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Report to Sen. Walter D. Huddleston, Chairman, Senate Committee on Appropriations: Legislative Subcommittee; by Elmer B. Staats, Comptroller General.

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The activities of the Library of Congress and the Government Printing Office, which are of a public service and general governmental function unrelated to the Congress as an institution, are included in Congress' budget, which is misleading to the public. Findings/Conclusions: The GPO prints and binds the Federal Register and the Code of Federal Regulations at the fiscal year 1978 cost of \$17 million, as well as sells Government publications to the general public, for which receipts do not offset the entire cost. The Library of Congress distributes bibliographic data to other libraries and the general public, at an unreimbursed cost of some \$3 million for fiscal year 1978, and records copyright and supplies copyright information to the public (\$6 million). If financing of all four of these public service activities were changed to shift the costs to the executive programs, and receipts were offset against costs now being absorbed by Congress, Congress' 1978 budget would be reduced by \$55.7 million. Even so, some \$300 million public service or general Government costs would still be financed by Congress. (DJM)

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-39772

MAR 24 1977

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The Honorable Walter D. Huddleston
Chairman, Subcommittee on Legislative
Committee on Appropriations
United States Senate

RELEASED
4/15/77

Dear Mr. Chairman:

In our February 11, 1977, testimony before your Subcommittee, we suggested that recent media reports on the "billion dollar Congress" were misleading in that they did not distinguish the Congress--and the cost of operating it--from other activities in the legislative branch which perform public service and general governmental functions not related to the Congress as an institution. Our February 25, 1977 letter to you suggested that, of the \$1.05 billion legislative branch appropriation for FY 1978, some \$300 million involved public service and general governmental functions of this nature.

As you requested, we have considered the impact of certain public service or general governmental activities on the legislative branch appropriation. In so doing we considered alternative financing arrangements that might better relate costs to the programs that they benefit. The activities that we considered in this way are:

--Government Printing Office Activities

- Printing and binding of the Federal Register and the Code of Federal Regulations.
- Sale of Government documents to the public.

--Library of Congress Activities

- Distribution of bibliographic cataloging data to other libraries and the general public.
- Recording copyrights and supplying copyright information to the public.

The following briefly describes each of these activities and highlights various alternative financing arrangements. For each, a separate enclosure includes a more complete discussion. The specific financing arrangements

discussed in the enclosures would require amendment of existing legislation. In each case, if the amendments were contained in an appropriation bill, they would become effective upon enactment, but they would, of course, be subject to a point of order.

GOVERNMENT PRINTING OFFICE ACTIVITIES

- Printing and Binding of the Federal Register and the Code of Federal Regulations. Executive departments and agencies are required to publish their proposed regulations, notices of meetings, and other announcements in the Federal Register. When Federal regulations become effective, they are published in the Code of Federal Regulations. Executive departments and agencies do not have to pay for the associated printing and binding services out of their program funds. All printing and binding costs--involving some \$16.9 million for FY 1978--are financed by the legislative branch appropriation. Federal agencies could be required to pay the costs of the service out of their program funds through a variety of financing arrangements. Enclosure I discusses various alternatives, including use of a revolving fund, together with legislative language that would be needed to implement them.

- Sale of Government Documents to the Public. The Government Printing Office prints and sells a wide variety of Government documents to the public through mail orders and Government bookstores throughout the United States. Some, but not all, of the receipts from these sales are offset against GPO's costs. The remainder are deposited as miscellaneous receipts of the Treasury. As a consequence, the legislative branch appropriation bears a significant part of the cost of this public service--i.e., \$21.2 million in FY 1976 and \$25.0 million estimated for FY 1977 and \$25.7 million for FY 1978.

The legislative branch appropriation could be relieved of the cost of this "noncongressional" function if all revenues were offset against program costs. Enclosure II describes this more fully and includes the legislative language that could be needed to implement such a change.

