter.

Vehicle Security.—The Capitol Police implemented vehicle-screening checkpoints around the Capitol grounds last summer to counter the threat of vehicle-borne explosives. In addition, Senate Leadership closed First Street NE between D Street NE and Constitution Avenue, based on the strong recommendation of the Capitol Police. Since then, the Capitol Police periodically have modified the vehicle-screening procedures in response to intelligence and threat information with the goal of preventing vehicular attacks.

Other Initiatives.—The SAA is involved in a number of additional ongoing projects that improve security, emergency response, and law enforcement across the Capitol campus. We support the efforts of the Capitol Police to enhance the physical security of the Senate Chamber, improve their response to incidents reported in Senate buildings and on the Capitol grounds, revise access control procedures for personnel and vehicles, and activate a program of anti-terrorism measures.

Beyond Capitol Hill

State Office Security Enhancements.—Over two years ago, the SAA began a security enhancement program for Member state offices. Since the program started in late 2002, we have completed security assessments of over 450 state offices and security enhancements for 60 offices. We are in the process of delivering enhancements to 150 more offices. This accounts for all existing state offices, and we implement procedures for assessing new offices as they open. We place the highest priority on offices located in commercial properties, but we also have strong relationships with the General Services Administration, the Federal Protective Service, and the U.S. Marshals Service to support offices in federal buildings.

Prepare

Our emergency preparedness plans and programs encompass emergency procedures, office emergency planning, emergency equipment fielded throughout the Senate, education and training programs, regular drills, and exercises. Combined, these plans and programs provide the Senate with the guidelines, equipment, and confidence to react effectively in an emergency.

Evacuation Procedures.—The Senate's security team devoted much of this past year to improving the Senate's emergency procedures, its emergency procedures training, and its ability to notify staff. One item of note is the implementation of evacuation procedures for mobility-impaired staff and visitors. We implemented these procedures during evacuation drills and worked with offices to provide equipment and personal training to all mobility-impaired staff members and their supporting buddy teams.

Emergency Equipment.—Over the past few years, the SAA fielded emergency items, such as escape hoods and wireless annunciators, throughout the Senate. This year we provided every Senate Member and Committee Office with emergency supply kits that contain a variety of emergency items. Over 18,000 items of emergency equipment were distributed to Senate offices and throughout the Senate Office

Buildings. Last fall, an inventory of the Senate's emergency equipment was conducted to account for all items and to ensure that they function properly. I am pleased to report that Senate Offices have kept their equipment current and accounted for; we believe this reflects the importance offices place on their emergency equipment.

Planning Support.—To enhance support to Senate offices, we recently published a guide for office security planning, the Roadmap to Readiness. This document provides concise guidelines, tips, and templates, and it directs offices to resources that can help them in their security planning. We also established a presence for continuity of operations, security, and emergency preparedness on Webster, the Senate's intranet, and published a number of brochures on emergency equipment and procedures.

We are working with a small number of state offices on training in emergency preparedness and on exercising continuity of operations plans to determine how best to support their needs. Our Web-based continuity of operations planning tool is available to state offices, and we are extending training resources and planning tools to help state office staff improve their security awareness and emergency plans.

Practice

Training and Education.—In the past year, SAA staff conducted over 300 security-related training sessions for Senate offices and staff. We delivered 53 training sessions, including general training courses on escape hoods and Office Emergency Coordinator training, and seminars on personal preparedness and the District of Columbia's evacuation plans. These courses and seminars are part of the regular Office of Education and Training curriculum. Over 250 additional training sessions to smaller groups on specialized security topics were also delivered. Additionally, we offer in-office training on sensitive or office-specific topics and consulting to office staff on preparing emergency action plans and continuity of operations plans. These training and education efforts complement the training offered by the Office of the Attending Physician on First Aid and CPR and that offered by the Capitol Police on security awareness.

Exercise Program.—Together with the Secretary of the Senate and other legislative branch agencies, we have established an aggressive plan to rehearse our emergency plans and procedures throughout the year. Our exercises range from quarterly evacuation drills and monthly communications tests to full-scale exercises of relocation sites involving transportation, special communications equipment, and staff. An aggressive exercise agenda for the coming year includes joint exercises with the House of Representatives.

Our training and exercise program has enabled the Senate to respond effectively to emergencies twice in the past four years. The exercise program ensures that we continue to rehearse, evaluate, and improve our plans and procedures.

The SAA's Office of Police Liaison and Office of Security and Emergency Preparedness focus on improving our security environment and the readiness of the Senate every day. With the support of Senate Leadership, this Committee, and the Committee on Rules and Administration, we continue to improve the Senate's security capabilities.

INFORMATION TECHNOLOGY

The Office of the Sergeant at Arms places special emphasis on using technologies to deliver security, emergency preparedness, service, and support to the United States Senate. The SAA's CIO organization executes our strategic information technology plan to accomplish these goals.

I want to take a minute to thank Assistant Sergeant at Arms and Chief Information Officer J. Greg Hanson for the vision and dedication with which, over the past two years, he has transformed our already fine Information Technology group into a group that offers best-in-class service and support. Greg ensures that we consistently provide the Senate with state-of-the-art technology and service, and he has taken a personal interest in his customers. Because of this, Greg was named to this year's Federal 100, the one hundred top executives from government, industry, and academia who had the greatest impact on the government information systems community in 2004. Congratulations, Greg.

Over the past year, our most significant accomplishments in the information technology area include:

—Completion of a state-of-the-art alternate computing facility for continuity of operations and continuity of government;

—A 13 percent improvement in customer satisfaction, exceeding our internal goal of 10 percent;

—Implementation of a robust information security awareness program that includes enterprise technology tools, enhanced communication, and technical training;
—Cost avoidance of at least $2 million by developing an information technology strategic plan, a comprehensive technology level matrix, and a state-of-the-art application for tracking information technology projects and issues; and,
—An enhanced ability to evaluate and deliver technology solutions to the Senate through teamwork and collaboration with Member Offices, Committees, and steering groups.

Information Technology—The Road Ahead

Last year's testimony stated, "Information technology is crucial to security in the Senate and to the Senate's ability to accomplish its day-to-day activities. With a strong emphasis on providing advanced technology capabilities and outstanding customer support to the Senate, the SAA is adopting a comprehensive approach to delivering technology solutions and services." This year we are delivering on these goals with a strategic information technology plan that aligns with the Senate's business requirements. The plan, titled An IT Vision for Security, Customer Service, and Teamwork at the United States Senate (or Senate IT Vision) is found in Appendix B of this testimony. The Senate IT Vision sets forth: Our strategic technology vision; our strategic technology mission; our core values and guiding principles; and, five broad information technology strategic goals for the next two years.

The strategic information technology vision is to deliver state-of-the-art information technology that directly supports efficient, effective, secure legislative action, communication, and constituent service through our infrastructure, processes, and talented workforce. This vision stresses the importance of collaboration and teamwork in delivering information technology services and solutions.

The strategic mission, which supports the vision, is to leverage technology so the Senate can function efficiently and effectively to serve the American people under any circumstance. We are developing a technology team composed of staff members from my office, Member and Committee offices, and other Senate offices to work together to provide technology options, solutions, and world-class customer service so the Senate can accomplish its mission.

The core values and guiding principles in the strategic plan define the CIO organization's culture and ensure that it aligns with the Senate's business priorities. The values and principles emphasize people, teamwork, leadership, and a relentless pursuit of organizational excellence so we can deliver information technology that meets the Senate's requirements quickly and effectively.

The five strategic information technology goals and their supporting objectives drive all our information technology programmatic and budgetary decisions. The five strategic goals are:

—1. *Secure.* A secure Senate information infrastructure.
—2. *Customer Service Focused.* A customer-service culture top-to-bottom.
—3. *Effective.* Information technology solutions driven by business requirements.
—4. *Accessible, Flexible & Reliable.* Access to mission-critical information anywhere, anytime, under any circumstance.
—5. *Modern.* A state-of-the-art information infrastructure built on modern, proven technologies.

The five objectives encompass broad-based security, customer service, and emerging technology initiatives. The objectives complement the vision and mission, which directly tie all information technology activities to the business of the Senate. Our accomplishments this past year reflect the notable progress we have already made in achieving the five objectives.

Security and Continuity Communications

Alternate Sites.—This year, the SAA technology staff completed the information infrastructure that will enable us to replicate all the systems housed at the Senate's Washington, DC primary computing facility to the alternate computing facility (ACF). Together with the Architect of the Capitol, we upgraded the physical infrastructure of the ACF by adding a fully redundant backup power system and increasing the ACF's primary power capacity. We have also completed and tested all mission-critical information systems, and they can be live within a matter of hours. During the upcoming year, we will add a satellite-communications ground station to the ACF, and we plan to offer expanded replication and backup capabilities if the Architect of the Capitol purchases the facility.

We will expand the storage area network this year to accommodate increased traffic from the enterprise Active Directory and Messaging Architecture (ADMA) systems and from new replication options that we are offering to Senate Committee

and Leadership Offices. We completed fiber connectivity to the primary alternate chamber site, systems to support the Sergeant at Arms and Secretary of the Senate Emergency Operations Centers and Briefing Centers, and the extension of the communications infrastructure to backup locations.

Contingency Communications.—A comprehensive array of communications systems and options enable us to communicate under any circumstance. This year, we tested new communications technology for connectivity between the Senate's primary computing facility and a Briefing Center at another location. In addition, both of the state-of-the-art communications vehicles mentioned in last year's testimony have passed initial acceptance testing and have moved into the final acceptance testing phases.

This year, we will complete the in-building wireless infrastructure, which will improve signal strength for the major cellular telephone and BlackBerry service carriers. With this infrastructure, the Senate will have coverage in areas where it was previously poor or nonexistent and Senate staff can connect to their offices via wireless remote computing. The system will substantially pay for itself because the carriers are paying us for the right to use it.

The technology and security groups collaborated during the past year to improve the Senate's overall security. The two groups created a specialized emergency communications unit with personnel from both offices who gather requirements and translate them into integrated, highly reliable systems. One result of this partnership is a system for Office Emergency Coordinators that we are now moving from prototype to production. In an emergency, the system provides the ability to account for Senate staff using wireless tablet computers.

Securing Our Information Infrastructure.—This year, we witnessed new, more sophisticated methods of attack with more severe consequences. In response, we enhanced and strengthened our defense-in-depth approach to network and computer security over the past year. We continue to see great success in the enterprise-wide anti-virus program, with almost 10,000 desktop anti-virus suites installed. We perform intrusion detection in house, and we have executed a contract to augment our capabilities. The contract helped us contain a particularly insidious Randex virus attack. Our information security group coordinates with other outside federal agencies to ensure we have the most up-to-date information and techniques for combating threats to our information infrastructure. These efforts are part of the defense-in-depth strategy that protects the Senate's infrastructure and reaches from the software running on Senate desktops to the edge of our networks.

In the first three months of 2005, nearly 4 million viral events have been detected, and nearly 99 percent of them were automatically blocked from infecting Senate machines. Our security processes are reducing the number of infections per computer per day. In spite of the fact that the threat environment is getting worse with more malevolent viruses and worms, it is rare that a Senate computer is infected.

In addition, we introduced a software update services program to help offices protect themselves from virus and worm attacks. In participating offices, the program automatically installs patches on the offices' computers, once we have certified that the patches will not adversely affect Senate systems.

Next year, we will build and begin operating a comprehensive security operations center that will monitor the security of Senate information systems and detect and combat viruses and other computer-based attacks. We will continue to coordinate with Leadership Organizations, Committees, and groups such as the Joint Security Best Policies and Practices Working Group to develop security training, policy, and information security processes.

Customer Service

The SAA continues to measure how well we meet the Senate's technology needs. Our second annual CIO Customer Satisfaction survey revealed a 13 percent overall improvement against a goal of 10 percent. In addition, we saw improvements in every category, with some categories up by as much as 26 percent. Our customer satisfaction action plan stresses strong communication and relationships, introducing modern technology faster, and providing offices options and choices of products, solutions, and services.

Customer Service, Satisfaction, and Communications.—We maintain a comprehensive outreach and communication program with information technology newsletters, quarterly project status reviews, participation in the Majority Leader's Information Technology Working Group, and joint monthly project and policy meetings with the Committee on Rules and Administration, the Senate System Administrators Association, and the Administrative Managers' Working Group.

In addition to conducting an annual comprehensive survey, we monitor our service every day. After service calls, we send customers satisfaction surveys. We track survey results and evaluate them for service-level-agreement trends. We discuss the results in weekly business process and technology review meetings that staff, support contractors, and customers all attend. This past year our help desk contractor consistently posted customer satisfaction results at or above 95 percent and the telecommunications support staff posted customer satisfaction results at 98 percent.

Business Applications.—This past year, we renewed Senate contracts that provide research services and resources for Senate offices. We also replaced the old Senate News Wire with a state-of-the-art, real-time, NewsWatch service; outfitted the financial management system supporting the Secretary of the Senate's Disbursing Office with a Web-based interface; and completed new SAA Human Resources and Senate Employee Assistance Program Web sites.

Later this year we will complete a prototype services portal that we are developing in conjunction with Senate Leadership and the Committee on Rules and Administration. The prototype will serve as a modern platform for launching many new Web-based applications Senate-wide.

In preparation for modernizing and expanding our constituent correspondence management systems, we started gathering formal requirements from offices last summer. We will complete the requirements analysis this year, and anticipate recompeting the correspondence management system contracts in fiscal year 2006.

Enhanced Communications and Infrastructure.—Several information technology projects enhance communications within and between Senate offices. An improved network infrastructure features 100 Mbps of connectivity for desktop and 1 Gbps connectivity between servers. The enterprise fax program replaces stand-alone fax machines with an integrated, server-based fax system that eliminates paper.

Increased frame relay bandwidth to the state offices supports video teleconferencing and data replication. The Senate video teleconferencing program, with nearly 300 installed endpoints Senate-wide, allows staffs in Washington, DC offices to conduct video conferences with state offices and other remote locations.

The Senate Telecommunications Modernization Program is a comprehensive, multi-year project to replace the Senate telephone system with a state-of-the-art telecommunications system that will take advantage of the convergence of voice, data, and video traffic on a single network. The convergence will provide new services, reduce the cost of existing services, and eliminate single-points-of-failure in the telephone system. We expect to start implementation in fiscal year 2006.

We also anticipate completion of the enterprise tape backup system this fiscal year. The system runs over our storage area network, and it already automatically backs up over fifty servers located in our primary computing facility.

In addition, the Senate is now the employer of all Capitol Exchange Operators. The staff of the Capitol Exchange serves both the Senate and the House of Representatives, but as of March 1, 2005, they are all employees of the Senate. This change will increase efficiency and establish a unified team with common management, benefits, policies, and practices.

Modern Technology Aligned With Business Processes

Process Management & Innovation.—This year, we established a Process Management & Innovation organization that aligns our information technology, strategies, and solutions with Senate business processes. This staff is responsible for technology infusion and for tracking relevant emerging technologies against the Senate's information technology requirements. Part of this effort is the Senate Emerging Technology Conference and Exhibition Program that shows new technologies and concepts to Senate staff. The two conferences held last year featured knowledge management, communications, and information technology best practices. The first-ever emerging technologies exposition displayed new, inexpensive products for consideration by Senate offices. We held the latest Senate Emerging Technology Conference and Exposition on April 14, 2005, and it featured new information security technologies and products.

Modern Information Technology Processes and Performance Metrics.—In order to deliver new technologies quickly and efficiently, we created system development processes tailored to the Senate's needs. These processes form the foundation of a state-of-the-art project and issue management tracking system called the Dashboard. The Dashboard is a Web-based tool that we use to monitor and maintain the status of all information technology projects. The tool is useful for both management and communications. Next year, we will give our customers access to parts of the Dashboard so they can track projects and issues. The next phase of the Dashboard, which we will implement later this year, will track performance of key infrastruc-

ture components and mission-critical systems. Completion of the next phase will enable us to track all information technology initiatives.

OPERATIONAL SUPPORT

The commitment to exceptional customer service is a hallmark of the Sergeant at Arms organization and the cornerstone of our operational support. The groups that make up our Operations team continue to provide exceptional customer service and support to the Senate community.

Capitol Facilities

Capitol Facilities staff works around the clock to ensure that the furniture and furnishings are of the highest quality, cabinetry and framing are outstanding, and the environment within the Capitol is clean and professional. This past year, we improved our customer service by implementing three major initiatives:

—*Performance Management Process*.—We implemented a performance management process that helps Capitol Facilities management and staff improve their job performance each year. Using this process, we have been able to improve communication within Capitol Facilities and increase the quality of service we deliver to our customers.

—*Work Order System*.—We implemented a Work Order System that tracks requests and automatically sends them to supervisors for immediate scheduling and completion. The system enables Facilities staff to respond to requests promptly, and provides management better information on the resources required to fulfill requests.

—*Computer-Aided Design*.—In our Furniture and Furnishings shop, we invested in a Computer-Aided Design, or CAD system. The system serves as a database of construction drawings of historical furniture. This information enables us to reduce the amount of time needed to create custom-built furniture for Capitol offices.

We undertook these three initiatives because we will soon have a significantly larger area to maintain, and we need a more efficient way to manage the workload of the Capitol Facilities staff. Specifically, the opening of the Capitol Visitor Center will add 66,500 square feet of Senate space to the responsibilities of the Capitol Facilities group: 41,000 square feet of office space, 8,000 square feet of meeting space, and 17,500 square feet of other space. Compared to their current obligations, the Environmental Services Division will clean and maintain almost one-third more office space and three times more meeting space, and the Furnishings Division will need to furnish over 50 percent more office and meeting space.

Employee Assistance Program

Over the past year we have enhanced and expanded our Employee Assistance Program. The program supports staff across the Senate. It improves supervisors' ability to manage troubled employees, enhance the work environment, and improve employee job performance. It helps employees find the resources they need to address some of the personal challenges they face every day. It also coordinates with Security staff to train people on reacting to emergencies and to ensure that processes are in place to deal with emergencies.

Photo Studio

We completed the Photo Studio's transition to an entirely digital operation. With the new photo browser database, Senate staff can use their desktop computers to place orders, download high-resolution images, e-mail images, and track the progress of their orders online. Staff members from more than 110 Senate offices use the new system, which can make digital images available within hours, when necessary. This system has improved our service to our customers and increased their satisfaction.

Printing, Graphics, and Direct Mail

During the past five years in Printing, Graphics, and Direct Mail, our capital investments and process improvements have enabled us to increase production by over 54 percent with 12 percent fewer staff. During fiscal year 2004, we provided guidance to Members' staffs on addressing outgoing mail in a format that took full advantage of postage discounts. As a result, offices saved over $2.2 million in postage expenses.

We also implemented a Web-based system that archives and manages documents for Senate offices. The system enables Senate staff members to search, view, and print documents from their desktops. In its first eight months of operation, we used the system to scan nearly one million documents for offices.

Finally, we are moving forward on a new warehouse facility. SAA staff identified a site and they are working with the Architect's office to create an effective space for the Senate. The building's shell is complete, and we are planning the interior. The lease was approved and signed, and we expect the build-out to be completed by September of this year. The new facility will provide considerable security and operating benefits to the Senate.

Recording Studio

The Recording Studio records the activity on the Senate floor and Committee hearings, and it provides a production studio and rental equipment. Last year, it recorded all 1,034 hours and 31 minutes of Senate Floor proceedings, and 593 Committee hearings.

Committee Hearing Room Upgrade.—In 2003, we started a project to upgrade and install multimedia equipment in Committee hearing rooms. The project included digital signal processing, audio systems, and broadcast-quality robotic camera systems.

To date, we have implemented audio upgrades in three hearing rooms, SR–332, SR–301, and SD–106. Three more are scheduled for this calendar year. The enhancements include improved speech intelligibility and software-based systems that we can configure based on individual Committee needs. The system's backup will take over within minutes if the main electronics fail, and because the system is networked, staff can automatically route audio from one hearing room to other hearing rooms to accommodate overflow crowds.

The project also includes system diagnostic monitoring and redundancy that enable Recording Studio staff to detect and resolve problems. For example, if a Member is speaking at a relatively low volume, the system can automatically raise the volume of that microphone; if a Member forgets to turn on a microphone before speaking, the Committee clerk can turn it on remotely.

The project's video upgrades add broadcast-quality television cameras on robotic systems to Committee Rooms, and cabinetry to conceal the cameras when they are not in use. The cameras can be remotely controlled from the Recording Studio. Once this project is completed, the Recording Studio will be able to broadcast more Committee hearings while simultaneously maintaining production capabilities in the television studios.

Chamber Proceedings and News Programming Browsing System.—For years, the Senate has had the ability to search Chamber proceedings by text and listen to audio playback from desktop computers; in fact, we were a pioneer in this area, and accomplished it in the early years of computer browsers. As a major advance, we will replace our audio and text browsing systems with a state-of-the-art audio/text/video browsing system that will enable Senate staff to search and play back Chamber proceedings and news programming from any computer on the Senate LAN.

This browsing system is the result of a modernization of our technical plan for the Senate Recording Studio that incorporates technology so new that it is operational in only a handful of facilities in the country. This new technology will enable the Recording Studio to record, edit, and play proceedings and programming without ever using tape machines. It will make the information available for simultaneous online searching and streaming.

Education and Training

The Office of Education and Training provides employee training and development opportunities for all Senate staff in Washington, DC and in the states. The Technical Training group provides technical training support for approved software packages through instructor-led classes, one-on-one coaching sessions, specialized vendor-provided training, computer-based training, and informal training and support services. The Professional Training group delivers courses on management and leadership development, human resources issues and staff benefits, legislative and staff information, and new staff and intern information. The Health Promotion group offers seminars, classes, and screening on health-related and wellness issues, and it coordinates one annual Health Fair for all Senate employees and four annual blood drives.

This year, we will be undertaking an outside assessment of our training program to ensure we are meeting the needs of the Senate community.

Training Classes.—The Education and Training group offered 581 classes in 2004, with 5,252 Senate employees taking advantage of these classes and the registration desk handling 20,467 requests for training and documentation.

Of the above total, the technical training group offered 265 classes to 1,093 staff members, and provided coaching on various software packages and other computer-related subjects to 702 staff members. The professional development area offered

316 classes to 4,159 students, and delivered 40 special training and team building sessions to Members and Committees. The professional development group addresses team performance, communication, and conflict resolution, and we encourage managers and supervisors to request customized training for their offices. During the last quarter of the year, staff from the professional development group offered training via video teleconferencing to two state offices; we plan to continue this practice. In the Health promotion area, 1,310 staff members participated in the Annual Health Fair held in September, and 708 participated in Health Promotion activities throughout the year, including cancer screening, bone density screening, and seminars on health-related topics.

Together, the Office of Education and Training and the Office of Security and Emergency Preparedness provide security training for Senate staff. They delivered 53 sessions of Escape Hood and other security related training to 1,683 Senate staff in 2004.

State Training.—Most of the classes we offer are practical only for Washington, DC-based staff, but we are expanding our offerings to state office staff through the State Training Fair, which began in March 2000. In 2004, we offered two sessions of this program to state staff, and conducted our annual State Directors Forum for the second year. The "Virtual Classroom," an internet-based training library of over 300 courses, also enables state office staff to take advantage of the Senate's training resources; 396 staff members from state offices and Washington, DC have taken advantage of this training option.

CONCLUSION

The SAA staff provides consistent service, and their dedication is evident in the number of years people stay with the organization. Last year, we had 5 people celebrate 30 years with the SAA, 10 people celebrate 25 years, and 23 people celebrate 20 years. These are talented people who have devoted their skills to the Senate.

The Office of the Sergeant at Arms is like dozens of small businesses, each with its own primary mission, each with its own measures of success, and each with its own culture. It has a fleet of vehicles that serves Senate leadership, delivers goods, and provides emergency transportation. Our photo studio records historic events, takes official Senate portraits, provides the whole range of Capitol photography services, and delivered thousands of pictures last year alone. The SAA's printing shop provides layout and design, graphics development, and production of everything from newsletters to floor charts; last year, it printed 13,067,071 sheets of color printing (a 300 percent increase over the 2003 volume), and it produced 8,521 floor charts. The Office of the Sergeant at Arms also operates a page dormitory, a hair salon, and parking lots. It provides many other services to support the Senate community, including framing, flag packaging and mailing, and intranet services. Each of these businesses requires personnel with different skills and different abilities. One thing that they all have in common, though, is their commitment to making the Senate work smoothly.

Over the past year, the staff of the SAA has kept the Senate safe, secure, and operating efficiently. This Committee and the Committee on Rules and Administration have provided active, ongoing support to help us achieve our goals. We thank you for your support and for the opportunity to present this testimony and answer questions.

ATTACHMENT I.—FINANCIAL PLAN FOR FISCAL YEAR 2006

OFFICE OF THE SERGEANT AT ARMS—UNITED STATES SENATE

EXECUTIVE SUMMARY

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
General Operations & Maintenance:				
Salaries	$50,635	$57,743	$7,108	14.0
Expenses	$55,725	$67,423	$11,698	21.0
Total General Operations & Maintenance	$106,360	$125,166	$18,806	17.7
Mandated Allowances & Allotments	$53,714	$56,452	$2,738	5.1

EXECUTIVE SUMMARY—Continued

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
Capital Investment	$13,453	$34,399	$20,946	155.7
Nondiscretionary Items	$4,290	$3,951	($339)	−7.9
TOTAL	$177,817	$219,968	$42,151	23.7
Staffing	875	893	18	2.1

To ensure that we provide the highest levels and quality of security, support services and equipment, we submit a fiscal year 2006 budget request of $219,968,000, an increase of $42,151,000 or 23.7 percent compared to fiscal year 2005. The salary budget request is $57,743,000, an increase of $7,108,000 or 14.0 percent, and the expense budget request is $162,225,000, an increase of $35,043,000 or 27.6 percent. The staffing request is 893, an increase of 18 FTEs.

We present our budget in four categories: General Operations and Maintenance (Salaries and Expenses), Mandated Allowances and Allotments, Capital Investment, and Nondiscretionary Items.

The general operations and maintenance salaries budget request is $57,743,000, an increase of $7,108,000 or 14.0 percent compared to fiscal year 2005. The salary budget increase is due to the addition of 18 FTEs, a 3.9 percent COLA, and merit funding. The additional staff will augment our security team, improve operations, expand services, and meet new requirements for the Senate community.

The general operations and maintenance expenses budget request for existing and new services is $67,423,000, an increase of $11,698,000 or 21.0 percent compared to fiscal year 2005. Major factors contributing to the expense budget increase are emergency preparedness in security operations and planning, $4,572,000; price adjustments and annual escalations in the IT support contract, $3,281,000; increased cost of expanded intrusion detection monitoring services and software, $1,075,000; contract renewal expenses of Senate Information Services (SIS) contracts, $303,000; and upgrade of data center equipment in Postal Square, $177,000.

The mandated allowances and allotments budget request is $56,452,000, an increase of $2,738,000 or 5.1 percent compared to fiscal year 2005. This variance is primarily due to an increase in state office security enhancements of $3,600,000, offset by decreases in telecommunications and state office lease costs.

The capital investment budget request is $34,399,000, an increase of $20,946,000 or 155.7 percent compared to fiscal year 2005. The fiscal year 2006 budget request includes funds for equipment purchases and implementation of the replacement of the telephone system, $20,950,000; the multimedia equipment for the CVC, $3,700,000; replacement of printing production equipment, $2,712,000; CVC Senate Expansion Space furniture and equipment, $2,500,000; data network engineering, $1,346,000; CMS redesign, $1,000,000; and the Network Upgrade project, $971,000.

The nondiscretionary items budget request is $3,951,000, a decrease of $339,000 or 7.9 percent compared to fiscal year 2005. The request funds three projects that support the Secretary of the Senate: contract maintenance for the Financial Management Information System (FMIS), $2,996,000; maintenance and necessary enhancements to the Legislative Information System (LIS), $865,000; and maintenance and enhancements to the Senate Payroll System, $90,000.

ATTACHMENT II.—FISCAL YEAR 2006 BUDGET REQUEST BY DEPARTMENT

The following is a summary of the SAA fiscal year 2006 budget request on an organizational basis.

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
Capitol Division	$18,636	$31,898	$13,262	71.2
Operations	$56,269	$56,507	$238	0.4

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
Technology Development	$37,137	$41,370	$4,233	11.4
IT Support Services	$55,343	$77,507	$22,164	40.0
Staff Offices	$10,432	$12,686	$2,254	21.6
TOTAL	$177,817	$219,968	$42,151	23.7

Each department's budget is presented and discussed in detail on the next pages.

CAPITOL DIVISION

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
General Operations & Maintenance:				
Salaries	$12,816	$14,797	$1,981	15.5
Expenses	$5,820	$9,801	$3,981	68.4
Total General Operations & Maintenance	$18,636	$24,598	$5,962	32.0
Mandated Allowances & Allotments	$0	$3,600	$3,600	100.0
Capital Investment	$0	$3,700	$3,700	100.0
Nondiscretionary Items	$0	$0	$0	.....
TOTAL	$18,636	$31,898	$13,262	71.2
Staffing	271	273	2	0.7

The Capitol Division consists of the Executive Office, the Office of Security and Emergency Preparedness, the U.S. Capitol Police Operations Liaison, Post Office, Recording Studio and Media Galleries.

The general operations and maintenance salaries budget request is $14,797,000, an increase of $1,981,000 or 15.5 percent. The salary budget increase is due to the addition of two FTEs, COLA and merit increases and other adjustments. The Office of Security and Emergency Preparedness requires an additional emergency preparedness planner, and the Recording Studio will add a broadcast production assistant.

The general operations and maintenance expenses budget request is $9,801,000, an increase of $3,981,000 or 68.4 percent, and will primarily will fund security consultants and services required by the Office of Security and Emergency Preparedness and the United States Capitol Police Liaison.

The mandated allowances and allotments budget request for state office security initiatives is $3,600,000.

The capital investment budget request is $3,700,000, for the Recording Studio purchase of multimedia equipment for the CVC.

OPERATIONS

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
General Operations & Maintenance:				
Salaries	$14,901	$16,897	$1,996	13.4
Expenses	$5,717	$6,026	$309	5.4
Total General Operations & Maintenance	$20,618	$22,923	$2,305	11.2

OPERATIONS—Continued

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
Mandated Allowances & Allotments	$28,251	$28,002	($249)	−0.9
Capital Investment	$7,400	$5,582	($1,818)	−24.6
Nondiscretionary Items	$0	$0	$0	.....
TOTAL	$56,269	$56,507	$238	0.4
Staffing	294	302	8	2.7

The Operations Division consists of the Central Operations Group (Director/Management, Parking & ID Office, Printing, Graphics and Direct Mail, Photo Studio, and Hair Care Services), Facilities, and the Office Support Services Group (Director, Customer Support, State Office Liaison, IT Request Processing and Administrative Services).

The general operations and maintenance salaries budget request is $16,897,000, an increase of $1,996,000 or 13.4 percent. The salary budget increase is due to the addition of 8 FTEs. These increases will fund three Parking & ID Office FTEs: administrative support and two additional parking attendants due to the increased demands to address security and enforcement. Printing, Graphics & Direct Mail will add four FTEs: two archival technicians to prepare documents for scanning, one production data specialist to scan documents, and an Operations Manager for our primary printing facility. The Photo Studio expects to add one photographer.

The general operations and maintenance expenses budget request is $6,026,000, an increase of $309,000 or 5.4 percent.

The mandated allowances and allotments budget request is $28,002,000, a decrease of $249,000 or 0.9 percent. This decrease is due to projected decreases in commercial and federal office rents.

The capital investment budget request is $5,582,000, a decrease of $1,818,000 or 24.6 percent. Funding is provided to replace printing and production equipment in $2,712,000 and furnish and equip the Senate Expansion Space, $2,500,000, as well as several smaller initiatives.

TECHNOLOGY DEVELOPMENT

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
General Operations & Maintenance:				
Salaries	$10,470	$12,004	$1,534	14.7
Expenses	$19,649	$22,948	$3,299	16.8
Total General Operations & Maintenance	$30,119	$34,952	$4,833	16.0
Mandated Allowances & Allotments	$0	$0	$0	.....
Capital Investment	$2,728	$2,467	($261)	−9.6
Nondiscretionary Items	$4,290	$3,951	($339)	−7.9
TOTAL	$37,137	$41,370	$4,233	11.4
Staffing	127	134	7	5.5

The Technology Development Services includes the Technology Development Director, Network Engineering and Management, Enterprise IT Operations, Systems Development Services, Information Systems Security and Internet/Intranet Services.

The general operations and maintenance salaries budget request is $12,004,000, an increase of $1,534,000 or 14.7 percent. The salary budget increase is due to the addition of seven FTEs, an expected COLA, and merit funding for fiscal year 2006. Technology Development Services requires seven FTEs to replace more costly contract personnel and to eliminate a growing backlog of development projects.

The general operations and maintenance expense budget request is $22,948,000, an increase of $3,299,000 or 16.8 percent. Major factors contributing to this increase

are increased costs of expanded intrusion detection services and software, $1,075,000; increased costs of applications supporting the Office of Security and Emergency Preparedness, $715,000; and enhancements to the Asset Management System, $700,000.

The capital investment budget request is $2,467,000, a decrease of $261,000 or 9.6 percent. Major on-going projects include the Data Network Engineering, $1,346,000, and Network Upgrade Project, $971,000.

The nondiscretionary items budget request is $3,951,000, a decrease of $339,000 or 7.9 percent. The request consists of three projects that support the Secretary of the Senate: contract maintenance for the Financial Management Information System (FMIS), maintenance and necessary enhancements to the Legislative Information System (LIS), and maintenance and enhancements to the Senate Payroll System.

