

**Written Statement of
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Before the
Subcommittee on the Legislative Branch
Committee on Appropriations
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RELEASED BY THE COMMITTEE ON APPROPRIATIONS

Chairman Amodei, Ranking Member Espaillat, and Members of the Subcommittee:

Thank you for the opportunity to submit the United States Copyright Office’s fiscal 2024 budget request.

The Copyright Office is tasked with overseeing the national copyright registration and recordation systems, advising Congress on copyright policy and legislation, working with the Department of Justice and other federal agencies on copyright litigation and international copyright matters, conducting administrative and regulatory activity including with respect to copyright statutory licenses, and educating the public about copyright. We accomplish this with a talented and diverse staff, all dedicated to copyright’s Constitutional mission of “promot[ing] the progress of science and useful arts.”¹ Last year, the Office published its strategic plan for 2022–2026, *Fostering Creativity and Enriching Culture*, which identified four overarching goals: Copyright for All, Continuous Development, Impartial Expertise, and Enhanced Use of Data.² These goals, aligned closely with those of the Library of Congress, are intended to make the copyright system more accessible, understandable, and up to date.

¹ U.S. CONST. art. I, § 8, cl. 8.

² U.S. COPYRIGHT OFFICE STRATEGIC PLAN 2022–2026: FOSTERING CREATIVE & ENRICHING CULTURE (Jan. 2022), <https://copyright.gov/reports/strategic-plan/USCO-strategic2022-2026.pdf>.

KEY ACCOMPLISHMENTS OVER THE PAST YEAR

The Copyright Office has achieved many noteworthy successes, and has fully restored on-site operations. As of February 6, 2023, the Office had 444 full-time employees onboard. Among full-time career employees, we have a minority representation of 51.4%, and women comprise nearly 60%.

Registration and Recordation

The Office continues to effectively administer the national copyright registration and recordation systems. Importantly, we have eliminated the backup of physical deposits caused by the pandemic. In fiscal 2022, we registered over 484,000 copyright claims involving millions of works. In doing so, we have markedly improved registration processing times: the average for examining all copyright claims stands at 2.7 months for the second half of fiscal 2022. For fully electronic claims that do not require correspondence, the average processing time is down to just 1.2 months.³ While the pandemic temporarily impacted processing times for electronic applications with physical deposits as well as paper applications, we have reduced these timeframes sharply (to an average of 6.5 months and 6.1 months, respectively).

With respect to recordation, in fiscal 2022 the Office recorded 14,714 documents containing titles of 1,165,653 works, including 5,959 documents and 255,106 titles of works through our new online self-service portal.⁴ Our online recordation pilot, launched in April 2020, now offers an alternative to our paper-based process, and has significantly shortened processing times. The average time from electronic submission of basic recordation documents to generation of the public record is now measured in weeks rather than months. On August 1,

³ Registration processing times are posted on our website at <https://copyright.gov/registration/docs/processing-times-faqs.pdf>. For the April 1 to September 30, 2022 timeframe, 81% of all registration claims were eService claims (online claims and electronic deposits); about 17% were deposit ticket claims (online claims with separately mailed physical deposit materials); and about 2% were mail claims (paper claim forms and physical deposits).

⁴ There are three primary types of documents that may be submitted for recordation: transfers of copyright ownership, other documents pertaining to a copyright, and notices of termination. The pilot and newly released system are currently focused on only the first category (section 205 documents).

2022, we opened the pilot to all members of the public,⁵ and have seen a meaningful increase in users. At the same time, we still have to process paper recordation requests, and the pandemic caused some delays that have resulted in longer processing times.⁶

Other Activities

In the area of law and policy, the Office continued its longstanding roles of providing advice to Congress and the courts, and information to the public. In fiscal 2022, we launched the Copyright Claims Board (as described in more detail, below). In responding to Congress' requests, we issued a report that evaluated the effectiveness of copyright protection for press publishers in the United States, and conducted a study of the feasibility and advisability of creating a new option for copyright registration where examination may be deferred until requested by the applicant. We also conducted stakeholder consultations on the voluntary use of technical measures to identify or protect copyrighted works and on standard technical measures as defined in the Digital Millennium Copyright Act (DMCA). We responded to members of Congress on several music licensing issues, and initiated a study on non-fungible tokens and intellectual property jointly with the U.S. Patent and Trademark Office (USPTO). And after completing implementation of the Music Modernization Act (MMA) in 2021, we maintain an oversight role as directed by the statute and the legislative history, as well as engaging in education and outreach activities. The Office also provided legal advice and assistance across the government regarding complex areas of copyright law and policy, including Supreme Court and appellate litigation and interagency collaboration on international matters and trade.