LIBRARY OF CONGRESS ACTIVITIES

- Distribution of Bibliographic Cataloging Data to Other Libraries and the General Public. The Library of Congress sells copies of its printed catalog cards, cataloging data in machine readable form, book catalogs and technical publications to other libraries and to the general public. The legislative branch appropriation

request includes \$10.2 million to finance this function in FY 1978. While purchasers of cataloging services will pay \$7.9 million in that year, the funds received will not be used to offset the cost of providing them. Instead, those amounts will go to the Treasury as miscellaneous receipts. Other financing arrangements are possible that could permit the receipts to be offset against the costs of the operation in the legislative branch appropriation. These are discussed in Enclosure III.

--Recording Copyright and Supplying Copyright Information to the Public. In FY 1978 the legislative branch appropriation will directly finance the total \$11 million cost of administering Federal copyright laws. Some \$5.2 million in fees will be collected but they will be deposited in the miscellaneous receipts of the Treasury and will not serve to offset legislative branch appropriation costs. Alternative financing arrangements--discussed in Enclosure IV--could be established that would cause the receipts to be offset and thereby reduce the legislative branch appropriation.

It is apparent from the foregoing that legislative branch agencies, and legislative branch appropriations, finance functions that could be financed by the recipients of the services. It, of course, is not uncommon for one agency of Government to provide services to another. In such cases we would advocate that the appropriation of the receiving agency should bear the cost of the service. The underlying principle is that an agency's appropriation should bear the full cost of carrying out its programs, including any costs incurred by a second agency in support of those programs.

It is clear that the above activities do not contribute to the Congress as an institution. Rather, they are services provided to other agencies of Government or to the public at large. As we have pointed out, alternative financing arrangements could be devised to better relate the cost of the activity to the program or function that benefits from it.

If the financing of all four of these activities were changed to shift the costs to the executive programs and receipts were offset against the costs now being absorbed by the legislative branch agencies, the fiscal year 1978 legislative branch appropriation would be reduced by \$55.7 million. It would change from a total of \$1,051.4 million to \$995.7 million. The amount of change and the actions that would accomplish it are:

<u>Change in Financing</u>	<u>Millions</u>
- Charging executive agencies for publishing their regulations and notices in the Federal Register and the Code of Federal Regulations	\$16.9
- Offsetting all receipts from the sales of Government documents against costs incurred by the Government Printing Office.	25.7
- Offsetting the receipts from the Library of Congress cataloging services against their costs.	7.9
- Offsetting fees collected by the Copyright Office against its operating costs.	<u>5.2</u>
Total	<u>\$55.7</u>

While these changes would reduce the legislative branch appropriation by \$55.7 million, \$38.8 million would be recovered by offsetting amounts presently being received for services against the cost of providing them. These amounts are now being deposited as miscellaneous receipts of the Treasury. The remaining \$16.9 million would be recovered by additional charges for services that are provided. To the extent that executive agency appropriations are not increased to cover these additional charges, the Federal budget, as a whole, will be reduced.

Apart from any action that might be taken with respect to the four activities discussed above, the legislative branch appropriation will continue to significantly finance activities that do not directly support the operations of the Congress. Even if all of these actions were taken, legislative branch appropriations would continue to finance about three hundred million dollars of costs which are either public service or of a general governmental nature.

We share your interest in improving the structure of legislative branch financing and in correcting misinformation concerning the true nature of the legislative branch appropriation. We would be pleased to provide additional information or otherwise assist you to accomplish these objectives.

Sincerely yours,

(SIGNED) ELMER B. STAATS

Comptroller General
of the United States

bc: Mr. Staats (CG)
Mr. Keller (DCG)
Mr. Dembling (OGC)
Mr. Pin (MS)
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ALTERNATIVE ARRANGEMENTS FOR
FINANCING THE FEDERAL REGISTER
AND THE CODE OF FEDERAL REGULATIONS

Description of the Activity and
Present Financing Arrangements

Executive departments and agencies are required to publish their proposed regulations, notices of meetings, and other announcements in the Federal Register. They supply material to the Office of Federal Register, National Archives and Records Service. This office is a part of the General Services Administration (GSA). It compiles the information provided by Federal agencies and arranges it in proper format for publication in the Federal Register. When the regulations becomes effective they are published in the Code of Federal Regulations.