IT SUPPORT SERVICES

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
General Operations & Maintenance:				
Salaries	$5,198	$5,819	$621	11.9
Expenses	$21,607	$24,663	$3,056	14.1
Total General Operations & Maintenance	$26,805	$30,482	$3,677	13.7
Mandated Allowances & Allotments	$25,463	$24,850	($613)	−2.4
Capital Investment	$3,075	$22,175	$19,100	621.1
Nondiscretionary Items	.....	.....	.....	.....
TOTAL	$55,343	$77,507	$22,164	40.0
Staffing	89	89	.....	.....

The IT Support Services Department consists of the Director, Office Equipment Services, Telecom Services and Desktop/LAN Support branches.

The general operations and maintenance salaries budget request is $5,819,000, an increase of $621,000 or 11.9 percent. The salary budget increase is due to an expected 3.9 percent COLA and merit funding for fiscal year 2006.

The general operations and maintenance expenses budget request is $24,663,000, an increase of $3,056,000 or 14.1 percent. The most significant factors contributing to this increase are expanded services and annual escalations in the IT Support Contract.

The mandated allowances and allotments budget request is $24,850,000, a decrease of $613,000 or 2.4 percent. Major factors contributing to this budget request are voice and data communications for Washington D.C. and state offices, $17,937,000; procurement and maintenance of Members' constituent mail systems, $4,255,000; procurement and maintenance of office equipment for Washington D.C. and state offices, $2,857,000; and Appropriations Analysis and Reporting System, $100,000.

The capital investment budget request is $22,175,000, an increase of $19,064,000 or 315.0 percent consisting primarily of equipment purchases for the replacement of the Capitol Hill telephone system, $20,950,000. This major project will fund procurement, implementation and documentation, and support the replacement or upgrade of systems as identified in the Telecom Modernization study conducted in fiscal year 2004 and fiscal year 2005.

STAFF OFFICES

[Dollar amounts in thousands]

	Fiscal Year 2006 vs. Fiscal Year 2005			
	Fiscal Year 2005 Budget	Fiscal Year 2006 Request	Amount	Percent Increase/Decrease
General Operations & Maintenance:				
Salaries	$7,250	$8,226	$976	13.5
Expenses	$2,932	$3,985	$1,053	35.9
Total General Operations & Maintenance	$10,182	$12,211	$2,029	19.9
Mandated Allowances & Allotments	.....	.....	.....	.....
Capital Investment	$250	$475	$225	90.0
Nondiscretionary Items	.....	.....	.....	100.0
TOTAL	$10,432	$12,686	$2,254	21.6
Staffing	94	95	1	1.1

The Staff Offices Division consists of Education and Training, Financial Management, Human Resources, Employee Assistance Program, Process Management & Innovation, and Special Projects.

The general operations and maintenance salaries budget request is $8,226,000, an increase of $976,000 or 13.5 percent. The salary budget increase is due to the addition of one FTE, an expected 3.9 percent COLA, and merit funding for fiscal year 2006. Financial Management in Staff Offices will add one FTE to operate and maintain the document management and archive system for the department.

The general operations and maintenance expenses budget request is $3,985,000, an increase of $1,053,000 or 35.9 percent. This increase in funding results from Financial Management's funding for consultant expenses in support of developing, documenting and maintaining adequate procedures and controls, and PMI's professional services and consultants in order to support information technology prototypes and innovation research and development.

The capital investment budget request is $475,000, an increase of $225,000 or 90.0 percent. This increase is due to two projects: the Web Infrastructure Expansion and Video Conferencing Enhancements.

UNITED STATES SENATE INFORMATION TECHNOLOGY STRATEGIC PLAN 2005–2007: AN IT VISION FOR SECURITY, CUSTOMER SERVICE AND TEAMWORK AT THE UNITED STATES SENATE

UNITED STATES SENATE SERGEANT AT ARMS, OFFICE OF THE CHIEF INFORMATION OFFICER

A state-of-the-art United States Senate information technology organization that directly supports efficient, effective, secure legislative action, communication, and constituent service through its infrastructure, processes, and talented workforce

INTRODUCTION

Developing a strategic information technology plan for a decentralized organization such as the United States Senate poses interesting challenges. The Senate consists of one hundred Senators (Members), twenty-four committees, and fourteen officers, leadership and support organizations, each with unique needs. Yet, the Senate must function as a legislative body under any circumstances. Political aspects also provide a unique environment for developing systems, solutions, and infrastructure.

Unique Challenges and Opportunities.—Membership changes and the decentralized nature of the Senate result in a great variety of requirements. Within the context of satisfying the Members' individual business needs and ensuring efficient, effective, and enduring operation of the institutional Senate, the challenges include:

—Developing coherent requirements and managing customer expectations;
—Providing an information infrastructure for continuity of operations (COOP) and continuity of government (COG);
—Protecting the information infrastructure from internal and external threats;
—Providing an agile, customer-focused, information technology organization that is aligned with Senate business requirements;

—Realizing economies of scale associated with "enterprise" solutions while respecting the unique posture of each office and being responsible stewards of American taxpayers' dollars;
—Keeping the Senate "on top" of the rapidly-evolving "technology curve";
—Dealing with issues of information and data privacy and confidentiality; and
—Effective strategic planning—gaining consensus from all the stakeholders.

Though the institution is decentralized there are common business requirements that drive high-level functional requirements.

A Common Business Model.—Senate offices share basic business goals: (1) Efficient, effective conduct of legislative business, (2) Representing constituents' interests, and (3) Being accessible and responsive to constituents. The following functional requirements spring from the business goals:

—A need to be informed—ability to track (in near-real-time) current events that affect constituents, the United States, and the world;
—A secure environment—ability to perform their duties in any circumstances;
—Ability to communicate among themselves;
—Ability to communicate externally with the public and other government entities;
—Ability to operate and communicate among offices and staffs (Washington D.C. and state offices) efficiently and effectively; and
—Ability to collect, organize, analyze, and present information.

This United States Senate Information Technology Strategic Plan outlines strategic goals to satisfy these functional requirements and address challenges presented by the environment. The Office of the Assistant Sergeant at Arms and Chief Information Officer (CIO) is committed to providing world-class services and solutions and we are committed to pursuing innovative solutions and providing our Senate customers with technology choices. We are committed to working with other groups to erase barriers between organizations and provide seamless support. Finally, we are committed to working as team members within the larger Senate community whose stakeholders include every Member and Officer of the Senate as represented by their administrative managers, chief clerks and system administrators, with guidance from the Rules Committee on policies and priorities, and the Appropriations Committee on funding.

VISION

A state-of-the-art United States Senate information technology organization that directly supports efficient, effective, secure legislative action, communication, and constituent service through its infrastructure, processes, and talented workforce.

MISSION

Leverage technology so the United States Senate can function efficiently and effectively under any circumstances to serve the American people. Develop a technology team consisting of SAA, Member/Committee office staffs, and other Senate Officers' staffs to provide technology options, solutions, and world-class customer service enabling the United States Senate to accomplish its mission.

CORE VALUES

Personal attributes expected of every CIO employee:

Integrity.—"Service Before Self." Each of us serves something far greater than ourselves. To our nation, we represent the Senate. We will faithfully execute the duties and responsibilities entrusted to us and we will maintain the highest ethical and professional standards.

Customer Relationship Focus.—"Customer Care, Top-to-Bottom." Each of us, regardless of our job title or function in the CIO organization, is a customer care specialist first. To best serve our customers, when they call for help, we will: Own the problem; work the problem; and follow up to ensure their complete satisfaction.

Organizational Excellence.—"Relentless Pursuit." In everything we do, we will relentlessly pursue excellence: Every task—respecting our customers; building our team—respecting one another; delivering solutions; and representing the Senate.

GUIDING PRINCIPLES

People First.—We will take care of our people. We will strive to recruit, retain, and develop top talent. Mutual respect and teamwork will be the norm in a friendly workplace where everyone is valued as an individual.

One Team.—We will develop solutions, introduce technologies, and attack problems leveraging the best talent from across our organization. We will work in con-

cert with the larger Senate information technology community including every Member and Officer of the Senate as represented by their administrative managers, chief clerks and system administrators, with guidance from the Rules Committee and the Appropriations Committee.

Accountable.—We will measure our performance and solicit feedback from our customers. We will analyze results, compile lessons learned, and incorporate industry and government best-practices to enhance performance. We will communicate progress to our customers, operate as transparently as possible, and routinely measure our effectiveness.

Relationships with Customers.—We will know our customers through meaningful relationships. We will strive to know and act on their needs even before they call on us. We will develop these relationships by continual, varied communication and by building bridges to each of them.

Right Tools for the Job.—We will never seek to apply technology for technology's sake. Systems we build, solutions we deliver, and vendors we select will be directly tied to the business needs of the Members, Committees, and Officers of the United States Senate.

"Always-On" Senate.—We will provide technologies, solutions, and infrastructures that will enable continuous Senate operations wherever and whenever needed.

Innovate.—We will introduce and apply new concepts and creative approaches to meet the challenges of the present and anticipate the needs of the future. We will support innovation, agility, and a culture of rapid prototyping to identify and deliver viable solutions quickly. Above all, we will always strive for improvement.

GOALS AND OBJECTIVES

Secure

Strategic Goal 1: A secure Senate information infrastructure.—Provide a secure information infrastructure that protects Members, Committees, and Officers' data, respects their privacy, enables continuous Senate operations, and supports continuity of operations (COOP) and continuity of government (COG). Identify and understand threats, assess vulnerabilities, identify failure points and bottlenecks and determine potential impacts and remedy them before they adversely impact operations. Work as a team with system administrators, information technology staffs, security staffs, and training organizations to increase vigilance and awareness and be proactive in thwarting threats to the Senate information infrastructure.

Supporting Objectives:

Objective 1.1: Vigilance, awareness, education—know our systems' vulnerabilities and potential threats and work to educate and inform Senate system administration and information technology staffs on how to avoid them.

Objective 1.2: Emergency preparedness—be prepared to support any and all Senate continuity of operations plans (COOP) and continuity of government (COG) plans. Deploy an information infrastructure that is flexible and agile enough to respond to adverse events.

Objective 1.3: Detect threats, defend (defense-in-depth), preempt when possible.

Customer Service Focused

Strategic Goal 2: "Customer Service Culture" top-to-bottom.—Everyone on the CIO team is focused on providing excellent service and achieving customer satisfaction in everything we do: introducing new technologies, providing support, developing systems, streamlining processes, and day-to-day interactions.

Supporting Objectives:

Objective 2.1: Develop and nurture an agile CIO team with the skills, capabilities, and drive to provide excellent customer service.

Objective 2.2: Develop and execute a customer care process including communications processes, goals, an annual customer satisfaction survey, CIO staff training, and a customer satisfaction action plan.

Objective 2.3: Implement systems and solutions focused on supporting Senate Members', Committees', and Officers' ability to serve their constituents.

Effective

Strategic Goal 3: Information technology solutions driven by business requirement.—In addition to always striving to be more efficient (streamlining processes, more output per unit time) and continuously searching for ways to be more effective (discovering new ways to satisfy requirements, leveraging technology to enable Members, Committees, and Officers to expand or enhance their missions and capa-

bility), the CIO organization will establish information technology solutions to enable legislative processes: collaboration, communications, and information access.

Supporting Objectives:

Objective 3.1: Move business to the web.
Objective 3.2: A prototyping culture throughout the CIO organization.
Objective 3.3: Modern business processes driven by Senate business requirements.

Accessible, Flexible & Reliable

Strategic Goal 4: Access to mission-critical information anywhere, anytime, under any circumstances.—Eliminate bottlenecks and potential failure points. Monitor, track, insure system performance and quality of service.

Supporting Objectives:

Objective 4.1: Reliable state-of-the-art, high-bandwidth wired infrastructure supporting Washington D.C. campus, alternate and relocation sites, and state offices.
Objective 4.2: Develop, implement, and operate a comprehensive Senate wireless infrastructure.
Objective 4.3: Telecommunications modernization—a new telecommunications infrastructure built on convergence technologies.
Objective 4.4: All critical data and processing facilities replicated and backed up at alternate computing facilities.
Objective 4.5: Secure remote access capabilities to allow Members, Committees, and Officers access to their information resources from any location through a variety of secure and reliable devices.

Modern

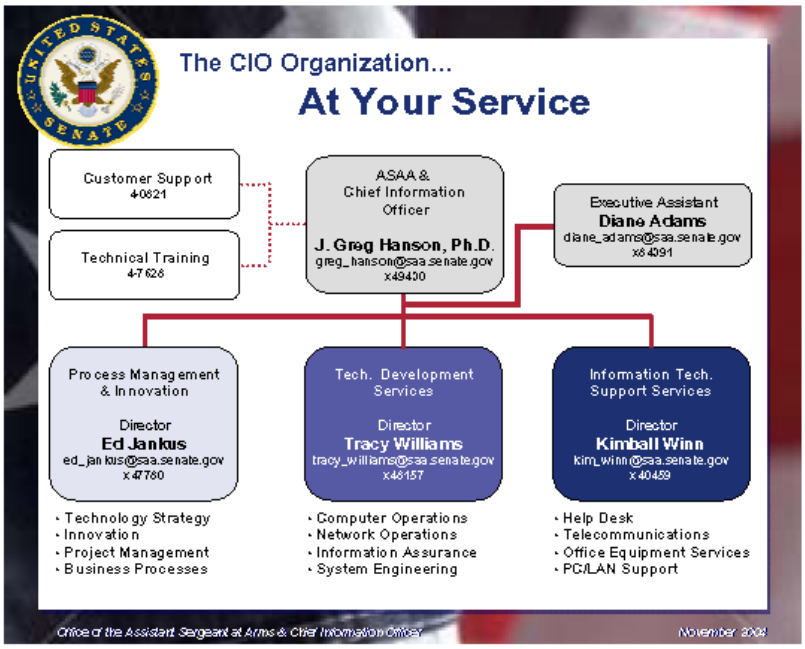
Strategic Goal 5: A state-of-the-art information infrastructure built on modern, proven technologies.—Keep the Senate on top of the "technology curve" by seeking, testing, and employing leading-edge technologies and solutions to help the Senate accomplish its mission. On-going investigation and evaluation of new and emerging technologies and innovation to provide Members, Committees, and Officers solution choices and flexibility within a framework based on Senate business requirements and industry best practices.

Supporting Objectives:

Objective 5.1: Tie capabilities and solutions to Senate business requirements. Through effective two-way communication with Member, Committee, and Officer Staffs, identify Senate business needs (requirements) that can be met better with technology.
Objective 5.2: Capabilities, solutions, choices within standards coordinated with the Rules and Appropriations Committees.
Objective 5.3: Architecture, technology roadmap with focus on emerging technologies.
Objective 5.4: An effective new technology infusion process that gets modern solutions in the hands of our customers quickly.

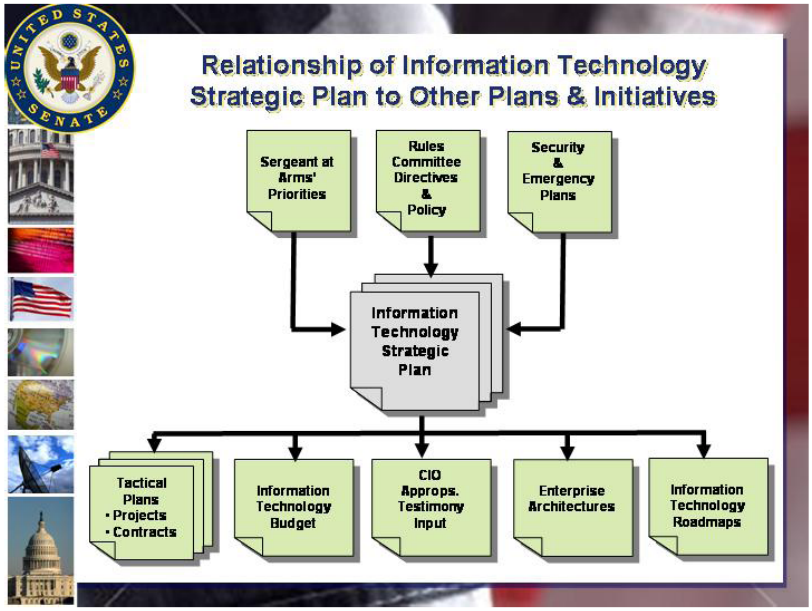
CIO ORGANIZATION

The CIO is an Assistant Sergeant at Arms (ASAA) charged with providing technology vision and leadership for the United States Senate. The CIO organization, with approximately 250 full-time Senate employees and supplemented by about the same number of contractors builds, operates, and supports the Senate's information infrastructure. The CIO is also responsible for information security, technology infusion, and information technology and office equipment help desk functions.



CIO Organizational Structure.—The CIO organization consists of three departments—Process Management & Innovation, Technology Development Services, and Information Technology Support Services. Autonomous from the CIO organization, but critical to its success, are the Customer Support Analyst and Technical Training organizations. The customer support analysts (CSA) serve as the interface between the Sergeant at Arms (SAA) and the Senate (customer) community. CSAs translate office requirements to the CIO organization for implementation and they "market" the CIO organizations' products and solutions to the offices. Technical trainers support every CIO initiative with focused customer training. They also provide technical training and resources to enhance the skills and competencies of the CIO organization.

CIO Functional Structure.—The CIO organization functions as three centers of excellence—Innovation, Integration, and Development and Support. Systems and solutions pass through a virtual pipeline of these functions taking them from concept/idea/proposal to fielded, fully-supported, operational system. A key component is constant customer input and feedback at every stage of the pipeline.

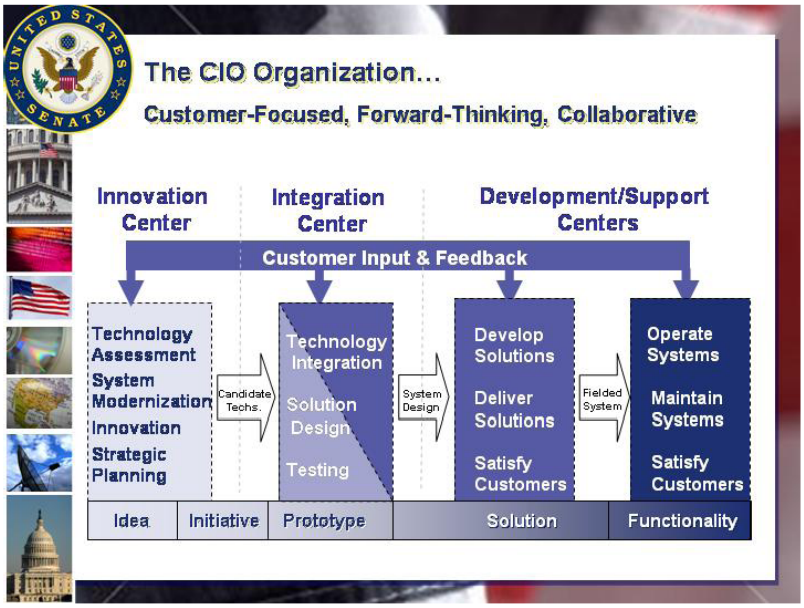


This functional organization approximates the classic system development life cycle (SDLC) approach for fielding solutions. Technology exploration (rapid prototyping, rapid application development, product testing) and new technology infusion occur in the Innovation and Integration centers and system development, operation, and maintenance (full-scale development) occur in the Development/Support Centers.

Agility and Teamwork.—The CIO organization has immense and varied talents. To foster innovation and respond to our customers faster we will apply those talents and capabilities whenever, and wherever, needed. Simply put—the CIO organization will be flexible and agile and we will deploy cross-functional teams to address customer requirements. Our planning, technology infusion and testing processes, development approaches, and responses to unforeseen events will feature teams of individuals from some or all our departments working in concert with our customers. We will be visible and accessible to our customers. This plan features strategic goals and objectives to these ends.

IMPLEMENTATION

Aligned With Sergeant at Arms' Priorities.—This two-year, rolling United States Senate Information Technology Strategic Plan focuses on systems and solutions to directly support the SAA's priorities—leveraging modern technology to: Ensure the Senate is as secure as possible and prepared for an emergency; and provide outstanding customer service and support.



Why a Two-Year Rolling Plan.—A prime objective is to field and operate a modern, state-of-the-art, information infrastructure. To keep pace with technology change and innovation, the plan will be reviewed and rewritten annually. Subordinate to this plan are the tactical plans and activities that accomplish the goals and objectives set forth here.

Developing the Plan is a Team Effort.—No strategy for the United States Senate can be developed in a vacuum. The entire Senate technology team including the Rules Committee, Assistant Sergeants at Arms, Appropriations Committee, Secretary of the Senate, and office information technology staffs must be actively involved. The initial draft of the United States Senate Information Technology Strategic Plan will be prepared by the CIO organization in concert with the Rules Committee. The completed working draft will then be coordinated and validated with the other Assistant Sergeants at Arms and then with the office information technology staffs (Chiefs of Staff, Administrative Managers, System Administrators) and the Majority Leader's Information Technology Working Group. In keeping with a spirit of innovation, this activity will be accomplished on-line in a strategic planning collaboration area. The final plan will be approved by the Sergeant at Arms and will serve as the basis for budget construction and testimony before the Appropriations Committee.

Relationship to Other Plans.—The United States Senate Information Technology Strategic Plan reflects the priorities, guidance, and directives of the Sergeant at Arms, the Rules Committee, and other Senate leadership entities. The strategic goals and objectives herein must directly reflect the priorities and business requirements of the United States Senate. Similarly, subordinate plans must reflect these strategic priorities. All tactical plans, budget requests, enterprise architectures, and technology roadmaps must be directly attributable to the strategies and objectives laid out here.

MEASURING PERFORMANCE

The only way to know if we are satisfying our customers is to ask them. Accordingly, the CIO organization has a multi-level approach to evaluation. We constantly measure performance, assess effectiveness, and check to ensure our efforts are aligned with business needs and requirements of our customers. We also validate the Senate's technology base against industry and government best practices and standards. The most frequent and important opportunities to gauge perceptions occur in the countless daily service calls, requirements meetings, and casual con-

versations. We view each of these as an opportunity for constructive feedback and will aggressively solicit such feedback.

We Will Fight for Feedback.—Service calls are followed by a customer satisfaction survey. These results are tracked and service level agreement (SLA) trends evaluated. We discuss results in weekly business process and technology review meetings attended by CIO staff, CIO support contractors, and customers. Performance against SLAs is one method to determine effectiveness of CIO contractors and staff. We also solicit customer feedback through an ongoing regular series of quarterly project review meetings and daily, weekly, and monthly system status reporting. Strategic goals, set forth in this plan, include leveraging technologies such as web-based performance reporting to make our operations transparent to our customers and provide them opportunities for feedback.

We Will Continuously Self-Evaluate.— . . . against industry and government benchmarks and best practices. We will continue to document the Senate's technology position, relative to the state-of-the-art, in the United States Senate Technology Level Matrix and validate it with leading industry consultants.

The Annual Customer Satisfaction Survey.—The CIO organization was created in June 2003. One of the first actions of the CIO was to develop and administer a customer satisfaction survey to baseline the organization's performance for future evaluation. The first CIO Annual Customer Satisfaction Survey was administered by the CSA organization during the fall of 2003 and culminated in the development of a customer satisfaction action plan for 2004. The action plan featured the following initiatives:

—Developing and projecting a culture of excellence;
—One team
  —Everybody in the CIO organization puts customer service first
  —Everybody in the CIO organization accountable for customer service
  —Cooperation and collaboration with the larger Senate information technology community (Rules Committee, Appropriations Committee, Member and Committee office staffs, Secretary of the Senate)
  —Outreach—establishing enduring relationships ("building bridges");
—Renewed focus on emerging technologies and innovation; and
—Developing an agile CIO organization.

The customer service action plan was executed and the 2004 survey completed in October 2004 with the results indicated in the chart below:

Evaluation and Accountability.—Everyone in the organization, starting with the CIO, is first and foremost a customer service provider. The organization exists solely to deliver excellent products and services to the United States Senate to allow the Members to serve their customers—American citizens. Accordingly, every member of the CIO organization has a common customer service metric written into their performance objectives. The fact that there is a common organizational metric drives everyone toward the same goal and fosters teamwork. The common metric is decided annually by the CIO management team based on the results of the previous Annual Customer Satisfaction Survey and the desired improvements for the upcoming year.

Working the Plan.—All of the evaluation tools described here will provide input and direction during the annual re-write of this plan. Through continuous program assessment and evaluation we will identify gaps formed by developing issues and changing circumstances. We will refine performance goals based on measures of effectiveness.

COMMUNICATION

Communication is the single most important aspect of our success. Effective communication forms the bedrock of all the central themes presented here—security, customer service, and teamwork. This strategic plan is the result of months of intense two-way communication with Senate stakeholders, industry leaders, and technology and business leaders in other federal government organizations.

Through credible and effective communication across the Senate community, we will seek to understand and address important issues and evolving requirements to satisfy their information technology needs. With testimony, reports, briefings, newsletters, working groups, notices, and information sessions we will inform the Senate community of our progress in fulfilling their requirements.

Senator ALLARD. My thought is we will go ahead and I will ask you some questions pertinent to your testimony, and we will follow this after each panel. After the panel has made its presentation, we will open it up for questions from the subcommittee.

TELEPHONE SYSTEMS UPGRADE

You wrapped up your discussion on the telephone system, and I want to start off with some questions on the telephone system, because that is where your budget request is most costly.

Mr. PICKLE. Sure.

Senator ALLARD. I understand we have had it for 20 years. There have been a lot of technological changes since then. But in view of a tight budget year like we could be facing this year, do you think that this is a project that could be deferred for another 2 years and still provide the same level of service that we are receiving right now?

Mr. PICKLE. I think you would continue to get the same service. It would not be state of the art. The longer we wait, the greater will be the cost to implement this new system. It is compounded

by the fact that our contract with the carrier that we use expires in 2006.

Now currently we have some leverage, because we have been involved in a very lengthy contract. We would like to leverage our position when we negotiate a new contract for services and equipment.

I have talked to our CIO. We can perhaps do some of this incrementally, and we could put some of the costs off over the years. But we will suffer somewhat and we will fall behind technology.

Senator ALLARD. Can this be phased in in a way that we gradually upgrade the system over time, so that we do not have the impact all in the 2006 budget?

Mr. PICKLE. Yes. I think the project will last more than 1 year. And from that standpoint, the funding could be spread out. It just depends upon how we obligate the money and what the requirements are from the contractual arrangements we have with the vendors.

VOICE-OVER INTERNET PROTOCOL

Senator ALLARD. I know that some businesses have looked at voice-over Internet protocol——

Mr. PICKLE. Yes.

Senator ALLARD [continuing]. And are very pleased about the way it has operated in the business. Now these are small businesses.

Mr. PICKLE. That is true.

Senator ALLARD. The report I am getting back, they are pleased with the system. But it is resisted by the telephone companies, and as a result of that, they have had directory problems with the telephone companies, and it put them in an adversarial relationship with the telephone company.

Have you taken a look at this new technology? With what I see happening in small businesses, is that something that we should consider here, considering the huge cost savings, the potential that is there?

Mr. PICKLE. Yes.

Senator ALLARD [continuing]. Does it need some more proving before we wade into that? Maybe if we wait 1 or 2 years it will begin to prove itself a little more.

Mr. PICKLE. Sure. We are looking at it. And we realize it is new. And it is going to be part of the architecture for our new telecommunications system. I do not know, the degree or the extent that it plays in our ability to integrate into our communication systems. I know there are some obvious advantages.

Senator ALLARD. Yes.

Mr. PICKLE. We think it is going to be less expensive for us. It gives the Senate offices and the staff here a flexibility that they currently do not have. And what I mean by that is it takes away the need to contact the SAA folks in many cases to transfer calls and to transfer services.

It has a lot of advantages. I think you are right. I do not think anyone knows what the final outcome will be, but we want to use this, or have this as an alternative. Certainly, initially, we want to take some very measured steps, and baby steps, if you will.

Senator ALLARD. Well, I am pleased that you are looking at it, because that is the new technology out there.

Mr. PICKLE. Oh, it is.

Senator ALLARD. And I think it has some potential for us. So I am pleased to hear that you have looked at that.

STAFFING INCREASE FOR THE SERGEANT AT ARMS

I want to talk a little bit about your staffing increase. You have requested 18 additional staff. Now your staffing has been increasing, I understand, rather steadily for the last 5 years, 138 FTEs or 18 percent since around 9/11. Why do you need those increases?

Mr. PICKLE. The 18 positions, most of these positions are tied to security or technology. A couple of them are tied to replacing more costly contract employees that we have. Can we re-prioritize and revisit these? Absolutely, we can. Perhaps we can re-juggle some of what we are doing.

But in regard to security and technology, those are pretty tough not to replace right now because our role, as you know, is going to expand considerably, not only with the alternate computing facility, which we have, but also the Capitol Visitor Center (CVC), when it comes on line. So those positions are in anticipation of supporting in great part, what is going to take place over the next year or so.

CAPITOL VISITOR CENTER EQUIPMENT FURNISHING

Senator ALLARD. Okay. Now on the CVC equipment furnishing, your budget includes $6.2 million for equipping the Capitol Visitor Center, and then providing the furnishings. Now given the continued schedule slippage with this project, and a probable opening date of fiscal year 2007, I know that they wanted to have the construction part by September of next year, which hopefully we can make that. But from a practical standpoint, it does not look to me like we are going to be in the building and operating until 2007. Is this something that can be deferred if that slippage continues?

Mr. PICKLE. I think if the slippage continues into the latter part of fiscal year 2007, we have some flexibility with the $3.7 million or $3.6 million for the Senate Recording Studio. There also may be some flexibility, if it goes that far, in regard to the furnishings and the equipment for facilities and environmental folks.

I believe the measurement tool they use here is we need 9 month's leeway. We have to have obligated the funds and start down the road 9 months before we open. And that is probably the——

Senator ALLARD. Okay.

Mr. PICKLE. I know the date keeps slipping. So if we open in the summer of 2007, we would need the funds——

Senator ALLARD. This year.

Mr. PICKLE. If we open in the summer or fall of 2007, we would need the funds in the very early part of the year.

DISCUSSION ON ADDITIONAL FUNDING FOR CURRENT TECHNOLOGY ALTERNATE COMPUTING FACILITY

Now the increase in the use of technology in the Senate has had a significant impact on your budget over the years. Do you expect this will level off or continue to trend upward in the future?

Mr. PICKLE. I think that technology is changing so quickly. And we can never——

Senator ALLARD. It is.

Mr. PICKLE. It is difficult to stay current. We realize that. But we make the best investment we can, given the most proven technology out there.

Our technology costs will continue to grow somewhat because of the alternate computing facility (ACF). As you know, that is a first-rate facility.

There will be some increased expenditures in the future years there for a number of reasons. Also, the CVC will add some costs because you have the communications costs, with wiring and other installations that are required, and you have the support personnel who will be needed to support these two functions or these two sites. With the CVC adding about 38 percent more square footage to the Senate space, the need to support that 38 percent more square footage is going to cause some additional increases on our part.

UPGRADING PRINTING PRESS

Senator ALLARD. Okay. I want to go to your printing press. How old is your current press and what improvements will a new press bring with that?

Mr. PICKLE. The press that we are requesting to replace in this budget is 17 years old. It is an outdated press. It is one that only prints in two colors, and the Senate demands more than red and black or black and blue. So we will have a combination of four colors with the new one if we buy it.

But more importantly, the current press, I understand it is a very labor-intensive process. And when you look at the number of copies that this particular press and office print, it is pretty phenomenal. In 2004, I believe the number was somewhere around 19 million color copies that this office printed. This was about a 166 percent increase from the prior year, and we anticipate a very large increase this year. The demand for color print is certainly going up. So it is a good investment.

Senator ALLARD. A lot of technology has changed in 17 years. I would think that you could find some printing systems out there where it would be less labor-intensive.

Mr. PICKLE. Absolutely. And I think this is one that we are looking at that would accomplish that.

UPGRADING MAIL PROCESSING FACILITY AND PACKING

Senator ALLARD. On your mail processing facility, you are looking for a new processing facility, I understand.

Mr. PICKLE. Yes.

Senator ALLARD. And this would enable you to process your packages as well as your regular mail. According to your testimony, you

anticipate that will save us about $250,000 annually, is that correct?

Mr. PICKLE. I think it will. Yes.

Senator ALLARD. And how will those savings be achieved?

Mr. PICKLE. Let me take a step back, if I can, for a second.

Senator ALLARD. Sure.

Mr. PICKLE. Mail processing at the Senate postal facility where we open, screen, and examine mail, is done by Senate employees. And we estimate that we can do it for $3 million less than our counterparts in the House. This is because we use Senate employees, and it is just a better way to do business.

We currently use a contractor to process the packages, as does the House. We have found that the quality of their service, while good, many times is not the best. There have been some pretty serious failures. We believe that by using current Senate employees, about two or three of whom we can shift over to the package processing function, we will save that huge contract price that we pay out to this vendor.

Now we do a lot of outsourcing, as you know. And we are all for outsourcing. But this is one outsourcing, because of its nature both in cost and in security, where we can do better.

Senator ALLARD. I am aware that in our ports of entries and our major shipping points, lots of times you use gamma and X radiation to determine what is in the package. And usually we are talking about large shipments that come in. Do we have anything like that that we are using here that would move things along quicker and maybe reduce labor retention?

Mr. PICKLE. Yes.

