

**THE LIBRARY OF CONGRESS
FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 1996**

Overview of Operations and Financial Management

THE LIBRARY OF CONGRESS AND ITS MISSION

The Library of Congress, an agency in the Legislative branch of the government, is the world's largest and most comprehensive library maintaining a collection of over 111 million items -- many of them unique and irreplaceable -- in more than 450 languages. It directly serves not only the Congress but the entire nation with the most important commodity of our time: information.

The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

STRATEGIC PLAN AND PRIORITIES

The Library of Congress faces the fundamental challenge of effecting a full transition to new electronic services and more efficient operations required for the Information Age while, at the same time, continuing to sustain its basic services to the Congress and the Nation. The Library developed a statement of mission and strategic priorities at the start of fiscal 1996 which is being used to update the Library's December 1992 strategic plan. The updated plan focuses on maintaining high quality service to the Congress, on continuing our investment in technology to modernize operations and provide more information to the broader public, on improving security for our staff, collections, facilities, and the public, and on improving our human resources management. The Library's vision for the 21st century is to "lead the nation in ensuring access to knowledge and information to educate and enrich society." The United States has and must continue to have the finest national library in the world.

The Library's strategic priorities are:

1. to serve the information and research needs of the United States Congress;
2. to preserve, secure, and sustain for the present and future of the Congress and the nation a universal collection of human knowledge including a comprehensive record of American history and creativity;
3. to make its collections maximally accessible to the Congress, the U. S. Government, and the public; and
4. to add interpretive and educational value to the basic resources of the Library.

BRIEF HISTORY

The Library of Congress is a living monument to the remarkable wisdom of the Founding Fathers who saw access to an ever-expanding body of knowledge as essential to a dynamic democracy. The Library's three buildings are named for Thomas Jefferson, John Adams, and James Madison. With their support, the Congress established the Library in 1800 as soon as it moved to the new capital city of Washington and established the Joint Committee on the Library as the first Joint Committee of the Congress in 1802.

Jefferson, in particular, took a keen interest in the new institution. After the British burned the Capitol and the Library during the War of 1812, Congress accepted Jefferson's offer to "recommence" the Library and purchase his multi-lingual 6,487-volume collection (then the finest in America) at a price of \$23,950. It contained volumes on everything from architecture to geography and the sciences. Anticipating the argument that his collection might seem too wide-ranging for Congress, Jefferson said that there was "no subject to which a Member of Congress might not have occasion to refer."

Jefferson's ideals of a "universal" collection and of sharing knowledge as widely as possible still guide the Library. With Congressional blessing, it has grown to serve the Congress and the nation -- largely as a result of four milestone laws: (1) the copyright law of 1870, which stipulated that two copies of every book, pamphlet, map, print, photograph, and piece of music registered for copyright in the United States be deposited in the Library; (2) the 1886 authorization of the first separate Library building that contained openly accessible reading rooms and exhibition space for the general public; (3) the 1902 law which authorized the Library to sell its cataloging records inexpensively to the nation's libraries and thus massively help to subsidize the entire American library system; and (4) the law in 1931 that established the program in the Library to create and supply free library materials to blind and physically handicapped readers throughout the country. Congress thus established the basis both for the continued growth of the collections and for the extension of the Library's services to citizens everywhere.

Congress created in 1914 the Legislative Reference Service (LRS) as a separate entity to provide specialized services to "Congress and committees and Members thereof." In 1946, the Congress granted LRS permanent status within the Library and directed it to employ specialists to cover broad subject areas. Congress renamed the LRS the Congressional Research Service (CRS) in 1970 and enhanced its analytical capabilities by adding additional staff and emphasizing research support to the committees of Congress.

More recently, Congressional statutes have created the American Folklife Center (1976), the American Television and Radio Archives (1976), the National Center for the Book (1977), the National Film Preservation Board (1988), and the National Film Preservation Foundation (1996) -- further extending the Library of Congress' national role.

THE LIBRARY OF CONGRESS TODAY

The core of the Library is its incomparable collections -- and the specialists who interpret and share them. The Library's 111 million items cover more than 530 miles of shelf space and include almost all media through which knowledge and creativity are preserved and communicated.

The Library has more than 26 million volumes, including 5,700 volumes printed before the year 1500; 13 million prints, photographs, and posters; 4 million maps, old and new; 700,000 videotapes and reels of film, including the earliest movies and television shows; 4 million pieces of music; 48 million pages of personal papers and manuscripts, including those of Presidents Washington through Coolidge; and hundreds of thousands of scientific and government documents.

New treasures are added each year. Recent acquisitions, to name a few, include the **collection of Marian S. Carson**, the nation's most extensive private collection of Americana, which includes the earliest photographs ever taken of a human face and of an urban scene, as well as more than 10,000 manuscripts, rare books, broadsides, photographs, drawings, prints, and other original documents; the personal papers and several hundred original **drawings of cartoonist, playwright, and screenwriter Jules Feiffer**; the **collection of jazz great Ella Fitzgerald**, comprising some 10,000 music scores; and important rare books such as Antonio de Medina's **Viaggio di terra Santa** (1590), an extremely rare and richly illustrated Italian translation of a Spanish pilgrimage to the eastern Mediterranean.

Every work day the Library's staff adds approximately 10,000 new items to the collections, after organizing and cataloging them, and finds ways to share them with the Congress and the nation -- through on-line access across the nation, through in-person access in the Library's reading rooms, and through cultural programs that feature the Library's collections and reach across the country.

The Library of Congress programs and activities are funded by four salaries and expenses (S&E) appropriations, which support congressional services, national library services, copyright administration, and library services to blind and physically handicapped people. A separate appropriation funds furniture and furnishings. Major services include providing annually responses to some 500,000 congressional requests, registering more than 560,000 copyright claims, cataloging some 300,000 books and serials, and circulating more than 23 million audio and braille books and magazines to blind and physically handicapped individuals all across America. The Library also now processes some one million Internet transactions every day (which provide access to the Library's on-line information files that contain more than 40 million records).

OVERVIEW OF FINANCIAL STATEMENTS

For fiscal 1996, the Library has prepared a Statement of Financial Position and a Statement of Operations and Changes in Net Position.

Statement of Financial Position

The assets, as reported on the Statement of Financial Position, total \$908.4 million. Non-entity assets (i.e., funds held and invested for future distribution to copyright owners) comprise 70.5 percent of all assets and total \$640.5 million. Non-entity (custodial) assets increased by nearly \$220 million during fiscal 1996 because copyright parties have not reached an agreement to a distribution settlement, and a controversy has not been declared by the Librarian of Congress/Register of Copyrights to convene a copyright arbitration royalty panel (CARP) to distribute the 1993, 1994, and 1995 royalty funds totaling \$258.6 million. A partial distribution to copyright owners totaling \$130.6 million was made in October 1996 (at the start of fiscal 1997). The Library is authorized to invest the royalty funds in U.S. Treasury securities until the funds are distributed.

The fund balance with the Department of the Treasury is the Library's largest entity asset (\$171.4 million) and primarily represents the balance of unexpended appropriations. The Library is authorized to invest its trust funds in U.S. Treasury and non-Treasury securities which total \$28.2 million. The Library has two major accounts receivable items. The intragovernmental accounts receivable amount of \$6 million is primarily from unpaid bills for FEDLINK services. The pledges receivable amount of \$10.3 million primarily consists of gift commitments for the National Digital Library program. The largest class of property totaling \$35.7 million (net), is talking book machines on loan to blind and physically handicapped individuals.

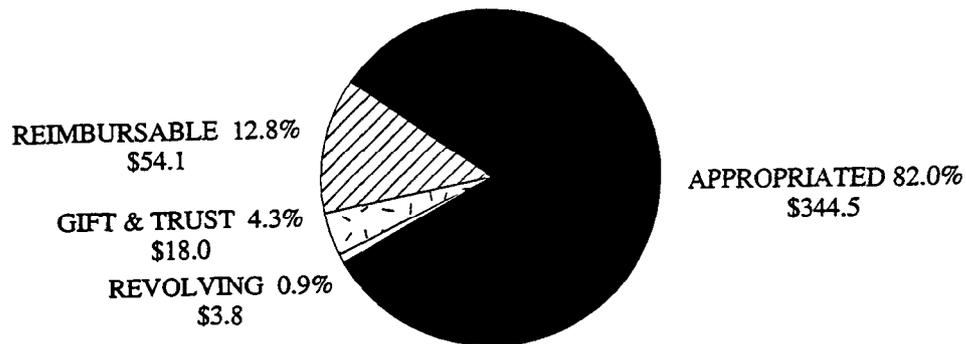
The largest liabilities relate to custodial and deposit account activities (e.g., funds held for future distribution to copyright owners). Other large liabilities include funds advanced from other governmental agencies for the FEDLINK program and accounts payable for various operating expenses. The accompanying Statement of Financial Position does not include the acquisition and improvement costs of the Library's buildings and grounds. By law, these buildings and grounds are owned and maintained by the Architect of the Capitol.

