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**PREPARED STATEMENT BEFORE THE
SUBCOMMITTEE ON LEGISLATIVE
APPROPRIATIONS
COMMITTEE ON APPROPRIATIONS
U.S. SENATE
ON
APPROPRIATIONS REQUEST FOR FISCAL YEAR
2003**

WEDNESDAY, MAY 8, 2002
10:30 A.M.
ROOM S-128, THE CAPITOL

Mr. Chairman and Members of the Subcommittee, I am pleased to be here today to present the appropriations request of the Government Printing Office (GPO) for FY 2003.

FY 2003 APPROPRIATIONS REQUEST

GPO is requesting a total of \$129.3 million: \$95.2 million for the Congressional Printing and Binding Appropriation and \$34.1 million for the Salaries and Expenses Appropriation of the Superintendent of Documents. At the direction of the Office of Management and Budget, the request includes \$6.9 million in accordance with the Administration's proposal to charge agencies for the full cost of post-retirement benefits for the employees covered by these appropriations. It also includes \$5.9 million to cover a shortfall in FY 2001 Congressional Printing and Binding funds.

Exclusive of the amounts for post-retirement benefits and the shortfall, our requested increase over FY 2002 (including emergency supplemental funding approved in the wake of the September 11 attacks) is \$1.9 million, or 1.7%. These funds are primarily to cover mandatory pay costs and workload changes in congressional printing, as well as additional capability for the Superintendent of Documents to provide public access to the growing volume of online Federal information made available through GPO Access, our online information service (www.gpo.gov/gpoaccess). Approximately 225,000 titles are now made available through this service, which is used by the public to retrieve more than 31 million documents every month. Overall, our request represents an increase of \$14.7 million, or 12.8%, over the amount approved for FY 2002 (including emergency supplemental funding), with most of the increase (\$12.8 million) for the shortfall and post-retirement benefits.

Fiscal Year 2002 Supplemental. Last month, I submitted a supplemental appropriations request for FY 2002. I requested the \$5.9 million for the FY 2001 shortfall and \$2 million for a necessary project to abate asbestos in the buildings comprising GPO's central office complex on North Capitol Street. If this supplemental request is approved, the \$5.9 million for the FY 2001

shortfall in the Congressional Printing and Binding Appropriation would no longer be needed as part of the FY 2003 request.

Congressional Printing and Binding Appropriation. The Congressional Printing and Binding Appropriation covers the estimated costs of producing the Congressional Record, bills, reports, hearings, documents, and related products required for the legislative process. This appropriation is critical to the maintenance and operation of GPO's in-plant capacity, which is structured to serve Congress's information product needs. It also covers database preparation work on congressional publications disseminated online via GPO Access.

Salaries and Expenses Appropriation. The Salaries and Expenses Appropriation of the Superintendent of Documents pays for documents distribution programs and related functions that are mandated by law. The majority of the appropriation is for the Federal Depository Library Program (FDLP), under which congressional and other Government publications and information products are disseminated to approximately 1,300 academic, public, Federal, law school, and other libraries nationwide where they are available for the free use of the public. While some of the funding for the FDLP is for salaries and benefits, most is for printing and disseminating publications (including publications in CD-ROM and online formats, which are now the majority of items in the program) to depository libraries. Related statutory functions covered by this appropriation are cataloging and indexing, by-law distribution, and the international exchange distribution of U.S. Government publications. Finally, through the FDLP, this appropriation provides the majority of funding for the operation of GPO Access. GPO's other major documents distribution functions-the sales program and agency distribution services-are structured to be funded by revenues earned and receive no appropriated funds.

CONGRESSIONAL PRINTING AND BINDING APPROPRIATION

Our request for \$95.3 million for the Congressional Printing and Binding Appropriation includes funding to cover Congress's estimated printing requirements for FY 2003, a prior year shortfall in this appropriation, and the Administration's retirement plan, and, as follows:

Category	Estimated Requirement
Committee Hearings	\$ 21.3 million
Congressional Record (including the online Record, the Index, and the bound Record)	\$ 20.4 million
Miscellaneous Printing and Binding (including letterheads, envelopes, blank paper, and other products)	\$ 16.8 million
Bills, Resolutions, Amendments	\$ 7.4 million
Miscellaneous Publications (including Congressional, Directory and serial sets)	\$ 4.5 million
Committee Reports	\$ 3.4 million
Documents	\$ 2.5 million
Committee Prints	\$ 2.4 million
Details to Congress	\$ 2.3 million
Business and Committee Calendars	\$ 2.3 million
Document Envelopes and Franks	\$ 1.0 million
Subtotal	\$ 84.3 million
Elimination of the FY 2001 Shortfall	\$ 5.9 million
Post-Retirement Benefits	\$ 5.1 million
TOTAL	\$ 95.3 million

FY 2003 Estimated Requirements. Exclusive of the amounts for post-retirement benefits and the FY 2001 shortfall, the funding we are requesting for Congress's FY 2003 printing requirements represents a net increase of approximately \$3.3 million, or 4%, compared with the approved level for FY 2002. As our Budget Justification shows, there is an estimated \$3.7 million in price level increases due to contractual wage agreements as well as higher costs for materials and supplies. These price level increases are offset by an estimated \$400,000 reduction resulting from projected volume decreases in all production workload categories except for hearings and committee prints. Estimates of the changes in workload volume are based on historical data from previous first session years.