Senator ALLARD. We do not want to get too much into technology where we would tip off people what we are doing.

Mr. PICKLE. Absolutely, sir.

Senator ALLARD. My question is: Are we up to standard on that?

Mr. PICKLE. We are up to standard. And I would say in regards to both packaging and mail that we are state of the art in the Senate.

WAREHOUSE CONSTRUCTION

Senator ALLARD. Okay. Thank you. Just to follow-up here on the warehouse, we had extra money in there in fiscal year 2004, I understand, and then also in 2005, which is this year. How is that coming along and what is the status on that now?

Mr. PICKLE. It is coming along well. We should complete the construction of the warehouse by the fall of this year. And we hope to be in there shortly thereafter. It is a good investment for the Senate.

As you know, it replaces about five different warehouses, which are dispersed throughout this area. And this is a first-rate, climate controlled warehouse, which is going to be a cost savings to us in the out-years.

Senator ALLARD. Okay. All right. Let us go ahead and we will call this panel's discussion to a close and we will go into the next panel.

CAPITOL POLICE BOARD

STATEMENT OF HON. WILLIAM H. PICKLE, CHAIRMAN

ACCOMPANIED BY:

TERRANCE W. GAINER, CHIEF OF POLICE, UNITED STATES CAPITOL POLICE

HON. W. WILSON LIVINGOOD, HOUSE SERGEANT AT ARMS

ALAN HANTMAN, ARCHITECT OF THE CAPITOL

OPENING STATEMENT OF SENATOR ALLARD

Senator ALLARD. And on the next panel we are going to have the Capitol Police Board. And so we will have Mr. Pickle, Mr. Hantman, Mr. Livingood, and Mr. Gainer. Who is going to give us the testimony on this particular panel? Mr. Pickle again?

Mr. PICKLE. I have just a few remarks and then the Chief is taking it, sir.

Senator ALLARD. Okay. Very good. Proceed, Mr. Pickle.

STATEMENT OF WILLIAM H. PICKLE

Mr. PICKLE. Mr. Chairman, as you indicated, I am joined by the Capitol Police Board and Chief of Police, Terrance Gainer. The other Board members are Mr. Bill Livingood, the House Sergeant at Arms, to my left, and Mr. Alan Hantman, the Architect of the Capitol, to my right. And I know you know these gentlemen.

Senator ALLARD. Yes.

Mr. PICKLE. We, the Board, are very pleased to be here with the Chief today and support him on his budget request. I think as you step back and look at what this department has accomplished, we all find it to be a very remarkable department. It is a department that, because of this subcommittee in particular, and I mean this subcommittee, it has grown and become one of the most professional and one of the best departments in this country.

When you look where this department was 5 years ago, or even 4 years ago, and you look where it is today in terms of recruitment, retention, training, and the ability to do a very, very difficult job in a very complex period of time, they have done a great job.

What makes their job so difficult here on the Hill is this department is unlike any other police department in the country. We demand that they provide security and protect the 30,000 people who work here each day on the Hill. We demand that they protect the hundreds of thousands of visitors and tourists who come here daily; and at the same time, we demand that they keep this campus open so that the people's House can be enjoyed by all. Nowhere is there such a contradiction in this country, and they do such a great job.

Now many people look at this department and say, "My gosh, it is one of the largest departments in the country." Well, there is a reason for it. This is also the number one or number two target in

this country for terrorists. And it is also one of the most visited spots in this country.

We demand so much of them and they do so much for us. As you know, the anthrax and ricin attacks and more recently, when we were orange alert for the Nation last August, through the election, we worked this department 7 days a week, 24 hours a day. Many officers had no days off. It cost an awful lot of money. And we wish we could find a way to bridge the gap between too much and too little security here.

PREPARED STATEMENT

But we have a great deal of confidence in this Chief. We support his budget request, and we hope that we can answer some of your questions today that will give you and the subcommittee confidence that we are spending your dollars wisely. Thank you.

Senator ALLARD. Well, very good.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM H. PICKLE

Mr. Chairman and members of the Committee, we are honored to appear before you to discuss the fiscal year 2006 budget request for the United States Capitol Police. With me today are the other members of the U.S. Capitol Police Board, Mr. Bill Livingood, House Sergeant at Arms, Mr. Alan Hantman, Architect of the Capitol, and Terrance Gainer, Chief of Police.

We appreciate this opportunity to present and discuss the issues and challenges behind the Capitol Police fiscal year 2006 budget request. I would like to share, by way of topical introduction, some of my observations regarding police overtime and staffing levels, and current campus security needs and concerns.

But before I move on to this background information, I would like to thank the men and women of the Capitol Police for their leadership in coordinating the many organizations, people and resources necessary to effect a very successful 2005 Presidential Inauguration. The Capitol Police, and I say this with a depth of gratitude, has a deep bench of seasoned Inaugural veterans, skillful crowd managers, and experienced officers degreed in patience and diplomacy, who gave this Nation a very successful and noteworthy Inauguration. Without exaggeration, it is fair to say, the world was watching and wondering, with some modicum of anxiety, if some attempted disruption might befall the United States' first Presidential Inauguration since the September 11 attack. The Capitol Police executed well their responsibilities and, without drawing attention from the event, allowed the Nation's most celebrated tradition of peaceful, democratic government to go off without a hitch. Congratulations to the Capitol Police for a job well done!

I have a great respect and admiration for the men and women of the Capitol Police. As opportunity permits, I engage the officers in conversation and listen to their thoughts. I gladly report to you that they have an unmistakable dedication and love of country; they are devoted, proud, and dedicated to the business of protecting Congress. Many acknowledge it an honor to protect, serve, and welcome the Nation's citizenry, who come to participate in legislative business, witness the workings of democracy, and partake in the history that is this Nation's Capitol. These officers are enthusiastic owners of their responsibilities, even with the weight of a challenging work environment requiring rotating schedules, long hours, and a steeled endurance to brave the elements.

As Chief Gainer's testimony outlines, the Capitol Police have assumed, and will continue to be asked to shoulder, additional responsibilities. Overtime will continue to be needed to meet general campus security and protection responsibilities, including the 1st Street NE closure and random vehicle inspections, and will be further impacted by the CVC opening. And, while the dedicated members of the Capitol Police have responded in the past by working overtime when needed, we need to ensure we do not overextend these officers.

Additionally, long duty tours can reduce officer training opportunities. Abbreviated training creates a position, where officer skills atrophy, endangering the lives of the officers, congressional community, and visitors. Hiring sufficient numbers of officers, commensurate with the responsibilities charged to the Capitol Police, will

help us retain a robust, healthful, vigorous, and well-trained police force, and avoid the risks of atrophied skills.

The security levels of the Capitol campus are necessary; they must be sustained; we must remain vigilant; and we cannot let our guard down. Managing the unexpected by preparing and guarding against vehicle improvised explosives and suicide bombers is a valid mission. There is enough concern to warrant our high level of vigilance, and we should not take luxury with human life by waiting and reacting to an event. CIA Director, Porter J. Goss in February told the Senate Select Committee on Intelligence, "It may be only a matter of time before al Qaeda or another group attempts to use chemical, biological, radiological and nuclear weapons." In the same session, FBI Director, Robert S. Mueller III raised concerns about "al Qaeda sleeper cells" and "directed efforts this year to infiltrate covert operatives into the United States" as well as a "clear intention to obtain and ultimately use some form of chemical, biological, radiological and nuclear or high-energy explosives material in its attacks against America."

The choice we have today is whether Congress is better served with officers stretched thin using overtime or by hiring additional officers to meet security, protection, vigilance, and deterrence levels needed to keep the campus from harm. I must strongly recommend, and the Capitol Police Board supports, the hiring of additional officers. We have a duty to protect human life on this campus, and we have a moral and ethical responsibility, in light of current threat levels, to maintain a high posture of security.

The Capitol Police Board has reviewed the fiscal year 2006 budget and we ask your support for full funding, which will provide for the maintenance and operation of all the improvements and capabilities funded in recent years. The Capitol Police force has been transformed in recent years. It is stronger, more responsive, capable, accountable, and reliable and better able to serve Congress. We ask your support to sustain these improvements throughout the next year and help ensure that we do not ask our officers to work unreasonable overtime or be denied leave or training opportunities.

Chief Gainer will address more specific operations and plans for the coming fiscal year. I thank you for your time and your consideration and am happy to answer any questions.

Senator ALLARD. Go ahead, Mr. Gainer.

STATEMENT OF CHIEF TERRANCE W. GAINER

Chief GAINER. Thank you, Mr. Chairman, and members of the subcommittee. We appreciate the support that you have given the United States Capitol Police. Really, on behalf of all the members of this department I would like to acknowledge that support.

We do understand our responsibilities and we do understand the limited dollars available. I would like to submit my written testimony for the record and just share a few thoughts with you now before we answer any questions.

Senator ALLARD. We will put in the record the full testimony from both you and Mr. Pickle.

Chief GAINER. Thank you, sir. Mr. Pickle mentioned a couple of things we have done. I would just like to put into context what has happened in the past 12 months since we sat before this subcommittee.

We did have the ricin attack and we handled it quite nicely, and opened the buildings very quickly after that. We handled the Reagan state funeral and screened 100,000 visitors in 24 hours. We instantly set up a system to inventory people's property as they came in, because they were not permitted to bring it in the Capitol. This was done on the spur of the moment by a group of very dedicated civilian and sworn officers.

We have supported the State of the Union address. We lent our support to the two political conventions, where we had significant personnel up there, as well as the 2005 Inauguration. And as Mr.

Pickle said, we stood at code orange alert through August, September, October, November, and December. And over the past year we have screened some 9.5 million people, a 30 percent increase over what we did the year before.

Since January, for instance, we have now gone to our Tiger Teams, and unlike what we were doing earlier in the summer, where we were out there every single day at every single intersection—14 intersections. We now hit a couple of different intersections or places.

We have screened some 233,000 vehicles; 7,000 of those, interestingly enough, are vehicles that we thought needed further investigation. We conducted further investigation of those 7,000 vehicles resulting in 224 vehicles being denied access and 224 vehicles that potentially could have brought some harm to us.

Our officers have conducted 2,700 bomb searches. We have called out our HAZMAT Material Response Team some 300 times. We have conducted 3,000 special events and dignitary visits. We presented to the U.S. attorney 600 cases for their prosecution, with nearly a 98 percent approval rating by the U.S. attorney's office.

And this is what we know: we know that terror attacks have tripled across the globe, as it is reported this morning. We know that terrorists are patient and Americans are not. We know terrorists use surveillance techniques. We know that terrorists plan ahead and come back to places they have not gotten before.

We are very, very well aware of what goes on in the area of improvised explosive devices, vehicle-borne improvised explosive devices and combinations of attacks, and we have tried to position our forces to prevent these attacks. And as Mr. Pickle indicated, at the same time, we have a very open campus for these approximately 9.5 million people.

The thing that we do not know, and this has been testified to numerous times up on the Hill by the head of all the Federal agencies, and the CIA, FBI, Homeland Security, is where or when an attack might occur, or if, in fact, there are terrorist cells in the United States.

PREPARED STATEMENT

We have a mission. We understand our mission. We have a vision. We understand our vision. And we have a strategy to get there. I would be very happy to try to answer any of your questions, sir.

Senator ALLARD. Well, thank you very much.

[The statement follows:]

PREPARED STATEMENT OF TERRANCE W. GAINER

Mr. Chairman, thank you for the opportunity to appear before the Appropriations Committee today.

I would like to first put some context into our budget request, which we recognize is a substantial increase over last year's budget. The fight against terrorism led by the United States and its coalition partners continues. We know through intelligence reports that terrorists have stated their intent to strike another blow on America, and we also know that the Capitol and all it stands for is clearly one of their targets. We must not let that fact slip from our minds as we continue further—albeit safely—away from September 11, 2001. As the foremost symbol of democracy, the Congress, its Members, employees, visitors, as well as public buildings and operations are a highly visible target for individuals and organizations intent

on causing harm to the United States and disrupting the legislative operations of our government. Law enforcement genuinely believes it really is not a question of if—rather a question of when we could expect a strike. We are the first line of defense and we take our jobs seriously as we put our lives on the line each day that we come to work.

The United States Capitol Police request a fiscal year 2006 appropriation of $290.1 million, which is $59.7 million greater than the fiscal year 2005 appropriation. The Salaries portion of the request is $230.2 million to support 2,125 employees including 1,714 police officers (122 new officers) and 411 civilian positions supporting security, emergency response, technical, professional, and administrative functions. The total salaries increase is $28.4 million and is a result of three areas: mandatory increases of $15.9 million for cost-of-living allowances, health benefits, within-grades, promotions, and other benefits, an additional overtime requirement of $8.5 million for operational responsibilities, and new salaries of $4 million to support 122 new police officers.

The General Expense portion of the request is $59.9 million, which is a $31.3 million increase. This increase is explained in three spending areas: replacement of the legislative branch escape hoods for $8.2 million, hiring and outfitting costs for 122 new officers at $1.9 million, and finally $20.7 million to support and maintain previously provided and implemented equipment, assets, systems, infrastructure, more than half of the $20 million slated for physical security and our information and communication systems, which cannot be absorbed at current funding levels.

We expect this request with its increase will no doubt invite serious discussion, and we are prepared to address any of your questions and concerns. While I spoke earlier of the post-9/11 era, it is important to step back and take into account the last nearly seven years of change. This organization's considerable transformation began with the fatal shooting of our two officers in 1998. In response to that shooting we received funding to hire more officers, improve infrastructure, and implement security technologies. The 9/11 Terrorist and Anthrax attacks of 2001 again highlighted the need to further "harden the target" or in other words reduce the campus exposure to threats through prevention, detection, vigilance, and deterrence. Because of these events and the support of the Appropriations Committees, we received funding to improve and add new capabilities to the organization. These previously acquired capabilities are detailed in our budget request, and it will cost $20.7 million in additional funding over current baseline funding to sustain their use, effectiveness, performance and reliability. The demands on our equipment and technology capabilities will continue for the foreseeable future.

The Ricin Incident, the War in Iraq, six Department of Homeland Security code orange alerts, and the constant intelligence assessments have given us additional concern and have prompted operational adjustments. The top to bottom change of the Capitol Police, set in motion in 1998 and accelerated by attacks, events, intelligence, and world events, has resulted in a dramatic change in the Department and its support. Many of these changes have just recently come to fruition. In the same vein, the associated operations and maintenance costs are now impacting our General Expense request. The maintenance of these systems is the principal driver to the increase in our request—not new programs. Our request is to maintain the structure that we have set into place, and not to step backwards at the expense of congressional community safety or interruption of government. The changes and the design of the changes to the Capitol Police were created to sustain Congress, within the purview of the mission of the Capitol Police, and the result is an extraordinary law enforcement organization, unlike other police organizations. In fact, I would like to take just a moment to mention some of our accomplishments in the past fiscal year when the Department was challenged and successfully conducted several National Special Security Events such as the Inauguration; the Democratic and Republican conventions, the Ricin incident, the State of the Union and the Reagan State Funeral in which the Department screened more than 100,000 visitors within a 24-hour period.

In 2004, the USCP greeted and screened more than 9.5 million staff and visitors throughout the Capitol Complex as compared to 7 million in 2003. Our officers screened more than 61,000 visitors to major Congressional Concert events; conducted more than 2,700 bomb searches; responded to more than 300 hazardous material calls; coordinated more than 3,000 Special Events and Dignitary visits; processed nearly 1,000 illegal demonstrators and violators within our jurisdiction and presented nearly 600 cases to the U.S. Attorney's Office. We hired 145 sworn officers and 154 civilians in our Department in fiscal year 2004. Additionally, the Department has implemented a health program as we work towards creating and nurturing a fit workforce. The Department also has provided educational benefits that

work toward providing an educated team. One hundred and seven employees are participating in our Student Loan Repayment Program.

The specific needs of Congress, current threat assessments, and professional leadership has combined to create a hybrid police agency, integrating capabilities for law enforcement, security technologies, dignitary protection, intelligence analysis and threat assessment specific to the Capitol, crowd management, hazardous materials and device response, and physical security barriers, building access screening, prevention of vehicles bearing improvised explosive devices and the detection and prevention of covert surveillance. These Capitol Police capabilities work together to protect 535 Members of Congress, congressional leaders, congressional staff of more than 20,000, and the historical and political symbols of the Capitol campus.

The direction that the changes have taken has been influenced by best practice matching for law enforcement, professionalization and modernization of our administrative and technical support functions. This is where we have transitioned from sworn administrative roles to professional officer roles by hiring civilian professionals for information systems, human resources and financial management and other administrative functions. We have also moved to a self-sufficient role in the legislative branch no more solely reliable on the House and Senate for infrastructure and support. The Department assumed responsibilities for all human resource functions requiring systems and people to assume these responsibilities. This included building a new time and attendance system and hiring professional human resource and support staff. The Capitol Police assumed responsibility for a major component of information system functions, which were previously supported by the Senate Sergeant at Arms. As the personnel growth of the Department and the responsibilities of the Department increased it became evident that we needed to control, adjust, and build the enterprise architecture to meet the specific needs of the Department.

These changes are significant and are the result of strategic leadership choices, events befallen the Capitol campus, congressional demands for improvement, rigorous GAO reviews, self-analysis, strategic planning, best practice matching, and current threat environments through numerous surveys, reviews, audits, and investigations. Through these external and internal analyses, we have rebuilt this organization into a more qualified, capable, responsible, responsive, agile, effective, and efficient organization to serve the legislative branch.

The entire Capitol campus has undergone an infusion of technological improvements, enhancements and new implementations of state-of-the-art security to deter, detect, and delay unlawful acts using a risk-analysis to determine appropriate application. These technologies, workforce multipliers, allow us to monitor the campus, and control access to facilities with greater efficiency and effectiveness. Other technologies provide greater safety and assurance for the Capitol campus through the use of improved x-ray machines, magnetometers, itemizer sampling, technologies to scan all incoming material shipments in an off-site location, as well as cameras and recording systems, monitors, sensors, panic button alarms in Member offices, intrusion alarm systems, emergency notification systems, emergency call boxes, and measures to detect covert listening devices. Responsibilities for security systems and law enforcement have also grown with additional building spaces created by the Capitol Visitor Center construction, the Alternate Computer Facility, the Botanic Garden, and the Fairchild building.

In the area of command, control and intelligence capabilities we have expanded our command center and instituted an Incident Command System which is a universally adopted command structure used by first responders. The Office of Plans, Operations and Homeland Security is now operational. Intelligence gathering, analysis and dissemination has been expanded and we have worked diligently to build relationships with other federal, state and local entities to improve response coordination and capabilities.

Operational and response capabilities have increased by developing a dedicated full time specialized hazardous substance response team to develop and manage response capabilities dealing with chemical or biological events. Canine capabilities primarily used for bomb detection have been increased.

The Capitol Police is shouldering additional workforce responsibilities for the new CVC facility, street closures, various technical security implementations, and the truck interdiction program. These responsibilities fall upon our officers as additional duty hours; and so, we propose an additional 122 new officers, which is a part of the total 254 officers required to normalize work schedules. Hiring these new officers will allow officers to work 48-hour weeks as opposed to much higher levels.

Despite advances in technology and installation of systems, this Department is successful because of its people. Our greatest asset and investment is our current professional staff of 1,592 police officers and 411 civilian employees responsible for

Capitol complex security, law enforcement, emergency response, safety, and professional support services, which are a 24/7/365 day a year responsibility. To maintain the Capitol Police high state of readiness, response, agility, alert and vigor, we request these new officers. A request of $1.9 million is necessary to recruit, test, hire, and outfit 122 new police officers. Given the existing and future staffing requirements, the leadership of the Department must continually balance mission needs with training needs, leave requests and overtime.

While the well being of our officers is crucial to good operations, we are also recommending for the protection of the congressional community and visitors that we replace the aging escape hoods, due to expire in 2006. The Capitol Police manage this legislative branch program and the life-cycle replacement costs are estimated at $8.2 million. However, as I indicated earlier the largest portion of our requested increase will go toward the operation and maintenance of equipment and systems that were installed in recent years.

As Chief of the Capitol Police, I take great pride in the many years of service this Department has provided to the Congress. Building on that legacy, we at the USCP look forward to continuing to safeguard the Congress, staff, and visitors to the Capitol complex during these challenging times. And we look forward to working with the Congress and particularly this Committee.

I thank you for the opportunity to appear here today and am ready to address any questions you may have.

Senator ALLARD. We have now been joined by Senator Durbin and I will ask him if he has any comments that he would like to make.

We are into the second panel, Senator Durbin.

OPENING STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. No, Mr. Chairman. I apologize. I was in the Rules Committee with the markup and could not come earlier. But I ask that my opening statement be made part of the record, and I will ask a few questions as the hearing progresses.

Senator ALLARD. Without objection, we will make your full statement a part of the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD J. DURBIN

Mr. Chairman, thank you for scheduling today's fiscal year 2006 budget oversight hearing on the Senate Sergeant at Arms and the U.S. Capitol Police Board.

First of all, I want to thank our witnesses, Mr. Pickle, Mr. Livingood, and Chief Gainer for joining us today to review your fiscal year 2006 budget requests.

Mr. Pickle, welcome. I commend you on the job your office is doing in providing security resources and technology to the Senate Community. Your staff does an excellent job in a difficult and challenging environment and we appreciate it. I had the opportunity of working pretty closely with your staff earlier this year when I moved into the Assistant Democratic Leader's office in the Capitol. Skip Rouse of your staff coordinated the move and everyone involved did an absolutely superb job. My staff and I are extremely grateful.

You are here today to testify on behalf of the Office of the Sergeant of Arms and Doorkeeper of the Senate, the Capitol Police Board, and the Capitol Guide Board. It sounds like you have been pretty busy.

The Senate Sergeant at Arms' budget request for fiscal year 2006 is $219.9 million or an increase of 23.7 percent over the fiscal year 2005 enacted level. As you know, this year promises to be a tough year budget-wise, so I hope you will help us out by prioritizing your request.

I noticed you have requested $21 million for a new telephone system. I hope you will provide us with some details about this new system.

You have also requested funding for several items, such as furniture and equipment for the Capitol Visitor Center. The Architect of the Capitol, who testified before this subcommittee two weeks ago, predicted a September, 2006, opening for the CVC. I'd like to know if your fiscal year 2006 request is based on this timeframe.

I hope you will address the current status of the perimeter security upgrades. I'm interested to know if this project is on schedule and on budget.

I hope you will update us on the status of the state office security upgrades.

I'd also like to know the current status of the Mail Processing Facility. I understand you will soon be moving into a new, larger facility.

You have requested 18 new FTE's in your fiscal year 2006 request. I hope you will tell us what these new employees will be doing.

Finally, I have noticed an increasing number of staff-led tours in the Capitol. I understand that during peak season, around 6,000 visitors are taken on staff-led tours each day. I am curious if the staff-led tours will be reduced or eliminated after the Capitol Visitor Center opens.

Chief Gainer, it is good to see you again. I want to thank the men and women of the Capitol Police who put their lives on the line every day for us here in the Capitol. This has been a busy year for the Capitol Police and I congratulate you and your staff on a job well done.

I see that your fiscal year 2006 budget request is $290 million, an increase of 26 percent over fiscal year 2005. I hope you can prioritize some of the items in your request for the subcommittee.

I note that you are requesting $23 million in the Architect's budget this year to construct an off-site delivery facility. I hope you will update us on the need for this facility and where you plan on locating it.

You are requesting funding to replace the emergency escape hoods in the fiscal year 2006 budget, as you did in fiscal year 2005. I hope you will update us on the need for these replacement hoods.

In your testimony, you stated that the Department needs a total of 254 new officers to normalize work schedules. I hope you can tell us why you need so many additional officers at this time. I'd also like to hear about how much overtime your officers are currently working.

I notice that you are requesting 62 FTE's for the Capitol Visitor Center. As I said to Mr. Pickle, I'd like to know if this request is assumes a September, 2006, opening of the CVC.

Finally, I'd like to know how the merger between the Capitol Police and the Library of Congress Police is going since the Memorandum of Understanding was signed.

Thank you Mr. Chairman.

ADDITIONAL STAFFING REQUEST

Senator ALLARD. And there is no doubt that the Capitol Police have been under some unusual situations since 9/11, and last year was an unusual year in that time period. And I know you had a lot of challenges with the many things that you mentioned in your testimony. It was truly unique.

Now, what is so unique about this next year that has you requesting a total of 254 additional officers?

Chief GAINER. Well, our 2006 budget is actually requesting 122 officers, and there are some other officers that are part of the supplemental——

Senator ALLARD. Oh, okay. So it is an additional 254, with the supplemental.

Chief GAINER. The request in the regular budget plus supplemental comes up to that, that is correct, Senator.

Senator ALLARD. Okay.

Chief GAINER. Yes.

And in general, 122 are needed because of the expanded mission of the police. So, for instance, with the Capitol Visitor Center scheduled to open in 2006, we need to get the officers into the pipeline that will augment the security that goes there.

Now that Capitol Visitor Center I think needs some 142 officers. Some of those will be offset by taking officers who are now involved in the construction projects or screening elsewhere and put them in there, but ultimately we will need 62 more people to man the various portals in the CVC.

We have expanded our dignitary protection and the level of protection that we give to the leadership of both the House and Senate. And we would need 26 extra personnel there.

The Senate leadership has directed and the Board approved the closure of First Street between Constitution Avenue and D Street, and that requires an additional 24 people. Now we have been doing that since early August, but we have been doing that out of hide and overtime.

Also, we are still in the midst of the support of the Library of Congress. So 10 of those individuals in our 122 would be dedicated to the attrition we anticipate there. But I am also aware that the Library of Congress in their own budget has come in and asked for some of their own people. So I think we are kind of caught, and the decision has not been made about whether our departments are going to merge and who is going to get the personnel to fulfill those needs. But that is where the 122 come from.

Senator ALLARD. Okay. Your request then will cover all the posts around the Capitol, plus what would be planned for the new Capitol Visitor Center, is that correct?

Chief GAINER. If we receive the full supplemental number of 132, and these 122, we would be able to cover our posts with 80 percent of the sworn officers department working on average 8 hours overtime per week.

So this request lets us do a couple of things. If we had these 254—I will mix both of them.

Senator ALLARD. Yes.

Chief GAINER. If we have the 254, plus 80 percent of the department working nearly 16 hours overtime a pay period, that would permit the officers an opportunity to take their vacations that they have earned; it would let the officers have 80 hours of training per year, which is really the gold standard and what we have been trying to shoot for, and just not wear the officers out. That is under the current threat environment.

SWORN OFFICERS TRAINING NEEDS

Senator ALLARD. Okay. How much time do officers now have for meeting their individual training needs?

Chief GAINER. Well, we have provided your staff with some of that information. Right now it is getting closer to the 80 hours. It is somewhere in between the 70 and 80 hours. With the lieutenants and above, they are running up an awful lot of compensatory time. We are now getting the officers into a position where they can take their vacation time and time off. But I can say we have done that right now because we have cut back in a lot of areas. There are a lot of posts now that we would prefer under best practices to cover that we are not covering.

STAFFING THE CAPITOL VISITOR CENTER

Senator ALLARD. Now I bring up the same point that we did at a previous panel on the completion date of the visitor center. It looks like it will be finally into 2007 before we actually have occupancy of that. Are you assuming that we are going to be moved in in September 2006?

Chief GAINER. We did not think we would all be in there in September, but we knew that some of the process would begin in getting the officers selected, trained, and mentored, and ready to take their position; this process takes some time. So whether that can slide a month, or two, or three in fiscal year 2006, it would probably be an ideal situation to have the money for the hiring, so that we would not delay the hiring as long in order to have the proper amount of officers at their portals.

FUNDING REQUIREMENTS

Senator ALLARD. Now if we are not able to provide your full increase or funds in the supplemental, what requirements would not be met at all, and what requirements would you only be able to partially meet?

Chief GAINER. Well, there is a whole series of those, Senator, and we will be happy to submit our prioritization listing.

Senator ALLARD. If you could, get that to us.

[CLERK'S NOTE.—A detailed prioritization listing has been provided to the subcommittee.]

Chief GAINER. But again, we have tightened our belts like good military and uniform people do, but we always increase the risk if we do not give this full coverage.

Senator ALLARD. We understand.

Chief GAINER. Thank you.

Senator ALLARD. Senator Durbin, do you have a question?

Senator DURBIN. Thank you.

Chief Gainer, thanks for the work that you and your men and women do for the Capitol Police, and thank you for the fine service. We at least take this opportunity once every year to remind all of us who work here and visit here how important your job is and how our safety depends on you. And I thank you for the fine men and women that you are commanding.

At this moment, as I understand it, the 1,714 officers, or police officers, would include the 122 new officers, is that correct?

Chief GAINER. It would, sir.

DISCUSSION OF OVERTIME

Senator DURBIN. It would. And let me ask you this: You mentioned earlier that you anticipate that each of the Capitol policemen will incur in any given pay period 16 hours' overtime?

Chief GAINER. Eighty percent of the department.

Senator DURBIN. Eighty percent. Explain that to me, if you will. If I knew as a manager that I had to have that much overtime built into the regular payroll, it would suggest I need more employees.

Chief GAINER. That is correct. In fact, as we did calculate this as to how many more employees we would need in order to bring the overtime down, and it is a business decision. And at first blush, sometimes it seems easier to hire someone in low overtime or pay more overtime and have fewer FTEs.

As I recall, I think the number to bring the overtime down closer to zero—441 officers would be that number. The down side of even asking for that number, I mean the obvious cost of that is your inability to handle peaks and valleys. I mean it is still our dream

that one day we will not be in as bad a situation as we are, and perhaps we will be able to scale back some of the security issues in 3, 4, 5, 6, 7 years from now.

So I think if we grow by this combined total of 254, given the current threat environment, the department will be in a position to handle its needs. And I also want to suggest that we use that target number of 16 hours overtime per pay period because it is very consistent in the Federal law enforcement environment. Whether it is the Secret Service, or the FBI, or ATF, they as a rule are given a fixed amount of money that really equates to them working about 14 or 15 hours extra a pay period.

Senator DURBIN. What is the difference in pay between regular time and overtime?

Chief GAINER. I would have to get back to you on that, sir.

Senator DURBIN. Is it time-and-a-half? Is it a 50 percent——

Chief GAINER. It is time-and-a-half.

Senator DURBIN. So if I understand this correctly, 80 percent of your officers will be, in effect, be paid for 20 percent of their time in overtime, 20 percent, if I did that calculation——

Chief GAINER. Yes, sir.

Senator DURBIN [continuing]. In my head correctly.

Chief GAINER. Yes, sir.

Senator DURBIN. And we are paying, through your appropriation, a premium, this 50 percent add-on, for these extra hours, is that correct?

Chief GAINER. Yes, sir.

Senator DURBIN. Okay. So let me ask you first: What is the reaction of your officers to this overtime? Is this something they look forward to, that gives them a little extra money, and they bank it and are willing to make the sacrifice?

I know at one point here when they were working 12-hour shifts day after day after day, I really felt for them, because I thought that the money just was not worth it to some of them, but they knew they had to do it. So what impact does that overtime have on morale?

Chief GAINER. Excellent point. And given the amount of hours that they work, way beyond 16 a pay period, is indicative of the regard with which they hold their job. But we were burning them up.

In my conversations with the union and the officers, we think this is within a ballpark of what they can handle. And yes, the officers do look forward to having the option of working overtime When we actually started scaling back after December, there was an interesting little bit of, "Hey, Chief, Christmastime is coming, and we were going to do "*x*" and "*y*", and I was putting carpeting down, and now you are cutting back overtime on us." So I think 16 hours is a reasonable amount.

From a cost comparison, and I do not have those numbers in front of me, the cost of hiring an officer, training them, versus that time-and-a-half overtime pay is really pretty close.

HIRING AND RETENTION OF SWORN OFFICERS

Senator DURBIN. I remember asking either you or a predecessor how many applicants you had to take to actually hire one Capitol

policeman, and I think the number was 10, or something. Or at least interview 10 to find 1 officer. Is that still the norm? Is that still the case?

Chief GAINER. That is close, but I can say that because of what Congress has done for this department in the way of salary, equipment, overtime, uniforms, training, and I think the patriotism of job seekers, we actually have people beating down our door. We are in a very good position to keep hiring, and the men and women we are hiring now are just very, very good.

Senator DURBIN. There was also a time when you were losing officers to TSA and other agencies that offered a different benefit package, different opportunities, different promotions, and such. Is that still the case?

Chief GAINER. It is not. There is a slight attrition, and some of the officers leave to go to other agencies, and we, in fact, encourage them to do that if that is good for them and their family. But I think by and large we stemmed that tide of people walking out of here about 2 years ago. And I think many of the officers ascribe to the theory that you neither take nor leave a job just for the money.

Senator DURBIN. And what about diversity goals? Do you set those for your department?

Chief GAINER. We do, and we have worked very hard on that. Just as an aside, I think we are just under—37 percent of our department right now is a minority. And at the last Federal analysis I believe we were ranked number two in Federal agencies as to the strength of our diversity.

But probably as important as the diversity ratio are the career opportunities we offer. We have built on what previous chiefs have done. But what we have been able to do in these past 3 years is increase the number of minority officers who get into specialty positions, and especially who have been promoted to sergeant and lieutenant, and to captain, and now to inspector and to deputy chief. And so now we are seeing the fruits of the benefits, and that will continue to increase.

Senator DURBIN. I know about one of those personally because one of the officers that we have come to know quite well from his singing ability, Officer David Nelson, who I believe is now a sergeant.