Statement of Operations and Changes in Net Position

For reporting purposes, Library operations have been divided into five fund groups: Appropriated and General Funds; Reimbursable Funds; Revolving Funds; Gift and Trust Funds; and Custodial Funds. Funding sources of Library functions for fiscal year 1996, excluding custodial activity, total approximately \$420.4 million. Appropriations from the Congress accounted for 82 percent. The remainder came from gift, trust, and revolving funds and reimbursements for services provided to other entities.

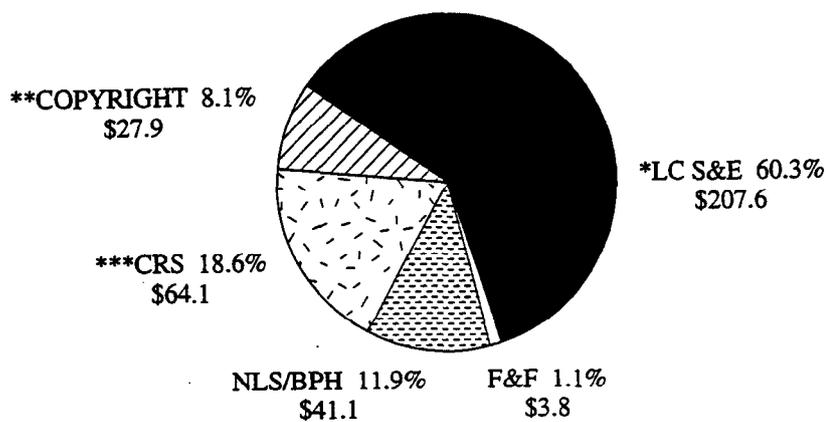
MAJOR CATEGORIES OF FUNDING:

Total All Sources - \$420.4 Million



APPROPRIATED AND GENERAL FUNDS - Appropriations account for \$344.5 million (82 percent) of Library available funding and include both annual and no-year funds. The annual appropriations are: Library of Congress Salaries and Expenses (LC S&E), Congressional Research Service (CRS S&E), Copyright Office (CO S&E), National Library Service for the Blind and Physically Handicapped (NLS/BPH S&E), and Furniture and Furnishings (F&F). The LC S&E appropriation includes no-year funds for library materials, deacidification preservation projects, and secondary storage. The NLS/BPH appropriation includes a no-year account for the NLS program machines, and the Furniture and Furnishings appropriation has a no-year account for restoration and renovation.

Total Appropriations Used - \$344.5 Million



- * Includes \$6 million of offsetting collections
- * Includes .4 million in State Dept. nonexpenditure transfers
- ** Includes \$17.6 million of offsetting collections
- *** Includes \$4.0 million USAID nonexpenditure transfers

Library of Congress (LC S&E) - This appropriation funds the infrastructure support (i.e., agency management, Human Resources, Information Technology Services, Financial Services, Integrated Support Services) for the Library's three other salaries and expenses (S&E) appropriations -- Congressional Research Service, Copyright Office, and the National Library Service for the Blind and Physically Handicapped.

This appropriation also funds a wide range of National Library and Congressional Services including:

- ▶ **Cataloging** - The Library produces bibliographic records and related products for libraries and bibliographic utilities in all 50 states and territories -- cataloging that *saves America's libraries in excess of \$268 million annually*, the money it would cost them if they had to catalog the books and other materials themselves.
- ▶ **Research and Reference** - The Library makes available to scholars and other researchers vast information resources, many of which are unique, covering almost all formats, subjects, and languages -- each year serving *more than 750,000 readers* in the 20 reading rooms in Washington open to the public and responding to more than *1.1 million information requests* a year from all over the nation. In addition, the Library responds to *more than 45,000 free interlibrary loan requests* from every state in the nation and to more than *30,000 requests for book loans to Congress* each year.
- ▶ **On-line Services** - The Library provides on-line, free access, via Internet, to its automated information files which contain *more than 40 million records* -- to Congressional offices, Federal agencies, libraries, and the public. Internet-based systems include three world-wide-web services (THOMAS, LC-Web, and CRS-web), gopher services (LC-MARVEL), the Library of Congress Information System (LOCIS), and various file transfer options. These Internet-based systems now record some one million transactions daily.
- ▶ **American Creativity** - The Library manages *the nation's most important archival collections of motion pictures, sound recordings, maps, prints, photographs, manuscripts, music, and folklore* covering a wide range of ethnic and geographic communities; provides reference assistance to researchers and the general public; conducts field research and promotes the preservation of American culture throughout the U.S.
- ▶ **Preservation** - The Library manages a program that addresses the preservation needs of the diverse materials and formats in the Library's collections. The program provides a full range of prospective and retrospective preservation treatment for approximately 300,000 items a year; assures that staff are trained and equipped for appropriate care and handling of Library materials in all situations, including emergency response; participates in developing national and international preservation standards for library and archives materials, both for paper-based and non-paper-based media; administers the National Film Preservation Board; maintains the largest conservation treatment facility for paper and book materials in the country; and operates a laboratory dedicated to preservation research.
- ▶ **Legal Information** - The Law Library of Congress supplies legal research covering more than 200 foreign jurisdictions to Congress, the Judiciary, Federal agencies, and the public - *servicing 100,000 users annually*.

- ▶ **Reading Promotion and Outreach** - The Library promotes books, reading, and literacy through the Library's Center for the Book and its *32 affiliated State Centers for the Book* and its 80 national organizational partners -- and encourages knowledge and use of its collections through other outreach programs (cable TV programs, lectures, publications, conferences and symposia, exhibitions, poetry readings, all primarily supported by private funding) and through use of the Library's home page on the WWW. The Library also gives some 54,000 surplus books and serials annually to qualified libraries through a nation-wide donation program.

Congressional Research Service (CRS S&E) - This appropriation funds the provision of nonpartisan analytical research and information to all Members and committees of the Congress. CRS works directly and exclusively for the Congress in support of its legislative, oversight, and representative functions. By maintaining a cost-effective shared pool of expertise, CRS provides timely and balanced analyses of legislative proposals, public policy issues, tailored confidential memoranda, individual consultations and briefings, and is a comprehensive source of information and analysis on almost any subject. CRS delivers to congressional clients nearly 500,000 research responses and services annually; of these, approximately 142,000 responded to requests for tailored analysis, information and research. In addition, Members and committees of the Congress request some 690,000 copies of CRS Reports, Issue Briefs and other general distribution products annually.

CRS S&E also supports the Parliamentary Assistance Programs, non-expenditure transfer programs undertaken by the Congress to provide assistance to emerging democratic legislatures in Eastern Europe and the former Soviet Union through the use of research, information, and modern equipment. The programs, totaling \$4 million in fiscal year 1996, are funded by the Agency for International Development (USAID) and conducted through CRS under the auspices of the House Special Task Force on the Development of Parliamentary Institutions in Eastern Europe or the Joint Committee on the Library. The Parliamentary Assistance Programs ended on December 31, 1996.

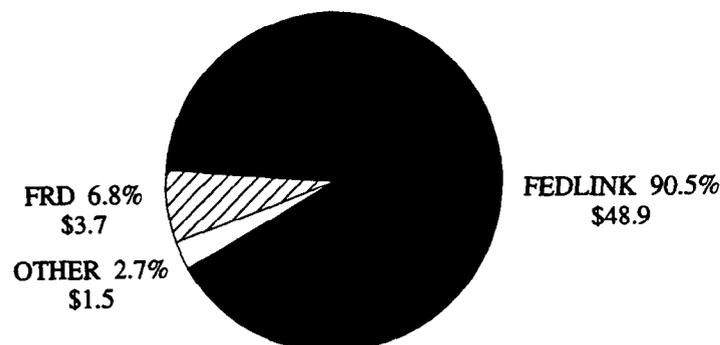
Copyright Office (CO S&E) - The Library administers the U.S. copyright laws and actively promotes international protection for intellectual property created by U.S. citizens -- *annually processing more than 600,000 claims (representing more than 700,000 works) of which 550,000 claims are registered for copyright and responding to more than 400,000 requests for information.* The Copyright Office also convenes Copyright Arbitration Royalty Panels (CARPs) for the purpose of distributing hundreds of millions of dollars in royalties that are collected under various compulsory license provisions of the copyright law. Most of the Copyright Office is funded by registration fees and authorized deductions from royalty receipts -- \$17.6 million in fiscal 1996. Copies of works received through the copyright system form the core of the Library's Americana collections.