FY 2001 Shortfall. In addition to the funding required for congressional work to be performed in FY 2003, we are requesting \$5.9 million to eliminate a shortfall for work performed in FY 2001.

Last year, in the FY 2001 Legislative Branch Appropriations supplemental, Congress provided funding to eliminate a cumulative shortfall in the Congressional Printing and Binding Appropriation through FY 2000. At that time, we projected and disclosed a developing shortfall for FY 2001, but we did not request funding to cover it because the fiscal year had not

concluded. The \$5.9 million we are now requesting will eliminate all existing shortfalls through FY 2001. At this time, no shortfall is anticipated for FY 2002.

SALARIES AND EXPENSES APPROPRIATION

The programs covered by our request of \$34.1 million for the Salaries and Expenses Appropriation of the Superintendent of Documents are as follows:

Programs	Estimated Requirement
Federal Depository Library Program	\$ 27.3 million
Cataloging and Indexing Program	\$ 4.0 million
International Exchange Program	\$.7 million
By-Law Distribution Program	\$.3 million
TOTAL	\$ 32.3 million

Exclusive of the request for post-retirement benefits, the funding we are requesting for FY 2003 represents a net increase of approximately \$2.7 million, or about 9%, over the approved level for FY 2002.

The majority of the increase, or \$2.6 million, is to replace obsolete formats, servers, and other equipment and for equipment improvements to enhance GPO's online services. It is essential that we enhance our data archiving capabilities, including data migration activities to refresh essential legislative and regulatory online files. Several of these files date back to 1994, while generally accepted practices call for systematic data maintenance on at least a 5-year cycle.

The requested increase also includes \$482,000 for mandatory pay increases, including anticipated COLA's, promotions, within-grade increases, and transit subsidies for covered employees; \$404,000 to cover price level changes affecting materials and supplies at the anticipated rate of inflation of approximately 2 percent; \$348,000 to cover depreciation for the modernization of legacy automated systems supporting the FDLP; and \$91,000 for 3 additional FTE's for the FDLP to assist in the management of the FDLP Electronic Collection. The additional FTE's are directly related to the increased workload of managing the expanding range of files available to the public through GPO Access.

These increases are offset by a projected workload reduction of approximately \$1.2 million, attributable primarily to the continuing decline of paper copies distributed to depository libraries. The decline is part of the ongoing migration of the FDLP to a predominately electronic program.

Transition to More Electronic Dissemination. The transition to a more electronic FDLP is continuing, as projected in the Study to Identify Measures Necessary for a Successful Transition to a More Electronic Federal Depository Library Program (June 1996) and in fulfillment of direction from Congress in FY 2001 that "emphasis should be on streamlining the distribution of traditional copies of publications which may include providing online access and less expensive electronic formats."

Nearly 61% of the 37,600 new FDLP titles made available during FY 2001 were disseminated electronically. For FY 2002 to date, 66% of the new titles made available to the public through the FDLP have been online. Through its electronic information dissemination component, the FDLP now delivers more content to users than ever before. In order to preserve public access, the distribution of tangible formats continues for those titles for which there is no acceptable online alternative.

Withdrawal of Publication from FDLP. In the wake of the September 11 attacks, the Superintendent of Documents requested Federal depository libraries to withdraw and destroy their depository copies of a United States Geological Survey (USGS) CD-ROM entitled Source Area Characteristics of Large Public Surface-Water Supplies in the Conterminous United States: An Information Resource for Source-Water Assessment, 1999. The CD-ROM contains information relevant to public drinking water supplies.

The Superintendent's October 12, 2001, letter was issued pursuant to a letter from the USGS, dated October 5, 2001, which asked GPO to "request that depository libraries receiving the [Source-Water CD-ROM] be instructed to destroy their copies." The Superintendent's request went to the 335 Federal depository libraries which had selected this document for their collections.