Chief GAINER. Yes.

Senator DURBIN. I congratulate him on that.

If I could ask one last question, Mr. Chairman——

Senator ALLARD. Yes. Go ahead.

MERGER OF POLICE FORCES

Senator DURBIN. I became concerned several years ago about the number of different police forces on Capitol Hill. The Supreme Court has their own. The Library of Congress had their own. Capitol Police had their own. And there are probably some of them missing; maybe the Government Printing Office. I am not sure.

So we tried to integrate the Library of Congress into the Capitol Police, and it really was not welcomed by the Library of Congress. They were not looking for this change, but we were trying to move in that direction.

Are we achieving that goal? I mean are we creating two forces where there used to be one? What can you tell me about the progress of moving toward an integrated force at the Library of Congress to meet their special needs for security, which are different than some other places, but also to kind of bring them into the Capitol Police family?

Chief GAINER. Well, there is yin and yang in that, Senator. I do think that we have shared a lot of training with each other. Some of their sergeants and lieutenants have been in our class. We understand communication a bit more. But it has been a struggle.

We now have an inspector who is supervising the Library of Congress police officers as well as 23 of our officers serving the LOC, and finally, after months of wrangling, the LOC permitted us to send a sergeant or lieutenant to help them.

I still do not think it is widely well regarded by the Librarian and his Deputy. I will not try to speak for them. The very fact that in their budget that they ask for some 45 officers and there was no consultation with this department or our inspector about the why or the how, again indicates to me that it is not their number one priority.

As I have said before, if we were building law enforcement agencies up here, we would not do it as it was done. And I even suggested recently to the Librarian, there is an memorandum of understanding (MOU) that the committees literally forced everybody to sign to try to move this thing along and that MOU will expire.

I would respectfully request that Congress take action on the very, very detailed merger plan that we submitted 2 years ago, or kill this thing, because it creates more work and energy for us than it is turning out to be worth.

Senator DURBIN. I agree with you. It has to be fish or fowl. We have to decide where we are going on this. And I just have to tell you that the idea and object here was not to dramatically increase the number of people guarding the Library of Congress, but rather to try to reach some sort of regularity here and consistency so that the Capitol Police could be involved in this.

I know there were some different standards on retirement and hiring that had to be resolved. Maybe some grandfathers that had to be accommodated in the process. But I will, I promise you I will look at that, and I will talk to the chairman about it. I do not know if this is a new issue for him. It might be. But it is something that we need to show some leadership on. Thank you.

Chief GAINER. But, Senator, if I may say, it is not all bad. Even if we walked away from the merger they kept our own department and we brought our people back, we are both better agencies for it, because, again, we are sharing training and information. They come each week, by our invitation into our intel meetings and our staff meetings, so there is some good that has come out of it.

Senator DURBIN. Well, I hope we can have even more good.

Thank you very much.

Senator ALLARD. Senator Durbin, I look to continue to visit with you on this particular issue. I just got a look at a letter to the editor here in Roll Call, and the issue that was brought out is that the Library is viewed by security as a weak link. And my question

is: How much of a weak link are they? How vulnerable do they make the rest of the security system here on the Capitol?

Chief GAINER. Well, there is that corner of the campus, I think, that is not doing as well as it could do. And again, I think the concept of the merger was to strengthen that. As the CVC opens and the tunnel is connected, it could exacerbate things. So it is not ideal, Senator.

Senator ALLARD. And the testimony we got from this in the last hearing is that the head of the Library of Congress had not communicated with you on this request.

Chief GAINER. That is correct.

Senator ALLARD. Was there any communication at all, and do you feel that he should have had some discussion with you?

Chief GAINER. Well, I do know this: When we put together our budget for both 2006 or the supplemental request, there were strong conversations with each Sergeant at Arms in their capacity as Sergeants at Arms even aside from the Board. So I think there needs to be a very good dialogue with the stakeholders so that we understand what the clients want and expect in order to determine what is the best way. And I have not seen that yet.

Senator ALLARD. I think that that is our responsibility, to help make sure you get some clear guidance as to where to go in that order. So we will be working on that for you.

FISCAL YEAR 2005 SALARY BUDGET DISCUSSION

The other issue I wanted to bring up is, again, the changing figures that we have seen here lately. Originally, you showed a deficit of $10 million or so. Then it was considerably less than that. Now I see that you are looking to anticipate somewhere around a $25,000 surplus. Do you want to explain why those figures have changed?

Chief GAINER. I sure do, Senator. In the late fall, early winter, November, December, the conference committee report was very clear to the Capitol Police to live within our budget and do not anticipate any supplementals and, obviously, not be in violation of the Anti-Deficiency Act. And there was not much support for the fact that how much work we were doing and how much overtime we had, and the fact that we knew we were going to run short of funding.

So we were doing competing things, trying to work with the committees as to what we might need in order to keep up the security level at best practice standards, while at the same time ensuring no anti-deficiency sometime during this fiscal year.

So I sat down with Jim Rohan, who is the Assistant Chief of Police, and Tony Stamilio, who is our Chief Administrative Officer, to look at where we could tighten our belt and try to provide security and ensure that we have the money to get through the year? And by doing that, we forced the operational commanders to be much more miserly in the use of overtime and to stop doing some things. Since then the amount of overtime has declined.

We also had money in the budget that we are saving to use if we had to go to a full-time vehicle interdiction again like we did in August, September, October, November, where the officers would

be out there 24/7 at these intersections, and the belt tightening eliminated a significant amount of that money.

But it has been through belt tightening, eliminating projects, and stopping some security needs that we have driven down the money that we needed. And also during this time there were the ongoing conversations about whether we could use what had been designated emergency response funds or not, and finally the determinations and the directions came to use some of that, so that also took away some of the budget projection red balances.

COMPETENCY PERFORMANCE-BASED MANAGEMENT SYSTEM

Senator ALLARD. If you have been following some of the previous hearings, I am a strong believer in measuring performance, the intent of the Government Performance and Results Act. And from what I understand has happened, you have implemented two new competency performance-based management systems, one for senior executives and then another for civilian and sworn employees. And then the implementation of these systems was put on hold due to your operational demands placed on staff, such as preparing for the Presidential inauguration.

Have you reinitiated the implementation of these competency-based performance management systems, and if so, what progress have you made in that regard?

Chief GAINER. We have restarted them. The one for the executive team at the inspector and civilian director level have been implemented, and those personnel do now know their goals and objectives, and what is expected of them.

The system implementation was delayed because of all the other operational requirements; we issued the order just in the past couple of weeks to start the program. The training is going on through the middle of May. So by June and July, people will have the renewed job performance appraisal system in place.

Many of the leaders here were as disappointed as any to find that some people had not been rated or given any evaluations in 6, and 8, and 9 years. We now know that we have to concentrate not only on the operational business in emergencies, but we also have to keep the administrative and infrastructure business running.

That has improved, because, again, Congress granted, especially the administrative side of the House, some significant civilian personnel. And our fiscal management, our human resources, our IT shops were terribly understaffed. And while we grew the sworn numbers by some 333, we just did not keep up with the administrative side.

I am happy to say, with the guidance of the GAO, and they have been very helpful in the direction they have given us, and with the addition of the civilian staff that I believe we will be positioned to do well on our performance system. We have a very comprehensive strategic plan, and we are operating from a business perspective in the direction we should.

OFFSITE DELIVERY CENTER

Senator ALLARD. Okay. Now talk a little bit about your offsite delivery center. In the pending supplemental you have $23 million for

that offsite delivery center to replace the current facility on P Street.

Chief GAINER. Yes, sir.

Senator ALLARD. I guess I direct this to Mr. Hantman. What is the status of moving this project forward, and do you believe this amount will be sufficient?

Mr. HANTMAN. Mr. Chairman, there have been a series of meetings over the last several weeks. What we have tried to do is take a look at alternative sites and work with the House and the Senate, to find out what sites they find took good candidates for it, and then try to lay out the different type of operating procedures that might be used at such an offsite.

One of them would be a transfer type concept, where trucks would be brought in and offloaded, and then other in-house vans would be loaded, as the White House model does, to bring deliveries actually to the Senate side or other locations.

The other concept is screening trucks as they exist and allowing them to make their designated runs throughout the campus.

So those types of studies are being done right now, and the amount of money that would be necessary to accommodate either one of those profiles would really be determined by the individual site that the House and the Senate find best and most appropriate, in terms of travel distance to the Capitol. And those kinds of evaluations are still being done right now.

The $23 million that is in the supplemental at this point in time and also in the budget of the Architect of the Capitol is based on a study that was done several years ago for a potential site on New York Avenue, using the cost of land over there and the potential construction. So that study needs to be updated relative to the particular site that essentially is determined as the most appropriate by the House and the Senate, and what type of facility goes on it.

Senator ALLARD. Mr. Pickle, in regard to the operational model for the offsite facility, are we on the right track?

Mr. PICKLE. Mr. Chairman, the Board has unanimously approved a particular process that should be utilized for good offsite delivery security. We, the Senate, are much better prepared because of staffing and other support that we have. We are much better prepared to immediately begin that process once the offsite is completed.

The House, for some other reasons, they have many more deliveries, they are not equipped either in staffing or other equipment resources to begin immediately.

Senator ALLARD. They have almost twice as many deliveries than we do.

Mr. PICKLE. Yes, they do. We are prepared to move ahead immediately. The dilemma is the funding, as I understand it, may not be sufficient to build a site that would accommodate the correct procedures that the Capitol Police Board have approved. The dilemma is pretty much this way.

We need the flexibility to do what we need to do for the Senate, and the House will eventually catch up with us and they will also adopt those protocols; this is my understanding. But there is no disagreement among Mr. Livingood, or myself, or the Chief on that. We know the process that needs to be implemented, but we need

the funding to make sure that the flexibility is there for both the House and Senate to adopt the same process.

Again, the Senate is ready to proceed. The House has some more resource issues that they have to focus on with the Architect.

Senator ALLARD. And your funding request includes that?

Mr. PICKLE. The $23 million funding in the supplemental was put in there because that is what, based on the study Mr. Hantman just referred to, that would be sufficient to accommodate what we both need.

Senator ALLARD. Okay.

Mr. PICKLE. We find now that that $23 million may or may not do it, simply because the price of real estate has gone up, especially since the Washington Nationals baseball team has moved into Washington, DC causing real estate prices in the area the House would use as an offsite delivery location to go up quite a bit.

I would also like to say that the Senate does not really care where this site is, and we have been very clear about that. We are prepared to immediately start the process once the site is picked. We are just waiting for the funding to match up with the results of his study, so we can get moving.

MOUNTED HORSE UNIT

Senator ALLARD. Okay. I want to bring up the mounted horse unit with you, Chief Gainer. Now it has been in place just a short period of time.

Chief GAINER. Just about 1 year.

Senator ALLARD. Can you tell me whether you feel it has been effective or not, and what specific improvements has it brought, and how high a priority do you place in continuing this unit?

Chief GAINER. Through my police career I have seen what mounted units have done, and that goes back to the late sixties, where I spent the first 20 years of my career on the Chicago Police Department. Mounted units are unbelievably effective in crowd management, whether that is from a positive point of view in just managing a crowd, or disruptive crowds in calming them. That was one of the reasons that I first approached the Board and then the committees to do that, to have a mounted unit.

The training is rigorous, and we have some great personnel riding the horses. And we have used them in crowd control exercises up here as recently as yesterday. The officers on those horses have also issued tickets. They have found a lost child. They have responded to any number of hazardous device incidents, where they have helped manage the crowd.

They are a wonderful PR asset, too. I daresay they are probably the most often photographed thing in addition to the Capitol Dome, or if you can juxtaposition them against the Dome, that would be the most taken picture by visitors.

And there is something very positive about that——

Senator ALLARD. Yes.

Chief GAINER [continuing]. For people to feel they can approach a police officer. Because, again, over my 27 years, what we did, we got in squad cars, we rolled the windows up, turned the air-conditioners on, and put personal radios on, and you did not communicate with the outside.

The officers are out there. They are visible. They are interacting. They can see above the crowd. They can move in areas around this campus, where neither cars, nor bikes, nor motorcycles can go. So I think they are value added, and I hope that we have another year or two out of this to convince the Congress that they are value added.

Senator ALLARD. And you do not see any increased vulnerability to the officer on the horse. In fact, you see just the opposite, is that right?

Chief GAINER. They very much have a calming effect. And clearly, what the studies and experience indicate is that a mounted rider is equivalent to 10 foot officers. So it is a force multiplier, if you will, and when you see them wade into a crowd, especially a hostile crowd, you can very easily bring peace and tranquility.

Senator ALLARD. Now if you are recruiting in the State of Colorado, it probably would not be as difficult to find somebody who knows how to ride a horse. Are you able to find officers who have riding skills that can qualify for the job?

Chief GAINER. Well, we are finding them. And interestingly enough, even again, I will go back to my Chicago days. The Chicago Police Department sent their personnel out to the United States Park Police, who is considered one of the model agencies in training, which is where, when we restarted the Metropolitan Police Department's unit I sent the officers and I sent our Capitol Police officers there. And you will get most trainers to say they would prefer to have someone who does not have a lot of riding experience, so you do not have to break them of bad habits.

I can say this: One of our sergeants that went through this training, I think he is the oldest individual who has ever completed the Park Police training. And we have good men and women out there riding horses. That is not a problem.

CAPITOL VISITOR CENTER SPACE FOR POLICE

Senator ALLARD. Good. Thank you. Now how about your space in the visitor center? Are there sufficient funds in the budget to complete the fit out of the space for the Capitol Police in the visitor center?

Chief GAINER. The Senate, I believe, is allocated funds that would take care of what is designated the Senate portion, and their share of the police portion. And I think that is in the Architect's budget. I think the House is still working on their share, if I am not mistaken, to fully fund that. But, again, that is part of the interesting issue with the Capitol Police department up here, and how, we have an artificial line that goes down some offices, and where half belongs to one body and half the other, and to figure out how we buy the desk, and the paper, and the furniture. It is being worked on, sir.

Senator ALLARD. So you are having to kind of divide out half furniture, House, half furniture, Senate. Is that where you are at right now?

Chief GAINER. Yes. But we are working with everybody to do that.

Senator ALLARD. Okay.

So you will have more to report on that later.

Chief GAINER. Yes, sir.

FAIRCHILD BUILDING

Senator ALLARD [continuing]. Okay. Now on the Fairchild building, the Architect of the Capitol is leasing and fitting out several floors of the Fairchild building for the Capitol Police. Can you brief the subcommittee on the status of that effort? And when do you feel it will be ready to be occupied, and what needs we may have in that facility?

Chief GAINER. Sure. We think our first—we hope our first—well, we have some people in there now in swing space, because we are moving them out of our headquarters, and there are some people in old space in the Fairchild. We think the new remodeled space will probably be ready. The target is sometime June. I am going to suspect late June, maybe early July, where we finally have a finished space where we can move people in there.

The Architect and his staff have been very, very helpful in support of—given all the things everybody asks the Architect to do. It has been a costly operation. We are seeking funding for some of the security mechanisms that would be needed there, because we are taking over a large portion of the building, and it does not—with some very important units and documents for which we have asked for just under $1 million-ish to fund some of those security needs. So there are still some needs and there some time.

But again, the whole issue about being in that building really revolves, again—Congress was very good in growing the department by some 333 sworn since 9/11. But the space that we occupy continues to shrink up until these recent moves.

The Fairchild building was always meant to satisfy a temporary issue. And again, we would implore both the House and the Senate to consider our requests for a new Capitol Police headquarters, ultimately, that we might move into in 5, or 6, or 7 years.

Senator ALLARD. Okay. Gentlemen, that takes care of my questions. And so we will go ahead and call this part of the hearing—we will dismiss this panel and then we will call on the next panel, which would be the Capitol Guide Board.

I want to thank you all for your hard work and dedication, and all the fine people that you have underneath you, and all their fine work. I know they put in long, hard hours, and we appreciate that.

Chief GAINER. Thank you, Senator.

Senator ALLARD. Thank you.

CAPITOL GUIDE BOARD

STATEMENT OF HON. WILLIAM H. PICKLE, CHAIRMAN

ACCOMPANIED BY:

BILL LIVINGOOD, HOUSE SERGEANT AT ARMS
ALAN HANTMAN, ARCHITECT OF THE CAPITOL

Mr. PICKLE. Mr. Chairman, unfortunately, you get to look at us a little longer.

Senator ALLARD. We now have the Capitol Guide Board, which is Mr. Hantman, Mr. Pickle, and Mr. Livingood.

Mr. PICKLE. I think this is kind of unusual. This is the first time in a number of years that the Capitol Guide Board has testified.

Senator ALLARD. New leadership on the subcommittee.

OPENING TESTIMONY OF WILLIAM PICKLE

Mr. PICKLE. But the Capitol Guide Service does a wonderful job, and by any measure, they are one of the best tour services in the world. So far this year they have accommodated more than 200,000 visitors, and we believe that by October we may approach up to 1.5 million.

The role of the Guide Service has changed quite dramatically since 9/11, like so much here. Prior to 9/11, it was more for tours and informational services. Since 9/11 they have become a very integral part of security. They help the police department in such things as emergency evacuation of tourists. Most of these visitors have never been in this building, and it is absolutely critical, as you have seen during some of the evacuations, that we have people who are trained to get people out of the building without hurting them and without causing more harm.

We, today, have about 70 guides. And they handle roughly 1,900 to 2,000 public visitors a day. The numbers are compounded by the fact that staff-led tours now total almost 6,000 people a day. So we keep our tour guides busy not only with their own tours, but helping the staff as well.

Tours are going to become a little more complicated as we get into the CVC, because, obviously, the jurisdiction or the role of the tour guide service will expand dramatically. To what degree, we do not know. That is still up to the governance board, and the House and Senate leadership who, as you know, are trying to decide just how this is going to be structured.

But for 2006, we are pretty stable. We are asking for $254,000 more in the budget. It is a small 6.6 percent increase, and essentially covers COLAs and other minor expenses. We are not asking for any more positions this year. We believe additional positions for the CVC will be requested in next year's budget request.

To show you the magnitude of what the Capitol Visitor Center is going to mean to the Guide Board, a consulting company that has been helping for the last several years and working with the

Architect and that specializes in museums and large institutions, has indicated to us that their analysis shows we will need 161 guides to manage the CVC and the Capitol. This is because there are so many more responsibilities that the Guide Service will be required to take on in the visitor center. It is going to be a challenging year for us as we prepare for the CVC to open.

PREPARED STATEMENT

I have nothing more, but we are here to answer any questions you may have, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM H. PICKLE

Mr. Chairman and Members of the Committee, thank you for this opportunity for the Capitol Guide Board to appear before the Committee. I am pleased to come before you today to report on the operations of the Capitol Guide Service and the Congressional Special Services Office (CGS/CSSO). With me today are Mr. Wilson Livingood, the House Sergeant at Arms and Mr. Alan Hantman, the Architect of the Capitol, who join me as Members of the Capitol Guide Board. Mr. Tom Stevens, Director of the Capitol Guide Service, is also with me today.

The primary function of the Capitol Guide Service is to provide an enjoyable and accessible visit to the United States Capitol for over 1.5 million visitors annually. So far this fiscal year, the Guide Service has accommodated more than 200,000 visitors on public tours alone. Also this year, the Guide Service has led approximately 55,000 visitors on Member Reserved Group tours, 7,500 on Congressional member tours (early-morning tours), 2,500 on Dome tours and more than 1,000 visitors on adaptive tours for visitors with disabilities. Additionally, the Guide Service through its Congressional Special Services Office, has provided over 500 hours of sign language interpreting services for Congressional business. These numbers represent the non-peak season. If current levels are an indicator, we may reach 1.5 million visitors to the Capitol before October. The Guide Service has also trained over 1,500 Congressional staff to give tours so far this year. During the peak season staff bring approximately 6,000 visitors to the Capitol each day.

The Capitol Guide Service has been in existence since 1876, employing five guides when it was established for the centennial celebration. The Capitol Guide board—similar in composition to the Capitol Police Board (House and Senate Sergeants at Arms and Architect of the Capitol)—was established in 1970 to formalize the Guide Service as a professional entity within the Congress and to supervise and direct its operation.[1] The authorizing legislation in 1970 called upon the Guide Service, which employed twenty-four guides at the time, to "assist the Capitol Police by providing ushering and informational services, and other services not directly involving law enforcement, in connection with ceremonial occasions in the Capitol or on Capitol Grounds," among other duties.

The role of the Guide Service in those days—pre 9/11—was to provide guided tours and informational guidance to visitors to the Capitol. Since then, the role of the Guide Service has expanded to include a quasi-security function. Following the events of 9/11, we called upon the Guide Service to assist the Capitol Police with emergency preparedness. Guide Service management is now equipped with emergency radios, providing a communications bridge to the Guide Service's own radio system. All Guide Service personnel have been trained in evacuation procedures. It falls to the Guide Service staff to assist the Capitol Police in the evacuation of those on public tours, who for the most part, have never been inside the Capitol Building before.

Today, we have seventy guides to perform these services. We welcome the opportunity to increase the duties of the Guide Service to meet the needs of the Congressional community as we transition to the Capitol Visitor Center.

For fiscal year 2006, the Guide Service is requesting a total budget of $4,098,000, which is an increase of $254,000 or 6.6 percent over the fiscal year 2005 budget. Of that amount, $228,000 (90 percent) of this increase over fiscal year 2005 includes the estimated fiscal year 2006 COLA and increases in personnel benefits. The re-

[1] Effective January 3, 1971, Public Law 91–510 made the tour guides legislative employees under the jurisdiction of the Capitol Guide Board. The first free guided tour was conducted on January 3, 1971.

quested increase will enable the Guide Service to maintain the level of service currently being provided to Members of Congress and their guests based on current visitation volume and services provided. While the Board anticipates hiring additional staff to operate in the CVC, funding for those additional FTE's is included in the CVC startup budget, therefore, these positions are not requested in this fiscal year 2006 submission.

The staff of the Capitol Guide Service and its Congressional Special Services office has done a tremendous job in providing the utmost in visitor services to all who come to experience the Capitol. The accomplishments of this office would not be possible without the support of this Committee. We thank you for your support and the opportunity to present this testimony and answer your questions.

Senator ALLARD. I wanted to have an opportunity to see what the makeup of the Board is and have a chance to visit with you a little bit about it. And I realize that it has not been on anybody's radar screen, but I also think that this is a unique time, with us moving into the new Capitol Visitor Center, and would like to have some assurance from you that some thought was being given about what I foresaw as some changing dynamics in the way those tours may be handled——

Mr. PICKLE. Absolutely.

STAFF LED TOURS

Senator ALLARD [continuing]. As we move into the new Capitol Visitor Center, and perhaps some jurisdictional concerns, which you alluded to, as far as the House and the Senate are concerned.

We have 6,000 people led in daily, what we call staff-led tours, and then you have 2,000 visitors that come through your regular Guide Service. And the staff-led tours, these are staff from the individual congressional offices. That is a pretty sizeable number that we have our staff doing.

Do you see a problem with the staff-led tours?

Mr. PICKLE. There is a real problem with staff-led tours, and it is that we want the tours to be worthwhile for visitors. They should be enjoyable and a learning experience. And quite honestly, we do not think we are getting the bang for the buck on these tours.

The Guide Service works hard to train staff members in each office and on each committee to give a good tour. But the situation is more difficult when you have thousands of people in the Capitol.

As you know, it is tough to walk from one end of the Capitol to the other during the middle of the day. Both the House and the Senate are working with the Guide Service Board now to come up with an alternative plan, or something that will make the tours a more enjoyable experience.

We are sending a letter out on the Senate side today to all of the committees and all the offices reminding them of the rules for staff-led tours. We are also reminding them that the building will only hold so many people, then it becomes unsafe, and when we reach that limit, we will be canceling or stopping tours for a period of time. Mr. Livingood has been doing that for the last several weeks on the House side.

Senator ALLARD. I would guess that you have a lot more staff-led tours on that side.

Mr. PICKLE. It is considerably more.

Senator ALLARD. Do we have an idea of how many of these are Senate-led staff tours and how many are House-led staff tours? Any idea on that?

Mr. PICKLE. Two-thirds are House—4,000 House, 2,000 Senate.

Senator ALLARD. Okay.

I think that is all. I just wanted to let you know we are looking at and thinking about the tours, and we need to have a little public discussion about it. But I think that as a new member of this subcommittee and also as its chairman that I need to do everything I possibly can to inform myself on the workings of the Capitol and the surrounding facilities that we have.

SUBCOMMITTEE RECESS

So, again, I want to thank you for all your hard work. And the subcommittee stands in recess until May 11, when we will take testimony from the Government Printing Office and the Congressional Budget Office.

And thank you, gentlemen, for your hard work.

Mr. PICKLE. Thank you, Mr. Chairman.

Senator ALLARD. Thank you.

[Whereupon, at 12:15 p.m., Wednesday, April 27, the subcommittee was recessed, to reconvene at 10:30 a.m., Wednesday, May 11.]

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2006

WEDNESDAY, MAY 11, 2005

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

The subcommittee met at 10:30 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Wayne Allard (chairman) presiding.

Present: Senator Allard.

GOVERNMENT PRINTING OFFICE

STATEMENT OF BRUCE R. JAMES, PUBLIC PRINTER

OPENING STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. The subcommittee will come to order.

This morning, we meet to take testimony from three legislative branch agencies, the Government Printing Office (GPO), the Congressional Budget Office (CBO), and the Office of Compliance. I want to welcome all of our witnesses.

We will first hear from Mr. Bruce James, Public Printer, who will be presenting GPO's budget request for $131 million. GPO's budget request is an increase of $11 million over the current year, or a 9 percent increase.

Mr. James, you've made great strides in the past few years in improving GPO's operations, including closing the retail stores which had been in the red for some time, downsizing the workforce to better meet GPO's needs, developing a strategic plan, reorganizing the agency to better meet customer needs, and seeking opportunities for relocating GPO's facility.

I would also note that GPO's financial situation has improved considerably, generating net income in 2004 for the first time since 1999. We look forward to reviewing the status of your efforts to make further improvements to modernize the Government Printing Office.

Following GPO, we will hear from Dr. Douglas Holtz-Eakin, who is accompanied by his Deputy, Dr. Elizabeth Robinson. The CBO's budget request of $36 million is a modest 3.5 percent increase over the current year to maintain current operations.

And then, finally, we will take testimony from the Executive Director of the Office of Compliance, Bill Thompson, and the Chair of the Board of the Office of Compliance, Susan Robfogel. The office is requesting a budget of $2.6 million for fiscal year 2006. While this is a 9 percent increase, we understand you believe additional

funds over the requested level may be needed to fully meet your mandate.

I will turn to my ranking member when he arrives, and in the meantime, we will go ahead and take testimony from our witnesses. We're going to start with Mr. James, Government Printing Office. I appreciate everybody's timeliness this morning, because I do like to get started on time, so Mr. James, you're up.

OPENING STATEMENT OF BRUCE JAMES

Mr. JAMES. Mr. Chairman, I appreciate the opportunity to address you this morning, I have a prepared statement for the record, if you'll accept that.

Senator ALLARD. We will make that a part of the record.

Mr. JAMES. Thank you. I'd like to make a few comments. First of all, you may observe the room is filled with people, I think GPO has more people here this morning than you do, and you might assume that I have all these wonderful people here in case you ask any tough questions and I need answers, but that's not really the reason. This is an opportunity that I think is important for our people to see first hand what is on your mind, and what it is that we need to be addressing.

Second, I have with me this morning a couple of our younger staff. We put a great deal of effort on recruiting from college campuses the best and brightest graduates to come in and join our organization, and with me this morning I have one of them, Ron Selby, who is a graduate of Cal Poly, and who's working in our digital media group, establishing new standards for Government information.

And I also have with me one of our interns, an intern from Howard, here in town, Lonnie Stibey, and it's our hope that we can attract her when she graduates from school into the organization, too.

I realize, Mr. Chairman, that you're new in this position, and we've not had a chance to talk about some of the background of the GPO, and if I may, I'd like to use my time here to talk about the big picture here for a minute, because I think you'll find this useful.

We're in an interesting situation. We've had a disruptive technology thrust upon us, and that disruptive technology is the Internet, which is changing forever the way people will do business in this country. It's changing the way information's going to be handled, and it's changing the ability of Americans to access the work of their Government. As you know, the Government Printing Office goes back many years. When I was sworn into office, I was fortunate to have Justice Kennedy swear me in, and he gave me a little 15 minute talk. And during that period of time, he didn't talk once about making printing presses run faster. What he talked about was my responsibility in helping to preserve our democracy, by making certain that all Americans have access to information about the work of their Government.

And so, in the past 2 years—and I've been there a little over 2 years—what we've been looking at is what are the true core requirements of the GPO, not just today, but what are those requirements going to be into the future. And we've done this by talking

with all of the groups involved with the GPO, from Congress to librarians to printers, to our customers in the executive branch, to get a feeling from them about how their requirements are changing and what they're going to need in the future.

And we also talked with universities to see what they were working on in their research laboratories, we talked with our sister agencies that are involved with information, like the Library of Congress, and the Archives of the United States. We visited with the major technology companies to see what they're working on in the future, and from all of this a pattern emerged. And we took last year to come together, and I took about 200 people at GPO working in small groups on the development of a strategic vision for the agency, published that vision in December of last year, and as I say to our folks, this is not the final blueprint, this is the music, and it's up to them to now fill in the words, but now we've got everybody on the same page and I'm pleased to say that we've gotten wide acceptance of the strategic plan, or our strategic vision, from the various groups, again, that we do business with.

The next thing that we've looked at doing here is to try to decide where the funds are going to come from that are going to be required to transform the GPO from an analog, print-centric organization to a digital information organization, which is what's needed in the future. And there will be, literally, hundreds of millions of dollars involved in the cost of doing this, and so we've looked at this and thought about this as if it was business—how would we look at it? Well, we would have two choices—perhaps more than two—but we'd have two distinct choices.

One is to turn to the capital markets to raise the money, and the other would be doing this from internally generated funds. And, in the case of a Government agency, of course, Congress is the capital market, we'd have to come to Congress for the funds that are necessary to make the investment, and continue to refresh the investment, and it's been very clear to me in the year, year and a half that I've looked at this, that Congress has priorities that are probably higher than the GPO, and let me just put it that way, and so I just don't think it's realistic to come to you and ask you for hundreds of millions of dollars.

Instead we've looked at this and tried to determine how we could do this using our own assets, and I think we've come up with a very ingenious plan. It revolves around the facilities that we have on North Capitol Street, which are historic, they go back to the 1860's. We've acquired in that period of time about 80 parcels of land that we've accumulated and built four buildings altogether on that land. However, those buildings are now obsolete for the purpose that we have today, they're totally obsolete. They're very expensive to maintain; we estimate that we're spending as much as $35 million a year to maintain these obsolete buildings that we wouldn't have to spend if we were in proper facilities, properly located, and properly equipped.

So, what we've done is, because we're five blocks from the U.S. Capitol, we realize that this land, these facilities could be very valuable to the Government in the future. So, we've looked at the possibility of doing a deal with the private development community wherein we would lease the land in exchange for payment coming

from them. The payment, in turn, would be used to build and equip a new facility, and it also would be a continuing cash stream to us to be able to refresh our technology without having to make a burden on taxpayers.

We've been at this for some time. We've engaged one of the preeminent real estate advisory firms in the country to help us with this, and we've been consulting with Members and staffs in both the Senate and the House, and I think we are coming right down the road. I hope to be able to institute that this year. It is the single-most important thing in front of us.

The second thing that we're doing that is absolutely critical to the future of Government information is the development of what we're calling the "Future Digital System," sometimes it's referred to as the "Digital Content Management System". It is a single system that is based on what's going to be required to ingest Government documents that are created in digital form, and to manage that information through a life cycle, and the life cycle in the case of the United States of America is in perpetuity. And in trying to get our minds around what that is, we realize that's a long time. And I guess you, philosophically, can argue whether it's forever or not, but in perpetuity's a long time.

We've had that charge since 1813, of making certain that the documents created by the United States Government are not only available to the public, but that we keep them for future generations. So, we're developing a large system. Again, we're looking how to do this with internally generated funds. I realize I can't just come to you and ask you to again put tens of millions of dollars into this, and we think we have a way of doing this and will be coming back to you in the next week or two to talk about it. And that is, that we have a revolving fund, and as the appropriations come each year—the two major appropriations we get, one is for congressional printing and binding, the other is for dissemination through the Federal depository library program and through the Internet—we have accumulated some surpluses from past years. I say they became surpluses only because we've become more efficient. That money was set aside to do work in the future, going back and taking care of documents that were created by Congress and agencies that would only be printed in future years, and we've just gotten more efficient. And so, we see an opportunity to use those funds to support the building of a future digital system. And, again, I think it's an ingenious way of using that money, it's a terrific investment. And so we'll be coming back to you, Mr. Chairman, to talk about that in the next week or 2.

PREPARED STATEMENT

So, those are the major issues that we have here, I think that we have proven that we can get our arms around this large agency and sort of tame it, and bring it under control. We introduced, as you pointed out, a number of practices in the agency that now allow us to be able to predict what will happen, and measure what we do, and make adjustments as necessary to be prudent managers of the enterprise.

Mr. Chairman, those are my opening remarks, and I will be pleased to answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF BRUCE R. JAMES

Mr. Chairman and Members of the Subcommittee Legislative Branch Appropriations: It is an honor to be here today to present the appropriations request of the U.S. Government Printing Office (GPO) for fiscal year 2006.