Regarding licensing, the Office maintained our effective stewardship of over \$1.2 billion in statutory licensing revenues as of the end of fiscal 2022. For the fifth consecutive year, we received an unmodified or "clean" audit opinion of the statutory licensing fiduciary asset

⁵ U.S. Copyright Office, NewsNet 955, Copyright Office Expands Recordation System Access to the Public (Aug. 1, 2022), <https://www.copyright.gov/newstnet/2022/975.html>.

⁶ Recordation processing times are posted on our website at <https://copyright.gov/recordation/>. The Office of Copyright Records is currently processing March 2021 basic (section 205) recordation filings and July 2022 notices of termination. Regardless of the processing time, the effective date of recordation is the date the Copyright Office receives the complete submission in acceptable form.

financial statements.⁷ In addition, on July 1, 2022, the Licensing Section moved to a single Electronic Funds Transfer (EFT) method for payment of current, past, and future royalty and filing fees.

The Office has also engaged in numerous outreach activities to provide clear and accurate information on copyright law. We regularly produce and contribute to events to educate the public and stakeholders about copyright, including to reach music and songwriter communities with information about the MMA. In fiscal 2022, we hosted 47 public events and spoke at over 100 more, roughly doubling our level of activity from the prior year. Our Public Information Office and our reading room re-opened in July 2021 and currently provide in-person services by appointment.

In addition, the Office transferred 573,152 works with an estimated value of \$45 million to the Library collections. We hired our first ever Chief Economist and released a report examining women authors' participation in the U.S. copyright system.

UPDATE ON SIGNIFICANT ONGOING INITIATIVES

The Office's fiscal 2024 funding request seeks the resources necessary to implement our strategic goals, including providing continuous development as well as enhancing the use of data in our ongoing work. Below we highlight progress on two particularly important initiatives: IT continuous development and the Copyright Claims Board (CCB).

IT Modernization and Continuous Development

Our ongoing modernization initiative continues to be a top priority. The Office has completed the fourth year of Congress' appropriated five-year funding (fiscal 2019–2023) for modernization of our IT systems. Under the Library of Congress's centralized IT structure, we continue to work closely with the Office of the Chief Information Officer (OCIO) to provide the

⁷ U.S. Copyright Office, NewsNet 972, Library of Congress Publishes Results of an Independent Audit of the Fiscal Year 2021 Fiduciary Financial Statements (Jul. 5, 2022), <https://copyright.gov/newsnet/2022/972.html>.

business information needed for IT development. The planned Enterprise Copyright System (ECS) includes workstreams on recordation, public records, registration, and licensing. The OCIO is leading work on user experience design and platform services—that is, the design and architecture capabilities underpinning the ECS.

Recordation: Our new recordation system was the first ECS component to be released to the public, enabling electronic recordation of documents under section 205 of title 17. Starting with voluntary pilot users in April 2020, we worked with the developers to refine and improve the system’s features. In August 2022, full online access was provided to all members of the public. We are now incorporating user feedback to make iterative improvements as well as to build new functionality to process notices of termination. We anticipate the recordation component will move into continuous development in fiscal 2024.

Public Records: Our second ECS application to be publicly released was a public pilot for the new Copyright Public Records System (CPRS). This system provides an improved interface for our public records (which includes post-1978 registration and recordation records), along with advanced search functionality. We anticipate that this component too will move into continuous development in fiscal 2024.

Registration: Registration is the most complex of the Office’s services and there is a lot of public interest in the success of the new ECS registration component. During the course of the initial ECS development work, we have made considerable progress.⁸ IT development on both the external (public) and internal (staff) components of the new registration application continues. With continued support, we aim to have the standard registration application in a limited pilot by the end of calendar 2024. We anticipate that work on the registration component will extend beyond fiscal 2024 and will move into continuous development in future years. Assuming success with the pilot, we hope to expand to group registrations and ultimately retire

⁸ For example, a clickable prototype for the standard application (the one used by most claimants) was released for internal office evaluation at the end of fiscal 2020 and for limited moderated public testing in February 2021, and a second public prototype was released in spring 2021. A reimagined standard application has undergone moderated user testing and is currently in development, and we are designing and testing one of the group registration applications.

the legacy eCO Registration system by the end of calendar 2026. We are working with OCIO to increase the resources devoted to the registration component, in order to attain the pace needed to achieve these goals.