National Library Service for the Blind and Physically Handicapped (Books for the Blind and Physically Handicapped S&E) - The Library manages a free national reading program for blind and physically handicapped people -- circulating at no cost to users approximately *23 million items a year*: audio and braille books and magazines through regional and subregional libraries and two multistate centers. This program consists of three segments:

1. The Library of Congress, with the cooperation of authors and publishers who grant permission to use copyrighted works, selects and produces full-length books and magazines in braille and on recorded disc and cassette and contracts for the production of talking book machines.
2. A cooperating network of over 142 regional and subregional (local) libraries distribute the machines and library materials provided by the Library of Congress.
3. The U.S. Postal Service receives an appropriation to support postage-free mail for magazines, books, and machines which are sent directly to readers. Reading materials (books and magazines) and playback machines are sent to a total estimated readership of 777,000 comprised of 560,000 audio and braille readers registered individually, in addition to an estimated 217,000 eligible individuals located in 36,000 institutions.

REIMBURSABLE FUNDS - Reimbursable programs accounted for \$54.1 million (12.8 percent) of Library funding in fiscal 1996. Intra-Library revenue of \$2.6 million was eliminated for consolidation purposes. Two major reimbursable programs make up the major portion of the reimbursable revenues: the Federal Library and Information Network (FEDLINK) and the Federal Research Division (FRD). The Library also provides accounting services for four Legislative agencies under cross-servicing agreements (i.e., the Congressional Budget Office, the Office of Compliance, the John C. Stennis Center, and the Capitol Preservation Commission).

Reimbursable Funds - \$54.1 Million



FEDLINK - FEDLINK is a program which was designed to support the Federal Library and Information Center Community (FLICC) in the cost-effective procurement of books, serials, and computer-based information retrieval services. Under this program, the consolidated purchasing power of more than 1,300 Federal libraries across the government permit the Library to negotiate economical contracts with more than 100 vendors resulting in savings to Federal agencies of an estimated \$10 million annually. Most of the funds transferred from agencies participating in the program are for services provided by these vendors.

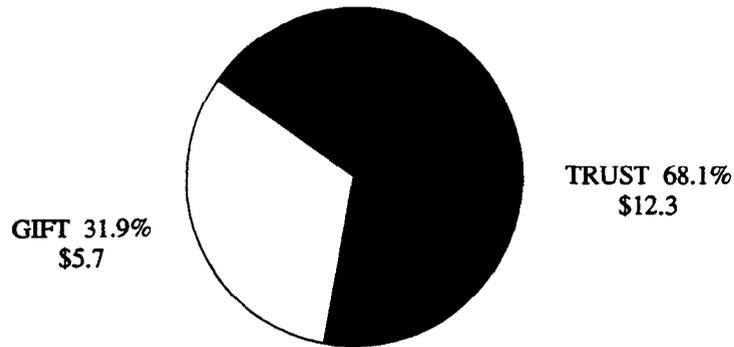
Federal Research Division (FRD) - The Federal Research Division provides customized research services that the Library is uniquely able to perform as a result of its collections and subject and language expertise of its staff. A popular FRD product, available on-line via the Library's World Wide Web (WWW) homepage, is the country study series of books. These books are produced as a result of a reimbursable agreement with the Department of Defense.

GIFT AND TRUST FUNDS - Under the authority of 2 U.S.C. 175; 20 U.S.C. 2106; and the Trust Fund Board Act of 1925, as amended (2 U.S.C. 154-163), the Library operates 221 gift and trust funds which made up approximately 4.3 percent of the Library's funding in fiscal 1996. Gifts to the Library for immediate use may be accepted by the Librarian of Congress. The Trust Fund Board receives, administers, and invests gifts, bequests, and devises of property for the benefit of the Library, its collections, or its services. The Trust Fund Board consists of thirteen members: three ex-officio members, the Librarian of Congress, the Secretary of Treasury, and the Chairman of the Joint Committee on the Library; two members appointed by the President of the United States; four members appointed by the House of Representatives; and four appointed by the Senate.

Activities supported by gift and trust funds include:

- ▶ acquisition of library materials, including obtaining hard-to-acquire research materials on behalf of participating U.S. research libraries and the maintenance and development of a Japan Documentation Center to increase knowledge of and access to current Japanese public policy information;
- ▶ research, reader and reference services, including the Library's National Digital Library, the Film Preservation Program, activities related to acquisition and maintenance of research materials from Korea, and Congressional seminars and workshops;
- ▶ organization (e.g., cataloging) of the collections, including the centralized services of Documents Expediting Project, Dewey Decimal classification, and maintenance and development of the Caroline and Erwin Swann Collections and the Charles and Ray Eames Collections; and
- ▶ public programs, including Library exhibitions, music programs and performances, and public outreach presentations through lectures, symposia, publications, special events and electronic distribution of information.

Gift and Trust Funds - \$18 Million



Major trust funds include: the James Madison National Council Fund, the National Digital Library, the Carolyn R. Just Fund, and the Leonora J. McKim Fund. Gift and trust fund revenue for fiscal 1996 totaled \$18 million which includes \$5 million in new pledges.

James Madison National Council Fund - The James Madison National Council is an advisory body of public spirited individuals that contributes ideas, expertise, and financial support to promote the Library's collections and programs. The Fund was begun in 1989 by Dr. James Billington, the Librarian of Congress, to encourage donations and counsel. Since the initial contribution from the Encyclopedia Britannica, the Fund has benefitted from the many donations of the Council members. The money is used for special programs of the Library. At the end of fiscal year 1996, the value of the Fund was \$3.2 million and revenue for the year, including donations and interest, was \$2.4 million.

National Digital Library Fund - The National Digital Library Fund supports the Library's public-private partnership to digitize the most important and interesting historical Americana materials from the collections for viewing by American citizens, in schools, libraries and homes everywhere. The overall plan is to digitize five million items by the year 2000 -- the Library's bicentennial. Making these priceless treasures of American history accessible to all Americans in their own local communities, is central to the Library's goal of enriching education in America and widening access to the documentary record of America's knowledge and creativity. At the end of fiscal 1996, the value of the NDL Funds was \$10 million.

Carolyn R. Just Fund - The purpose of the Carolyn R. Just Fund is for performances or broadcasting of concerts of classical chamber music at the Library of Congress in the Coolidge Auditorium. The value of the Fund at September 30, 1996, was \$2.7 million.

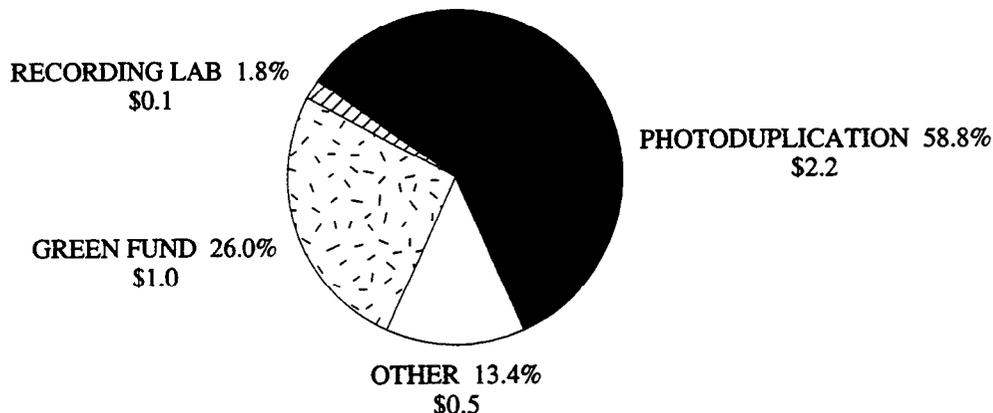
Leonora Jackson McKim Fund - The McKim Fund's purpose is for furtherance of original violin compositions with piano accompaniment, composed by American students of the violin, and to advance student studies in the United States and abroad through payment of tuition and travel. The value of the Fund was \$3.4 million at September 30, 1996.

REVOLVING FUNDS - Under the authority of 2 U.S.C. 160, the Library of Congress operates eleven gift revolving fund activities to provide, in various formats, duplication and preservation services, exhibits and other special programs, and retail marketing, to other Government agencies, libraries, other institutions, and the general public. Through these activities, the Library is able to further its programs dealing with the acquisition of library materials, reader and reference services, and support for public programs.

Although these funds were created by gifts which donors designated to be used for self-sustaining activities, the General Accounting Office (GAO) believes that the Library has exceeded its authority by operating revolving funds with gift monies which generate revenues exceeding the original gifts. Therefore, as recommended by GAO, the Library has requested specific statutory authority to operate the gift revolving funds. The revolving fund legislation has been submitted to the Congress annually since 1991.