2004 RESULTS

I'm pleased to report that the GPO made significant progress during fiscal year 2004—the first full year of our efforts to transform this venerable agency from a 19th century printing factory into a 21st century digital information factory.

We restored the GPO's finances to a positive basis for the first time in 5 years, broadened the application of best practices throughout our operations, prepared for the release of new product and service options, and set in motion our plan to relocate to a modern facility. With the release of our *Strategic Vision for the 21st Century* in December, we set the GPO on a new course for the future.

Underscoring our progress are the results of the GAO's widely anticipated study of Federal printing and information dissemination activities, *Government Printing Office: Actions to Strengthen and Sustain GPO's Transformation*, which was requested originally by this committee in 2002 and released in June, 2004. The study validates our efforts to redirect the GPO's focus toward information dissemination in the digital era.

We generated consolidated net income in 2004 for the first time since fiscal year 1999, reversing a trend that had depleted our financial reserves and jeopardized our ability to finance needed technological modernization. We also recorded a significant positive adjustment to our long-term worker's compensation liability under FECA, which further strengthened our finances.

We implemented plans to achieve savings and improve service provision by outsourcing financial and IT support operations. We closed our final ailing regional printing plant. A second retirement incentive program, authorized by the Joint Committee on Printing, resulted in an additional workforce reduction of 250 positions, yielding a cumulative workforce reduction of approximately 550 positions, or nearly 20 percent, since January 2003.

We established an office to devise new product and service options for Congress and Federal agencies. Security documents are gaining increased attention throughout the Government—from biometric passports to requirements for new security document standards contained in the Intelligence Reform and Terrorism Prevention Act of 2004—and we view this as a major new opportunity for the application of the GPO's expert capabilities. We began reviewing options for developing GPO facilities outside of Washington, DC, to enhance security and continuity of operations.

During 2004 we began planning for the development of a Digital Content Management System that will allow us to obtain, preserve, and provide access to information produced by all three branches of Government, and to material currently in the custody of the GPO and Federal depository libraries nationwide. The Digital Content Management System will enable the GPO's customers to electronically access the content they want and allow us to deliver it in the formats they desire.

As we reported to this Committee last year, a key to the GPO's future will be relocating from our aging, oversized quarters to modern, efficient facilities scaled and equipped to meet our needs in the 21st century. Rather than burden the taxpayers with this project, we're investigating opportunities to finance it through the redevelopment of our current structures. In September 2004, following approval from the Joint Committee on Printing, we selected an expert real estate advisory firm to help guide us in this process, which we expect to culminate by late 2007. We will seek legislative authority for this project and are working on this with our oversight committees.

Because of the relentless scope and pace of changes in information technology, the way the Government keeps America informed has been forever altered. The GPO's historic mission places us at the very epicenter of this change. We can no longer afford simply to react to change in information dissemination. Instead, we have to lead it. Late in the year we released our *Strategic Vision of the 21st Century*, which positions us to transform the GPO into a 21st century digital information service provider.

The time has come for the GPO to fully assume its responsibilities as the Government's primary resource for gathering, cataloging, producing, providing, and preserving its published information in all forms. This is the GPO's historic mission, tracing its beginning to 1813, when the antecedents of Federal Depository Library Program was first enacted. But to fully assume it, we must embrace our historic

mission using the technology of the 21st century. Relying on the creative energy of our dedicated workforce, and based on the achievements we've logged over the past two years, we're well-positioned to begin making our strategic vision of the GPO a reality.

FISCAL YEAR 2006 REQUEST

Our fiscal year 2006 request is designed to provide for the: continuation of our congressional printing and binding operations at required levels; continuation of our information dissemination services at required levels; and investment in retraining our workforce to meet the demands of technology.

Our fiscal year 2006 request is consistent with the financial goal included in our *Strategic Vision*, which is to provide the resources required to accomplish our vision using the GPO's own operations and assets as well as normal appropriations, with the exception of a onetime infusion of workforce development and training funds.

CONTINUATION OF SERVICES

For the Congressional Printing and Binding Appropriation, which covers printing and information product services for Congress, we are requesting $92.3 million. This is a modest rise over the level approved by Congress for fiscal year 2005, based on anticipated direct cost increases resulting primarily from contractual wage agreements and projected changes in congressional workload consistent with second session requirements.

For the Salaries and Expenses Appropriation of the Superintendent of Documents, we are requesting $33.8 million, also a modest rise over the fiscal year 2005 approved level. This appropriation provides for the distribution of Government publications in both tangible and online formats to Federal depository and international exchange libraries and other recipients authorized by law, as well as the cataloging and indexing of Government publications. Today, our online information service, GPO Access (www.gpoaccess.gov), makes available free of charge more than a quarter of a million titles from all three branches of the Federal Government, and is used by the public to retrieve more than 37 million documents every month.

Since 1996, consistent with directions from Congress, the GPO has been transitioning the Federal Depository Library Program (FDLP) to a predominately electronic basis in full cooperation and consultation with the library community. This initiative has resulted in an exponential expansion of effective public access to Government information without substantial increases in funding. At the same time, we have continued to provide public access to information in tangible formats in accordance with policy established by the Superintendent of Documents.

We value our partnership with Federal depository libraries and share their commitment to providing no-fee permanent public access to a comprehensive body of official Federal Government information, in print and electronic form. We will continue to expand electronic information offerings through the FDLP and will continue to provide for dissemination of tangible products to depository libraries in accordance with existing policy, in full consultation with the library community and our oversight committees in Congress.

INVESTMENT IN THE GPO'S FUTURE

For our revolving fund, we are requesting $5 million for transitioning the GPO's workforce from traditional manufacturing and distribution skills to the capabilities required for managing the life-cycle of Government information products. These funds will be used to define the workforce needed in the immediate future, assess the skills of current employees, identify the gaps, and then design and deliver targeted, just-in-time training to close those gaps.

Our *Strategic Vision* identifies unexpended balances of prior year appropriations that have not yet expired as a potential source of funds for investment in our signature initiative, the Digital Content Management System. This system will serve both the FDLP as well as ingest information products produced by Congress for public dissemination. Under the language of our appropriations accounts, unobligated or unexpended balances in these accounts or accounts for similar purposes for preceding fiscal years may be transferred to the GPO revolving fund for carrying out the purposes of these appropriations subject to the approval of the House and Senate Appropriations Committees. The GPO used this legislative provision once before, in 2001, with the Committees' approval. For this appropriations cycle, and with the approval of the Joint Committee on Printing, we will seek the Committees' approval to transfer currently available funds to the revolving fund where they would remain available until expended in the development of the Digital Content Management

System. This funding would also be available to liquidate any shortfalls in these appropriated accounts that may occur through fiscal year 2006.

Mr. Chairman and Members of the Appropriations Committee, thank you for all the support you have shown for our efforts to bring transformation to the GPO. This past year has been one of unparalleled accomplishment at the GPO. With your support we can continue that record of achievement. I look forward to working with you in your review and consideration of our request.

REDEVELOPMENT OF GOVERNMENT PRINTING OFFICE HEADQUARTERS

Senator ALLARD. Mr. James, you have made tremendous strides in your efforts to modernize GPO. One of the biggest obstacles you face is your current facility on North Capitol Street—4 buildings and 8.5 acres—far more than GPO needs and costing $35 million in operations and maintenance each year. What are the options you are exploring to finance a new GPO facility?

Mr. JAMES. The land that we have at North Capitol and H Streets is one of the most valuable pieces of real estate in the United States for potential development, and it's because of its location, one block from Union Station, and five blocks from the Capitol. It's clear that the District government would be opposed to tearing down the historic buildings that we have, and so we're going to have to preserve those historic buildings, however we end up doing this, but we have vacant land to go with these historic buildings, and my guess is that we'll end up with a mix of offices, retail, residential and perhaps, even, a hotel. And from our conversations with the District government, they're quite excited about this, because this fits into their general development scheme for the area quite well. This can be the lynchpin for them in really helping to develop that part of the city.

So, what we've been doing with The Staubach Company, our real estate advisory firm, is looking at what would be the highest and best use of that land, not just for us, but for the city too, what are we going to end up with? Because what we want to do is go out to developers and we want to do this on a competitive process. We'll probably go through two stages—a request for information and a request for proposal. But I don't want to go out blind. I want to go out knowing what to expect back, so I have an ability to evaluate what we're hearing.

Now, we've also been working with two other organizations that have more real estate experience than we do, and that's the General Services Administration, and the Architect of the Capitol, both of whom have been very generous in sharing their people with us as we set this process up. So, at the end of the day, we would expect, through a competitive process, to get the highest and best use of the property, and do it on a basis where we, the Government, retain the ownership, at least of the contiguous parcels on the west side of North Capitol, and at some period in the future it reverts back to the Government, so that we have a second bite at the apple.

Senator ALLARD. According to your strategic plan, GPO "expects the terms of any redevelopment to be settled by mid-2005." Are you on schedule?

Mr. JAMES. Yes, sir. We are. We have been working diligently in the last year on this, the final presentation from Staubach is due to be made to me next Monday, we have identified the issues that

we need to work with Congress on, we've had preliminary discussions with Congress on this, and we'll be back in the next week or 2 asking permission to move forward.

Senator ALLARD. Is legislation required to implement your plan?

Mr. JAMES. Mr. Chairman, we've looked very carefully at this, and under the law, I can probably do quite a bit on my own, obviously we wouldn't move without the concurrence of Congress, but it looks like we are going to need legislation in terms of the ability to keep the proceeds in redevelopment, but if we don't have that it looks to us like the proceeds would go back to the General Treasury.

Senator ALLARD. Have you shared the plan with the appropriate committees of Congress?

Mr. JAMES. We have shared the development of that plan, we're getting ready to present the entire plan.

Senator ALLARD. When will the Congress be presented with a plan?

Mr. JAMES. Within a week or 2.

Senator ALLARD. Is your assumption that a new GPO building will be operational in fiscal year 2007 realistic?

Mr. JAMES. Well, my target is to be in a new facility—which is separate and distinct from the redevelopment of the existing facilities, they can't begin to redevelop the existing facilities until we get out—so our goal is to be out and into a new facility by December 2007. Now, I caution, that's a very aggressive schedule, but I'm used to setting aggressive schedules, and trying to get there. It is an aggressive schedule.

Senator ALLARD. Will any appropriations be required for this venture?

Mr. JAMES. Well, we've had some discussions with your staff about the future of appropriations, because we realize this isn't just a 1-year deal here, and the economics look to us like, quite frankly, we will be able to reduce our appropriations requests in the future, not ask for more money, and the reason I say that is, so much of what you appropriate to use, particularly for congressional printing and binding, encompasses the overhead that we have for maintaining this ancient facility. And when that overhead is reduced, we should be able to produce each page of a document for less money, therefore reducing, overall, the costs to the Government.

FUTURE COST SAVINGS

Senator ALLARD. GPO's budget justification indicates that once you have a new plant and equipment, you expect to be able to reduce the congressional printing and binding appropriation by 30 percent. What is the basis of this projection?

Mr. JAMES. We estimate that we will be able, on the congressional printing and binding portion of the appropriation, we think by 2009, our request will be about 30 percent less than it would be if we maintained ourselves in the same building.

Senator ALLARD. Where will the savings come from?

Mr. JAMES. You know, I could probably best answer that question by taking you for a 10 minute walk through our facility. It was designed and built in the late 19th century and early 20th century, and we're maintaining nearly 100 elevators that are in some cases

100 years old. We're maintaining an ancient facility that, at one time, housed 8,500 people, and today we have less than 2,500 people in the facility. As we embrace technology, and do things more efficiently, we need fewer people. So, just by reducing those costs, we will save about $35 million a year, just from that alone.

SCHEDULE FOR NEW BUILDING

Senator ALLARD. Is your assumption that a new GPO building will be operational in 2007 realistic?

Mr. JAMES. Mr. Chairman, I'm a novice at this, I've only been in Washington for 2 years, and of course, everybody tells me how slowly things move, and I realize that I don't have the same control on the project that I would if this were in the private sector, but I see no obstacles at this point that would keep us from meeting that aggressive schedule. There may be something that comes up, certainly Congress could slow us down and there would be other things that could slow us down, too, but I think this is a doable schedule, and I think it's realistic. It's very important that we have dates like that in mind for my planners, the folks that are planning what the new operation will look like, because as you might imagine, when we move to a new facility, this will be the start of a new culture. We will move from being print-centric with large—what I call, heavy metal—printing presses, and instead we'll move into digital production lines that are very efficient.

I had a conversation the other day with the Clerk of the House about this, about the Congressional Record. I was talking to Mr. Trandahl about it, and I said, "For instance, we no longer would have to think about giving each Member a complete Record each day. We could, instead, do a customized Record based on what their interests are, what their committees are, and just custom-make exactly what they need, because the entire Record's on the Internet, you can look it up on GPO Access or Thomas, so instead, we could save paper, we could save time, we could save energy, and make it much more efficient." So, we're looking at building a platform that will be far more flexible for our customers in the future.

DIGITAL CONTENT MANAGEMENT SYSTEM

Senator ALLARD. According to your statement, GPO will be seeking congressional approval this year to reprogram $20 million from previously appropriated funds to develop a new integrated digital content management system. Could you explain what this is and why it is necessary?

Mr. JAMES. Well, it's necessary because technology has changed. Twelve years ago, the Government didn't have any documents on the Internet. Last month, we estimate that 50 percent of all Government documents were born digital, to never be printed by the Government. This doesn't relieve the Government of the responsibility of having that information available to citizens, and our web portal, GPO Access, is the Government's principle point for citizens to enter and look at the documents of Government. We have about 256,000 documents available for citizens on GPO Access, we have about 1 million downloads a day of Government documents. This didn't exist 10 years ago. So, we need to have a system that's robust enough to handle that—and if I may add, if I may just extend

that remark slightly—there are profound changes coming down the road.

The Internet that we have today is nothing like what the Internet 5 years from now is going to look like. The Internet 5 years from now will be running at 20,000 times the speed of today's Internet. The way the Government gathers information and the way we present information is going to change. We're going to make far heavier use of video and audio, and what we need to do is prepare the way, so that when you're ready to introduce new ways of doing things, we have the support mechanism in place.

LEASE OF CURRENT FACILITY

Senator ALLARD. If you're planning to lease the current facility, are you counting on whoever leases it to maintain the buildings, or will GPO need to do that, and is GPO going to have a surplus out of this lease arrangement in order to pay for the other building?

Mr. JAMES. We won't be doing the maintenance, Mr. Chairman. The developer that we pick together will be doing this.

Senator ALLARD. And the Government will continue to own those buildings?

Mr. JAMES. Yes, sir.

Senator ALLARD. And the land, too?

Mr. JAMES. Yes, sir.

Senator ALLARD. And, have you got some figures on what it's going to cost to maintain and operate the lease site?

Mr. JAMES. We're not going to know that until we go out for proposals from developers. And again, this is not our money, this is not taxpayer's money that we're putting into this development project. This will be capital the developer raises and brings to the project. The developer's the one who will be responsible for building anything, changing anything, with his own funds, and for paying the cost of maintaining it, paying the costs of leasing it, collecting the rents, doing all the things that would normally be done. We simply sit there with a lease that is guaranteed, of course, by the fact that we own the land, and the buildings, we own those, so that's our guarantee, and we will get then, each year, or each month or however the arrangement is made, we will get a sum of money paid to us.

Senator ALLARD. You had a number of developers who were interested in this project, is that right?

Mr. JAMES. I believe we have gone through the steps of making certain that the world's premier developers are aware of this. We believe that we will have great interest in this project, from the best developers in the world.

Senator ALLARD. At this point in time, how would you characterize the interest in this venture? High, medium or low?

Mr. JAMES. Very high.

DIGITIZATION EFFORT

Senator ALLARD. Okay. One of the efforts you had was to digitize and authenticate all known Federal documents. How far along are you in that goal?

Mr. JAMES. Today any document that is possible to digitize, we're digitizing, every new document coming along, and we've been doing

that for some time. But, of course, we have a lot of documents that have been issued over the years, going back to 1789 and even before that that are considered Federal documents, that are available only in paper, and therefore they're in just a few locations around the country. Scholars have access to those documents but the general public doesn't have access to that information. And so we think to have a truly usable database of Federal information, that it's going to be important to go back and digitize those documents, to find them and digitize them. The good news is that we already own those documents, we the Government own those documents, and they're maintained at Federal depository libraries in partnership with the Government. Fifty-three of those libraries, called regional depositories, have very extensive collections, and we've talked with several of them that would be interested in participating with us in this project in furnishing those documents back to us.

We are looking right now at building a new business unit at the GPO that we'll call the digital media group, and we're setting the standards, we're getting our arms around that project right now. And this is going to become a very important part of retraining our workforce. We have a lot of people with skills in platemaking, printing, and binding that won't be needed in the future. Instead, it will be people with digital skills, and so what we'll be doing is transforming those jobs from the old world into the new world as we establish the digital media group.

We've talked with our customers, and we have roughly 500 agencies in the Government who are our customers, many of whom have requirements to digitize documents. We've discussed with them the possibility of building this enterprise of digitizing Federal documents in the depository library system, and also offering services to other Government agencies, and we've received a lot of interest in that.

Senator ALLARD. Are you far enough along to have an idea as to how long it will take to do this and what the cost might be?

Mr. JAMES. If we do this smartly, there isn't going to be any additional burden of cost, and I say that because we're taking people that are already on our payroll that we're already paying, and we're going to move them from the job they're doing today into this new area. So, it's not going to be additional cost. My goal is to have 70 percent of all the retrospective documents into a digital system by the end of 2007. We think that's a realistic and practical goal.

TRANSITIONING THE WORKFORCE

Senator ALLARD. Okay, now along with this transition that you're talking about, going into the digital age, you've requested in your budget $5 million that has been defined as "transitioning the GPO workforce." What will be the impact if we're unable to provide this appropriation?

Mr. JAMES. Well, it would probably cost the jobs of 400 or 500 Government workers, and we'd probably get back to you, talking about the fact that we're going to have to terminate those workers, because they wouldn't have the skills that we need for the new world. We think this $5 million is a really modest investment in taking people who have proven their ability to be good employees,

and who have been dedicated and loyal to the Government, many of them for more than 30 years, and give them the benefit of acquiring new skills, and this is the right thing to do.

SMART PASSPORT

Senator ALLARD. Let me move over to your working with the State Department on what's been referred to as a "Smart Passport." What's the status of that effort, and what impact will this activity have on GPO's future?

Mr. JAMES. As we've looked at the future, it's very clear, Mr. Chairman, that security and intelligent documents are going to become more and more important to the GPO. It's going to comprise a significant portion of our business 5 years down the road. The start of it is the putting of an electronic chip and antenna into the new U.S. passport.

We've been at work on this project with our customer, the State Department, for nearly 1½ years. We've been looking at the various possibilities, how we're going to do this, how this chip is going to be included in the passport. We manufactured the very first electronic passport about 3 months ago as a test, and my understanding is that the State Department is going to be rolling out the electronic passport, which we produce, later this summer in an official version—the version that you would carry or diplomats would carry—to test it. We know what happens with a traditional passport when it goes through a washing machine, we know what happens to the old passports. What we don't know is what happens with the new electronic passport if you leave it in the trunk of your car. So, we'd like to get some information, the State Department would, before they begin to issue those to general citizens, but they expect that early next calendar year they'll be rolling out those passports.

FEDERAL DEPOSITORY LIBRARIES

Senator ALLARD. On the Federal depository library system, is the depository library community satisfied with your approach, going to the electronic dissemination of information?

Mr. JAMES. Well, there are thousands of people involved in the Federal depository library community. As my opening remarks indicated, we have experienced a very disruptive technology. It's not only disrupted our lives and your lives, but it certainly is having a profound effect on libraries. I think we have general concurrence throughout the community of the importance of building the digital database of all U.S. Government documents from the beginning of time until now, and keeping that current. We're 100 percent on the same page.

Our instructions from the Appropriations Committees over the years have been to transform the depository library system from a paper system to an electronic delivery system. And we've been doing that and today, most of the documents we deliver are in electronic form, we no longer print them.

But there's certainly documents left that we are printing, and there are certain communities within the Federal depository library system that still have a need for paper documents, and we're going to have to find a way to continue to provide those paper docu-

ments as long as they need them. And every day we work on this issue with the depository libraries.

GOVERNMENT PRINTING OFFICE FIELD OFFICES

Senator ALLARD. GPO has 20 field offices for print procurement. What is the status of any effort to realign any of those offices?

Mr. JAMES. Mr. Chairman, they are more than just offices that purchase printing. As I'm sure you know, the GPO doesn't print only in our own plant. Most of the Government's requirements are placed into private sector. Last year we sent work to 2,568 printers around the country. We buy printing very efficiently. Now our regional offices help us in buying printing efficiently, and in making certain that printing is widely distributed throughout the United States.

However, they also work with our customers, our customers being the agencies of Government, and there are very few people who run programs in other Government agencies that have skills and knowledge about information, how it's created, how it's processed, and how it's used. Today, of course, it's always digital as well as printing, so our people have those skills, and we work with our agency customers in helping them to accomplish their mission.

Now, whether or not we need 20 offices is the question, and we are continuing to examine that and look at whether there is a more efficient way of providing a high level of service to our customers.

INTERNAL CONTROLS

Senator ALLARD. One final question, the Inspector General has suggested that perhaps there needed to be improvement in the contracting processes, particularly on your internal controls. His concern was it would help prevent the potential for waste, fraud and abuse. What steps are you taking to meet those concerns?

Mr. JAMES. I could not agree more with them. We did not have, when I arrived, the proper methods, the proper techniques, the proper technology to efficiently and effectively manage this contracting. And we've taken very aggressive steps to make the investments necessary to get this under control, and I can report to you that I completely agree with the Inspector General, and we are moving on this as promptly as we possibly can.

Senator ALLARD. That's all the questions I have, Mr. James, and we need to move forward because I think we've got a vote scheduled for 11:30.

ADDITIONAL COMMITTEE QUESTIONS

There will perhaps be some other questions from the subcommittee and I think perhaps Senator Durbin might have some questions from that side of the aisle, and I ask that you could respond promptly when you get those questions. Is 10 days a reasonable time period?

Mr. JAMES. Absolutely.

Senator ALLARD. We thank you for your testimony, and then we'll move on to the next panel. Thank you, Mr. James.

Mr. JAMES. Thank you, Mr. Chairman.

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

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question.. Mr. James, what changes does GPO plan on making with regard to the production of U. S. passports?

Answer. In cooperation with the State Department and other Federal agencies, a major effort is underway at the GPO that will lead to the introduction of an electronic passport in 2005.

The new electronic passport will enhance the security of millions of Americans traveling around the world and facilitate the movement of travelers at ports of entry. The electronic passport will contain an embedded computer chip that complies with the recommendations of the International Civil Aviation Organization (ICAO) and will be consistent with the provisions of the Enhanced Border Security and Visa Entry Reform Act of 2002. The electronic passport is a significant step forward in the utilization of advanced information technology to meet the requirements of one of our most important customers, the State Department.

The development and production of the electronic passport will be a three-phase project:

—The GPO will produce test passports using chip solutions provided by commercial vendors that manufacture this technology. The National Institute of Standards and Technology will then test the electronic passports for their ability to meet durability, security, and electronic requirements.

—Once testing results are completed and the final vendor(s) selected, the State Department will conduct an operational field test, and then begin issuing electronic passports to Federal employees. The current timeline for these activities is in the summer and fall of 2005.

—The first electronic passports are currently expected to be issued to the general public later this year, with full deployment at all Department of State passport agencies in 2006.

Question. Where are you considering locating your GPO continuity of operations facilities outside of the Washington, DC, area?

Answer. As provided for in the GPO's *Strategic Vision for the 21st Century*, submitted to Congress in December 2004, we are reviewing options to establish an ancillary facility outside of Washington, DC, for the production of U.S. passports and other security and intelligent documents. In view of the events of September 11, 2001, and the subsequent anthrax and ricin attacks on U.S. Capitol buildings, we believe it is essential that a geographically separate facility be established to produce these essential products in the event that current capabilities at the GPO become unavailable.

We are currently discussing location options and capabilities with officials of the State Department. Optimally, this facility would be located at the Nevada Test Site, which can provide a maximum level of security for these important documents. However, we are prepared to work with the State Department and our oversight committees to fully review the cost and benefits of alternative location options.

Question. You have conducted two buyouts since 2003, both of which substantially reduced your workforce. Do you have the staffing to ensure that GPO is able to carry out its mission successfully?

Answer. The buyouts we conducted in 2003 and 2004, with the approval of the Joint Committee on Printing as required by our retirement incentive legislation, reduced our workforce by approximately 550 positions, or 20 percent, yielding annual savings of about $38 million. The buyouts were conducted at a time when nearly half of GPO's workforce was retirement-eligible. Also, many of the positions that were reduced came from our publication sales program area, which was unable to continue supporting a personnel infrastructure of its previous size. With reorganization of our functions, over the past year we were able to meet our mission requirements while continuing to carry out transformation activities to prepare GPO to meet the requirements of the 21st century. We are closely monitoring our mission performance and taking all necessary actions to manage customer expectations from Congress, Federal agencies, and the public.

Question. Your *Strategic Vision* document outlines a new organization for the GPO. Can you please explain it for us?

Answer. To better address the many challenges and opportunities posed by the 21st century publishing environment, GPO will reconfigure its organizational structure around six business lines. These new Business Units will be phased in over the next two years in the following order:

—*Security and Intelligent Documents*.—This line of business will work with Federal agencies to assist in the safe and secure design, production, and distribution of security and intelligent documents, many of which will incorporate electronic and other fraud and counterfeit protection features.

—*Digital Media Services*.—This unit will develop and maintain the resources necessary to provide services to Federal agencies and the Federal Depository Library Program (FDLP), to allow them to both add content to GPO's Digital Content Management System, and to withdraw or receive content to produce specific products and services. It will also house GPO's creative capabilities for customers.

—*Customer Services*.—This is an existing GPO business unit that will be organized around its customers, with a team of GPO employees assigned to each principal agency customer. Each team will have a manager whose responsibility it is to become an authority on the mission of their customer agency and will be supported by a national account manager whose responsibility it is to develop new business from the agency and to visit the agency's principal locations on a regular basis to consult with program managers.

—*Library Services and Content Management*.—This unit will continue to manage the FDLP under the direction of Congress to ensure equitable, secure, convenient, and permanent public access to Government information in tangible and digital forms. It will oversee the development of processes and standards to ensure the timely inclusion of all past, present and future Government publications, whether born digital or created through digitization of print material, into the GPO Digital Content Management System to create a complete FDLP digital information collection that can be authenticated and preserved for future generations.

—*Publication and Information Sales Program*.—This unit will develop a capability to fulfill customer orders through other booksellers. GPO will continue to provide subscription services for Government periodical publications that can be fulfilled directly from the printer or its mail house, and that are economically viable. Back copies will be provided by a contract vendor employing on-demand printing technology to back a modest inventory. It will also focus on developing unique collections of digital information, which will be "pushed" over the Internet to primarily business customers on a subscription basis.

—*Official Journals of Government*.—This business line will continue to meet congressional and agency needs for these types of traditional products while at the same time ensuring the proper coordination of their digital versions with other GPO business operations and meeting GPO's electronic information dissemination mandate.

Question. Tell us what you see as the future of the Federal Depository Library Program.

Answer. As stated in our *Strategic Vision*, it is clear that all future Government information, including text and graphics, still and moving images, and sound, will either be born digital or transformed into digital structure for manipulation, storage and delivery to end users. It is the convergence of text, still and moving images, and sound, into a single electronic content database that will revolutionize future communications.

The Federal Depository Library Program (FDLP) will determine the content of GPO's new Digital Content System, set standards for Federal documents, authenticate documents, catalog and manage the content, and determine the standards for preservation of the content for future generations. This will be done in context with the development of our proposed the Digital Content Management System.

The FDLP will also set the standards for digitizing retrospective tangible documents, acquire both the tangible documents and digitizing services and provide quality assurance for the content. The goal is to digitize all retrospective documents that can be authenticated back to the Federalist Papers. We expect to complete 70 percent of this task by December 2007.

Our proposed Digital Content Management System is under development by GPO's Office of Innovation and New Technology, in collaboration with other business units, and is scheduled for full implementation by December 2007. The hardware and software associated with the system will be managed by GPO's Office of Information Technology and Systems.

Question. What actions have you taken in fiscal year 2005 to provide incentives for depository libraries to remain in the Federal Depository Library Program?

Answer. GPO has been in continuous communication with the depository library community about the incentives to remain in the FDLP. Many of the incentives suggested by the community have been documented in a report available at http://

www.access.gpo.gov/su__docs/fdlp/pubs/proceedings/incentives__progress__oct2004.pdf. A number of these suggestions have been or are being implemented:

—GPO is launching the first phase of its new integrated library system (ILS) later this month. This system allows GPO to share cataloging information about Government publications with all members of the depository library program and reduces the need for individual libraries to invest local resources to create cataloging information or pay fees to obtain this information from others. The ILS will also allow the GPO to deliver customized information to each of the member libraries based on their individual library profile and generate electronic shipping lists and other useful reports that the libraries have requested.

—GPO plans to expand its ability to connect citizens who are searching the Internet for Government documents to depository libraries who hold the documents by using the OCLC world catalog of electronic library records, called WorldCat. Currently, this access is available through the GPO Access web site at http://www.gpoaccess.gov/libraries.html and access is based on the current depository library item selections.

—The GPO staff responsible for FDLP planning recently completed research and prepared a white paper on the special needs and concerns of public libraries as members of the FDLP. This paper, which will be issued later this summer, was prepared in response to concerns voiced in a breakout session for public libraries during the recent Federal Depository Library Council Meeting in Albuquerque, NM. The study helps GPO to understand the issues public libraries currently face, so it can better meet the needs of these FDLP partners. GPO will work through regional depository libraries to develop strategies to support public libraries that participate in the FDLP.

—Federal agencies are producing over 90 percent of their new publications in electronic format. Many of these publications are posted on agency web sites and never sent to GPO, or elsewhere, for printing. The depository community has asked GPO to takes steps to ensure that this born digital content is captured as part of the FDLP. Harvesting such electronic documents is part of our proposed Digital Content Management System. Additional information about the Digital Content Management System can be found at http://www.gpo.gov/projects/fdsys.htm.

—In accordance with our *Strategic Vision*, and with the approval of the Joint Committee on Printing, our new Library Services and Content Management business unit will support the Federal depository library community in its efforts to create a reasonable number of comprehensive collections of tangible Government publications in view of changing library resources and technology. GPO will also develop two complete collections, as last resorts, that will store both tangible and digital versions of all publications.

—GPO is developing an electronic depository library manual in a collaborative effort with volunteers from the depository library community http://www.access.gpo.gov/su__docs/fdlp/pubs/im__volunteer__reg.html. This manual consolidates and updates existing policies and allows for best practices and lessons learned to be shared across the FDLP. It is intended to simplify and clarify the instructions, policies and procedures to make it easier to administer the FDLP.

—At the 2005 Spring Federal Depository Library Council meeting, GPO offered training to support new and experienced depository librarians in learning more about the FDLP. Specifically designed to respond to community requests, GPO offered educational sessions aimed to introduce novice depository librarians to the FDLP. In response to requests from the attendees at these sessions, the educational programs will be repeated at the 2005 Fall Federal Depository Library Conference to ensure this basic training is made widely available to the community.

—Beginning with the 2003 Spring Federal Depository Library Council meeting, GPO has hosted a series of breakout sessions for the segments of the FDLP community. The breakout sessions are organized by the type of library to make sure that the unique concerns of each type and size of library are identified. These listening sessions are informal gatherings that allow community members to raise concerns and issues confronting their community and library. FDLP members can communicate directly with GPO staff about their particular concerns. A number of GPO staff attend each session and compile lists of community concerns so GPO can develop policies and strategies which present viable solutions to these problems.

—Beginning in February 1, 2005, GPO added information to the records in OCLC's world catalog of library documents, known as WorldCat. The goal of the project is to allow Government documents in 30 regional depository libraries to

be more easily found by citizens. GPO created an automated loading process for OCLC to improve the visibility of documents that may be found in depository libraries. This service will enable citizens to more easily locate Government documents and increase the circulation and interlibrary loans of Government publications. It was discussed in the February 15, 2005 issue of GPO's Federal Depository Library Program newsletter, "Administrative Notes", at http://www.access.gpo.gov/su_docs/fdlp/pubs/adnotes/ad02_031505.html#8.

—In 2004, GPO established a special web site called "Resources for Federal Depository Library Directors". Because many directors have unique challenges balancing local needs and national responsibilities as depositories, a web site that offers consolidated depository resources was viewed as beneficial to that specific part of the community. The web site home page is linked from the FDLP Desktop, specifically at http://www.access.gpo.gov/su_docs/fdlp/directors/index.html.

—GPO recognizes the contributions individual libraries make to the FDLP by the annual awarding of the Federal Depository Library of the Year. The award, made by the Public Printer, provides special recognition for a depository library that furthers the goals of the FDLP by ensuring that the American public has free access to its Government's information. Criteria for the award includes outstanding public services, such as significant promotion of the Government documents and services in the library and in the community, substantial cooperative efforts with other depository and non-depository libraries to share knowledge and Government information resources with a larger community, access to a well-defined collection of depository tangible and electronic resources to meet the needs of the library's service area; and exceptional care and preservation of the depository collection. Nominations for the 2005 Federal Depository Library of the Year Award can be submitted at http://www.access.gpo.gov/su_docs/fdlp/fdlofyear/application05.html. Nominations for the award are solicited every summer and the award is presented at the Fall Conference by the Public Printer. The Representatives and Senators who represent the state and district from which the winning library is located are invited to attend the awards ceremony to also recognize the depository.