Licensing: Over the past two years, the Office has been developing user experience design and initial automated workflows for licensing processes to replace outdated systems. We anticipate that the cost of licensing modernization can be accommodated within the licensing base budget. Development work is focusing on migrating the statement of account examination processes to ECS and migrating all royalty accounting processes onto the Legislative Branch Financial Management System to streamline them and eliminate duplication. The new licensing processes will move into continuous development in spring 2024.

Historical Public Records: As part of the Office's commitment to the preservation of and access to our historical records, we are digitizing print and microfilm records and making them available online. This includes the card catalog,⁹ the Catalog of Copyright Entries (CCEs), and the record books. Digitization is the first step, to be followed by metadata capture to enhance searchability, with all records eventually available through the new Copyright Public Records System (CPRS). As to the Office's record books, which contain well over 26 million pages of records between 1870 and 1977, considerable progress has been made this year to digitize them and make them publicly available. The first 500 books were published on the Library's website in February 2022,¹⁰ and now over 5,600 are available. Scanning is being done in reverse chronological order from 1977, with the scanned books being posted in batches.

Copyright Public Modernization Committee: In January 2021, the Library announced the creation of a Copyright Public Modernization Committee (CPMC) to enhance

⁹ See <https://copyright.gov/vcc/>. The Office already digitized and made available online our physical card catalog, which is available in the Virtual Card Catalog (VCC), as well as the CCEs. The VCC Proof of Concept represents card records from 1870–1977, displayed in JPEG images, from the U.S. Copyright Card Catalog collection. The images are presented in a similar filing order as found in the physical card catalog. Initial work is underway to capture metadata on these cards.

¹⁰ See U.S. Copyright, NewsNet 947, Copyright Office Launches Digitized Copyright Historical Record Books Collection (Feb. 7, 2022), <https://www.copyright.gov/newsnet/2022/947.html>. The scans are posted at <https://www.loc.gov/collections/copyright-historical-record-books-1870-to-1977/about-this-collection/>.

communication with external stakeholders about the technology-related aspects of the Office’s modernization initiative.¹¹ The CPMC’s thirteen members include stakeholders from the publishing, music, and photography sectors, libraries and archives, and other fields.¹² To date, four public meetings of the CPMC have taken place (most recently on March 2, 2023); there also have been several informal staff briefings for CPMC members.

Warehouse Consolidation: The Office has almost finished consolidating copyright deposit materials and other stored records from several geographically dispersed storage facilities into a single, modern facility. The collaborative warehouse construction project between the Library, the Copyright Office, and the Architect of the Capitol was completed ahead of schedule, and we moved into our new facility in Landover, Maryland in November 2020. Since then, we have vacated two storage facilities and plan to complete the exit from the third and final site by the end of this calendar year. Full consolidation will allow the Office to provide faster location services, better tracking, and improved security for copyright deposits.

Contact Center: The Office’s work to modernize call routing and reporting continued in fiscal 2022, with a contract to develop a state-of-the-art contact center awarded in September 2022 through the GSA Centers of Excellence program.

Launching the Copyright Claims Board

The groundbreaking copyright small claims tribunal, the CCB, opened its doors to the public on June 16, 2022.¹³ Implementation of the CASE Act entailed publication of fifteen Federal Register notices to establish the CCB’s regulatory framework, so that the CCB could begin operations on time. Within a tight statutory time frame, we completed the regulatory work and hired the full staff; collaborated with other Library service units to prepare an electronic

¹¹ Library of Congress, Announcement of Copyright Public Modernization Committee, 86 Fed. Reg. 8044 (Feb. 3, 2021), <https://www.govinfo.gov/content/pkg/FR-2021-02-03/pdf/2021-02194.pdf>.

¹² See U.S. Copyright Office, NewsNet, Library of Congress Announces Copyright Public Modernization Committee (Jun. 22, 2021), <https://www.copyright.gov/newsnet/2021/898.html>.

¹³ U.S. Copyright Office, NewsNet 969, Copyright Office Announces Claims Board Is Open for Filing, <https://www.copyright.gov/newsnet/2022/969.html>.

filing and case management system (eCCB), virtual hearing facilities, office space, and other essentials. We developed a CCB-specific webpage with background information about the CCB and the CASE Act, FAQs and other materials, and launched a new dedicated website, ccb.gov, which links to eCCB, a service agent directory, and pro bono resources and provides other helpful information for both claimants and respondents. As of March 15, 2023, over 380 claims have been filed, and are currently being processed.