After eliminating intra-Library transactions, revolving fund activities accounted for \$3.8 million (.9 percent) of the funding in fiscal 1996. The major funds are: Photoduplication Service, Recording Laboratory, and the Constance Green Fund.

Revolving Funds - \$3.8 Million



Photoduplication Service - The Photoduplication Service provides preservation microfilming services for the Library's collections and reprographic services to other libraries, research institutions, government agencies, and individuals in the United States and abroad. Revenues were \$5.5 million in fiscal year 1996 and intra-Library transactions of \$3.4 million were eliminated during consolidation.

Recording Laboratory - The Recording Laboratory provides preservation services for the Library's collections and audio and video duplication services for the general public. Audio and video products are also produced for sale to the general public. Revenue for fiscal year 1996 was \$305 thousand of which \$236 thousand was for intra-Library transactions which were eliminated in the consolidated statements.

Constance Green Fund - The Constance Green Fund supports the Library's retail marketing sales shop activities. Revenue for fiscal year 1996 was \$981 thousand.

CUSTODIAL FUND - The Library administers the national compulsory and statutory licensing provisions in the Copyright Act (Title 17 of the United States Code). These are:

- ▶ Compulsory license for secondary transmissions by cable systems (section 111);
- ▶ Compulsory license for making and distributing phonorecords (section 115);
- ▶ Compulsory license for the use of certain works in connection with noncommercial broadcasting (section 118);
- ▶ Statutory license for secondary transmissions by satellite carriers for private home viewing (section 119);
- ▶ Compulsory license for public performances on coin-operated phonorecord players (section 116, [1978-1989, 1993-], section 116A (1990-1993));
- ▶ Statutory obligation for distribution of digital audio tape recorders and media (chapter 10).

The Library's Copyright Office Licensing Division collects royalty fees from cable operators for retransmitting television and radio broadcasts (section 111), from satellite carriers for retransmitting "superstation" and network signals (section 119), and from importers or manufacturers for distributing digital audio recording products. The Library deducts its full operating costs from the royalties (as appropriated by Congress as offsetting collections), and invests the balance in interest-bearing securities with the U.S. Treasury for later distribution to copyright owners by copyright arbitration royalty panels. The Library of Congress held \$640.5 million at September 30, 1996, for distribution to copyright owners.

KEY PERFORMANCE MEASURES

Since 1992, the Library's collections have increased from 101.4 million to 111.1 million -- an increase of 9.7 million or 9.6 percent. Over the same five-year period, the full-time equivalent (FTE) staff paid by appropriated funds has decreased from 4,549 to 4,114 -- a decrease of 435 FTE's or 9.6 percent. The annual quantity of print materials cataloged increased from 266,793 in 1992 to 289,509 in 1996 reflecting higher staff productivity, and the arrearage of unprocessed materials declined by 12.6 million items. The Library's Internet transactions have grown dramatically from zero in fiscal 1992 to 134.4 million in fiscal 1996. Internet-based systems include three world-wide-web services (THOMAS, LC-Web, and CRS-Web), gopher services (LC-MARVEL), the Library of Congress Information System (LOCIS), and various file transfer options. These Internet-based systems now record some 1 million transactions daily. This rapid growth will almost certainly continue to increase because the Library has just begun to put online American history collections as the core of a National Digital Library. This program seeks to make five million items from the Library's unique collections as well as other institutions locally available in electronic form throughout the country by the year 2000.

Other noteworthy workload changes are:

- ▶ The number of Congressional requests annually answered by the Congressional Research Service (CRS) decreased from some 645,000 in 1992 to 487,000 in 1996, which in part reflects a shift from telephone or in-person requests for certain types of information to direct electronic access by Congressional clients. CRS has decided not to include this in the statistics because of the current lack of precision in the data collection technology.
- ▶ The annual number of registrations in the Copyright Office decreased from some 606,000 in 1992 to 550,000 in 1996, and the number of copyright inquiries answered remained relatively stable.
- ▶ The number of information requests handled by reference staff decreased from 1.3 million in 1992 to 1.1 million in 1996, which parallels the decrease in reading room hours and the increase in Internet usage.
- ▶ The number of free reading materials delivered across the country each year to the blind and physically handicapped increased from 21.3 million in 1992 to 23.1 million in 1996.

THE LIBRARY OF CONGRESS							
COMPARISON OF APPROPRIATIONS, STAFF, AND WORKLOAD STATISTICS							
For the Fiscal Years 1992, 1993, 1994, 1995, and 1996							
	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	CHANGE 1992-1996	% CHANGE
LIBRARY APPROPRIATIONS - ACTUAL	\$328,170,000	\$334,316,000	\$330,864,000	\$348,230,000	\$352,399,000	+ \$24,229,000	+ 7.38
FULL-TIME EQUIVALENT (FTE) POSITIONS (Appropriated)	4,549	4,492	4,163	4,180	4,114	- 435	- 9.56
SIZE OF LIBRARY COLLECTIONS	101,395,257	104,834,652	107,814,587	108,433,370	111,080,666	+ 9,685,409	+ 9.55
WORKLOAD STATISTICS:							
Unprocessed Library Arrearages	33,576,196	27,456,787	25,431,296	22,491,071	20,970,523	- 12,605,673	- 37.54
CRS - Requests & Services Provided Congress	645,000	607,000	536,000	492,000	487,000	- 158,000	- 24.50
Loans of Collections to Congress	48,790	43,876	43,465	36,368	31,026	- 17,764	- 36.41
Copyright Claims Registered	606,253	600,000	530,332	609,195	550,422	- 55,831	- 9.21
Copyright Inquires	430,773	433,700	402,163	500,746	432,397	+ 1,624	+ .38
Services to the Blind & Physically Handicapped (BPH) - Readership	761,300	767,800	777,300	772,100	777,500	- 16,200	- 2.13
BPH - Books & Magazines; Total Circulated	21,284,200	21,802,200	22,586,000	22,909,400	23,100,000	+ 1,815,800	+ 8.53
BPH - New Braille & Audio Books & Magazines Titles	2,206	2,322	2,327	2,328	2,568	+ 362	+ 16.41
Print Materials Cataloged	266,793	260,957	279,809	276,348	289,509	+ 22,716	+ 8.51
National Coordinated Cataloging Operation (NACO) - LC Contribution	122,861	118,921	114,333	124,911	115,714	- 7,147	- 5.82
National Coordinated Cataloging Operation - Outside Contribution	61,730	75,794	78,176	96,655	106,182	+ 44,452	+ 72.01
Exhibits, Displays, & Publications (Funded by Appropriations)	35	31	31	27	15	- 20	- 57.14
Regular Tours	44,440	27,954	29,952	47,300	47,847	+ 3,407	+ 7.67
Reference Service	1,326,945	1,306,264	1,198,358	1,145,757	1,129,952	- 197,188	+ 14.86
Main Reading Room & Five Other Reading Rooms Hours Per Week	78	69	65	65	65	- 13	- 16.67
Items Circulated	2,522,620	2,345,151	2,403,002	2,289,981	2,175,075	- 347,545	- 13.78
Preservation Treatment - Original Format	269,388	304,134	288,111	339,636	274,086	+ 4,698	+ 1.74
Mainframe Computer Transactions	97,372,626	112,491,847	152,095,306	197,216,679	204,297,492	+ 106,924,866	+ 109.81
Machine Readable Cataloging (MARC) Records	23,981,266	24,670,791	25,090,965	26,100,661	26,320,667	+ 2,339,401	+ 9.76
Internet Transactions (i.e., LOOS, MARVEL, WORLD-WIDE-WEB, and THOMAS public transactions) *	N/A	7,028,995	38,422,986	92,873,807	134,416,660	+ 127,387,665	+ 1,812.32

* Comparison based on 1993-1996 data.