—GPO promotes the FDLP and individual libraries in other ways. GPO creates mass marketing literature, CD–ROM's, bookmarks, logos, graphics, posters, and print/radio public service announcements about libraries in the FDLP are received by public radio and newspapers in their local communities. On a daily basis, the support staff at GPO create educational and promotional materials for the FDLP to enhance the visibility of the depository library community and the services they provide.

Question. Can you update the subcommittee on your efforts to relocate the GPO?

Answer. Since arriving at the GPO a little more than two years ago, I have made the future of the GPO's buildings and productive assets my highest priority. In view of my longstanding experience in the printing and publishing industries, as well as my discussions about the matter with officials from the Office of Management and Budget, the General Services Administration, and the Office of the Architect of the Capitol, it is clear to me that the GPO's current structures are too large, too antiquated, and too inefficient to serve our needs or those of our customers in Congress, Federal agencies, and the public.

Other Public Printers over the past half-century reached similar conclusions and tried without success to obtain right-sized, modern facilities. Over the past generation, as the GPO's workforce has declined from a high of nearly 8,500 to about 2,400 today and new technology has become available, the problems posed by our current structures have only grown more acute. Our buildings now present an economic and functional impediment to our future, especially as we move to transform this venerable agency into a digital processing facility for the 21st century.

Our central office complex comprises approximately 1.5 million square feet of office and industrial space distributed among four multistory buildings constructed between 65 and 100 years ago. Other than infrequent direct appropriations for large scale building projects, the operating, maintenance, and repair (OMR) costs of our facilities must be recovered through the prices we charge Congress, Federal agencies, and the public for the printing and information dissemination work we are required to perform.

Because of the age and inefficiency of our buildings, the OMR component of our prices has become enormously burdensome, today totaling approximately $35 million annually, or about 12 percent of our costs, without taking into account any capital expenditures for new equipment or for the upgrading or replacement of our buildings or their systems. These costs will only increase if we stay here. Over the next 5 to 10 years, we estimate that the GPO will need to spend between $275 million and $350 million to maintain, repair, and secure our current facilities. These

are costs that can and should be avoided. Spending at this rate will drain our reserves of funds needed for essential investment in information technologies and drive the GPO into functional obsolescence in the not-too-distant future. I truly believe that our historic mission to provide for the information needs of Congress, Federal agencies, and the American people is much too important to have our future sacrificed to the upkeep of facilities that are no longer suited to our needs.

As a solution, we propose the adoption of an innovative public-private partnership approach under which we would relocate to a modern, in-line facility in the Washington, DC, area that would be equipped with technologies appropriate to our current and future mission. Instead of taxpayer-supported appropriations, we propose to use the value of the GPO's current real estate assets to underwrite this project. Under our proposal, we would leverage the aggregate net present values of the reduced OMR costs available in a new facility, currently estimated at approximately $148 million, and the redevelopment value of the GPO's current real estate holdings, currently estimated at approximately $236 million, through lease or other arrangements with one or more private developers. As a result, this approach will have direct impacts that will satisfy the requirements of our *Strategic Vision for the 21st Century*:

—The proceeds from the transactions will be sufficient to pay all costs associated with the new structure and equipment and moving expenses;

—The new operating environment will permit us to avoid having to incur OMR costs at the currently wasteful rate, resulting in a savings stream over each year of our occupancy of our new building that will directly lower our future requests from Congress for the Congressional Printing and Binding Appropriation and the Salaries and Expenses Appropriation of the Superintendent of Documents; and

—A sufficient cash flow will be generated by the lease (or similar) arrangement on our existing site to meet capital requirements for investment in and replenishment of evolving information technologies to support the needs of congressional and agency customers as well as the information dissemination programs covered by the Superintendent of Documents' Salaries and Expenses Appropriation.

On May 24, 2005, I transmitted a plan to the GPO's oversight committees on how these goals can be attained. It was developed by The Staubach Company, one of the foremost real estate advisory firms in the Nation, selected competitively for this purpose by the GPO with the participation and assistance of the General Services Administration and the Office of the Architect of the Capitol, and working under a contract approved by the Joint Committee on Printing in September 2004. At its core, the plan relies on making a strategic, innovative use of the "lazy asset" that the GPO's current structures have become to underwrite our relocation and reduce the future costs of our products and services.

The plan supplements draft legislative language that would authorize us to carry out our relocation/redevelopment partnerships, which has been supplied to the Senate Rules and Administration Committee and the House Administration Committee for review. We are preparing to provide our oversight committees with briefings on the Staubach plan as well as any additional information they need in their consideration of our draft legislative language.

Question. Are you consulting closely with the all members of the depository library community about the new directions for the GPO?

Answer. GPO has been in continuous communication and consultation with the depository library community about our *Strategic Vision*, important planning documents, and various policy statements in numerous ways:

—Regular meetings with the Depository Library Council and a significant population of the FDLP librarians at the Federal Depository Conference/Fall Council Meeting and Spring Council Meeting.

—Hosting biweekly conference and telephone calls and maintaining routine e-mail communication with the Depository Library Council members throughout the year.

—Routinely posting important announcements and issue updates to FDLP–L, GPO's broadcast email announcement service http://www.access.gpo.gov/su_docs/fdlp/tools/fdlplist.html.

—Routinely posting proposed policy changes and planning documents to the GPO web sites in order to gather public comments. Postings are typically made to the FDLP Desktop in such places as News and Updates http://www.access.gpo.gov/su_docs/fdlp/. Comments are always solicited through FDLP–L and other discussion lists.

—Monitoring and responding to postings on the Government documents discussion list and other related Government information discussion lists.

—Regularly briefing and soliciting input at major professional library conferences (American Library Association, Special Libraries Association, American Association of Law Libraries, Association of College and Research Libraries, various state library association meetings).

—Regularly briefing and collaborating at special events and on special projects (Federal CIO Council working groups, Library of Congress, Federal Library and Information Center, and the Center for Networked Information).

Question. Does your Salaries and Expenses request for fiscal year 2006 ensure that important Government materials will continue to be distributed in print, as determined by the depository library community?

Answer. At the level we have requested, and in combination with adjustments we are currently making to spending under this account, our fiscal year 2006 Salaries and Expenses Appropriation submission will cover the distribution of tangible products required by the depository library community.

Question. It is my understanding that GPO is facing a shortfall in fiscal year 2005 in the Salaries and Expenses account. What is the magnitude of the shortfall and when did GPO first become aware of the shortfall? What has GPO done to date to mitigate this shortfall?

Answer. Earlier this year, following consultation with our oversight committees, the Superintendent of Documents issued a statement pledging to continue the distribution of tangible products to Federal depository libraries consistent with the needs of the depository library community. Accordingly, we are making necessary adjustments to spending under the Salaries and Expenses Appropriation to cover the anticipated volume of tangible product distribution work, which at this point in time is projected to require an estimated $2.6 million more than was originally budgeted for this purpose. As a result of these adjustments, staffing changes, and adjustments to overhead cost allocations, we project that spending for fiscal year 2005 Salaries and Expenses requirements will be completely within the amount appropriated.

CONGRESSIONAL BUDGET OFFICE

STATEMENT OF DOUGLAS HOLTZ-EAKIN, DIRECTOR

Senator ALLARD. The next panel is the Congressional Budget office. Dr. Holtz-Eakin, it's good to see you again.

Mr. HOLTZ-EAKIN. It's good to see you, sir.

Senator ALLARD. I get to hear from you from time to time since I serve on the Budget Committee. Proceed with your testimony when you're ready.

Mr. HOLTZ-EAKIN. Mr. Chairman, the CBO's pleased to be here today and we do have a written statement which we've submitted for the record, I will be brief.

I want to begin by thanking this subcommittee for its support in the past, most recently in our fiscal year 2005 appropriation and some reprogramming we did with the 2004 funds, and going forward, we have what we believe is a fairly plain, vanilla request. As you noted at the outset, it's a request for a bit under $36 million, a rise of $1.2 million over last year, or 3.5 percent. The strategy in putting that together was to fully fund the personnel costs in the CBO budget, that's about 90 percent of our budget. They will rise, between paying benefits, a bit over 5 percent per year, and we'll hit the top line 3.5 percent rise by cutting back, most notably, in IT expenditures where things will fall by another 19 percent, and a bit in other areas as well.

We are able to do this by taking advantage of past efforts in cost-saving technologies, our budget analysis data system, moving that from a mainframe to a server platform, online application techniques, extensive use of our website for distributing documents to the public instead of printing and mailing them out. We also benefit from partnering with other congressional agencies. Our new financial management system, in partnership with the Library of Congress is in the National Finance Center for payroll, so we don't have to use the capital for facilities, so we have the ability to do this, and the bottom line, of course, is performance. And as we put in our written testimony and traditionally included in our budget submission operating plans, the CBO is providing the Congress good service for this money, and it represents a good buy, that's been true in the past, we hope to continue that in the future.

I thank you for the chance to be here today.

[The statement follows:]

PREPARED STATEMENT OF DOUGLAS HOLTZ-EAKIN

Mr. Chairman and Members of the Subcommittee, I am pleased to present the fiscal year 2006 budget request for the Congressional Budget Office (CBO).

CBO is a small legislative support agency. Its mission is to provide the Congress with timely, objective, nonpartisan analyses of the budget and the economy and to furnish the information and cost estimates required for the Congressional budget process. That mission is its single "program." Approximately 90 percent of CBO's ap-

propriation is devoted to personnel, and the remaining 10 percent, to information technology, equipment, supplies, and other small purchases.

Appreciating the need for fiscal restraint, CBO has attempted to maintain its existing level of personnel by saving money in, and through, information technology and through other measures. CBO's proposed budget for fiscal year 2006 represents slightly less than a "current services" request, in which the increases from 2005 are solely to cover estimated increases in pay, benefits, and general inflation. The request totals $35,853,000—a $1.2 million, or 3.5 percent, increase over the appropriation for fiscal year 2005 (after the 0.8 percent rescission).

The requested increase is dominated by $1.6 million for increases in staff salaries and benefits, which are estimated to grow by 5.2 percent in 2006. CBO's information technology accounts will decrease by $354,000, or 19 percent, which has been made possible by an adjustment to the replacement cycle for equipment and savings from converting the Budget Analysis Data System from a mainframe platform to 21st century technology. The remainder of CBO's nonpersonnel budget will decrease by 1.1 percent. CBO will generate savings in printing, storage, and postage costs by increasingly relying on online distribution of its publications.

With the requested funds for 2006, CBO plans to continue to support the Congress in exercising its responsibilities for the budget of the U.S. government. CBO supports the Congressional budget process by providing analyses required by law or requested by the Committees on the Budget, the Committees on Appropriations, the Senate Committee on Finance, the House Committee on Ways and Means, other committees, and individual Members. Contributing in various forms, CBO:

—Reports on the outlook for the budget and the economy to help the Congress prepare for the legislative year;
—Analyzes the likely effects of the President's budgetary proposals on federal spending and revenues;
—Estimates the costs of legislative proposals, including formal cost estimates for all bills reported by committees of the House and Senate and statements about federal mandates on states, localities, and the private sector;
—Prepares Monthly Budget Reviews, annual reviews of unauthorized appropriations and expiring authorizations, and the biannual volume Budget Options;
—Conducts policy studies of governmental activities having major economic and budgetary impacts; and
—Constructs analytic models to project short- and long-term costs and receipts of government programs.

In fiscal year 2006, CBO's request will allow the agency to build on current efforts—specifically, to do the following:

—Increase the number and reduce the preparation time of reports and in-depth analyses for the Congress. The request will support a workload of approximately 2,000 formal legislative and mandate cost estimates as well as more than 100 analytical reports, about 70 other publications and products, and a robust schedule of Congressional testimony.
—Support 235 FTEs (full-time-equivalent positions), the same number as in 2005, including an across-the-board pay adjustment of 3.1 percent for staff earning a salary of $100,000 or less. That adjustment is consistent with the ones requested by other legislative branch agencies. The budget also reflects a projected increase of 7 percent for benefits, and funds a combination of promotions and merit increases for all staff, including those whose salary exceeds $100,000 and who therefore do not receive an automatic annual increase;
—Provide for CBO's share of the Federal Accounting Standards Advisory Board's budget ($430,000);
—Continue support for telecommunications services to the Alternate Computing Facility ($75,000);
—Maintain and expand CBO's disaster recovery capabilities ($60,000);
—Maintain and enhance the Budget Analysis Data System, the agency's mission critical system for developing and maintaining scorekeeping data and budget projections for use by the appropriations and budget committees ($20,000); and
—Sustain and develop CBO's financial management system, Momentum ($100,000).

Before I close, I would like to point out a few ways in which CBO has streamlined some operations, as well as mention cross-servicing arrangements and management improvements that CBO has undertaken or expanded upon over the past several years.

First, in terms of streamlining, CBO: Reduced the footprint and staff of its library by 50 percent by increasingly relying on the print and online services provided by the Library of Congress; and eliminated storage services and reduced printing and

mailing costs, as the agency's Web site has become the primary vehicle for disseminating CBO publications.

Second, pursuing cross servicing, CBO does the following:

—Coordinates with the Library of Congress for financial management, reporting, travel, and other related financial and accounting services—including using the same contractor that the Library does for audit services. (CBO received a clean opinion on its first audit of its financial statements this year.)

—Partners with the Library for implementation and maintenance of an integrated financial management and procurement system (Momentum) that provides accurate, relevant, and timely information to management for decisionmaking.

—Utilizes the National Finance Center for payroll processing.

—Receives support from the House Information Resources office for CBO's computer data center.

—Receives maintenance services from the Architect of the Capitol for CBO's work space.

—Contracts with the Government Printing Office for printing services.

Last, CBO's management improvements include these:

—Expanding the use of information technology to develop an improved report production system, an electronic distribution system for publications and cost estimates (relying on the Web), an online job announcement system, an online job application system, a résumé tracking system, and a property management inventory system.

—Discontinuing contracting for mainframe computing services by reprogramming the Budget Analysis Data System to run on CBO-maintained servers. That conversion alone will save CBO approximately $200,000 a year in its future budget submissions.

As reflected in CBO's fiscal year 2006 budget request, those ongoing efforts have allowed CBO to keep cost increases to a minimum.

Finally, I would like to thank the Subcommittee for its support of CBO's 2005 budget request. The funding provided this year will allow CBO to continue providing the Congress with vital analyses as well as enable the agency to make smart investments in core areas, which will enhance productivity and reduce costs.

Senator ALLARD. Well, thank you. You're accompanied by Dr. Robinson at the table. I appreciate the modesty of your budget. It's important that CBO set an example. I try to set an example in my office, returning unspent dollars, and I'm glad to see that you have put together a modest budget here to meet your needs.

RESOURCE REQUIREMENTS

Some of the questions that might come up—is it enough? You do have some big issues that you're working on—Social Security, Medicare, health insurance, prescription drugs—these are not easy programs to work with, and do you have the resources you need to meet your core mission?

Mr. HOLTZ-EAKIN. For this submission, we believe we do. Further cuts would jeopardize the core mission, because it would have to come from pay and personnel—we don't have the flexibility to put it somewhere else, and in the end, those are the resources that are most central for addressing those issues.

Going forward, I echo your views that we must be cognizant of the need for spending discipline. Our ability to replicate 3.5 percent per year on an ongoing basis is really limited, benefits are going up faster than that, and we are 90 percent personnel, and we cannot continually go back to the other small pieces of our budget and find the savings necessary to keep it that low, but for the moment, this submission will do the job.

BUDGET FORECASTING

Senator ALLARD. Two years ago, CBO requested and received two additional staff.

Mr. HOLTZ-EAKIN. We did, and we thank you, for the support there, it helped us to undertake the dynamic scoring of the President's budget which was a new initiative when I arrived. We, at the moment, believe we have the right FTEs to do the job we're being asked.

Senator ALLARD. I'm one of the members pushing for dynamic scoring.

What has been your accuracy, your track record for coming up with the right figures that over time, proved out? Can you show a record of improvement in forecasting?

Mr. HOLTZ-EAKIN. We believe it's important for the Congress to know exactly what they're getting, and we have, on the website, and we can provide to you in great detail, the track record of our accuracy both in economic forecasting, and most importantly, budget forecasting, from the perspective both of spending, and revenues. I believe that most people would like us to do better, that includes us as well, but we have a track record that's comparable to any agency in the Government and any company in the private sector that attempts to do this.

Senator ALLARD. Well, it's not easy.

Mr. HOLTZ-EAKIN. I'm glad you said that.

Senator ALLARD. It's so unpredictable, and there's no way you have of knowing what those incidents might be that might have an impact on budget projections.

Mr. HOLTZ-EAKIN. The most important part of the budget projection has traditionally been forecasting receipts, and there the central issue is having accurate, up to date information about the structure of income tax returns, what—in particular—the high income individuals who pay the vast majority of individual income taxes are doing, and the fact that we receive—as does everyone else—income tax information about 2 years after it's actually filed, is one of the real big problems. We first have to actually forecast where we are, and then make a forecast for the future, and that is the one area where we have mentioned to all the departments in the fiscal agencies, that getting that data out more quickly would be helpful.

ADDITIONAL COMMITTEE QUESTIONS

Senator ALLARD. That's all the questions I have. Again, I would ask you the same as I did the previous panel, we'd like to have a prompt response to any questions we may submit to you from this subcommittee. Would 10 days be a reasonable time to expect you to be able to get back to us?

Mr. HOLTZ-EAKIN. That would be fine, we look forward to any questions you might have.

Senator ALLARD. That's all we have, and thank you very much for your testimony, and I think you're doing a good job.

Mr. HOLTZ-EAKIN. Well, thank you, and I appreciate the chance to be here.

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

QUESTIONS SUBMITTED BY SENATOR J. DURBIN

COORDINATING EFFORTS WITH OTHER LEGISLATIVE BRANCH AGENCIES

Question. How do you coordinate with other Legislative Branch agencies including GAO and CRS to ensure that there is not duplication in the work that each agency does?

Answer. There are a number of actions undertaken by CBO and other legislative branch agencies to ensure there is not duplication in the work that we each do. On a continuing basis, the heads of each agency meet to discuss mutual challenges, share experiences, share information on key areas of work, and identify opportunities for collaboration as well as ensure there is no duplication of work between the agencies. Additionally, senior executives from each of our agencies meet through various forums to discuss work and collaborative efforts. The Chief Administrative Officers (CAO) Council currently is meeting monthly to better integrate and collaborate efforts on emergency preparedness and continuity of operations planning; the Chief Financial Officers (CFO) Council meets at least quarterly to share information on internal budget and financial management matters; a Chief Information Officers (CIO) Council has just been formed for the legislative branch agency IT employees to share information; and, for several years now, representatives from GAO, CRS and CBO have been meeting quarterly to discuss work efforts and ensure there is appropriate communication between the agencies on pending assignments.

It should also be emphasized that several actions have already taken place to coordinate major activities between CBO and other legislative branch agencies. For example, we have had a long-standing agreement with the Library of Congress for the Library to provide support to CBO on a finance and accounting system. Together with the Library, we recently completed a transition to a new finance and accounting system (Momentum) and the Library and CBO have worked very closely together to ensure a successful transition to the new system. CBO also shares an IT data center with the House of Representatives, and we receive building support from the Architect of the Capitol in the Ford House Office Building.

ELIMINATION OF CERTAIN STAFF POSITIONS

Question. CBO reported that it has eliminated the need for certain staff positions (e.g., library services, publications) by adopting best practices in document distribution and information services. What are these best practices and how can other agencies use them to achieve savings? What additional opportunities exist across the agency to streamline positions?

Answer. CBO eliminated a position in its library by increasingly relying on the print and online services provided by the Library of Congress. CBO also eliminated the position of printing assistant and transferred the person occupying that position to the agency's IT (information technology) group to help meet responsibilities there. The change was made possible by decreasing CBO's printing and distribution of hard copies of publications and relying even more than in the past on e-mail dissemination and the agency's Web site to provide access to publications and cost estimates. To bolster that approach, CBO improved its new-document notification system by adding an option for subscribers to receive instantaneous notification as each document in a selected area of interest is released. (Previously, the only option was to receive a next-day summary.) Those changes met the need of interested parties on the Hill and in the press for quick and reliable access (at no marginal cost to CBO). The Agency will continue to review library and publication distribution services to identify other areas of possible streamlining.

DOCUMENT DISTRIBUTION SYSTEM

Question. CBO is currently reviewing its document distribution system, with an aim toward streamlining. Has CBO undertaken any efforts to coordinate the streamlining of document distribution with other legislative branch agencies? What actions are being considered and how significant are the expected results, including cost savings?

Answer. CBO contracts with the Government Printing Office (GPO) for printing and periodically coordinates with that agency to ensure that GPO's distribution of CBO's publications to the depository libraries is appropriate. Otherwise, CBO has not coordinated its document distribution with other legislative branch agencies, primarily because its distribution of hard copies is modest and time-sensitive.

CBO is printing and mailing fewer publications. First, it has cut the numbers generally. It has also eliminated any automatic distribution to members of the public. Whereas CBO used to send copies of a few of its publications automatically to members of the public who expressed a general interest, it now awaits their specific re-

quests. Moreover, the agency's reliance on electronic distribution is allowing it to dispense with its outside storage facility and, instead, maintain a small inventory in its basement storage room in the Ford House Office Building. The savings from reduced printing and mailing have not yet been realized, so precise figures are not available, but CBO is aiming for savings of up to 30 percent, or in the tens of thousands of dollars. The recurring annual savings from eliminating the outside storage facility is about $20,000.

LIBRARY STAFF REDUCTIONS

Question. CBO reported that in recent years, it has successfully reduced the footprint and staff of its library by one-half by increasingly relying on the print and on-line services provided by the Library of Congress (LOC). What additional opportunities exist to rely on the services provided by LOC or other agencies?

Answer. We believe that opportunities exist to better coordinate our needs for journals and books with the Library of Congress and/or other agencies' libraries. At CBO, we are increasingly relying on the availability of on-line journals, periodicals, subscriptions, etc. Either through our own contacts with vendors or through collaborative efforts with the Library, we have been able to meet most of our needs for journals and periodicals through on-line services. However, we've discovered that a number of scholarly and academic books needed by CBO employees are not yet available on-line. In these instances, we rely on the availability of these publications in the Library, or we purchase them directly for CBO. We are currently reviewing how we obtain journals and books for CBO employees, and are looking at options for agreements with the Library of Congress or other agencies' libraries to better meet our needs. Although we have not yet identified specific ways to rely on these services of other organizations, we expect that our review will help us in this effort.

PROPERTY MANAGEMENT INVENTORY SYSTEM

Question. CBO reported that it had recently implemented a new property management inventory system. How is the new property management system being used to strengthen internal control and improve the safeguarding of assets? Can you describe the benefits, in both qualitative and quantitative terms, what CBO expects from the new property management system?

Answer. The new property management system has strengthened internal control and improved the safeguarding of assets by providing a documented, standardized process for asset control and the tools necessary to track our inventory from cradle to grave. The software uses a common database for both Inventory Control and Asset Management to eliminate the possibility of equipment appearing in one database but not the other. However, for control purposes, employees responsible for inventory control do not have access to the asset management interface or vice-versa.

All assets are bar coded and entered into the system upon receipt. They are tracked through their life. At disposal, all equipment is documented on a property disposal form, cross-checked by individuals in different units, and approved for excessing by the Assistant Director for Management, Business, and Information Systems. All capital assets are inventoried on an annual basis. As an additional safeguard, an independent auditor physically sees each piece of capital equipment and also verifies its financial data.

Since CBO is a small agency with less than 5,000 physical assets we were able to select a low-cost, off-the-shelf, commercial property management system. The total cost for this new system was $17,000. Annual maintenance and support is approximately $4,000. If CBO developed a custom product in-house or contracted out development, the cost would have been ten to twenty times more. The new system is significantly easier to use than the prior one, both for inventory control and for asset management. This has reduced training costs as well as staff time in entering and maintaining asset data. It has proven extremely helpful in planning computer and monitor buys and in better managing equipment replacement cycles. In the old system, CBO largely used spreadsheets and an extremely manual process for asset management, particularly depreciation calculations. Since the new system combines inventory and asset management in one application, we are very near our goal of eliminating separate record keeping and reporting for asset management. This will reduce the likelihood of errors and result in a substantial time savings.

AUDIT OF CBO FINANCIAL STATEMENTS

Question. CBO reported that it is working towards an independent audit of all CBO financial statements. Only a balance sheet audit was performed in fiscal year 2003. What is the expected timeline for having an audit of all CBO financial statements? In requesting proposals for audit work, what efforts have been made to min-

imize costs by coordinating with other Legislative Branch agencies regarding lessons learned from their first audits?

Answer. CBO is under contract with Kearney and Company (auditing firm) to have all fiscal year 2004 financial statements audited by August 31, 2005. In order to streamline costs, CBO made a conscious decision to contract with the same auditing firm as the Library of Congress (LOC), since LOC provides CBO with financial management support. Given this fact, CBO was able to incorporate lessons learned from LOC's previous audits as well as reduce costs of the contract because audit work performed on LOC's financial management processes and systems are the same or very similar in nature to that of CBO.

AUTOMATED FINANCIAL MANAGEMENT SYSTEM

Question. CBO reported the recent implementation of a new automated financial management system "in cooperation with the Library of Congress." How is CBO using the new financial management system to improve performance and streamline operations? Can you describe the benefits, in both qualitative and quantitative terms, which CBO expects from the new financial management system?

Answer. CBO is using its new automated financial management system to provide end-to-end acquisition and financial management. This system has eliminated redundancies in fiscal and acquisition operations. For example, CBO has been able to eliminate manually maintained spreadsheets as well as eliminate manual hard copy certification functions. These actions have streamlined the coordination processing time and reduced the error rate because information is not duplicated in various systems. This timesaving will provide acquisition and financial managers with more time to analyze and interpret resource data in order to further reduce costs though enhanced acquisition planning and resource management. Also, this new system will strengthen internal management control procedures, since the system is designed to provide electronic authentication of system users throughout the approval and certification process. The checks and balances maintained in this system will ensure clean auditable financial statements. In addition, CBO plans to provide management with real-time and near real-time reporting capability to aid CBO decision makers in making sound short and long- term investment decisions.

OFFICE OF COMPLIANCE

STATEMENT OF WILLIAM W. THOMPSON, II, EXECUTIVE DIRECTOR

ACCOMPANIED BY SUSAN S. ROBFOGEL, ESQUIRE, CHAIR, BOARD OF DIRECTORS

Senator ALLARD. I'm going to call on the next panel now, which is the Office of Compliance. Here is Mr. Bill Thompson, and you have with you, Chair of the Board, Susan Robfogel.

Proceed to your testimony when you're ready, Mr. Thompson.

Mr. THOMPSON. Thank you, Mr. Chairman, we're pleased to be here this morning, and we both prepared statements that we would like submitted for the record.

I'm going to cut to the chase here because of the time. The office has, essentially, three functions, the first of which is operating a dispute resolution program that handles everything from sexual harassment to disputes about paying overtime. That program proceeds very quietly and efficiently; we are not here today about any issue with the funding there.

Secondarily, we're doing education. We're doing a lot with a little; we've revamped our website recently, and I think it's been considered by people we've talked to as one of the better websites they've seen from a regulatory agency.

The third area that we're responsible for is occupational safety, public accommodation and access, and there we are not faring so well. As you may recall, about 1 year ago there was a report that recommended that we needed additional funds in order to be able to satisfy our mandatory requirement of complete inspections of the entire campus every 2 years. The GAO report also recommended that we change our methodology to be more complete in both our inspections and our interactions with the agencies which we are inspecting. We have done that, and the result of the experience that we've had is that the process is much more time consuming than we thought previously.

At the time we made our initial request for the fiscal year 2006 budget—which has a 9 percent increase—most of that, other than the COLA, was for one full-time position for an inspector of Occupational Safety and Health. In the months that have passed since then, as we got further into this new inspection process, it's become clear to us that we need additional funding. As a consequence, we are in the process of submitting an amended budget request. With that, I'll turn it over to Susan Robfogel.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM W. THOMPSON, II

Thank you Mr. Chairman and Members of the Committee for the opportunity to appear before you today in support of the fiscal year 2006 budget request of the Office of Compliance.

With me today are Susan S. Robfogel, Esq., Chair of the Board of Directors of the Office, General Counsel Peter Ames Eveleth, Deputy Executive Director Alma Candelaria, and Administrative and Budget Officer Beth Hughes Brown.

We present you for the second time a completely zero based budget. The accuracy of this year's largest budget cost allocation—staff time—has significantly improved because we have conducted periodic sampling to account for staff time needed to carry out each of our major function categories.

This calendar year also marks the 10th anniversary of the passage of the Congressional Accountability Act of 1995. As we end the agency's first decade, we can look back at much progress, and some rough patches along the way. In February, 2004, the Government Accountability Office issued its major Report "Office of Compliance: Status of Management Control Efforts to Improve Effectiveness" GAO–04–400. At approximately the same time, the Office issued its first comprehensive Strategic Plan for fiscal years 2004–2006. Both of these documents reflect the continuing improvement in the Office's focus on its core missions, and its growing engagement with Congress and Legislative Branch agencies in collaborative initiatives to enhance our services in the mandated areas of dispute resolution, safety and health enforcement, and education and outreach to our regulated community.

As recommended in the 2004 GAO Report, we are continuing to shift our focus in providing these services to a more interactive approach, enabling regulated employers to achieve greater voluntary compliance with the requirements of the Congressional Accountability Act. In light of the employment, security and safety challenges Legislative Branch agencies and employees face, one of our primary goals is to enable the regulated community to achieve substantial compliance with all requirements of the Act. And, we are doing all of this with a current budget of less than $2.5 million.

DISPUTE RESOLUTION

The Office's day-to-day employment dispute resolution function involving controversies under ten different laws, everything from alleged discrimination to the failure to pay required overtime, proceeds efficiently—although largely unnoticed—because of the confidential nature of the vast bulk of these cases. Hundreds of disputes in nearly all Legislative Branch agencies, as well as in offices of Members and committees of both chambers have quietly moved through the administrative dispute resolution system. The assistance to employing offices and employees provided by this discreet service is perhaps one of the great untold success stories of the past decade regarding the quality of Congress's internal operations.

SAFETY AND HEALTH ENFORCEMENT

However, the current situation regarding the Office's ability to carry out the Accountability Act's mandate in the areas of Occupational Safety and Health and public accommodation for the disabled is substantially more challenging. The Office has successfully encouraged major strides by the Office of the Architect and the other responsible agencies in improving conditions across the campus. However, GAO's 2004 Report "Office of Compliance: Status of Management Control Efforts to Improve Effectiveness" GAO–04–400 confirmed the necessity of the Office's repeated budget requests for additional OSH staff and resources. GAO found that "In contrast to most other CAA requirements, OOC is not fully in compliance with the CAA requirement that it 'conduct periodic inspections of all facilities' of the agencies covered by the provision." GAO also found a "dramatic increase" in the number of health and safety inspections requested by employing offices and covered employees, and observed that the Office's resources "have not kept pace with this growth."

We have pointed out this structural shortfall in several past several budget requests, but we do not have resources at the level necessary to enable us to biennially assess the health, safety, and emergency response situation across the entire campus in a complete or timely manner. Under the Office's current General Counsel, the care and quality of our inspections has improved dramatically. However, doing a more interactive and thorough job of inspecting requires substantially more resources and more time.

In response to the requirements of the CAA and GAO's recommendation, the Office is now in the midst of a definitive effort to establish the required authoritative and comprehensive OSH base line for all 17 million square feet of covered space in the D.C. metro area. Our General Counsel, who was appointed late in fiscal year 2003, has determined that the completion of the much more thorough, comprehensive and consultative biennial base line inspection mandated by the CAA and underscored in GAO's report will be substantially more time consuming and resource intensive than we had anticipated even as late as our fiscal year 2006 budget request.

Even with the additional inspector FTE we have requested for fiscal year 2006, the General Counsel will not be able to complete a timely, comprehensive picture of the current safety, health and emergency response dangers across the entire campus. Hazards, some of which may be serious, remain unidentified.

EDUCATING OUR CONSTITUENCY

The Office is also mandated by Congress to "carry out a program of education for Members of Congress and other employing authorities of the Legislative Branch of the Federal Government respecting the laws made applicable to them and a program to inform individuals of their rights under laws made applicable to the Legislative Branch of the Federal Government. . . ." 2 U.S.C. 1381(h)(1). While the Office continues to carry out this core mandate of the Act through various educational and outreach activities, we have been testing the limits of our capacity to become more pro-active in this area. Various additional outreach initiatives, such as further upgrading of educational products and a planned mediation workshop are occurring this year, but our long term ability to build on the momentum expected from these and previous enhancements will ultimately be dependent upon additional resources and information infrastructure access.

CONCLUSION

On behalf of the Board of Directors the appointees and the entire staff of the Office of Compliance, I respectfully request that the Committee respond favorably to the Office's fiscal year 2006 budget request. We will be happy to respond to any further questions which you may have.

APPENDIX—THE CONGRESSIONAL MANDATE

The Office of Compliance was established to administer and enforce the Congressional Accountability Act of 1995, 2 U.S.C. 1301, et seq. The Congressional Accountability Act applies 12 workplace, employment, and safety laws to Congress and other agencies and Instrumentalities of the Legislative Branch. These laws include: the Occupational Safety and Health Act of 1970; the Federal Service Labor Management Relations Act; Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act; the Rehabilitation Act of 1970; the Family Medical Leave Act; the Fair Labor Standards Act; the Age Discrimination in Employment Act; the Worker Adjustment and Retraining Notification Act; the Employee Polygraph Protection Act; and veteran's employment and reemployment rights at Chapter 43 of Title 38 of the U.S. Code. The Act was amended in 1998 to apply the Veterans Employment Opportunities Act.