The Superintendent of Documents' request followed established policy for the withdrawal of documents from the FDLP. The Government may request the removal of materials from depository libraries since under Title 44 of the U.S. Code all FDLP materials remain Government property. Requests to withdraw happen rarely, however. Since FY 1995, the GPO has distributed 230,019 tangible product (print, microfiche, and CD-ROM) titles to depository libraries, and recalled just 20 (16 to be destroyed, 3 returned to the agency, 1 removed from shelves). Such actions are taken only on the request of the issuing agency, most commonly because the titles contain information that is erroneous or has been superseded. The Superintendent has no statutory ability to deny agency document withdrawal requests, but instead serves as the statutory conduit for carrying them out. Prior to initiating any withdrawal request, however, GPO policy is to carefully review each request and ensure that all such requests are made in writing.

GPO is working closely with the library community on the issue of withdrawing documents and is keeping the community, as well as the Joint Committee on Printing, informed. Because our mission is to promote public access to Government information, we take very seriously any Federal agency's request to restrict access to Government information that has been made public. However, we also have a duty under the law to cooperate with Federal agencies in the appropriate distribution of the official information they publish. Since the September 11 attacks, the USGS CD-ROM is the only document that the Superintendent of Documents has been asked to be withdrawn from depository libraries. Any future agency withdrawal requests will be handled in accordance with law and established policy.

REVOLVING FUND

Financial Results for FY 2001. By law, GPO's financial statements are audited every year. Our FY 2001 consolidated financial statements were audited by the firm of KPMG LLP. We have been advised that GPO will receive an unqualified, or "clean," opinion on the statements.

GPO ended the year reporting a loss of approximately \$1.6 million from the results of normal business operations, a margin of 2 tenths of one percent on \$712.4 million in total revenues. However, this figure does not reflect two unusual accounting adjustments: a \$12 million write-off of the cost of the Sales Program's Integrated Processing System (IPS), and a required increase of \$31.4 million in the long-term estimated liability of workers' compensation benefits under the Federal Employees Compensation Act (FECA). Altogether, these factors resulted in a reported loss of \$45 million. Our statements have been prepared to reflect the uniqueness of the two adjustments. The loss will be covered by GPO's retained earnings and will not require additional appropriations.

The implementation of IPS, which will replace the Sales Program's legacy automated systems, has been delayed by modification work on the original off-the-shelf system to make it fit the Program's needs. IPS has been certified by the GPO's Inspector General to be capable of operations, and training is currently being undertaken to implement the system. During the period in which IPS was under development it was not depreciated, in accordance with generally accepted accounting principles (GAAP). However, for FY 2001, GPO's auditors recommended several options for making an accounting entry for IPS. A one-year write-off of IPS' capitalized costs was among the recommended options. We selected this option because it obviates the need to assign these costs via depreciation to future years at a time when the Sales Program is cutting expenses to meet reduced order volume. All of the system's acquisition costs have been paid for and the one-time write-off causes no additional reduction of GPO's available funds.

The adjustment to the long-term liability of GPO's workers' compensation program is based on actuarial assumptions that are different from those used to compute this liability in prior years. The difference has arisen due to changes in the assumptions used by the Department of Labor affecting the computation of this liability governmentwide, a figure which is currently forecast at \$24.7 billion. The adjustment in GPO's liability conforms to accepted Government accounting practice. As adjusted, this liability is essentially a 37- to 55-year forecast of what GPO's responsibility for workers' compensation could be in view of historical benefit payment patterns, current information related to benefit claims, and Labor Department assumptions. The required reporting of this forecast does not cause any expenditure by GPO, does not affect GPO's printing rates, and does not reflect a reduction in GPO's available funds. It is important to note that the FECA adjustment is not indicative of an increase in GPO's workplace injury and illness rates, which remain comparable to other Federal agencies with substantially industrial missions, such as the Bureau of Engraving and Printing and the U.S. Mint.

Effect on Revolving Fund of Funding Post-Retirement Benefits. The Administration's proposal to have agencies pay the total cost for their employees' post-retirement benefits would increase GPO costs by nearly \$17.9 million in FY 2003. Of this amount, \$6.9 million has been included in this request for the two appropriations made directly to GPO. The balance of nearly

\$11 million would have to be charged to GPO's Revolving Fund, which finances operations that provide for the Government's printing, printing procurement, sales of publications, agency distribution, and related services. Recovering this cost would require that GPO's rates charged to Federal agencies and the prices charged to the public for the sale of publications be significantly increased. Imposing these price increases would be a heavy burden on GPO's agency and public customers.

Police Merger. We are cooperating with the General Accounting Office in its current review of a proposal to merge the GPO police force with the Capitol Police. As we have stated previously, our main concern is that we continue to have effective input into the management of GPO's unique security needs in the wake of any consolidation that Congress may decide upon.

Status of Air Conditioning Project. In the FY 2001 supplemental appropriations act last year (P.L. 107-20), Congress provided \$6 million for more energy-efficient air conditioning and lighting systems at GPO. The air conditioning project is underway. The architecture and engineering study, which details the system design and equipment requirements, has been completed. Bids for the air conditioning contractor have been solicited and were due to GPO by March 25. A contract has been awarded and the work schedule calls for the new system to be installed and operational by the end of March 2003. Work on the lighting improvements will follow.