Dec. 10, 1996

MAJOR ACCOMPLISHMENTS IN FISCAL YEAR 1996

During fiscal 1996, the Library developed a comprehensive Management Improvement Plan; provided objective, timely, nonpartisan, and confidential legislative support on a wide range of issues; improved services to the Congress and the nation through technology; reduced our uncataloged backlog by another 1.5 million items; and improved the security of our collections. Highlights of these and other major achievements are listed below:

- ▶ **Management Improvement Plan** - During fiscal 1996, the Library developed a Management Improvement Plan (MIP) to focus its efforts on implementing the Library's priorities and the many constructive recommendations contained in two reports commissioned by GAO -- a management review conducted by Booz-Allen & Hamilton and a financial audit conducted by Price Waterhouse LLP. The MIP contains nine component parts: plans and programs; security (of people, facilities, collections, and data systems); management-employee communications; training and development; accountability mechanisms; support functions' efficiency and responsiveness; streamlined management processes; financial management; and broader understanding and appreciation of the Library. The Library's statement of mission and strategic priorities guided the development of the MIP, and many of the accomplishments listed in this section reflect progress in achieving MIP objectives.
- ▶ **CRS Legislative Support to Congress** - Among the domestic issues addressed by Congress during fiscal 1996 were sweeping changes in welfare policy and immigration law, health care legislation, and revision of the 1934 Communications Act. Significant foreign policy issues included developments in relations with both traditional allies and former adversaries, events in Bosnia-Herzegovina, U.N. reform, and the volatile political situation in the Middle East. CRS assisted congressional staff on these as well as other issues on the legislative agenda such as the minimum wage, banking and finance reform, the farm bill, juvenile crime, transportation and energy, space, and governmental issues such as the line-item veto, affirmative action, and campaign finance. In its deliberations, Congress continued to rely on the objective, timely, nonpartisan, and confidential support of CRS. Some highlights of CRS support were:
 - ◆ **Welfare Reform.** The welfare reform enacted by Congress drastically changed many social welfare programs, some of which had been in place for more than sixty years. In response to congressional requests for assistance, a CRS interdivisional team provided Congress with "on call" expertise on issues related to programs such as AFDC, food stamps, child nutrition, the Earned Income Tax Credit (EITC), and child support enforcement. The team provided Congress with institutional memory, program expertise, and quantitative analysis of alternative allocation formulas.
 - ◆ **Immigration.** CRS support on major immigration legislation included detailed briefings and seminars, side-by-side bill comparisons, and memoranda on immigration policy and its implications. CRS attorneys worked on complicated legal issues regarding alien smuggling, document fraud, deterrence of the transportation of illegal aliens, and enhancement of immigration law enforcement. CRS assisted at the end of the Congress in the reconciliation of overlapping alien benefit provisions in the immigration and welfare bills.

- ◆ **Health Insurance Reform.** Congress enacted legislation that guarantees the availability and renewability of health insurance coverage for certain individuals and limits the use of restrictions on preexisting conditions. This law allows a limited number of small businesses and self-employed individuals to establish and contribute to a medical savings account under prescribed circumstances. CRS formed an interdisciplinary team to provide analytical assistance on these and other issues, including health care fraud and restructuring of Medicare.
- ◆ **Telecommunications Law.** The Telecommunications Act of 1996, signed by the President in the Main Reading Room of the Thomas Jefferson Building, sets the nation on a course designed to realize the potential benefits of the information superhighway. CRS provided support for this milestone legislation by preparing analyses of legal questions such as how to ensure universal service. A CRS report addressed key provisions of the bill pertaining to the electro-magnetic spectrum's auction and management, and CRS attorneys assisted with interpretations of potential anti-trust problems and possible First Amendment violations.
- ◆ **Agricultural and Environmental Issues.** Congress restructured U.S. agricultural policy with the 1996 Farm Bill. CRS provided support to both House and Senate with analyses and bill comparisons of various farm bill measures, including the Market Transition Act, agricultural trade and aid, farm credit, conservation, and nutrition assistance. CRS also provided consultation and testimony on agricultural trade agreements, international food aid, and meat and poultry inspections. CRS analysts offered timely assistance on many environmental issues including safety of food from pesticides, drinking water, clean air, federal lands policy, grazing fees, and timber harvesting.
- ◆ **Foreign Policy Issues.** CRS analysts and attorneys prepared a multitude of analyses and reports addressing the complex issues pertaining to U.S. relations with major powers as well as other nations. The Service provided in-depth coverage for Congress of the legislative and presidential elections in Russia. Consideration of most-favored-nation (MFN) status for China generated requests for CRS assistance on issues including human rights, protection of intellectual property rights, arms sales, trade barriers, sanctions, and China's membership in the World Trade Organization. CRS analyzed issues relating to Japan: the continuing trade deficit, Japan's looming bank crisis and its effect on the U.S. economy, and Japan's contribution to regional and global security. Events in Bosnia-Herzegovina and the Middle East generated congressional requests for information on the nature of peacekeeping missions, the U.N.'s capabilities to lead such operations, and the command and deployment of U.S. forces.
- ▶ **Copyright Office Legislative Support to Congress** - Congress faced a number of significant copyright issues during fiscal 1996 including the effect of the National Information Infrastructure on copyright law and policy as well as the placement of the Copyright Office and copyright policy in the Library of Congress. The Office advised the Congress on the National Information Infrastructure copyright bills and answered questions posed by the Senate Committee on the Judiciary and by the House Subcommittee on Courts

3. SUPPLEMENTAL SCHEDULES

A. NET ASSETS - STATEMENT OF FINANCIAL POSITION BY FUND

LIBRARY OF CONGRESS TRUST FUND BOARD
SUMMARY FOR STATEMENT OF FINANCIAL POSITION BY FUND
SEPTEMBER 30, 1996

TRUST FUND NAME	PURPOSE	CASH	INVESTMENTS			PLEDGES	ACC. INT. & ACCTS. REC.	TOTAL ASSETS	LESS LIABILITIES	NET ASSETS
			U. S. TREASURY	PRIVATE SECTOR	PERMANENT LOAN					
Pickford, Mary Foundation	Support Programs Related to Motion Picture Industry	0	30,479	0	0	0	0	30,479	2,580	27,919
Porter Memorial	Consultants or Any LC Purpose	0	203,127	0	290,500	0	213	493,840	14,205	479,635
Project Judaica Foundation	Acquisition, Exhibition of Hebraic Material	0	9,747	50,097	40,000	0	0	99,844	0	99,844
Raid, Samuel C.	Grant to Promising Writers of American Scene	0	34,894	105,204	0	0	0	140,098	0	140,098
Roberts, Margaret A.	Benefit LC's Collection/Services	0	31,896	68,366	0	0	0	100,262	0	100,262
Scala Memorial	Arrangement, Editing, Publication Scala Military Band Material, Promotion of Scala's Music	0	34,018	80,499	20,000	0	0	134,517	0	134,517
Schmid, K. B. Memorial Fund	Promote & Advance Music Programs Through Concerts & Develop Collection of Rare & Exceptional Books & Music	0	3,699	0	57,991	0	0	61,690	0	61,690
Sonneck Memorial Fund	Support Music Research	0	3,269	16,076	0	0	0	19,345	0	19,345
Spivacke, H. & R.	Purchase Books, Manuscripts for Music Division	0	106,379	464,162	597,964	0	0	1,168,505	1,316	1,167,189
Stern, Alfred W. Memorial	Maintenance, Additions to Stern Collection of Lincoln Mat.	0	15,161	13,025	27,549	0	0	55,735	0	55,735
Strickland, Wm. A. A. Hull	Promotion, Advancement of American Music	0	23,571	115,223	200,000	0	0	338,794	0	338,794
Swann, Caroline & Erwin Memorial Foundation	Maintenance of Exhibit Facility at Library Collection of Cartoons and Caricatures	0 0	105,701 7,695	1,443,947 442,618	100,000 0	0 0	99 0	1,649,747 450,313	9,176 0	1,640,571 450,313
Tharhouser Endowment	Acquisition, Preservation Early American Silent Film	130	471	11,522	500	0	0	12,623	0	12,623
Vincent, Monroe & Rose	Support Concerts at LC	0	3,768	15,029	5,000	0	0	23,797	0	23,797
Whitall, Gertrude C. Bequest/Endowment Bequest/Endowment Bequest/Endowment Bequest/Endowment	Maintenance Stradivari Instruments/Tourte Bows Poetry Fund Poetry & Literature Fund Appreciation & Understanding of Good Literature	0 (3) (8) (7)	324,816 18,571 64,586 58,819	100,194 0 0 0	1,540,609 101,150 706,828 150,000	0 0 0 0	** 1,015 65 230 205	1,966,634 119,783 771,636 209,017	1,452 34 121 107	1,965,182 119,749 771,515 208,910
Wibur, James B. Bequest Bequest Bequest	Acquisition, Reproduction American Manuscript Material in European Archives Benefit Geography & Map Division Treatment of Source Material for American History	0 0 0	160,012 27,097 44,444	100,913 90,481 40,194	110,000 0 0	0 0 0	0 0 0	370,925 117,578 84,638	0 0 0	370,925 117,578 84,638
Subtotal		\$503,396	\$17,740,165	\$10,407,582	\$9,330,000	\$9,181,185	\$244,219	\$47,406,547	\$692,330	\$46,714,217
Hubbard, Gertrude M. Bequest ****	Purchase of Prints for G. M. Hubbard Collection	13,406	0	0	20,000	0	0	33,406	0	33,406
Total		\$516,802	\$17,740,165	\$10,407,582	\$9,350,000	\$9,181,185	\$244,219	\$47,439,953	\$692,330	\$46,747,623

* Accrued Interest undistributed.