The Government Printing Office (GPO) prints, wraps, binds and distributes the Federal Register and the Code of Federal Regulations throughout the Federal Government and to public subscribers. These costs are borne by legislative branch appropriations provided to GPO for printing and binding.

Funds requested for FY 1978 as a part of the legislative branch appropriation for GPO's printing and binding activities total \$104.7 million. Costs related to GPO's Federal Register and Code of Federal Regulations responsibilities involve \$16.9 million of that amount.

Sales of the Federal Register and the Code of Federal Regulations to the public are made by the Superintendent of Documents. Those sales are accounted for along with GPO sales of the Congressional Records, Presidential Documents, and other special publications in a special

sales account within the GPO Revolving Fund. The "surplus" from these sales is returned to the Treasury as is done for the general sales to the public.

GPO's work with respect to the Federal Register and the Code of Federal Regulations itself is part of a slightly larger Federal Register Program which also includes the U.S. Government Manual, the Public Papers of the Presidents of the United States, and the Weekly Compilation of Presidential Documents. The fiscal year 1978 estimated cost of the total Federal Register Program is \$18.1 million, of which \$16.9 million is required for the Federal Register and the Code of Federal Regulations. Following are alternative financing arrangements for the Federal Register and the Code of Federal Regulations.

Alternative Financing Arrangements

Clearly the present financing arrangement for the Federal Register and the Code of Federal Regulations results in legislative branch appropriations bearing \$16.9 million of costs that benefit Federal executive agency programs and the general public. The following alternatives each of which is separately discussed below, would shift the burden of these costs to those who benefit most directly from their occurrence:

1. Finance costs of the Federal Register and the Code of Federal Regulations through the existing GPO revolving fund and require agencies to pay GPO for these services as they now do for other printing and binding.

2. Establish a new Intragovernmental revolving fund for the Federal Register and the Code of Federal Regulations.

3. Finance the costs of printing, binding, and distributing the Federal Register and the Code of Federal Regulations in GSA appropriations along with other costs of the Federal Register Program.

Alternative No. 1--Financing Federal Register and Code of Federal Regulations Costs Through the Existing GPO Revolving Fund

The present GPO Revolving Fund is used to finance printing, binding and blankbook work and to furnish on order blank paper, inks and similar supplies for the Congress and the various agencies of the Federal Government. The fund is reimbursed by congressional and executive branch customers and its net operating income is retained for reuse by the fund. Revolving fund operating costs for FY 1978 are estimated to be \$521 million.

This fund could be made available to finance Federal Register and Code of Federal Regulations costs through amendment of GPO's authorizing legislation, 44 U.S.C. Section 1509. The following revision would accomplish that result. Bracketed portions would need to be deleted and underscored material added to Section 1509 as it is presently written.

[Payments made for the Federal Register shall be covered into the Treasury as miscellaneous receipts.] The cost of printing, reprinting, wrapping, binding, and distributing the Federal Register and the Code of Federal Regulations, and other expenses incurred by the Government Printing Office in carrying out the duties placed upon it by this chapter shall be charged to the Government Printing Office revolving fund. Reimbursements for such costs shall be made by the Federal

agencies, and credited, together with all receipts, as provided in section 309(b) of title 44 of the United States Code.

The cost of printing, reprinting, wrapping, binding, distributing, and other costs incurred by the Government Printing Office in connection with all other publications of the Federal Register program shall be borne by the appropriations to the Government Printing Office and the appropriations are made available, and are authorized to be increased by additional sums necessary for the purposes, the increases to be based upon estimates submitted by the Public Printer.

[Copies of the Federal Register mailed by the Government are entitled to the free use of the United States mails in the same manner as the official mail of the executive departments of the Government. The cost of mailing the Federal Register to officers and employees of Federal agencies in foreign countries shall be borne by the respective agencies.]

The foregoing language would permit GPO's initial setup, production, and basic distribution costs to be reimbursed from the agencies whose material is to be published in the Federal Register and the Code of Federal Regulations. GPO would also bill agencies and others requesting additional copies of the Federal Register and the Code of Federal Regulations directly,

with the receipts being used to offset the costs of printing and distributing them.