FUNDING AND FISCAL UPDATE TO 2024 BUDGET REQUEST

The Copyright Office performs all of this work on a relatively modest budget, and appreciates the Congress' support we have received in recent fiscal years. The Copyright Office's overall budget is composed of three separate budgets or program areas:

- (1) Basic Budget. This funds most of the Office's operations and initiatives, including the majority of payroll-related expenses. Historically, the Basic Budget has been composed of a combination of appropriated dollars and authority to spend fee revenue, with fees constituting close to one half of this funding;
- (2) Licensing Division Budget. This is derived completely from collections of licensing royalties payable to copyright owners and filing fees paid by cable and satellite licensees pursuant to statutory licenses administered by the Office; and
- (3) Copyright Royalty Judges (CRJ) Budget. Although the CRJ program is not part of the Office, we provide it with budget formulation and execution support on behalf of the Library. Appropriated funding supports payroll and partially funds non-pay expenses that are not supported by fees and royalty payments.

In recent years, we have successfully used programmatic requests to implement Congress' statutory requirements as well as to support Office services. For example, the Office

requested and obtained \$3.2 million in additional fiscal 2022 funding for the CASE Act¹⁴ to supplement our unfunded fiscal 2021 work, including hiring the CCB staff. For fiscal 2023, the Office obtained a single program increase of \$1.7 million to provide for new positions involving cost analysis, economic analysis, and statistic capabilities as well as software to support valuable skillsets that we currently do not have.¹⁵

Financial support for our modernization initiative, initially funded as part of the fiscal 2019 budget, continues through fiscal 2024. Given that work to modernize our IT systems and services is still underway, continued fiscal support will be needed as the Office begins to maintain the ECS as part of continuous IT development efforts. It is important to update and improve our IT systems on an ongoing basis and not repeat the experience of having to overhaul severely outdated legacy systems. The Library has transitioned to an agile IT development model based on continuous development; with emphasis on rapid design and delivery of new functions and features that optimize stakeholders' experience. In the past two years, we have seen the benefits of this model to meet evolving changes in technology, provide secure and interconnected systems and manage contract cost increases.

For fiscal 2024, the Office requests an overall budget of \$103.1 million in funding and 481 FTEs, of which \$45.6 million would be funded through offsetting fees collected in fiscal 2022 and prior years. Specifically, in conjunction with OCIO, we request \$7.220 million in additional fiscal 2024 funding to support software development and provide additional capacity for continuous development of ECS, with new features, enhancements to meet evolving technology needs, and delivery of critical functionality, including 16 FTEs. Thirteen of these FTEs will be used to convert current temporary OCIO employees to full-time staff (rather than increasing the total number of staff). The other three FTEs (all business analysts) would serve in the Copyright Office. Our requests for each budget are as follows:

¹⁴ The fiscal 2022 budget for CASE Act implementation included \$1.0 million in one-time costs for office construction and furniture, audiovisual system acquisition, and development of an online case management system; and \$2.2 million in recurring costs (\$1.7 million for salary, benefits, and related costs for the 8 FTEs and \$500,000 for systems operation and maintenance, printing, and other services).

¹⁵ Notably, that fiscal 2023 request was fully supported through an increase in offsetting collections authority and did not require an increase in appropriated dollars.

- **Basic Budget:** \$93.0 million and 448 FTEs, comprising \$38 million in offsetting fee collections (41%) and \$55 million (59%) in appropriated dollars. The request includes mandatory pay-related and price level increases of \$4.347 million, and one program increase of \$4.323 million for Copyright Office Information Technology Continuous Development.
 - This program increase is a mission-critical need that will provide essential investment and ongoing funding needed to develop, test, and integrate multiple ECS applications with related systems and ensure they are kept up-to-date. This shared program increase requires a total of \$7.220 million, \$4.323 million and 3 full time employees (FTEs) for Copyright and \$2.897 million and 13 FTEs for OCIO. Notably, the Office’s portion of this request is supported through sustained funding and is a minor increase in offsetting collections authority and will not require an increase in appropriated funds.

- **Licensing Division Budget:** \$6.9 million and 26 FTEs, all of which are to be funded via filing and royalty fees. The requested increase is to cover mandatory pay-related and price level increases of \$0.327 million.

- **Copyright Royalty Judges Budget:** \$3.2 million and 7 FTEs, with \$0.2 million to support mandatory pay-related and price level increases. Of this total, royalties and participation fees offset \$0.603 million (for non-personnel-related expenses). The remainder, \$2.590 million in appropriated dollars, is to cover the personnel and other related expenses of the three judges and their staff.

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The Copyright Office appreciates the Subcommittee’s and Committee’s continued support of our work to promote and improve the copyright system, including the critically important continuous development of the ECS to benefit all users.