** Accrued Interest Distributed (permanent loan interest earned but not received from Treasury as of 9/30/96).

*** Additional \$18,000 due from Interpretive Programs Fund not included. Transfer made in fiscal year 1997.

**** Cash difference with Treasury of \$6,375 due to FFS posting, transferring Hubbard funds (03X8022), to the Trust Combined Fund (03X8032). This was a posting error, Hubbard was not actually invested for the \$6,375.

CRS to ensure that this new retrieval system also meets the needs of the House. By the end of fiscal 1996, development was under way with a first release of the retrieval system planned for the start of the 105th Congress.

- ◆ **Online Delivery of CRS Products and Services.** As part of a continuing effort to provide more products and services to Members and staff digitally and to improve the speed of delivery, CRS made all Issue Briefs available online to congressional offices. This was possible through development of the CRS Home Page, designed by a team of specialists who are in daily contact with congressional staff. Besides providing access to CRS products and information about services such as the seminar programs, the CRS Home Page organizes Internet resources by functions of staff in congressional offices and subject areas. The Service will continually expand and refine its Home Page in fiscal 1997 to remain responsive to congressional needs.
- ◆ **Internet Access** - The Library is providing more and more information to the Congress and the public via its Internet-based systems. During fiscal 1996, the Library's home page was redesigned to simplify public searching. The hours of on-line availability of LOCIS were extended beyond midnight to 24 hours per day to accommodate users in varying time zones. Access to the Library's Internet resources is growing at an exponential rate each month. For example, public LC-Web transactions have increased from 391,000 per month in October 1994 to more than 9 million per month in October 1996. In April 1996, the Library recorded over 24 million monthly transactions on all of its computer systems -- a figure which is triple the number recorded in April 1992. The Library's Internet-based systems were cited for excellence during fiscal 1996: (1) Point Communications, an Internet rating service, placed the Library among the "Top 5% of All Web Sites"; (2) *The Atlantic Monthly*, through its web site "Atlantic Unbound," cited the Library's exhibitions as being "the most compelling area"; and (3) the National Information Infrastructure (NII) Awards Program chose the Library as one of six finalists in the education category.
- ◆ **Global Legal Information Network (GLIN)** - GLIN is a cooperative international network in which nations are contributing the full text of statutes and regulations to a database hosted by the Law Library of Congress. GLIN project software (release 1) is in production, and work is underway to enhance functionality in a second release. GLIN made its debut on the Library's home page in July 1996. While only member countries can retrieve authentic images of legal documents, non-members are able to search the database and retrieve citations. Member nations are contributing abstracts and full text at the rate of 15 entries per day and growing. There are eleven members participating via the Internet, and the Library projects that GLIN membership will soon increase to 15-20 nations. A satellite uplink/downlink prototype capability to upgrade telecommunications capabilities of GLIN members that have no direct access to Internet is being investigated with the assistance of NASA.
- ◆ **National Digital Library** - The National Digital Library Program (NDL) continues to gain momentum towards the Library's ambitious goal of producing and collaborating with other national archives to make accessible to all Americans a critical mass of five million digital items by the year 2000, the Library's bicentennial. In fiscal 1996, NDL doubled the number of collections available on the WWW. To date, more than 350,000 digital files are available on-line or in digital archives. In addition, more than 1,700,000 digital files are in production or under contract for digitization.

A new Learning Page offers organized help specifically for teachers and students in the use of the NDL American Memory collections. With input from the Center for Children and Technology, a Back to School Special was launched on the Learning Page in September, adding teacher-generated suggestions on how to use the Library's primary source materials in the classroom. Also added was a presentation featuring the history of elections as documented in the American Memory collections. More than fifty school and education publishers attended a workshop, jointly hosted by the NDL and the Association of American Publishers, to explore public-private partnership options to develop electronic products based on NDL American Memory collections, thereby enhancing distribution.

In coordination with the Copyright Office's CORDS project, the NDL program worked with the Corporation for National Research Initiatives to establish standards for the storage and retrieval of massive digital files of the kind generated by the NDL collections, including the technical metadata needed to manage the system. The Library continues to lead in the use of Standard Generalized Mark-up Language (SGML) for presentation of collections in digital form. Several text collections and sample finding aids marked up with SGML were put on-line in fiscal 1996.

Collections are chosen for digital conversion based upon their uniqueness, their intrinsic importance to an understanding of American history and culture, and their appeal to everyone from K-12 students to lifelong learners. New digital collections added in fiscal 1996 include: **African-American Pamphlets** from the Daniel A. P. Murray Collection, 1818-1907 (351 rare pamphlets issued between Reconstruction and the First World War); **Documents from the Continental Congress and the Constitutional Convention, 1774-1789** (printed broadsides offering an account of America's struggle for nationhood); **Daguerreotypes, 1842-1862** (600 portrait daguerreotypes by the Mathew Brady studio plus architectural views, outdoor scenes, and occupational portraits); the **National American Woman Suffrage Association Collection, 1848-1921** (167 books, pamphlets, and other artifacts documenting the campaign for woman suffrage); and **World's Transportation Commission Photographs, 1894-1896** (views of foreign countries and their native forms of transportation). In July 1996, the NDL team added three more collections: **The Evolution of the Conservation Movement, 1850-1920** (a multi-format collection of photographs, printed works (including government documents) and manuscripts documenting the conservation movement in the United States); **Gottscho-Schleisner Photographs, 1932-1960** (approximately 29,000 photographs of buildings, interiors, and gardens of renowned architects and interior designers); and **Theodore Horydczak Photographs, 1920-1950** (over 14,000 photographs of buildings, business, news and human interest items in the Washington, D.C. metropolitan area).

Two new on-line exhibits were also added in fiscal 1996 (*Women Come to the Front: Journalists, Photographers and Broadcasters during World War II*; *Dresden: Treasures of the Saxon State Library*) bringing to twelve the total of Library exhibits now available on-line. *The Handbook of Latin American Studies* and 71 Country Studies were also added during this fiscal year.

◆ **ACCESS System** - The Library's ACCESS system, a user-friendly way for patrons visiting a reading room to access the Library's information files electronically without training or assistance, now operates in 14 locations at the Library and in several House and Senate locations. During fiscal 1996, an Internet model was created and is currently being tested and evaluated.

◆ **Geographic Information System** - The Geography and Map (G&M) Division established itself as a leader in the cartographic and geographic communities through its work in geographic information systems (GIS). G&M continues to work closely with CRS to include maps in written reports and with the National Digital Library to digitize materials. Donated computer hardware and software, valued in excess of \$700,000, was installed and put into operation during fiscal 1996. Working closely with private-sector partners, the Geographic and Map Division is developing the capability to create large format digital images and the ability to transmit and display these images through the Internet. G&M has scanned over 700 rare American maps from its collections and has successfully completed testing of a new file compression technology that will allow the Library to transmit these images worldwide.

◆ **Projects in Test Status:**

(1) The Copyright Office Electronic Registration, Recordation and Deposit System (CORDS), a major new system for digital registration and deposit of copyrighted works over the Internet, utilizing the latest advances in networking and computer technology, is being developed by the Copyright Office in collaboration with national high-technology research and development partners (Defense Advanced Research Projects Agency and Corporation for National Research Initiatives). CORDS is a key component of the global infrastructure for digital libraries of the future. CORDS will also help the Copyright Office streamline its internal registration, recordation and deposit processes, as well as provide the Library of Congress with copies of new copyrighted works in digital form for its National Digital Library repository.

Status: Phase 1 external testing of the registration and deposit testbed began during 1996; several additional test phases with other partners will be initiated during calendar 1997; planning and development is also continuing for the CORDS system to record documents concerning ownership and transfers of copyrighted works.

(2) The Electronic Cataloging in Publication (ECIP) project will enable the Library to obtain texts of forthcoming publications from publishers via the Internet, catalog them entirely in an electronic environment, and transmit the completed catalog records via email to the publisher for inclusion on the copyright page of the printed book.

Status: Fifty-three publishers are now participating in this project. Staff cataloged 707 titles, bringing the cumulative total since the experiment's inception to 1,082. During fiscal 1996, staff responsible for the ECIP production system completed most of the work on the basic components of the system. A fully operational system will enable participating publishers and the Library to improve the timeliness, cost, and efficiency of cataloging by greatly reducing the number of keystrokes required to create a record, by eliminating mail time and postage costs, and by enhancing the quality of cataloging.