Alternative No. 2--Establishment of a
New Intragovernmental Revolving Fund

A new Intragovernmental revolving fund could be established to account for Federal Register and Code of Federal Regulations costs and receipts. As with the former alternative, legislative amendments would be necessary. Language such as the following could be used to amend GPO's authorizing legislation, 44 U.S.C. Section 1509:

(a) There is hereby established in the Treasury a special fund which shall be known as the Federal Register Publication Fund, to which _____ is appropriated. The Fund shall be available without fiscal year limitation for the full costs incurred by the Government Printing Office for publication of the Federal Register and the Code of Federal Regulations, including but not limited to, the costs of printing, reprinting, wrapping, binding, and distribution thereof, as well as charges for overhead and related expenses, depreciation of plant and building appurtenances, except building structures and land, and equipment, and accrued leave.

(b) The fund shall be:

(1) reimbursed for such costs by the Federal agencies at rates established by the Public Printer;

(2) credited with all receipts received in connection with the sale or any other disposition of copies of the Federal Register and the Code of Federal Regulations; and

(3) charged with payment into miscellaneous receipts of the Treasury of any surplus found therein, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish or maintain the Fund.

(c) An adequate system of accounts for the Fund shall be maintained on the accrual method, and financial reports prepared on the basis of the accounts. The Public Printer shall prepare and submit an annual business-type budget program for the operations under the Fund. The General Accounting Office shall audit the Fund as part of its audit of the Government Printing Office pursuant to section 309(c) of this title.

(d) The cost of printing, reprinting, wrapping, binding, distributing, and other costs incurred by the Government Printing Office in connection with all other publications of the Federal Register program shall be borne by the appropriations to the Government Printing Office and the appropriations are made available, and are authorized to be increased by additional sums necessary for the purposes, the increases to be based upon estimates submitted by the Public Printer.

GPO estimates that about \$5 million of initial funding would be required. Thus, there would not be a full reduction in the legislative branch appropriations for their first year of operation under the new financing arrangement.

Alternative No. 3--The Total Federal Register
Program Could be Transferred to the General
Services Administration

In its February 1976 hearings before the Legislative Appropriations Subcommittee of the House Committee on Appropriations, the Government Printing Office proposed an amendment to Section 1509 of 44 U.S.C. which would fund the total Federal Register Program in the General Services Administration appropriation. This would bring that total program within GSA in that GSA would pay GPO for its printing, binding, and related costs. This proposal was not enacted.

Congressional Budget Control Considerations

Financing the Federal Register and the Code of Federal Regulations through a revolving fund would change the nature of congressional control over the activity.

The cost of the Federal Register and the Code of Federal Regulations would be borne by (1) the agencies that place their proposed regulations and notices in the Federal Register and have their regulations maintained in the Code of Federal Regulations and (2) the organizations that order additional copies of the Federal Register and the Code of Federal Regulations. Therefore, the congressional committees that approve the appropriations of those agencies would share in the oversight of Federal Register and Federal Regulations activities.

It may be that this arrangement would help to reduce the length and complexity of Federal regulations. Whether or not this happens, this financing approach could help to reduce the total budget of the

U.S. Government. To the extent that the various appropriations committees do not provide additional funds to cover Federal Register and Code of Federal Regulations costs, Federal agencies will need to absorb those costs within their budgets. Thus, a real reduction of as much as \$16.9 million could be made in the fiscal year 1978 budget.

Control exercised by the legislative branch appropriations subcommittee could be retained by requiring GPO to continue to fully report on its operating results and budget and to testify on its activities and plans for each year.

Oversight would continue to be exercised over the larger GPO revolving fund and any other Intragovernmental revolving fund by the Joint Committee on Printing.

ALTERNATIVE ARRANGEMENTS FOR
FINANCING THE SALE OF GOVERNMENT
DOCUMENTS TO THE PUBLIC

Description of the Program and
Present Financing Arrangements

GPO prints and sells Government documents to the public through mail orders and Government bookstores throughout the United States.

