

**Statement of
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Before the
Subcommittee on the Legislative Branch
Committee on Appropriations
United States House of Representatives
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Chairman Ryan, Ranking Member Herrera Beutler, and Members of the Subcommittee:

Thank you for the opportunity to submit the United States Copyright Office’s fiscal 2023 budget request. The Office is tasked with administering the Copyright Act, including overseeing the national copyright registration and recordation systems, advising Congress and other federal agencies on copyright law and policy, administering statutory licenses, and educating the public. We do all of this with a talented and diverse staff of about 450, all dedicated to copyright’s Constitutional mission of “promot[ing] the progress of science and useful arts.”¹

In January, the Office published a new strategic plan that identifies four overarching goals: Copyright for All, Continuous Development, Impartial Expertise, and Enhanced Use of Data. All of our activities described below are directed toward advancing these goals to make the copyright system more accessible, understandable, and up-to-date.

KEY ACCOMPLISHMENTS OVER THE PAST YEAR

Over the last two years, the Office has risen to the challenge of working in a pandemic environment, transitioning 98% of our staff to full or partial telework early on and gradually bringing everyone back to the office. We currently have between 30 to 49% of staff in the office on a given day, supplemented by expanded telework schedules, and are making progress in processing the backlog of physical materials from the closure of the Madison Building.

Registration and Recordation

In fiscal 2021, the Office registered 403,771 claims to copyright involving millions of works. The average processing time for examining all copyright claims has been reduced to 3.6 months as of the first half of fiscal 2022, and 1.1 months for fully

¹ U.S. CONST. art. I, § 8, cl. 8.

electronic claims without correspondence (down from an average of 1.6 months).² Processing times for paper applications and applications with physical deposits were temporarily impacted by the pandemic but are beginning to decrease (to an average of 8.3 months and 10.8 months, respectively); we expect continued improvement with the full return to onsite operations. The Office also recorded 11,625 documents (both on paper and through the new electronic pilot) containing titles of 961,291 works.³ The recordation pilot has significantly shortened processing times to an average of six weeks from submission to generation of the public record. Unfortunately, pandemic delays resulted in longer processing times for paper recordations, but overtime is now being used to reduce those backlogs.⁴

Law, Policy, Public Outreach, and Licensing

In fiscal 2021, the Office issued three policy studies, provided letters to members of Congress on a number of issues, and completed the eighth triennial Section 1201 rulemaking proceeding. We also continued providing legal advice and assistance across the government and engaged in numerous outreach activities, producing events to educate the public and stakeholders about copyright. Staff fielded some 252,000 public inquiries and produced almost two dozen virtual events. Our Public Information Office and our reading room re-opened in July 2021 and currently provide in-person services by appointment. With respect to licensing matters, the Office continued our effective stewardship of over \$1.2 billion in statutory licensing revenues as of the end of fiscal 2021, and for the fourth consecutive year received an unmodified or “clean” audit opinion of our fiduciary asset financial statements.

UPDATE ON SIGNIFICANT ONGOING INITIATIVES

Launching the Copyright Claims Board

The Office has been working hard to set up the groundbreaking small claims tribunal, the Copyright Claims Board (CCB). On November 30, 2021, I notified Congress that I found good cause to extend the commencement of CCB operations past the initial statutory date.⁵ I am happy to report that the CCB will be ready to open its doors this spring. We are nearing completion of the necessary regulatory activity: all

² Registration processing times are posted on our website at <https://copyright.gov/registration/docs/processing-times-faqs.pdf>. Claims in Q1 and Q2 were: 75% eService claims (electronic claims and deposits); about 23% deposit ticket claims (online claims with physical deposits); and about 2% paper claims with physical deposits.

³ Three categories of documents may be submitted for recordation: transfers of copyright ownership, other documents pertaining to a copyright, and notices of termination; the pilot currently focuses on the first.

⁴ Recordation processing times are posted on our website at <https://copyright.gov/recordation/>. The fiscal 2021 average processing time for paper submissions was approximately 15 months, up 3.5 months from fiscal 2020.

⁵ U.S. Copyright Office, Letter to the Speaker of the House (Nov. 30, 2021), <https://copyright.gov/laws/hearings/CCB-Letter-to-Congress-House-11-30-2021.pdf>.

regulations but one have been published, and the last is expected to issue before the CCB opens. We have completed all hiring,⁶ and are collaborating with other Library units to address operational needs. Finally, we are producing public information about the CCB's operations—the Office recently launched ccb.gov, which contains detailed information about the tribunal and will link to the eCCB, the online portal through which to file claims.

Office Modernization

Modernization continues to be a top priority. We have now completed the third year of the Congressionally-appropriated five-year funding (fiscal 2019–24) for IT modernization, working closely with the Library of Congress's Office of the Chief Information Officer (OCIO). The planned Enterprise Copyright System (ECS) currently includes workstreams on recordation, public records, registration, and licensing.

Recordation: The Office met our spring 2020 target to launch the public pilot of the new recordation system, enabling electronic recordation of documents related to copyright ownership under section 205. Work is underway to build out features related to notices of termination, as well as to incorporate user feedback in iterative improvements. I am pleased to report that we anticipate fully opening up the pilot for section 205 recordations in the coming months.