▶ **Security of Staff and Collections** - During fiscal 1996, a comprehensive survey of collections security, commissioned by the Library, was completed by the Computer Sciences Corporation (CSC). CSC made hundreds of recommendations to improve

physical, electronic, and procedural security measures. In addition, the GAO commissioned a management review of the Library and an audit of the Library's fiscal 1995 financial statements, both of which included an evaluation of collections security. The Library is using the results of these three efforts, as well as previous work, to conduct a risk assessment of the collections and to put in place a centralized security program. Major security accomplishments during fiscal 1996 include the following: (1) for readers using the Thomas Jefferson Building reading rooms, implemented an automated Reader Registration System which provides an identification card with a digitized photograph of each reader and maintains the photograph and information to support administrative or investigation requirements; use of the Reader Registration System will become mandatory in the Library's remaining reading rooms in fiscal 1997; (2) made permanent the use of an anti-theft gate at the exit from the Newspaper and Current Periodical Reading Room to prevent the unauthorized removal of collections materials; plans are to install anti-theft gates in most of the Library's other reading rooms; (3) established a policy restricting the introduction of personal belongings into reading rooms to be implemented fully when cloakrooms are established in the three Capitol Hill buildings in fiscal 1997; (4) placed anti-theft targets in another one million books, bringing the number of targeted volumes to more than four million; (5) activated the electronic system controlling stack access in the Adams Building thus securing all stack areas in that building; (6) upgraded security at the Landover Center Annex with a new electronic access system and the assignment of a full-time, on-site security officer; and (7) implemented an item-level inspection program for designated vulnerable material before and after public use.

- ▶ **Arrearage Reduction/Cataloging** - The Library continued to focus on arrearage reduction during fiscal 1996, reducing the arrearage total by 1.5 million items while maintaining currency with new receipts. This represents a cumulative reduction of 47.2 percent of the amount on hand at the time of the initial arrearage census in September 1989 -- from 39.7 million to 21 million. The processing of print materials continues to increase, even as staffing levels continue to drop -- staff created cataloging records for 289,509 volumes. The Library continued to take advantage of varied approaches to processing materials to gain the greatest benefits in production and arrearage reduction: copy cataloging; testing the use of a less full, "national core" record; focusing on completely eliminating particular arrearages; and using automated services developed by the bibliographic utilities for speedier delivery of copy cataloging records. Building on the momentum generated in fiscal 1995 through the Program for Cooperative Cataloging, cooperative arrangements have flourished. Member libraries reached a high of 213 participants and contributed record-breaking totals in fiscal 1996: 14,173 bibliographic records; 97,964 name authorities; 8,074 series authorities; 2,026 subject authorities; and 780 classification numbers. By the end of the fiscal year, powerful new PC-based terminals had been installed for all cataloging staff, augmenting their ability to catalog more efficiently through enhanced automation capabilities.

Some processing accomplishments for fiscal 1996: a group of staff volunteers completed the processing of the Altshuler Jazz Collection of 264,327 78rpm sound recordings; another group reduced a pamphlet collection of Americana by 10,630 titles; and other staff concentrated on eliminating over 1,000 Finnish arrearage titles.

- ▶ **Off-Capitol Hill Collections Storage** - Linked to the Library's arrearage reduction project is the development of a secondary storage site to house processed materials and to provide for growth of the collections through the first part of the 21st century. During fiscal 1996,

the Architect of the Capitol (AOC) contracted with an architectural firm to plan for the development of the Fort Meade, Maryland campus and to design the initial collections storage module for the Library of Congress. The Library worked closely with the AOC and with the architectural firm to ensure that the module meets the necessary environmental requirements to house and preserve safely the transferred collections and that materials handling be as efficient as possible. Plans call for the initial module, which employs cardboard boxes on wide-span shelving and which will house paper-based collections, primarily books, to be ready for occupancy in 1999.

- ▶ **Important New Acquisitions** - The Library receives millions of pieces each year, from copyright deposits, from Federal agencies, and from purchases, exchanges, and gifts. Notable acquisitions during fiscal 1996 include: the collection of **Marion S. Carson**, the most extensive private collection of Americana, consisting of over 10,000 manuscripts, rare books, broadsides, photographs, drawings, prints, and other original documents; the personal papers and several hundred original drawings of cartoonist, playwright, and screenwriter **Jules Feiffer**; the collection of jazz great **Ella Fitzgerald**, comprising some 10,000 music scores; the **Morton Gould** collection of over 20,000 music scores and personal papers documenting the career of this major Pulitzer Prize-winning composer; George Gershwin's sketches for **Porgy and Bess** and other music manuscripts and letters of George and Ira Gershwin; the first installment of the papers of **Robert McNamara**, former Secretary of Defense; papers of **I.M. Pei**, the great modern architect; the **Samuel Breese** collection of manuscripts, maps, and atlases; 56 Civil War newspaper maps; and a microfilm collection of finding aids and records documenting the activities of the Soviet Communist Party and Soviet State from 1917 to 1991. Important rare books included Antonio de Medina's **Viaggio di terra Santa** (1590), an extremely rare and heavily illustrated Italian translation of a Spanish pilgrimage to the eastern Mediterranean, and **Original Manuscript Record of the Names and Hours and Locations of Work by Stone Cutters, Carpenters, and Laborers during the 1815-1834 Rebuilding of the United States Capitol in Washington following its Burning by the British in the War of 1812**, an account set out by year and month listing the names of each tradesperson employed on the reconstruction work. The Library also acquired the second major gift of 8,000 films and videotapes of past PBS programs and a collection of master film materials on significant productions done by Nathan Kroll on Pablo Casals, Carl Sandburg, Helen Hayes, Andres Segovia, and Luciano Pavarotti.

- ▶ **Preservation Improvements** - The Library took action during 1996 to improve the preservation of its vast and diverse collections by (1) completing the installation of a state-of-the-art audio system that will significantly improve capabilities for preservation reformatting and creating preservation masters of audio materials; (2) protecting the Library's Top Treasures by developing a design for cases in which they will be exhibited; (3) implementing the emergency response plan by training Library staff, enhancing emergency notification and communication systems, and replenishing response and recovery supplies; (4) completing the mass deacidification treatment of the first 25,000 books from the general collections using the Bookkeeper limited production contract; (5) training staff in the production of protective book boxes using the computer-driven, automated box-making machine; (6) contributing to the National Digital Library by refining procedures for the preparation, treatment, and scanning of collection materials; (7) contributing to the design of a new long-term offsite storage facility at Fort Meade by developing environmental specifications and proposing design criteria; (8) refurbishing and upgrading the display cases for the Gutenberg Bible and the Great Bible of Mainz.

- ▶ **Copyright Arbitration Royalty Panels (CARPs)** - The Copyright Office initiated and administered the proceeding for the distribution of the 1990, 1991, and 1992 cable royalty funds. In August 1996, the Office received the final report from the arbitrators on their determination for review by the Register of Copyrights and the Librarian of Congress. The Office reviewed the report and prepared a sixty-two page recommendation, which the Librarian accepted. The final order was published in October 1996.

The Copyright Office also initiated the currently ongoing CARP proceeding to determine the distribution of the 1992, 1993, and 1994 DART royalties in the Musical Works Funds and administered a universal settlement among the claimants to the Sound Recordings Fund for 1995. Additionally, the Office set the schedule for four proceedings to adjust rates and terms for the compulsory licenses governing secondary transmissions by cable systems, secondary transmissions by satellite carriers, the digital performance of sound recordings, and digital phonorecord delivery.

On December 1, 1995, the Office published an amendment to the CARP regulations that required all organizations that act as common agents for their members or affiliates in a DART proceeding to obtain written, separate, and specific authorization before representing their interest.

- ▶ **Implementation of the Copyright Restoration Provision of the GATT Uruguay Round Agreements Act** - On January 1, 1996 this act restored the copyrights of a vast amount of foreign works that were previously in the public domain in the United States. Through October 1996, the Copyright Office has processed a total of 2,162 documents containing 7,632 restored titles, following the publication of extensive regulations. Using new application forms, the Office has also processed 564 GATT registrations. Most of the filers of GATT registrations and Notices of Intention to Enforce copyrights (NIEs) used credit cards to pay the required fees.
- ▶ **National Library Service for the Blind and Physically Handicapped (NLS)** - During 1996, NLS received its most important improvement in the free national reading program since the passage of the Pratt-Smoot Act more than sixty years ago. Congress modified the U.S. Copyright Law, in Public Law 104-197, which was signed by President Clinton on September 16, 1996, to allow NLS to produce audio and braille books more quickly and at less cost. Under the bill, sponsored by U.S. Senator John Chafee of Rhode Island, groups that produce specialized formats for the blind are no longer required to gain permission from the copyright holder before beginning production.