Emergency Preparedness Projects. Last fall, Congress provided \$4 million to GPO in supplemental transfer authority for emergency preparedness (P.L. 107-117). As we have communicated to the Senate and House \ Appropriations Committees, our plan for spending these funds includes \$1.1 million to replace GPO's ageing fire protection, signaling, and public address systems to protect GPO personnel and property. The balance of \$2.9 million is to establish a limited remote printing capability at GPO's Laurel, MD, warehouse, which will provide for continuity of necessary printing operations in support of Congress. These funds are also being used to establish a remote mirror site for GPO Access outside of Washington, DC. We are currently reviewing GPO field offices for placement of this site. Both Committees have approved our proposal for spending these funds.

GPO Emergency Support for Congress. In the wake of the anthrax attacks last fall, GPO provided temporary work space for personnel from the Senate Office of Legislative Counsel and some personnel from the Office of the Clerk of the House. Since that time, as the result of the closure of the Capitol's off-site delivery center, we have provided space at our warehouse loading docks off North Capitol Street for use by the Capitol Police in screening all trucks bound for congressional offices for the distribution of supplies, equipment, and food. Up to 70 trucks a day have passed through this operation. At the request of the Chairman of the Committee on House Administration, we are providing space to support off-site computer operations for House Information Resources.

Sales Program. In recent years, the volume of sales through GPO's sales of publications program has been declining. The free availability of publications on GPO Access and other Government web sites has been the primary reason for this decline, although competition from

other Government publications sales outlets has contributed to it. The losses have been temporarily financed through GPO's Revolving Fund.

We have taken a number of steps to reduce program costs and increase revenues. In the past 5 years, we have cut FTE's in the sales program from 529 to 392, or 26%. Further FTE reductions of 25 and 35 are planned for FY 2002 and 2003, respectively, yielding an additional reduction of 15% during that period. We have reduced warehouse space for the program by closing our Springbelt, VA, paper warehouse and consolidating paper warehouse operations in our documents warehouse space in Laurel, MD. We have made across-the-board pricing adjustments of 20% over the past two years. In addition, we are emphasizing our online ordering service, and we have implemented an 800-ordering number and expanded credit card payments to include American Express.

Along with these actions, we have begun closing those GPO retail bookstores around the Nation that no longer are economically viable. Closing these stores will reduce costs, and we expect to retain a substantial portion of store revenues through our online, fax, phone, and mail order operations served by our warehouse. Quick turnaround service for purchasers can be provided by express overnight delivery. At the same time, free public access to Government information will remain unaffected through local Federal depository libraries as well as Internet availability.

To date, we have proceeded with the closure of 6 stores: San Francisco, Boston, the McPherson Square store in Washington, DC (one of 3 in the Washington, DC, area), Philadelphia, Chicago, and Birmingham, AL. We provided advance notification to the respective House and Senate delegations for these 6 stores our plans, as well as the Joint Committee on Printing. Other closures are pending and we will be providing notification soon to the respective delegations about these stores.

In spite of the decline in the volume of publications sold, we believe the continued operation of a sales program that provides the public with an opportunity to purchase their own copies of Government documents, pursuant to the provisions of chapter 17 of Title 44, is justified. Our objective is to reduce the costs of this program to a level consistent with the program revenues.

However, part of the costs of the sales program are indirect overhead expenses that impose a proportionally greater burden on the program as revenues have declined. This overhead includes many expenses that are unique to Government agencies, such as costs for personnel and budget offices, EEO and Inspector General operations, security personnel, and other administrative costs. As GPO strives to find a way to continue providing the public service afforded by the sales program while minimizing its costs, it may become necessary to discuss other funding options for the program. For example, until 1978, the program received part of its funding from appropriations to cover general and administrative expenses.

FTE Level. I am requesting a statutory ceiling on employment of 3,222 FTE's. This is a decrease of 38 from the previous year, and reflects a reduction of 6 FTE's from printing and binding operations and 35 from the sales program, offset by the increase of 3 under the Salaries and Expenses Appropriation. Total GPO FTE's have dropped 39% between FY 1990 and FY 2001,

36% since FY 1993 alone, when I first took office. GPO is now at its lowest employment point in the past century, principally due to our use of electronic information technology.

ADDITIONAL ISSUES

Legislative Changes. We are requesting a change to section 303 of Title 44, regarding the pay of the Public Printer and the Deputy Public Printer, in order to maintain pay parity with other comparable legislative branch officials as well as appropriate comparability with senior staff throughout the Government. Changes in the pay levels for the Public Printer and Deputy Public Printer have been provided through the appropriations process, as they last were in the early 1990's.

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Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement, and I would be pleased to answer any questions you may have