Public Records: In late 2020, the Office released a pilot for the new Copyright Public Records System (CPRS), which provides an improved interface and advanced search functionality. We are working to reflect user feedback in ongoing releases for our public records. Given the success of this project, we anticipate making the CPRS the main public portal for our public records this spring.

Registration: Registration is the largest and most complex module of ECS. Foundational design efforts were completed in April 2020; a clickable prototype for the standard application (the one used by most claimants) was successfully released for internal evaluation at the end of fiscal 2020 and for limited public testing in February 2021; and a second limited public prototype was released in spring 2021. IT development on components of the new registration application continues to progress, a reimagined standard application has undergone moderated user testing and is in development, and work is underway on at least one group registration application.

Licensing: In 2021, the Office started development of automated workflows for licensing processes to replace the current, outdated systems. We anticipate the cost of licensing modernization can be accommodated within the licensing base budget. To minimize the costs for copyright owners, development will focus on migrating

⁶ See U.S. Copyright Office, NewsNet, Copyright Office Announces Appointments of Copyright Claims Board Officers (Jul. 20, 2021), <https://www.copyright.gov/newsnet/2021/906.html>.

statement of account examination processes to ECS and eliminating duplicate processes by migrating royalty accounting processes onto the Library's financial system.

Historical Public Records: A comprehensive effort is underway to digitize the Office's historical records and make them available online. This includes the card catalog, the Catalog of Copyright Entries (CCEs), and the record books. Digitization will be followed by the perfection of metadata to enhance searchability. The Office already has digitized our physical card catalog; the Virtual Card Catalog (VCC) is online.⁷ The CCEs also are available online. Considerable progress has been made this year to digitize the Office's record books (which contain well over 26 million pages of records from between 1870 and 1977) and make them available to the public. The first 500 books were published in early February 2022;⁸ over 1,500 are now available in this online collection. Additional scanned books will be posted as they become available.

Warehouse Consolidation: Significant progress has been made to consolidate copyright deposit materials and other stored records from several storage facilities into a single, modern facility. Since November 2020, we have vacated two storage facilities and plan to exit from the third and final site by early 2023. The consolidation of copyright materials into one facility will allow us to provide faster location services, better tracking, and improved security for our inventory of copyright deposits.

FUNDING AND FISCAL 2023 BUDGET REQUEST

The Copyright Office's budget is composed of three separate program areas:

- (1) *Basic Budget*, which funds most of the Office's operations and initiatives, including the majority of payroll-related expenses. The Basic Budget is composed of a combination of appropriated dollars and authority to spend fee revenue, with fees constituting approximately half of this funding;
- (2) *Licensing Division Budget*, which 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 of Congress. Appropriated funding supports payroll, while non-pay expenses are supported by royalty collections and filing fees.

Financial support for the Office's modernization initiative, initially funded as part of the fiscal 2019 budget, continues for fiscal 2023. The Office obtained \$3.2 million

⁷ See <https://copyright.gov/vcc/>.

⁸ See U.S. Copyright, NewsNet, Copyright Office Launches Digitized Copyright Historical Record Books Collection (Feb. 7, 2022), <https://www.copyright.gov/newsnet/2022/947.html>.

in additional fiscal 2022 funding for implementation of the CASE Act, supplementing our unfunded fiscal 2021 work, including hiring 8 FTEs.⁹

For fiscal 2023, the Office requests an overall budget of \$100.7 million in funding and 478 FTEs, of which \$46.9 million would be funded through offsetting fees collected in fiscal 2023 and prior years. Our requests for each budget are as follows:

- **Basic Budget:** \$91.0 million (\$39.7 million in offsetting fee collections and \$51.3 million in appropriations) and 445 FTEs. This includes mandatory pay-related and price level increases of \$1.635 million and a program increase of \$1.7 million for Office Fee and Cost Analysis, Economic Analysis, and Statistics Capabilities, which is fully supported through an increase in offsetting collections authority.
- **Licensing Division Budget:** \$6.6 million and 26 FTEs, all of which are to be funded via filing and royalty fees. The requested increase includes mandatory pay-related and price level increases of \$0.225 million.
- **Copyright Royalty Judges Budget:** \$3.0 million and 7 FTEs, with \$0.1 million to support mandatory pay-related and price level increases. Royalties and participation fees offset \$0.574 million (for non-personnel-related expenses), and the remaining \$2.453 million in appropriated dollars covers the personnel and other related expenses of the judges and their staff.

In recent years, the Office has highlighted to the Subcommittee that our operations would benefit significantly from greater flexibility in the use of collected fees, specifically the authority to use existing fee balances to provide continued services to the public in the event of a lapse in appropriations. The Office looks forward to working with the Subcommittee to discuss paths forward to address this issue.

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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 our ongoing modernization initiatives.

⁹ The fiscal 2022 budget included \$1.0 million in one-time costs for offices, an audiovisual system, and development of an online case management system, and \$2.2 million in recurring costs (\$1.7 million for the 8 FTEs and \$500,000 for systems operation and maintenance, printing, and other services).