Currently, the Office has regulatory responsibility for employers in the Legislative Branch employing approximately 30,500 employees. The Office is also charged by the Act to make recommendations to Congress as to whether additional employment and public services and accommodations laws should be made applicable to the employing offices within the Legislative Branch.

Under the direction of the Executive Director, the Office administers a dispute resolution system to resolve disputes and complaints arising under the Act, and carries out an education and training program for the regulated community on the rights and responsibilities under the Act.

The General Counsel has independent investigatory and enforcement authority with respect to certain of the laws administered under the Act and represents the Office in all judicial proceedings under the Act.

THE BOARD OF DIRECTORS AND STAFF

The Office has a five-member, non-partisan Board of Directors appointed by the Majority and Minority Leaders of both houses of Congress. The Board members, who serve five-year terms, come from across the United States, and are chosen for their expertise in the laws administered under the Act. In a major vote of confidence in the current leadership of the Office, Congress enacted legislation in 2004 granting authority to appoint the current chair and members of the Board to a second 5 year term in office. The Board acts as an adjudicative body in reviewing appeals by parties aggrieved by decisions of Hearing Officers on complaints filed with the Office and advises Congress on needed changes and amendments to the Act.

The Office of Compliance currently has 16 full-time employees and pays the part-time Board members on a "when-actually-employed" basis. Our employee complement performs a multiplicity of functions, including: administrative dispute resolution, occupational safety and health and disability access enforcement, labor relations regulatory activity, education, Congressional relations, professional support for

the Board of Directors, and general administrative and fiscal functions. The Office performs the functions of multiple agencies in and for the Executive Branch, including but not limited to, the Equal Employment Opportunity Commission, Occupational Safety and Health Administration, Occupational Safety and Health Review Commission and the Federal Labor Relations Authority. The Office regularly contracts for the part-time, as-needed services of approximately 25 other individuals as mediators, Hearing Officers, and safety and health investigators. The Office's senior full-time safety and health investigator is on permanent detail from the Department of Labor's Occupational Safety and Health Administration.

INCOMPLETE BIENNIAL OSH-ADA INSPECTION

During fiscal year 2004, our Office of the General Counsel (OGC) was able to inspect only about 4 million square feet within 25 Legislative Branch facilities (some with multiple buildings). The General Counsel was unable despite best efforts to examine all Legislative Branch facilities during the 108th Congress biennial cycle of inspections, including large areas within the House and Senate Office Buildings and the U.S. Capitol Building space used for Member offices, Committee staff offices, and other non-AOC spaces as required by the Congressional Accountability Act. Therefore, it is certain that many hazards remain unidentified at this time.

The total amount of covered premises in the metropolitan Washington region is in excess of 17 million square feet. Because of the comprehensive thoroughness with which the fiscal year 2004 inspections were carried out, as was encouraged by GAO's February 2004 Report, over 2,300 serious hazards were identified in the 25 facilities inspected, as compared to 360 violations discovered in the same facilities and areas during the 107th Congress biennial inspection.

As part of the revamped inspection regimen, the Office is now utilizing a widely recognized risk assessment code (RAC) to classify all hazards found to exist in the ongoing inspections. The time and costs required to conduct more interactive and comprehensive inspections, and the nearly seven-fold increase in the number of violations identified just during 2004 has made manifest that the Office's current level of resources are completely inadequate to complete the ongoing inspection of all covered facilities in the D.C. metro area in the foreseeable future or to timely respond to requests for inspections by employing offices and employees.

MORE CONSULTATION AND COLLEGIALITY

GAO also recommended that "OOC should establish congressional and agency protocols . . . between the Congress, legislative branch agencies, and OOC on what can be expected as OOC carries out its work." (GAO Report, Introduction) The Office of Compliance is developing new approaches to OSH regulatory activities which involve greater consultation, coordination, and transparency in both the investigatory and enforcement phases. This effort requires partnerships with employing offices and employees and a concomitant educational and training initiative to improve management and employee understanding of best practices. These activities are focused on fostering more cooperative efforts at achieving compliance with standards but they do not negate the statutory mandate to enforce the law.

As we have mentioned, the fiscal year 2004 OSH inspection regimen was undertaken with much greater consultation with stakeholders. More interactive methods are more resource and labor intensive, and have further contributed to the Office's inability timely to complete the biennial inspection of the entire campus.

STRAINS ON AGENCY RESOURCES

During the past two fiscal years, the Office has reallocated significant resources toward OSH investigations at the expense of other mandates. For example, 0.5 FTE has been temporarily reallocated within the Office of General Counsel from legal support to contract investigation just to maintain the current level of inspections. In addition, one FTE has also been moved from the administrative dispute resolution support staff to provide administrative assistance to the Office of General Counsel. Contractor funds have been reprogrammed to provide additional resources for increasing the use of contracted OSH inspectors. Further withdrawal of resources from the other dispute resolution and educational mandates of the Act will substantially impact the Office's ability to maintain a dispute resolution program which ensures that employees and employing offices in the House of Representatives, Senate and other Legislative Branch Instrumentalities receive the quality of mediation and hearing services which the Congress expects.

Since I was appointed in fiscal year 2002, the Office has consistently asked for an additional FTE and other funding for safety and health inspections and enforcement, as well as major increases for other underfunded mandates. The Office's re-

sponsibility in this area has assumed even more critical importance in the wake of 9/11. While appropriations have increased, the underlying structural shortcomings in our funding base make our ability to fully and timely implement the Congressional inspection and enforcement mandate impossible. The Office has been criticized by appropriators for the size of its requested budget increases over the past several years. However, as the Office still operates with a smaller budget than it had in fiscal year 1997, we respectfully submit that the requested increases have been made in large part in order to regain lost resources necessary for this agency adequately to respond to the Congressional mandate in the Act.

Senator ALLARD. Ms. Robfogel.

Ms. ROBFOGEL. Mr. Chairman, my purpose in being here today is to speak on behalf of the Board, and to let you know that the Board fully endorses the request as it's been articulated by our Executive Director. Although we are a part-time Board—we all have other occupations—we take our responsibility for health and safety very, very seriously. It's an awesome responsibility that we have, and we've spent a great deal of time discussing this issue with our executive staff and we are fully convinced that every possible dollar has been reallocated to the safety and health inspection area that can possible be reallocated. That means if we cut expenditures for any other part of the Office any more than we already have, the Office would not be able to function. And I thought it was important that you hear that from us, as well. We think this is the only way that we will be able to accomplish the mandate for safety that falls to us.

[The statement follows:]

PREPARED STATEMENT OF SUSAN S. ROBFOGEL, ESQ.

Thank you Mr. Chairman and Members of the Committee for the opportunity to appear with Executive Director Thompson before you today in support of the fiscal year 2006 budget request of the Office of Compliance.

The Board is acutely aware of its awesome responsibility for the health and safety of those who work on or visit the Capitol Hill campus.

To protect the men and women who come to the Capitol, we must have enough inspectors to inspect the buildings, help to remediate noted deficiencies and reinspect to ensure compliance.

Currently we are functioning with only one staff inspector who is on assignment from the Department of Labor. In addition, we employ contract inspectors, as funds permit. Simply put, it is not enough manpower to inspect the entire Capitol Hill campus in a two year period.

As a Board, we have questioned our executive staff and we are fully satisfied that they are doing everything they can do to support the inspection mandate, including reassigning staff and resources from other functions to meet the need for inspectors.

We need more people either through direct hiring or by assigning additional inspectors to us from DOL.

We need your help to keep us all safe.

We will be happy to respond to any questions which you may have.

Senator ALLARD. Thank you very much for your testimony. I was one of those that promoted the idea that Congress live under the same laws as everybody else, and pushed the idea that we needed to get those provisions that traditionally Congress has been exempted from, and bring them into the operation of our own legislative branch. Then members will gain a greater appreciation of the total impact. If you live under the laws that you pass, it makes a better person out of you, and I think it makes a better legislator out of you. I think that's what James Madison had in mind when he got up and talked about a citizen legislator, somebody who lived under the laws that they passed.

HEALTH AND SAFETY INSPECTIONS

One of the areas that is a little bit troublesome is in the health and safety inspection area, you alluded to that in your statement. We've got an article here from by The Hill newspaper on April 19 of this year, which discussed the hazards of the Capitol. It says we had 2,666 citations, and this is much higher than what we had in the 2002 inspection. Was that the last inspection before you had this inspection?

Mr. THOMPSON. That was the last comprehensive inspection. The 107th Congress was done in 2002, and this is the same square footage that we had in 2004.

Most of the violations that we had in 2002, a lot of progress is being made on. The new violations spread across the spectrum of very serious to the not so serious, but the inspection experience was that there are still more serious violations that we are trying to get after.

Senator ALLARD. Now, on these violations, what kind of follow up is there? Is the follow up fairly immediate after you discovered the violations? How are they abated, and how are we doing on correcting health and safety violations?

Mr. THOMPSON. Under our new regimen, Mr. Chairman, we make every effort to have the agency actually accompany our inspectors, so they see what our inspectors see at the same time. To the extent that there are clear and simple fixes, we actually have had experiences where the changes were made as we went.

For those things that are not being fixed immediately, they need to be thought about before we can decide exactly what we've got. We follow up as quickly as possible with the agency, both orally and in writing, listing the violations and a description of what we found.

With regard to follow up inspections, that's a very significant part of what we've been doing since the 2004 inspection. Our inspectors go out and the agencies' inspectors fix the things that they can fix, and we also are having a lot of interaction with the agencies.

Senator ALLARD. In the 108th Congress, you were not able to complete your inspection, is that correct?

Mr. THOMPSON. We were not able to complete the inspection, I'm sad to say, Senator. For the inspections going forward, that is something we are absolutely bound and determined not to happen this time around, which is the reason for our increased request.

Senator ALLARD. Okay, and the additional resources that you need to finish and complete your final inspection for this Congress is how much?

Mr. THOMPSON. We have given your staff two options, the FTE option with cost over a 2 year period—fiscal year 2006 and fiscal year 2007—approximately $570,000. In the contractor version of the same, we use contractors to do the inspection. The cost is approximately $475,000, so there's a savings by using the contractors.

Senator ALLARD. Do you have to bring on new people?

Mr. THOMPSON. We have a stable of contractors that we've been using, I don't know that we'd be able to use them for that many hours, but the community out there has a very good selection.

GOVERNMENT ACCOUNTABILITY OFFICE REPORT ON THE STATUS OF MANAGEMENT IN THE OFFICE OF COMPLIANCE

Senator ALLARD. The GAO issued a report and recommendations regarding the status of management in your agency. How are you doing in responding to their recommendations, and developing quantifiable measures to record progress toward goals? I would think that it would be easy for you to set goals and objectives that are measurable.

Mr. THOMPSON. Yes, thank you for asking that question, because that's a core effort we're making right now.

We see the GAO engagement as more than simply oversight. We have embraced the GAO as a consultant. They made 15 recommendations in their report last year. Of those 15 recommendations, we've been able to accomplish about half thus far, and are working on all of them. There are a few that we are sort of stymied on with regard to the lack of funds, but I can report to you that as late as last month, we met with the GAO for two purposes: one, to report to them on how we're doing with regard to all of their recommendations, and two, to develop with them some preliminary measures, some quantifiable measures that we are working on as the first step toward our next strategic plan.

RISING CASELOAD

Senator ALLARD. You had a rising caseload in alternative dispute resolutions, is that right and if so, why?

Mr. THOMPSON. The caseload at the office is increasing. If you correct the figures as the GAO suggested that we do for two large files that go back to 2000, there are about 300 people involved in the two cases. If you back those numbers out, essentially I'm just going to run five numbers here, for each step of our process, counseling, mediation, complaints, appeals to the Board of Directors, Appeals to the Federal circuit. If you take the average over the 10 years we've been in the system versus the average over the last few years, what you get is numbers like this: 82 for the old average, 88 for the new average, 65 versus 73, 9 versus 11, 4 versus 6 and for appeals to the Federal circuit, the old average is 2, now we're running at 7, so we have a significant increase in the caseload.

I think the reasons for that—but there's no way to scientifically confirm this—our best educated guess is that it is a combination of things. One is people knowing more about the office, since as time goes by we're doing a much better job of educating the community. Number two, I think the workforce is becoming more sophisticated in general. And number three, frankly, I think there was a period of time when I first got here where you would hear stories that, "Well, that Office of Compliance is just for show," and I think over time the quality of what we've been doing, the quality of the Board's decisionmaking have demonstrated our worth.

Senator ALLARD. Now, the 200 and 300 complaints that you had come in, can you explain in more detail what that was all about?

Mr. THOMPSON. Yes, there were two large cases, one was a group of female cleaning people who were sponsored, I believe, if my recollection is correct, by their collective bargaining representative, and they were claiming sex discrimination.

The second group was the Black Capitol Police Officer's Association which came into the office about 4 days after I got there as the new Executive Director. Their claim was racial discrimination through the hiring and promotion of Capitol Police, that case is now a case in the Federal court, it's still at the trial level, and the Architect's cases were also in court.

CHANGES IN THE CONGRESSIONAL ACCOUNTABILITY ACT

Senator ALLARD. Based on your experience, your staff's experience, how would you assess the effectiveness of the Congressional Accountability Act, and are there any changes to the law that you'd recommend to improve its effectiveness?

Mr. THOMPSON. I would say the law is quite effective in that there is a place for all employees to go with regard to 12 different statutes. I think we educate people on their rights and responsibilities under the laws, and with regard to the improvements, the Board of Directors has submitted, as required by the statute last year, 2004, a formal report and recommendation which includes a number of changes to the Act itself and some additional laws. There was inconclusive evidence to determine whether other agencies needed that, and we will make available that formal report to you and your staff.

Senator ALLARD. We'd appreciate that. Thank you very much. I don't have anything else. Go ahead.

Ms. ROBFOGEL. Mr. Chairman, there's one other change to our statute that our Board has recommended and that was recommended in the GAO analysis that I think it's important you be aware of. When our statute was passed, it was passed with term limits, the Board would be appointed for a single, 5-year term, and our executive staff would be appointed for a single 5-year term. The GAO has recognized that it is very difficult to accomplish continuity, and to accomplish the purposes for which the statute is established if the whole office turns over that frequently. Congress last year amended the statute to permit the Board members to be reappointed for an additional term. We are hoping very much that the legislation will be amended to also permit the reappointment of the executive staff so that all of the work that is currently in process will be able to continue.

Senator ALLARD. So, we have term limits on the executive staff?

Ms. ROBFOGEL. Currently that is the situation.

The term limits with respect to the Board have essentially been eliminated, at least to the extent of permitting three members of the Board whose terms expired to be reappointed, and we have been told that the other two members of the Board, whose terms will be over in the next month, that they will also have their term limits lifted.

Senator ALLARD. So, we have staggered terms now for the Board members?

Ms. ROBFOGEL. By just several months, yes.

Senator ALLARD. I think we may need to look at that closer, we should stagger Board member terms out over several years.

Ms. ROBFOGEL. That would be a massive improvement, and we also think there needs to be some relief on the executive staff side.

Senator ALLARD. But they serve at your pleasure, you have oversight on the executive board, you hire——

Ms. ROBFOGEL. They serve at my pleasure, actually.

Senator ALLARD. As Chairman of the Board.

Ms. ROBFOGEL. Yes.

Senator ALLARD. So, even though they've performed well over a certain period of time, you cannot reappoint them?

Ms. ROBFOGEL. I can not reappoint them, and I can not move people from one position in the office to another position in the office. Once someone has served on the executive staff, he's got to leave at the end of the 5 years.

Senator ALLARD. We're going to take a close look at why that provision is there, see if we can figure out congressional intent, apparently Government Affairs has oversight on that.

Ms. ROBFOGEL. They do.

Senator ALLARD. So, maybe we'll communicate with them a little bit and see what their views are on this issue.

Ms. ROBFOGEL. I would appreciate that, Mr. Chairman.

CONCLUSION OF HEARINGS

Senator ALLARD. I will now put this subcommittee in recess until May 17 when we take testimony regarding the Capitol Visitor Center. Thank you for your testimony, this has been a good, helpful morning with testimony from all panels, and we thank you all.

[Whereupon, at 11:30 a.m., Wednesday, May 11, the hearings were concluded, and the subcommittee was recessed, to reconvene at 10:30 a.m., Tuesday, May 17.]

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2006

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

MATERIAL SUBMITTED BY AGENCIES NOT APPEARING FOR FORMAL HEARINGS

[CLERK'S NOTE.—The following agencies of the Subcommittee on the Legislative Branch did not appear before the subcommittee this year. Chairman Allard requested these agencies to submit testimony in support of their fiscal year 2006 budget request. Those statements submitted by the chairman follow:]

JOINT COMMITTEE ON TAXATION

PREPARED STATEMENT OF WILLIAM M. THOMAS, CHAIRMAN

Mr. Chairman and members of the Subcommittee, it is my honor to submit the written testimony of the Joint Committee on Taxation ("Joint Committee") with respect to the fiscal year 2006 appropriation request for the Joint Committee.

Mr. Chairman, the request of the Joint Committee represents the minimum amount necessary to fund the operations of the Joint Committee during fiscal year 2006. The following summarizes the main components of the Joint Committee's request.

—The Joint Committee is requesting an increase of $330,000 for fiscal year 2006 to cover cost-of-living adjustments and a 1-percent meritorious increase in personnel compensation expenses.

—The Joint Committee is requesting an increase of $3,000 for fiscal year 2006 to cover increased utilization of the MetroChek program of transit benefits.

—The Joint Committee is requesting an increase of $67,464 for fiscal year 2006 for equipment purchases. This amount represents the amount rescinded from the Joint Committee fiscal year 2005 appropriation request.

—The Joint Committee is requesting an increase in nonpersonnel expenses of $15,000 for fiscal year 2006 to cover cost-of-living adjustments.

The following discussion provides (1) detailed information on the Joint Committee appropriation request for fiscal year 2006, (2) a review of Joint Committee operations during calendar year 2004, and (3) a description of the anticipated workload of the Joint Committee during calendar year 2005.

SUMMARY OF FISCAL YEAR 2006 APPROPRIATION REQUEST

The following table summarizes the Joint Committee's appropriation request for fiscal year 2006 relative to the fiscal year 2005 appropriation.

	Fiscal year 2005	Fiscal year 2006
Personnel Costs:		
Personnel compensation	$7,653,000	$7,983,000
Transit benefits	20,000	23,000
Nonpersonnel Funding:		
Travel	12,000	12,000
Rent, communications, and utilities	35,000	36,000
Printing	6,000	6,000

	Fiscal year 2005	Fiscal year 2006
Other services	125,000	127,000
Supplies and materials	185,000	189,000
Equipment	329,536	405,000
Total fiscal year 2005 appropriation	[1] 8,365,536	
Total fiscal year 2006 request	8,781,000	

[1] After reduction for rescission amount of $67,464.

DETAILS OF FISCAL YEAR 2006 APPROPRIATION REQUEST

Personnel expenses

Details of appropriation request

The Joint Committee's appropriation for fiscal year 2006 relative to fiscal year 2005 requests $333,000 for increased personnel costs which includes personnel compensation and transit benefits. This increase is attributable to the following amounts, which have been calculated pursuant to information supplied by the House Office of Finance:

Fiscal year 2005 cost-of-living adjustment annualized.—The Joint Committee requests $72,000 to fund 3 months of the 3.7 percent cost-of-living adjustment for calendar year 2005.[1]

Fiscal year 2006 cost-of-living adjustment annualized.—The Joint Committee requests $179,000 to fund 9 months of the projected 3.1 percent cost-of-living adjustment for calendar year 2006.

Meritorious increases.—The Joint Committee requests $79,000 for 1-percent meritorious increases for fiscal year 2006.

Transit benefits.—The Joint Committee requests $3,000 for additional Metro benefits.

Need for adequate funding for personnel expenses

The funding of adequate amounts for personnel costs is critical to the continued ability of the Joint Committee to attract and retain qualified professional staff.

Joint Committee professional staff include tax lawyers, certified public accountants, Ph.D. economists, and highly trained computer specialists. In order to provide the highly technical services required by Joint Committee lawyers and certified public accountants, the Joint Committee generally requires such professionals to have a minimum of 3–4 years of private practice or comparable experience. It is becoming increasingly difficult to attract such individuals to public service and retain them for significant periods given the disparity between private sector salaries and the salaries the Joint Committee can pay.

A similar problem arises with Joint Committee staff economists. The Joint Committee typically hires economists who are just completing their Ph.D. programs. It generally takes an entry-level economist 2–3 years of training to become proficient in the unique skills required to prepare revenue estimates for proposed tax legislation. Once this training period is complete, these economists have highly marketable skills and the private sector firms that attempt to duplicate the work of the Joint Committee offer significant salary increases to attract Joint Committee economists.

At this time, the Joint Committee is actively recruiting to fill open staff positions that have resulted from staff attrition during the last Congress. However, unless adequate amounts are funded for personnel expenses for fiscal year 2006, the Joint Committee will not be able to fill all of its open positions. Failure to fill open positions may result in a reduced level of service to the Congress.

Nonpersonnel expenses

In general

The Joint Committee is requesting $15,000 to cover cost-of-living adjustments in nonpersonnel expenses for fiscal year 2006. In addition, the Joint Committee is requesting an additional $67,464 for equipment for fiscal year 2006. The additional money for equipment, which represents the amount rescinded from the fiscal year 2005 request, is requested for the combination of ongoing computer upgrades and

[1] The $72,000 amount reflects an increase of $5,000 over the amount included in the original JCT budget request of November 15, 2004 and supporting schedules. The increase reflects an updated COLA for calendar year 2005 which affects the first quarter of the fiscal year 2006 request (i.e., Oct. 1, 2005-Dec. 31, 2005). This COLA postdated the original JCT budget submission and was unilaterally added to the original JCT budget request by the House Finance Office.

the additional cost of equipment to provide for necessary alternative computing capabilities.

Travel

The Joint Committee requests $12,000 for travel during fiscal year 2006. This amount will be used to pay travel expenses of Joint Committee consultants and Joint Committee staff attending educational conferences.

Rent, communications, and utilities

The Joint Committee requests $36,000 for fiscal year 2006 to cover anticipated expenses for communications and utilities.

Printing

The Joint Committee requests $6,000 to cover anticipated printing expenses for fiscal year 2006.

Other services

The Joint Committee requests $127,000 for other services for fiscal year 2006. The Joint Committee utilizes consultants and other service providers to perform functions that the Joint Committee staff does not have the time or expertise to perform. Most of these services relate to the revenue estimating work of the Joint Committee, including the preparation of macroeconomic analysis. As the graph in Attachment C to this statement demonstrates, the number of revenue estimating requests received by the Joint Committee continues to increase. The needs of the Members for immediate responses to requests for revenue estimates and the substantial volume of requests that the Joint Committee staff receives each year places limitations on the ability of the Joint Committee staff to perform certain work, such as the manipulation of new data sets, that improves the quality of Joint Committee revenue estimates. The Joint Committee staff has found that it is more cost efficient to contract some of this work to outside consultants.

Supplies and materials

The Joint Committee requests $189,000 for supplies and materials for fiscal year 2006. The largest expense in this category is a projected $150,000 for subscriptions and publications to keep up with current developments in tax law.

Equipment

The Joint Committee requests $405,000 for equipment for fiscal year 2006. The Joint Committee staff anticipates expending approximately $230,000 for replacement of servers and for storage upgrades for the Joint Committee's computing needs, which include large-scale economic modeling, macroeconomic modeling and simulation, case tracking, statistical analysis, and general functions such as word processing, spreadsheets and graphing. In addition, Xerox maintenance and usage costs are projected to be approximately $50,000, and hardware and software maintenance are estimated to be $125,000.

REVIEW OF JOINT COMMITTEE ON TAXATION OPERATIONS DURING CALENDAR YEAR 2004

In general

Attachments A through E provide a summary of the activity of the Joint Committee staff for calendar year 2004. The attachments include the following information:

Attachment A—information relating to the legislative tax reports (Committee and Conference Reports) drafted by Joint Committee staff for the revenue-related legislation considered by the House Committee on Ways and Means and/or the Senate Committee on Finance and public laws involving the Joint Committee staff during 2004.

Attachment B—a listing of all documents published by the Joint Committee staff during 2004.

Attachment C—a graph showing the number of requests received by the Joint Committee from revenue estimates and other assistance during the period 1986 through 2004.

Attachment D—a table providing information on revenue estimate requests and Joint Committee staff responses to various categories of requesting Members for 2004.

(5) Attachment E—information relating to the Joint Committee staff's statutorily mandated duty to review large income tax refunds.

Tax legislative reports

The Joint Committee staff assisted in the preparation of 10 Committee and Conference reports relating to tax legislation considered by the Congress in 2004 and provided assistance on two income tax treaty Committee reports. A complete listing of these reports is included at Attachment A. In addition the Joint Committee staff worked on 17 bills signed into law during 2004.

Joint Committee staff publications

In addition to its work on committee and conference reports, the Joint Committee staff published 74 documents during 2004, including pamphlets and other documents prepared for committee hearings and markups and conference action (see Attachment B). All Joint Committee staff publications are accessible from the Joint Committee's web page (http://www.house.gov/jct).

Revenue estimates and related analysis

Attachments C and D show data relating to the Joint Committee staff's revenue estimating activity. Attachment C shows the number of revenue estimate requests received by the Joint Committee staff each year from 1986 through 2004.

Attachment D also shows information on revenue estimate requests and Joint Committee staff responses to various categories of Members requesting revenue estimates for 2004. The Joint Committee staff is cognizant of its responsibility to provide service to all Members who request it and attempts to be as responsive to non-tax-writing Committee Members as it is to the tax-writing Committee Members.

The Joint Committee staff has been developing a capacity to analyze the effects of major tax legislation on the economy. Several macroeconomic simulation models are used in this analysis, including the staff's Macroeconomic Equilibrium Growth model, and commercially available econometric and overlapping generation models requiring outside contracts. In addition, the staff is working on an in-house neoclassical growth model that can incorporate people's expectations about future policy to provide additional perspective on proposals involving phase-ins, phase-outs, and sunsets of tax policy. Developmental work is being done in connection with anticipated analyses of tax reform and social security reform.

JCT staff studies, investigations, and refund review

Refund review

An ongoing, statutorily mandated function of the Joint Committee is the review of IRS refunds or credits of income tax, estate and gift tax, or any tax on public charities, foundations, pension plans, or real estate investment trusts in excess of $2 million. The Joint Committee staff reviews and reports on such refund cases and makes comments or recommendations with respect to the proposed refund case to the IRS. Attachment E contains information concerning the Joint Committee staff refund review work. During fiscal year 2004, the Joint Committee refund staff reviewed 1,163 cases involving $22.97 billion in proposed refunds and 64 large deficiency cases. The Joint Committee staff raised concerns in 56 refund cases. Errors identified by the Joint Committee staff produced a net reduction in refunds of $61 million in fiscal year 2004. The average annual reduction in refunds for the last 10 years is $38.8 million.

ANTICIPATED WORKLOAD OF THE JOINT COMMITTEE ON TAXATION FOR CALENDAR YEAR 2005

During 2005, the Joint Committee expects an increase in workload over 2004. The Joint Committee staff will provide support to the Congress and the tax-writing committees as broad-based and other tax relief proposals, including President Bush's fiscal year 2006 budget proposals, are considered by the Congress. The Joint Committee staff is preparing for legislative action as a result of the President's Commission on broad based tax reform as well as the President's initiative to reform the Social Security system. In addition, the Joint Committee is preparing for Congressional consideration of legislation to extend various expiring tax provisions and to reform the laws relating to employer-provided retirement plans. As part of the legislative process, the Joint Committee staff will (1) develop legislative proposals, (2) assist in the drafting of such proposals, (3) provide revenue estimates for numerous legislative options and amendments, (4) prepare markup documents and committee reports, and (5) provide additional economic analysis to the Members.

In addition to this anticipated legislative activity, the Joint Committee staff will continue to satisfy its responsibilities under the IRS Restructuring and Reform Act of 1998. Thus, the Joint Committee staff will prepare a complexity analysis for inclusion in Committee and Conference reports for all revenue legislation. In addition,

the Joint Committee staff has also organized the joint review in 2005 relating to the operations of the Internal Revenue Service and prepared materials for the use of the Congress in connection with that review.

The Joint Committee will continue to satisfy its statutory responsibility to review large refund cases submitted to it by the IRS.

The Joint Committee staff expects to assist the Senate Committee on Foreign Relations with respect to its work to review proposed tax treaties.

The Joint Committee staff anticipates that requests from Members for revenue estimates for proposed legislation will increase in 2005, relative to 2004. In addition, the Joint Committee staff will continue to work to develop a macroeconomic model that will provide information on the possible effects on the economy of major tax legislation.

SUMMARY

Mr. Chairman, the Joint Committee has a reputation for providing timely, high quality service to the Congress with respect to proposed revenue legislation. However, the highly technical nature of the Joint Committee's work makes it imperative that the Joint Committee be able to hire and retain qualified tax professionals. If the Joint Committee's appropriation request is not approved, the Joint Committee will not have adequate resources to fill all of its open staff positions.

I respectfully request that the Subcommittee approve the appropriation request of the Joint Committee on Taxation for fiscal year 2006. This request is the minimum amount necessary to fund the operations of the Joint Committee during fiscal year 2006. If the requested funding is not provided, difficult decisions will be required concerning what staff activities can and should be funded.

