

**Written Statement of
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Before the Subcommittee on the Legislative Branch
Committee on Appropriations
U.S. Senate
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Chairman Reed, Ranking Member Fischer, 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 statutory licenses, and educating the public about copyright. We accomplish this with a talented and diverse staff of about 450 people, all dedicated to copyright’s Constitutional mission of “promot[ing] the progress of science and useful arts.”¹

KEY ACCOMPLISHMENTS OVER THE PAST YEAR

The Copyright Office has achieved many noteworthy successes over the past year, and has fully restored on-site operations.

Registration and Recordation

The Office continues to effectively administer the national copyright registration and recordation systems. We have eliminated the backup of physical deposits caused by the pandemic and 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, and for fully electronic claims that do not require correspondence, the average is down to just 1.2 months.² While the pandemic temporarily impacted processing times for electronic applications with physical deposits as well as for paper applications, we have reduced these timeframes 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.³ Our online recordation pilot, opened to the general public in August 2022 now offers an alternative to the older paper-based process, and has shortened processing times from months to weeks.

¹ U.S. CONST. art. I, § 8, cl. 8.

² Registration processing times are posted 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).

³ 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).

Other Activities

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 (described below). We responded to numerous requests from Congress on topics ranging from music licensing issues to the effectiveness of copyright protection for press publishers, the feasibility and advisability of creating a deferred examination option for copyright registration, and technical measures used to identify or protect copyrighted works. We initiated a study on non-fungible tokens and intellectual property jointly with the U.S. Patent and Trademark Office. 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, including on litigation and international trade.

The Office maintained our effective stewardship of over \$1.2 billion in statutory licensing revenues as of the end of fiscal 2022. We also engaged in numerous outreach activities; in fiscal 2022, we hosted 47 public events and spoke at over 100 more, roughly double the prior year. 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 on women authors' participation in the copyright system.

SIGNIFICANT ONGOING INITIATIVES

Below we highlight progress on two particularly important initiatives: IT continuous development and the Copyright Claims Board (CCB).

Continuous Development

Working with the Library of Congress's Office of the Chief Information Officer (OCIO), we have completed the fourth year of the appropriated five-year funding (fiscal 2019–2023) for modernization of our IT systems. The planned Enterprise Copyright System (ECS) includes major workstreams on recordation, public records, registration, and licensing.

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. We are now incorporating user feedback to make iterative improvements as well as to build the 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 pilot for the new Copyright Public Records System (CPRS). This system provides an improved interface for our public 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 ECS registration component. We have made considerable progress on both the external (public) and internal (staff) sides. With continued support, we aim to have the standard registration application in a limited pilot by the end of calendar 2024. We then hope to expand to group registrations and ultimately retire the legacy eCO system by the end of

calendar 2026. We are working with OCIO to increase the resources devoted to registration, in order to attain the pace needed to achieve these goals.

Licensing: The Office has been developing user experience design and initial automated workflows for licensing processes to replace outdated systems. We are focusing on migrating the statement of account examination process to ECS and migrating all royalty accounting processes to the Legislative Branch Financial Management System. The new licensing component will move into continuous development in spring 2024.

Historical Public Records: As part of the Office's commitment to providing access to our historical records, we are digitizing print and microfilm records and making them available online. This includes the card catalog,⁴ the Catalog of Copyright Entries (CCEs), and the record books. Digitization will be followed by metadata capture for searchability, with all records eventually available through the new CPRS. Considerable progress has been made this year with respect to the record books, which contain well over 26 million pages of records between 1870 and 1977. The first 500 books were digitized and published on the Library's website in February 2022,⁵ and now over 5,600 are available.

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 in Landover, Maryland. This will allow us to provide faster location services, better tracking, and improved security.

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, 2022.⁶ Within the tight statutory time frame set by the CASE Act, we completed extensive regulatory work, hired the officers and other staff, and collaborated with other Library service units to prepare an electronic case management system (eCCB), virtual hearing facilities, and office space. As of March 15, 2023, over 380 claims have been filed and are now being processed, and we continue our efforts to inform and educate the public about the existence and operations of the CCB.

⁴ 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.

⁵ 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/>.

⁶ U.S. Copyright Office, NewsNet 969, Copyright Office Announces Claims Board Is Open for Filing, <https://www.copyright.gov/newsnet/2022/969.html>.

FUNDING AND FISCAL UPDATE TO 2024 BUDGET REQUEST

Current financial support for our modernization initiative, initially funded as part of the fiscal 2019 budget, continues through fiscal 2024. Additional support will be needed as the Office begins to maintain the ECS in order to avoid repeating the overhaul of severely outdated legacy systems.

For fiscal 2024, the Office requests an overall budget of \$103.1 million in funding and 481 full time employees (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 capacity for continuous development of ECS, including 16 FTEs. Thirteen of these would be used to convert current temporary OCIO employees to full-time staff; the other three would serve in the Copyright Office. Our requests are as follows:

- **Basic Budget⁷**: \$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 mission-critical Copyright Office Information Technology Continuous Development. The \$4.323 million request 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 FTE for Copyright and \$2.897 million and 13 FTE for OCIO. Notably, the Office's portion of this request would be supported through sustained funding and is a minor increase in offsetting collections authority; it will not require an increase in appropriated funds.
- **Licensing Division Budget⁸**: \$6.9 million and 26 FTEs, all 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 Budget⁹**: \$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.

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.

⁷ The Basic Budget funds most of the Office's operations and initiatives, including the majority of payroll-related expenses. Historically, this has been composed of a combination of appropriated dollars and authority to spend fee revenue, with fees constituting close to half of this budget.

⁸ The Licensing Budget is derived completely from collections of royalties payable to copyright owners and filing fees paid by cable and satellite licensees pursuant to statutory licenses.

⁹ 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 funded by fees and royalty payments.