NLS launched nationwide machine repair training and recognition programs with the Telephone Pioneers of America, the Elfun Society, and other repair volunteers. The national "train the trainer" program was designed to reach all but the smallest groups during 1996. A national recognition program honored all Pioneers and Elfun for their sustained support in the repair of playback machines.

NLS also assisted in the opening of North Dakota Talking Book Services. As the fifty-seventh regional library to open since the inception of the NLS network, it is the first new regional library in nineteen years.

- ▶ **American Folklife Center (AFC)** - In fiscal 1996, the AFC received a two-year Congressional reauthorization, as well as private funding for the second year of the Montana Heritage Project and for the continuation of the Appalachian Forest Project. From the Archive of Folk Culture, the Center, in cooperation with a private-sector record company, prepared for the reissue of twenty LP's in compact disc format and prepared for the release of four compact discs for the Endangered Music Project. The rich collections of folk music are now being used in a new series on National Public Radio's "All Things Considered" by musician Stephen Wade and featuring folksong "treasures" from the Archive of Folk Culture.

- ▶ **Bringing Treasures to the People** - The Library's collections were shared with tens of thousands of Americans through exhibitions, special events and symposia, traveling exhibits, and major publications. The Library continues to lead the Nation in the presentation of on-line exhibitions which now number twelve.
 - ◆ Major exhibitions included **Dresden: Treasures from the Saxon State Library**, which opened in April 1996 and drew from over four centuries of treasures of the Sächsische Landesbibliothek (Saxon State Library), one of Dresden's outstanding cultural institutions founded in 1556; **Space and Place: Ways of World Making** traced the history of cartography, with special emphasis on a comparison of early European and Asian mapping traditions; **Drawing the Iron Curtain: Cold War Cartoons, 1946-1960**, drew on the Library's extensive collection of political cartoons, documenting through the work of 15 notable American cartoonists an important period of our nation's recent history; **Pablo Neruda: Absence and Presence** celebrated the twenty-fifth anniversary of Neruda's Nobel Prize in Literature and featured photographs from the Library's collections of the poet's homes and friends by Chilean photographer Luis Poirot.

 - ◆ The Library's traveling exhibition program sent 6 exhibitions to 21 sites in 17 states. The Library arranges tours for two different types of highly-regarded exhibits. The first are highly visible exhibitions, such as **From the Ends of the Earth: Judaic Treasures from the Library of Congress**, which display original manuscripts, scrolls, and other items. The second are smaller traveling exhibitions, such as **Women Come to the Front: Journalists, Broadcasters and Photographers during World War II**, which rely on facsimiles and are available to libraries, schools, and smaller museums.

 - ◆ The Visitor Services Office conducted 1,284 public tours for 47,847 participants; honored 11,012 reservations for 347 tours requested by 515 Congressional offices; arranged professional visits for 3,427 national and international VIPs, professionals and students; and arranged visits for 1,377 visitors from 117 foreign countries. The Office initiated a full-scale volunteer program with the recruitment, training, and assignment to duties of 73 volunteers. These volunteers provided 10,272 hours of service, conducted 696 public tours, and responded to inquiries from 69,097 visitors.

 - ◆ Co-publishing arrangements with trade publishers, in fiscal 1996, included **Witnessing America: The Library of Congress Book of Firsthand Accounts of Life in America, 1600-1900**; **AuthorWorks American Authors CD-ROM**; **The Book in America**; **Invention in America**; **Celebration of American Food**, and 15 calendars based on Library of Congress collections.

- ◆ The Library's bi-monthly Civilization magazine, commercially published under a licensing agreement, completed its second year of publication with some 218,000 paid subscribers, who are also Library of Congress Associates. It won the 1996 National Magazine Award for "general excellence" in its class.

- ▶ **Restoration and Renovation of the Thomas Jefferson and John Adams Buildings** - The Architect of the Capitol (AOC) has completed interior renovation and restoration of the buildings (except for the Coolidge Auditorium and Whittall Pavilion), and on January 2, 1996, the west front entrance was opened to the public. A Visitors' Center is currently under construction and will include two volunteer-staffed information desks and a new visitors' theater; construction will be completed by April 1997. The AOC began the restoration of the Coolidge Auditorium/Whittall Pavilion and is working toward an October 1997 completion date. In addition, the restoration of the Jefferson roof began and is currently scheduled for completion in the fall of 1997. The Library continues to execute the multi-year plan to outfit and occupy the remaining renovated spaces of the Jefferson and Adams Buildings. In addition to the previously reopened Great Hall and West front entrance, the recently refurbished Congressional Reading Room and Members' Room are now open. In the spring of 1997, the Library will reopen the African/Middle East, Asian, and European Reading Rooms and the Library's new Scholars' Colonnade, Visitors' Center, Sales' Shop, and cloakrooms. A celebration is scheduled in the Spring of 1997 to mark the 100th birthday of the Thomas Jefferson Building, to thank Congress for supporting the renovation project, to open the permanent treasures exhibit, and to showcase the beauty of the building.

- ▶ **Human Resources Improvement** - The Library enhanced its ability to track applications as they moved through the recruitment process; to respond to applicants' and service units' queries; and to meet reporting requirements of the *Cook* class action settlement agreement by implementing an automated Posting and Applicant Tracking System. The Library used the Office of Personnel Management's MicroComputer Assisted Rating System (MARS) to select approximately 100 library technicians within 90 days of the opening of the vacancy announcement. The Library also instructed its managers and supervisors in sexual harassment prevention, expanded diversity awareness training to include staff as well as managers and supervisors, and improved the central staff training and development office to meet current and emerging staff needs.

- ▶ **Financial Statement Audit** - In November 1995, the General Accounting Office contracted with Price Waterhouse LLP to conduct a financial statement audit of the Library one year earlier than originally planned. Because the audit started four months later than normal and 1995 was the first operational year of the Library's new financial management system, many operational obstacles had to be overcome in preparing the fiscal 1995 financial statements, including the fact that property and equipment records were not planned for completion until 1996. Price Waterhouse LLP gave a qualified opinion on the Library's statement of financial position, because of incomplete property records, and presented four material internal control weaknesses and seven reportable conditions. The auditors explained that the audit took the characteristics of an initial audit and that the audit results were relatively consistent with those of other initial Federal agency audits.

- ▶ **Gift and Trust Funds** - During fiscal 1996, private gifts supported a variety of new and continuing programs, including the National Digital Library (NDL), the Junior Fellows program, special retrospective acquisitions fellowships for Russian librarians, an exhibition of treasures from the Saxon State Library, the Center for Geographic Information, the Center for the Book, poetry readings, public lectures, an index of Chinese periodicals, the Montana Heritage Project, the National Film Registry Tour, and The Hispanic Yearbook. For the NDL program, \$4.1 million in new pledges were made, bringing the total in pledges and gifts to \$22.2 million, including \$1 million in-kind gifts. Three major gifts from companies represented by members of the Madison Council were announced in 1996: \$2 million from Ameritech to fund a competition among American archival institutions to digitize their historic collections, \$1 million from Reuters for the digitization of the papers of George Washington and Thomas Jefferson, and \$1 million from Eastman Kodak for the general support of the program.

Through the planned giving program, the Library received a bequest of \$49,384 from the estate of Marguerita Krould, the wife of a former Library of Congress employee. The gift will be used to support the performance and composition of music. The Library was also notified by a trustee of the Marguerite S. Roll Trust that Mrs. Roll made a gift of \$1 million "for the improvement and expansion of the Library's Local History and Genealogy Collections." Until her death, Mrs. Roll was an active member of the James Madison Council and a member of the Trust Fund Board.

STEWARDSHIP REPORTING

The standard for stewardship reporting on selected assets classified as "Heritage Assets" developed by the Federal Accounting Standards Advisory Board (FASAB) will be mandatory for fiscal year 1998. The standard applies to entities (1) that control stewardship resources and (2) whose financial statements purport to be in accordance with federal accounting principles and standards developed by FASAB and accepted by the principals. All stewardship information will be deemed "required supplemental stewardship information."

In fiscal year 1995, the Library, in consensus with its independent accountants, determined its collections were within the stewardship resource classification and prepared its first stewardship report. By beginning in fiscal year 1995, the Library is developing a data collection and a trial reporting methodology that will lead to fulfilling the objectives of the stewardship reporting standard -- to assist in judging the long-term effectiveness of expenditures for "heritage assets," the results of inputs and outcomes, and the financial impact of sustaining current services.

Consistent with the guidelines provided by FASAB, the Library has prepared its second stewardship report on its collections that provides the suggested relevant information concerning the asset description, acquisition, preservation, security, use, estimated number of items, and expenditures. The Stewardship Report is included in Section 4 of this report.