ATTACHMENT A.—COMMITTEE AND CONFERENCE REPORTS ON WHICH THE JOINT COMMITTEE ON TAXATION STAFF PROVIDED ASSISTANCE, AND PUBLIC LAWS INVOLVING THE JOINT COMMITTEE STAFF DURING 2004

House Committee on Ways and Means

108–444—Highway Reauthorization Tax Act of 2004, March 23, 2004
108–548—American Jobs Creation Act of 2004, June 16, 2004
108–472—The Jamestown 400th Anniversary Commemorative Coin Act of 2003, July 6, 2004
108–473—John Marshall Commemorative Coin Act, July 6, 2004
108–474—Marine Corps 230th Anniversary Commemorative Coin Act, July 6, 2004

Senate Committee on Finance

108–257—Tax Administration Good Government Act, May 4, 2004
108–266—National Employee Savings and Trust Equity Guarantee Act, May 14, 2004

Conference Committee Reports

108–457—Pension Funding Equity Act of 2004, April 1, 2004
108–696—Working Families Tax Relief Act of 2004, September 23, 2004
108–755—American Jobs Creation Act of 2004, October 7, 2004

Senate Committee on Foreign Relations

108–9—Tax Convention with the Government of Japan
108–11—Tax Convention and Protocol with the Government of Sri Lanka

Public Laws Involving Joint Committee on Taxation

108–202—Surface Transportation Extension Act of 2004, February 29, 2004
108–203—Social Security Protection Act of 2004, March 2, 2004
108–218—Pension Funding Equity Act of 2004, April 10, 2004
108–224—Surface Transportation Extension Act of 2004, Part II, April 30, 2004
108–263—Surface Transportation Extension Act of 2004, Part III, June 30, 2004
108–280—Surface Transportation Extension Act of 2004, Part IV, July 30, 2004
108–289—Jamestown 400th Anniversary Commemorative Coin Act of 2004, August 6, 2004
108–290—John Marshall Commemorative Coin Act, August 6, 2004
108–291—Marine Corps 230th Anniversary Commemorative Coin Act, August 6, 2004
108–310—Surface Transportation Extension Act of 2004, Part V, September 30, 2004
108–311—Working Families Tax Relief Act of 2004, October 4, 2004
108–357—American Jobs Creation Act of 2004, October 22, 2004

108–375—Ronald W. Reagan Defense Authorization Act for Fiscal Year 2005, October 28, 2004
108–429—Miscellaneous Trade and Technical Corrections Act, December 3, 2004
108–447—Consolidated Appropriations Act, 2005, December 8, 2004
108–476—YMCA Retirement Fund, December 21, 2004
108–493—Modification to the Taxation of Arrow Components, December 23, 2004

ATTACHMENT B.—JOINT COMMITTEE ON TAXATION

JCS–04 DOCUMENTS

JCS–1–04—Explanation Of Proposed Income Tax Treaty Between The United States And Japan Scheduled for a Hearing Before the Committee on Foreign Relations United States Senate on February 25, 2004. February 19, 2004
JCS–2–04—Explanation Of Proposed Income Tax Treaty Between The United States And The Democratic Socialist Republic Of Sri Lanka Scheduled for a Hearing Before the Committee on Foreign Relations United States Senate on February 25, 2004. February 19, 2004
JCS–3–04—Description Of Revenue Provisions Contained In The President's Fiscal Year 2005 Budget Proposal. February 2004

JCX–04 DOCUMENTS

JCX–1–04—List Of Expired And Expiring Federal Tax Provisions. January 21, 2004
JCX–2–04—Description Of The Chairman's Mark Of The "Tax Administration Good Government Act Of 2004" Scheduled for Markup by the Senate Committee on Finance on February 2, 2004. January 29, 2004
JCX–3–04—Estimated Revenue Effects Of The Chairman's Mark Of The "Tax Administration Good Government Act Of 2004," Scheduled For Markup By The Committee On Finance On February 2, 2004. January 29, 2004
JCX–4–04—Description Of Chairman's Modification To The "National Employee Savings And Trust Equity Guarantee Act Of 2003" As Marked Up September 17, 2003, As Scheduled For Markup By The Senate Committee On Finance On February 2, 2004. January 29, 2004
JCX–5–04—Description Of The "Highway Reauthorization And Excise Tax Simplification Act Of 2004" Scheduled for Markup by the Senate Committee on Finance on February 2, 2004. January 29, 2004
JCX–6–04—Estimated Revenue Effects Of The "Highway Reauthorization And Excise Tax Simplification Act Of 2004," Scheduled For Markup By The Committee On Finance On February 2, 2004. January 30, 2004
JCX–7–04—Estimated Revenue Effects Of Tax And Pension Provisions Of H.R. 3108, The "Pension Stability Act," As Passed By The Senate On January 28, 2004. January 30, 2004
JCX–8–04—Description Of Additional Chairman's Modifications To The "National Employee Savings And Trust Equity Guarantee Act Of 2003" As Marked Up September 17, 2003, Scheduled For Markup By The Senate Committee On Finance On February 2, 2004. February 2, 2004
JCX–9–04—Estimated Budget Effects Of The "National Employee Savings And Trust Equity Guarantee Act," As Ordered Reported By The Committee On Finance On September 17, 2003, And As Proposed To Be Modified On February 2, 2004. February 2, 2004
JCX–10–04—Modification Of The Chairman's Mark On The "Highway Reauthorization And Excise Tax Simplification Act Of 2004" Scheduled for Markup by the Senate Committee on Finance on February 2, 2004. February 2, 2004
JCX–11–04—Estimated Revenue Effects Of The Chairman's Modifications To The "Highway Reauthorization And Excise Tax Simplification Act Of 2004," Scheduled For Markup By The Committee On Finance On February 2, 2004. February 2, 2004
JCX–12–04—Technical Explanation Of The Tax And Pension Provisions Of H.R. 3108, The "Pension Stability Act," As Passed By The Senate On January 28, 2004. February 9, 2004
JCX–13–04—Testimony Of The Staff Of The Joint Committee On Taxation Before The Senate Committee On Foreign Relations Hearing On The Proposed Tax Treaties With Japan And Sri Lanka. February 23, 2004
JCX–14–04—Estimated Budget Effects Of Revenue Provisions Contained In The President's Fiscal Year 2005 Budget Proposal. February 27, 2004
JCX–15–04—Updated Estimated Budget Effects Of S. 1637, The "Jumpstart Our Business Strength ('JOBS') Act," As Reported By The Committee On Finance. March 3, 2004

JCX–16–04—Present Law And Background Relating To Individual Taxpayer Identification Numbers ("ITNS") Scheduled for a Joint Hearing Before the Subcommittee on Oversight and the Subcommittee on Social Security of the House Committee on Ways and Means on March 10, 2004. March 5, 2004

JCX–17–04—Comparison Of The Tax And Pension Provisions Of H.R. 3108, As Passed By The House And The Senate. March 5, 2004

JCX–18–04—Comparison Of The Estimated Revenue Effects Of The Tax And Pension Provisions Of H.R. 3108, The "Pension Funding Equity Act Of 2003," As Passed By The House Of Representatives And H.R. 3108, The "Pension Stability Act," As Passed By The Senate. March 5, 2004

JCX–19–04—Estimated Revenue Effects Of Certain Tax Provisions Contained In S. 1072, The "Safe, Accountable, Flexible, And Efficient Transportation Equity Act Of 2004," As Passed By The Senate. March 12, 2004

JCX–20–04—Description Of "The Highway Reauthorization Tax Act Of 2004" Scheduled for Markup by the House Committee on Ways and Means on March 17, 2004. March 15, 2004

JCX–21–04—Estimated Revenue Effects Of H.R. 3971, The "Highway Reauthorization Tax Act Of 2004," Scheduled For Markup By The Committee On Ways And Means On March 17, 2004. March 17, 2004

JCX–22–04—Estimated Trust Fund And General Fund Effects Of Certain Tax Provisions Contained In H.R. 3971, The "Highway Reauthorization Tax Act Of 2004," Scheduled For Markup By The Committee On Ways And Means On March 17, 2004. March 17, 2004

JCX–23–04—Description Of Chairman's Amendment In The Nature Of A Substitute To H.R. 3971 The "Highway Reauthorization Tax Act Of 2004". March 17, 2004

JCX–24–04—Estimated Revenue Effects Of The Chairman's Amendment In The Nature Of A Substitute To H.R. 3971, The "Highway Reauthorization Tax Act Of 2004," Scheduled For Markup By The Committee On Ways And Means On March 17, 2004. March 17, 2004

JCX–25–04—Estimated Trust Fund And General Fund Effects Of Certain Tax Provisions Contained In The Chairman's Amendment In The Nature Of A Substitute To H.R. 3971, The "Highway Reauthorization Tax Act Of 2004," Scheduled For Markup By The Committee On Ways And Means On March 17, 2004. March 17, 2004

JCX–26–04—Estimated Trust Fund And General Fund Effects Of Certain Provisions In The "Highway Reauthorization And Excise Tax Simplification Act Of 2004," As Passed By The Senate. March 26, 2004

JCX–27–04—Estimated Revenue Effects Of Title IX Of H.R. 3550, The "Highway Reauthorization Tax Act Of 2004," Scheduled For Consideration On The House Floor. April 1, 2004

JCX–28–04—Estimated Revenue Effects Of The Tax And Pension Provisions Contained In The Conference Agreement For H.R. 3108, The "Pension Funding Equity Act Of 2004". April 2, 2004

JCX–29–04—Revised Disclosure Report For Public Inspection Pursuant To Internal Revenue Code Section 6103(p)(3)(C) For Calendar Year 2002. April 6, 2004

JCX–30–04—Disclosure Report For Public Inspection Pursuant To Internal Revenue Code Section 6103(p)(3)(C) For Calendar Year 2003. April 6, 2004

JCX–31–04—Estimated Revenue Effects Of H.R. 4181, Scheduled For Consideration On The House Floor. April 28, 2004

JCX–32–04—Estimated Revenue Effects Of H.R. 4227, For Consideration By The House Committee On Rules. May 5, 2004

JCX–33–04—Estimated Revenue Effects Of The Revenue Provisions Contained In H.R. 4279, As Passed By The House Of Representatives. May 14, 2004

JCX–34–04—Estimated Revenue Effects Of H.R. 4275, As Passed By The House Of Representatives. May 14, 2004

JCX–35–04—Estimated Budget Effects Of H.R. 1528, The "Tax Administration Good Government Act," As Passed By The Senate On May 19, 2004. May 20, 2004

JCX–36–04—Estimated Revenue Effects Of S. 1637, The "Jumpstart Our Business Strength ('JOBS') Act," As Passed By The Senate. May 20, 2004

JCX–37–04—Estimated Revenue Effects Of H.R. 4359, The "Child Credit Preservation And Expansion Act Of 2004," As Passed By The House Of Representatives. May 21, 2004

JCX–38–04—Estimated Revenue Effects Of H.R. 4520, The "American Jobs Creation Act Of 2004," Scheduled For Markup By The Committee On Ways And Means On June 10, 2004. June 8, 2004

JCX–39–04—Comparison Of The Estimated Revenue Effects Of The Tax Provisions Contained In H.R. 3550, The "Transportation Equity Act: A Legacy For

Users," As Passed By The House Of Representatives, And H.R. 3550, The "Safe, Accountable, Flexible, And Efficient Transportation Equity Act Of 2004," As Amended By The Senate. June 9, 2004

JCX–40–04—Comparison Of The Estimated Trust Fund And General Fund Effects Of Certain Tax Provisions Contained In H.R. 3550, The "Transportation Equity Act: A Legacy For Users," As Passed By The House Of Representatives, And H.R. 3550, The "Safe, Accountable, Flexible, And Efficient Transportation Equity Act Of 2004," As Amended By The Senate. June 9, 2004

JCX–41–04—Description Of H.R. 4520, The "American Jobs Creation Act Of 2004" Scheduled for Markup by the House Committee on Ways and Means on June 14, 2004. June 10, 2004

JCX–42–04—Description Of The Chairman's Amendment In The Nature Of A Substitute To The Provisions Of H.R. 4520, The "American Jobs Creation Act Of 2004". June 10, 2004

JCX–43–04—Estimated Revenue Effects Of The Chairman's Amendment In The Nature Of A Substitute To H.R. 4520, The "American Jobs Creation Act Of 2004," Scheduled For Markup By The Committee On Ways & Means On June 14, 2004. June 10, 2004

JCX–44–04—Description Of Present Law Relating To Charitable And Other Exempt Organizations And Statistical Information Regarding Growth And Oversight Of The Tax-Exempt Sector Scheduled for a Public Hearing Before the Senate Committee on Finance on June 22, 2004. June 22, 2004

JCX–45–04—Estimated Revenue Effects Of H.R. 4520, The "American Jobs Creation Act Of 2004," As Passed By The House Of Representatives. June 22, 2004

JCX–46–04—Description Of The Chairman's Amendment To H.R. 1914, The "Jamestown 400th Anniversary Commemorative Coin Act Of 2003," H.R. 2768, The "John Marshall Commemorative Coin Act," And H.R. 3277, The "Marine Corps 230th Anniversary Commemorative Coin Act". June 22, 2004

JCX–47–04—Comparison Of The Tax Provisions Contained In H.R. 3550, The "Transportation Equity Act: A Legacy For Users," As Passed By The House Of Representatives, And H.R. 3550, The "Safe, Accountable, Flexible, And Efficient Transportation Equity Act Of 2004," As Amended By The Senate. June 25, 2004

JCX–48–04—Present Law And Background Relating To The Tax Treatment Of Tip Income. July 13, 2004

JCX–49–04—Description Of H.R. 982, A Bill "To Clarify The Tax Treatment Of Bonds And Other Obligations Issued By The Government Of American Samoa". July 16, 2004

JCX–50–04—Estimated Revenue Effects Of H.R. 4841, The "Tax Simplification For Americans Act Of 2004," As Amended, And Scheduled For Consideration By The House Of Representatives. July 21, 2004

JCX–51–04—Estimated Revenue Effects Of H.R. 4840, The "Tax Simplification For America's Job Creators Act Of 2004," Scheduled For Consideration By The House Of Representatives. July 21, 2004

JCX–52–04—Present Law And Analysis Relating To Tax Benefits For Higher Education Scheduled for a Public Hearing Before the Senate Committee on Finance on July 22, 2004. July 21, 2004

JCX–53–04—Comparison Of The Estimated Budget Effects Of H.R. 4520, The "American Jobs Creation Act Of 2004," As Passed By The House Of Representatives, And H.R. 4520, The "Jumpstart Our Business Strength ('JOBS') Act, As Amended By The Senate. July 23, 2004

JCX–54–04—Explanation Of Proposed Protocol To The Income Tax Treaty Between The United States And The Netherlands Scheduled for a Hearing Before the Committee on Foreign Relations United States Senate on September 24, 2004. September 16, 2004

JCX–55–04—Explanation Of Proposed Protocol To The Income Tax Treaty Between The United States And Barbados Scheduled for a Hearing Before the Committee on Foreign Relations United States Senate on September 24, 2004. September 16, 2004

JCX–56–04—Present Law And Background Relating To Tax-Exempt Financing Of Indian Tribal Prisons Scheduled for a Public Hearing Before the Senate Committee on Finance on September 21, 2004. September 20, 2004

JCX–57–04—Comparison Of Provisions Contained In H.R. 1308, The "All-American Tax Relief Act Of 2003," As Passed By The House Of Representatives On June 12, 2003, And H.R. 1308, The "Relief For Working Families Tax Act Of 2003," As Passed By The Senate On June 5, 2003. September 21, 2004

JCX–58–04—Testimony Of The Staff Of The Joint Committee On Taxation Before The Senate Committee On Foreign Relations Hearing On The Proposed Tax Protocols With Barbados And The Netherlands. September 22, 2004

JCX–59–04—Estimated Revenue Effects Of H.R. 1057, The "Adoption Tax Relief Guarantee Act," Scheduled For Consideration By The House Of Representatives. September 22, 2004

JCX–60–04—Estimated Revenue Effects Of The Conference Agreement For H.R. 1308, The "Working Families Tax Relief Act Of 2004". September 23, 2004

JCX–61–04—Comparison Of Certain Provisions Of H.R. 4520 As Passed By The House Of Representatives And As Amended By The Senate: Provisions Relating To The Repeal Of The Exclusion For Extraterritorial Income, Domestic Production, And The Corporate Income Tax Rates Applicable To Small Corporations. September 29, 2004

JCX–62–04—Comparison Of Certain Provisions Of H.R. 4520 As Passed By The House Of Representatives And As Amended By The Senate: Job Creation Tax Incentives For Manufacturing, Small Business, And Farming. September 29, 2004

JCX–63–04—Comparison Of Certain Provisions Of H.R. 4520 As Passed By The House Of Representatives And As Amended By The Senate: Provisions Relating To International Tax Reform And Simplification For United States Businesses. September 29, 2004

JCX–64–04—Comparison Of Certain Provisions Of H.R. 4520 As Passed By The House Of Representatives And As Amended By The Senate: Revenue Provisions. September 29, 2004

JCX–65–04—Comparison Of Certain Provisions Of H.R. 4520 As Passed By The House Of Representatives And As Amended By The Senate: Alcohol Fuels And Fuel Fraud Provisions. September 29, 2004

JCX–66–04—Comparison Of Certain Provisions Of H.R. 4520 As Passed By The House Of Representatives And As Amended By The Senate: Expiring Provisions. September 29, 2004

JCX–67–04—Budget Impact Of The Proposed Protocols To The Income Tax Treaties Between The United States And The Netherlands And Between The United States And Barbados. September 30, 2004

JCX–68–04R—Estimated Budget Effects Of The Chairman's Mark Relating To H.R. 4520, The "American Jobs Creation Act Of 2004," Scheduled For Consideration By The House And Senate Conferees Continuing On October 5, 2004. October 5, 2004

JCX–69–04—Estimated Budget Effects Of The Conference Agreement For H.R. 4520, The "American Jobs Creation Act Of 2004". October 7, 2004

JCX–70–04—Description Of The Tax Technical Corrections Act Of 2004. November 19, 2004

JCX–71–04—List Of Expiring Federal Tax Provisions 2004–2014. December 23, 2004

ATTACHMENT C.—JOINT COMMITTEE ON TAXATION REVENUE ESTIMATE REQUESTS

Calendar year	No. of requests
1986	474
1987	420
1988	900
1989	1,290
1990	1,286
1991	1,461
1992	2,350
1993	2,380
1994	1,259
1995	2,278
1996	1,792
1997	2,079
1998	2,729
1999	4,150
2000	2,807
2001	4,491
2002	3,583
2003	4,839
2004	3,580

ATTACHMENT D.—REQUEST DATA RELATING TO THE 2ND SESSION OF THE 108TH CONGRESS [1]

[Calendar Year 2004]

Requestors	Requests Received	Requests Pending	Requests Closed	Percent Closed
Ways and Means Committee:				
Republicans	842	66	776	92.2
Democrats	188	19	169	89.9
Senate Finance Committee:				
Republicans	933	91	842	90.2
Democrats	1,162	97	1,065	91.7
Non-Ways and Means Committee:				
Republicans	71	7	64	90.1
Democrats/Independent	78	10	68	87.2
Non-Senate Finance Committee:				
Republicans	81	10	71	87.7
Democrats	131	10	121	92.4
Others	94	9	85	90.4
Total	3,580	319	3,261	91.1

[1] Totals include both revenue and non-revenue requests.

ATTACHMENT E.—MEMORANDUM

DECEMBER 8, 2004.

TO: Chief of Staff, Joint Committee on Taxation
FROM: Senior Refund Counsel
SUBJECT: Refund Section—Operations Report October 1, 2003 through September 30, 2004

This is a report on the more significant developments in this Office during this period.

SUMMARY

Volume—Refund Cases.—1,163 reports were received during this period. The total dollar amount of refunds was $22,977,809,443.

Reports Received	2000	2001	2002	2003	2004
Examination Division	550	406	487	555	1,058
Appeals Division	99	76	95	82	92
Department of Justice	10	14	4	7	9
Chief Counsel	5	6	2	5	4
Total	664	502	588	649	1,163
Concerns [1]	49	51	41	39	56

[1] Includes 0 post review deficiency cases for 2000, 4 for 2001, 0 for 2002, 1 for 2003 and 2 for 2004.

Post Review.—The Service reports 64 large deficiency cases to us on an annual basis.

Other Action.—We made recommendations that the Service publish guidance in certain areas we also made five legislative recommendations.

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

Errors identified by us in fiscal year 2004 and prior years, and settled in fiscal year 2004 produced a net reduction in refunds or an increase in deficiencies of $61 million. The average annual reduction for the last ten years is $38.8 million. Such corrections also reduced NOLs by $9.8 million; reduced credits by $133,000 reduced AMT NOLs by $103.2 million and decreased basis and amortization by $31 million.

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

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

Raised the possibility of legislation to amend section 305(c) to reference section 1272(d). (NB)

Suggested the IRS review procedures for reporting section 835(d) credits to Joint Committee in view of recent failure to timely report credit. (RG)

Raised for future reference the issue of longer carryback periods from certain years, and the problem that arises when taxpayers file for a change in period to obtain more than one tax year ending in the relevant year. (NB)

Raised the issue of the characterization issue of licenses in the section 367/351 contexts. (NB)

Raised the fact that section 172(h) has never been amended to conform to the 5-year periods contained in 172(b)(1)(H). (RG)

Amend section 1033 to clarify that merger termination fees do not qualify. (NB & RG)

Suggested the IRS review two compensation rulings. (CS & NF)

EXHIBIT I.—REPORTS TO JC AS REQUIRED BY IRS CODE SECTION 6405—FISCAL YEAR 2004

Month	No. of Cases Received	Cumulative Total	Cumulative Monthly Average	Dollar Receipts	Cumulative Dollar Receipts
October	73	73	73	$2,004,276,357	$2,004,276,357
November	43	116	58	488,511,179	2,492,787,536
December	52	168	56	1,290,914,965	3,783,702,501
January	65	233	58	1,010,727,485	4,794,429,986
February	119	352	70	4,214,438,769	9,008,868,755
March	109	461	77	1,114,379,529	10,123,248,284
April	109	570	81	1,395,622,914	11,518,871,198
May	168	738	92	5,487,895,592	17,006,766,790
June	105	843	94	1,278,596,373	18,285,363,163
July	109	952	95	2,007,877,685	20,293,240,848
August	121	1,073	98	1,696,776,685	21,990,017,533
September	90	1,163	97	987,791,779	22,977,809,312

EXHIBIT II.—JOINT COMMITTEE CASES RECEIVED BY TYPES OF TAXPAYER AND SOURCE—FISCAL YEAR 2004

	Amount	Percent		Amount	Percent
TYPES OF TAXPAYERS			SOURCE OF REPORTS		
Individuals	40	3.4	Compliance	1,058	91.0
Estates	5	.4	Appeals	92	7.9
Trusts	4	.3	Justice	9	.8
Corporations	1,114	95.9	Tax Court	4	.3
Total	1,163	100.0	Total	1,163	100.0

EXHIBIT III.—JOINT COMMITTEE MONTHLY RECEIPTS—REFUND REPORTS FROM COMPLIANCE AND APPEALS—FISCAL YEAR 2004

Month	Compliance	Cumulative	Appeals	Cumulative
October	69	69	3	3
November	39	108	4	7
December	48	156	3	10
January	57	213	8	18
February	105	318	11	29
March	102	420	5	34
April	105	525	4	38
May	153	678	13	51
June	91	769	13	64
July	98	867	10	74
August	109	976	10	84

EXHIBIT III.—JOINT COMMITTEE MONTHLY RECEIPTS—REFUND REPORTS FROM COMPLIANCE AND APPEALS—FISCAL YEAR 2004—Continued

Month	Compliance	Cumulative	Appeals	Cumulative
September	82	1,058	8	92

EXHIBIT IV.—JOINT COMMITTEE ON TAXATION CONCERNS ON REFUND REPORTS—FISCAL YEAR 2004

	Number of Concerns Issued	Percentage of Total Concerns Issued
Compliance	48	85
Appeals	7	13
Tax Court	1	2
Total	56	100

TOTAL REPORTS RECEIVED

	No.
CMP	1,058
AP	92
TC	4
J	9
Total	1,163

JOINT ECONOMIC COMMITTEE

PREPARED STATEMENT OF JIM SAXTON, CHAIRMAN

Mr. Chairman and members of the Committee, it is a pleasure to express my strong support for the fiscal year 2006 budget request of the Joint Economic Committee (JEC).

This budget request will support the JEC's focus on quality research and economic analysis needed by Congress and the public. The Committee's research and activities are substantive and credible, and have been cited in the Financial Times, Wall Street Journal, Forbes, Time, Washington Post, New York Times, Institutional Investor, and many other publications.

As you know, the Committee's research covers a broad array of issue areas including both domestic and international economic policies. In addition, the Committee closely monitors and analyzes current economic, financial, and employment conditions. The Committee has several ongoing research programs including fiscal and monetary policy, tax policy, insurance reform, and reform of the International Monetary Fund (IMF) and the World Bank.

One of our research programs, for example, focuses on recent Federal Reserve monetary policy. A series of JEC research papers and hearings continues to explore the specific features of the most successful monetary policy in U.S. history. Our research in this area indicates that the Federal Reserve has essentially been conducting informal inflation targeting for a number of years.

Since this monetary policy has proved so effective and beneficial to the economy, it is important to provide Congress with an explanation of inflation targeting and how it works. Inflation targets are usually ranges setting permissible changes in some broad price index. For example, one might choose to set a formal inflation target of 1 to 3 percent in such an index. Monetary policy is then geared to achieve this inflation target over a designated timeframe.

A number of JEC research papers also have documented that many other nations have successfully implemented inflation targeting, with very positive effects. I continue to believe that it would be beneficial for the United States to set more formal inflation targets and to institutionalize this approach to monetary policy.

In the area of taxation, a number of JEC studies have analyzed various tax provisions in light of their impact on capital formation. These studies examine how various features of the income tax can undermine incentives for saving and investment. Other JEC related research reviews U.S. tax policy and compares it to the tax policies of other nations. Another research project demonstrates the deficiencies in commonly used tax distribution tables.

An additional research program involves reform of the International Monetary Fund (IMF) and the World Bank. Some of this JEC research has resulted in legislation changing IMF lending policies, producing taxpayer savings of many millions of dollars. More recent JEC research has exposed hundreds of millions in hidden taxpayer subsidies that could result from new IMF proposals currently under consideration.

In recent weeks, the JEC has expanded its international research program to include a review of allegations concerning accounting irregularities at the World Bank. The Committee has verified that accounting errors of tens of millions of dollars did in fact occur and were not effectively addressed by World Bank management in a timely manner. While many of these accounting problems occurred several years ago, some of the problems are much more recent. We will continue to explore these World Bank accounting issues in coming months.

Insurance reform is another ongoing research program of the Committee. A number of Committee studies examine policy issues related to terrorism insurance, medical liability reform, and tort reform.

In closing, I would like to emphasize that the quality and productivity of Committee research products will continue in the 109th Congress as we execute an aggressive research agenda. I would also like to thank the Members of this Committee as well as other Members of Congress for their support of the work of the Joint Economic Committee.

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The subcommittee was unable to hold hearings on nondepartmental witnesses. The statements of those submitting written testimony are as follows:]

PREPARED STATEMENT OF THE ASSOCIATION OF RESEARCH LIBRARIES AND THE COUNCIL ON LIBRARY AND INFORMATION RESOURCES

This statement is submitted on behalf of the Association of Research Libraries (ARL) and the Council on Library and Information Resources (CLIR) in support of the fiscal year 2006 budget request of $627,802,000 for the Library of Congress (LC).

The funding request for fiscal year 2006 will allow the Library to fund ongoing operational activities while at the same time, support a number of key activities of interest to the library community and the Nation. Importantly, several of these initiatives focus on enhancing preservation of and access to the Library's collections. These projects include the National Audio-Visual Conservation Center (NAVCC), the National Digital Information Infrastructure and Preservation Program (NDIIPP), digitization and deacidification initiatives.

The National Audio-Visual Conservation Center (NAVCC) in Culpeper, Virginia will serve as the central storage and conservation facility for the Library's audiovisual collections and will also be home to specialized preservation laboratories for audiovisual media. This project was put on a five-year plan three years ago and progress is moving according to schedule. The fiscal year 2006 funding request for this project is $16.17 million. This facility will provide sufficient capacities and capabilities for the Library to store, preserve and provide access to its collections of moving images and recorded sound for well over the next 25 years. ARL and CLIR support the Library's fiscal year 2006 request of $16.17 million for collections relocation, digital preservation activities, and more relating to the NAVCC.

To preserve our past, libraries have established collaborative programs to protect millions of books and other materials, much of which is becoming unreadable due to the acidic paper on which they are printed. This is a national crisis and our response must be sustained over many years. ARL and CLIR thank the Congress for your continuing support of the Library's deacidification and related preservation efforts. We support the request for $3.375 million to preserve an additional 4.5 million items.

The library community supports many preservation initiatives. ARL recently released a paper, "Recognizing Digitization as a Preservation Reformatting Method," (http://www.arl.org/preserv/digit_final.html) that supports digitization as a viable preservation reformatting strategy. CLIR and the Coalition for Networked Information (CNI) endorsed this paper and approach. This paper is but a first step in building community support and facilitating the development of policies, standards, guidelines, and best practices. It is recognized that there are many methods available to preserve paper-based materials with digitization becoming more widely accepted by many communities.

ARL and CLIR support the mission of the National Digital Information Infrastructure and Preservation Program (NDIIPP) to develop a national strategy to collect, archive, catalog, and preserve the rapidly increasing amount of digital content for current and future generations, especially materials that are created only in digital formats. Libraries throughout the United States are investing in comparable initiatives, thus cooperation among institutions will be fundamental to the success of these endeavors. ARL and CLIR support the request to extend by five years, the securing of commitments by other organizations and entities to partner in the NDIIPP. In 2004, the Library awarded more than $13.9 million to eight U.S. institutions to collect and preserve digital materials under the NDIIPP.

The Library created the National Film Preservation Foundation (NFPF) in 1996 to preserve American films, such as documentaries, silent-era films, avant-garde works, ethnic films, newsreels, home movies and independent works. In addition to protecting films from disintegration, NFPF organizes, obtains funding, and manages

collaborative projects that enable film archives to work together on national preservation initiatives. These are important activities and merit Congress' full support. Indeed, ARL supported legislation before Congress to reauthorize these important activities.

Funding to assist the Library in its long-term preservation and access initiatives is critical to ensuring that the American public benefits from our Nation's cultural resources as well as from the Library's global resources. We look forward to working with members of the Subcommittee on Legislative Branch and very much appreciate the Subcommittee's continued support for the Library of Congress and its programs.

PREPARED STATEMENT OF THE ASSOCIATION OF RESEARCH LIBRARIES AND THE COUNCIL ON LIBRARY AND INFORMATION RESOURCES

On behalf of the Association of Research Libraries (ARL) and the Council on Library and Information Resources (CLIR), we write in support of the fiscal year 2006 appropriations request for the U.S. Government Printing Office (GPO). We request your support for GPO's fiscal year 2006 budget request of $131,120,000 and in particular the request of $33,837,000 for the Salaries and Expenses (S&E) Appropriation of the Superintendent of Documents. This appropriation supports the Federal Depository Library Program (FDLP), the cataloging and indexing of government publications, the distribution of government publications to the International Exchange Program and more. We commend GPO for investing in technologies and systems to support enhanced access to electronic government information and in programs to ensure the authenticity and preservation of this information.

The FDLP is a long-standing partnership between the Federal Government, the library community and the public. The FDLP provides the American public with access to a wide array of Federal information. GPO Access provides the public with access to information in an increasingly electronic environment. In addition to Congress, the White House, approximately 130 Federal departments and agencies, and the courts rely on GPO's services to create and disseminate government information through the World Wide Web.

The GPO and the participating Federal Depository Libraries (FDLs) are undergoing an exciting transformation. This transformation is a result of the new capabilities and opportunities that are possible with the adoption of digital technologies and the explosive growth of the Internet. Researchers, students and members of the public can engage in sophisticated searching and manipulation of information and data including ready access to data, image files and more. Increasingly, the data and information available is both current and historical as many libraries and others digitize special collections that are rich in the cultural and political history of our Nation.

As noted by the Pew Internet and American Life Project, "the Internet has reached into, and in some cases, reshaped just about every realm of modern life." This shift to the adoption and use of electronic information resources reflects the interests and activities of the public. According to a recent Nielsen/NR survey (March 2005), there are 200,933,147 Internet users in the United States or 67.8 percent of the population. This represents an increase in usage of the Internet of 104.9 percent between 2000–2005. These statistics demonstrate how the American public is now engaging in online activities—education, e-commerce, politics and a wide range of other activities. The findings of the Electronic Publishing Initiative (EPIC) at Columbia University are illustrative of this change. EPIC found that electronic resources have become the most used tool for information gathering by students. In particular, undergraduate students rely upon the World Wide Web and graduate students are more dependent upon library electronic services. The *GPO Strategic Vision for the 21st Century* clearly recognizes how the American public depends upon E-services and how they use information.

Research libraries, indeed all libraries, are experiencing an explosive growth in the acquisition and use of electronic resources. As a result, there is a dramatic rise in digital services in libraries and in teaching, learning and research applications. The acceleration to electronic services is due in large part to the new opportunities to provide access to information more effectively. Data collected by ARL members over the past decade indicate that the portion of the library materials budget that is spent on electronic resources is growing rapidly. The percentage of the average library budget that is spent on electronic materials has increased more than eightfold, from an estimated 3.6 percent in 1992–93 to 25 percent in 2002–03.

Since the early 1990's, the library community has actively advocated for the inclusion of electronic government information in the FDLP. Congress, with guidance from this Committee, has supported this move to an increasingly electronic FDLP.

This direction recognized the enhanced capabilities that electronic services provide to users of government information.

Most recently, the move to electronic delivery of information in the FDLP has increased at a fast pace. By October-November 2004, 95 percent of the titles in the FDLP were available electronically (even if tangible forms were also available) and only 5 percent had no electronic counterpart.

The shift to a predominantly electronic FDLP signals a change in nature of the Program. The FDLP is moving from a collection-based program to a service-based program and from print-based to electronic. The focus of the program is on expertise and access to the information resources, not on the physical collection. In addition, the future of the FDLP will be in building shared collections where resources are managed and interoperated. These may also include print collections that are digitized. It is expected that different models of shared repositories are likely to emerge and diversity is desirable and encouraged.

Participating libraries make significant local contributions to ensure effective public access to government information. For example, as a participating regional federal depository library (since 1879), the University of Colorado-Boulder Library spends approximately $675,000 for staff, material purchases, equipment and a variety of projects that enhance public access to government information. In addition, the Colorado State University selects approximately 60 percent of materials available via the FDLP and spends $200,000 on staff. The average yearly cost for 6 academic FDL's in Illinois is $348,107 and all select over 78 percent of the government information available via the program.

One hundred and eight ARL members are federal depository libraries located in congressional districts throughout the United States. Of the 108 participating ARL libraries, 22 are regional depositories that collect and maintain all information available via the FDLP. As of the fall of 2003, the average annual investment in the program by ARL selective FDLs was $352,680 and was $386,251 for ARL regional FDLs. Moreover, a recent survey of ARL FDLs and non-ARL regional libraries reports a jump in the reliance upon no-fee government E-resources as well as an increase in the licensing of commercial E-resources. Finally, 99 percent of ARL selective FDLs report links to electronic government information in their online catalogs and 100 percent of all regional FDLs link to government E-resources. Clearly, many participating FDLs have embraced the use of electronic products and services.

The GPO fiscal year 2006 funding request, including that for Salaries and Expenses, includes key initiatives that focus on ensuring that GPO is well positioned to provide needed information services in the evolving networked environment. GPO is investing in new strategic initiatives that define its and the FDLP's future. For example, GPO is supporting the development of authentication services, preservation planning and implementation, improvements to GPO Access, web harvesting, and reallocation of resources to manage the electronic collection. The Salaries and Expenses request of $33,837,000 supports several critically important programs such as the FDLP, the Cataloging and Indexing Program, and the International Exchange Program. This amount includes necessary increases to support the continued operation of the FDLP, and the increased demands upon GPO Access. In particular, we strongly support the request of $1 million in support of digitization of government information. We urge you to approve the full Salaries and Expenses appropriations request for fiscal year 2006.

ARL recently released a paper, "Recognizing Digitization as a Preservation Reformatting Method," (http://www.arl.org/preserv/digit_final.html) that supports digitization as a viable preservation reformatting strategy. CLIR and the Coalition for Networked Information (CNI) endorsed this paper and approach. This paper is but a first step in building community support and facilitating the development of policies, standards, guidelines, and best practices. It is recognized that there are many methods available to preserve paper-based materials with digitization becoming more widely accepted by many communities.

In closing Mr. Chairman, we very much appreciate your and the Subcommittee's support of GPO and the FDLP over the course of many years. The continuing investment in systems and services to provide the public with effective access to government information will ensure that valuable electronic government information will be available and preserved for future generations. We respectfully ask for your continued support by approving the Government Printing Office's fiscal year 2006 appropriations request in its entirety. We also ask that this statement be included as part of the hearing record.

Thank you very much for your consideration of this request.

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