They are sold to the public in accordance with 44 U.S.C. 1708 which states in pertinent part:

"The price at which additional copies of Government publications are offered for sale to the public by the Superintendent of Documents shall be based on the cost as determined by the Public Printer plus 50 percent. * * * Surplus receipts from sales shall be deposited in the Treasury of the United States to the credit of miscellaneous receipts."

Against the revenue received from the sale of governmental documents, GPO deducts the cost of printing them and postage required for their distribution. The net amount is deposited as miscellaneous receipts of the Treasury.

Other overhead type expenses of the sales programs, which are financed by GPO's Salaries and Expenses appropriation, are not offset against the programs' receipts in determining the amount that should be deposited in the Treasury to the credit of miscellaneous receipts.

The following table illustrates this:

	<u>Actual</u> <u>FY 1976</u>	<u>Estimate</u> <u>FY 1977</u>	<u>Estimate</u> <u>FY 1978</u>
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(dollars in millions)

Revenue from general sales of publications	\$ 38.9	\$ 43.5	\$ 46.0
Expenses offset against revenue	<u>21.8</u>	<u>18.3</u>	<u>20.0</u>
Profit before deduction of Salaries and Expenses appropriation expenditures - Deposited to the Treasury	17.1	25.2	26.0
Expenses paid from legislative branch appropriations	<u>21.1</u>	<u>25.0</u>	<u>25.7</u>
Net earnings	<u>-4.0</u>	<u>.2</u>	<u>.3</u>

Thus, legislative branch appropriations bear a large portion of the costs associated with this program--e.g., \$25.7 million in FY 1978. To require GPO to offset all of its expenses against the revenue from its general sales of publications, the first paragraph of section 1708 of title 44, United States Code, could be amended to read as follows (bracketed matter deleted; underscored matter added):

The price at which additional copies of Government publications are offered for sale to the public by the Superintendent of Documents shall be based on the cost as determined by the Public Printer plus 50 percent. A discount of not to exceed 25 percent may be allowed to book dealers and quantity purchasers, but the printing may not interfere with prompt execution of work for the Government. All revenues received by the Superintendent of Documents from its general sales of publications shall be

retained to offset all costs incurred in connection with the publication thereof by the Public Printer : Provided, That any surplus thereafter remaining [Surplus receipts from sales] shall be deposited in the Treasury of the United States to the credit of miscellaneous receipts.

GPO's Salaries and Expenses appropriation could be correspondingly reduced.

This change, matching revenue and costs, would not in itself require any change in the prices at which the publications are sold by GPO to the public.

GPO could be required to fully report its sales activities as it is now doing.

ALTERNATIVE ARRANGEMENTS FOR
FINANCING THE DISTRIBUTION OF
BIBLIOGRAPHIC CATALOGING DATA
TO OTHER LIBRARIES AND THE GENERAL PUBLIC

The Library of Congress sells copies of the Library's printed catalog cards, cataloging data in machine readable form, book catalogs and technical publications to other libraries and to the general public. This is done under the provisions of 2 U.S.C. 150.

Costs, estimated at \$10.2 million for FY 1978, which are associated with the sale of these cataloging services are borne--without offset--by the Library of Congress' Salaries and Expenses Appropriation. Receipts for those services, projected to be \$7.9 million in FY 1978 will, pursuant to 2 U.S.C. 150, be deposited as miscellaneous receipts of the Treasury.

Thus, legislative branch appropriations will in FY 1978 as they now do, bear costs which directly benefit the public and other governmental activities. The Library could be required to offset the receipts against program costs--rather than returning it as miscellaneous receipts of the Treasury. This could reduce the legislative branch appropriation by an estimated \$7.9 million for fiscal year 1978. The following amendment to 2 U.S.C. 150 would accomplish this purpose (bracketed matter deleted; underscored matter added):

The Librarian of Congress is authorized to furnish to such institutions or individuals as may desire to buy them, such copies of the card indexes and other publications of the Library

as may not be required for its ordinary transactions, and charge for the same a price which will cover their cost and ten per centum added, and all moneys received by him shall be [deposited in the Treasury.] credited to the appropriations charged in connection with the above activities.

ALTERNATIVE ARRANGEMENTS FOR
FINANCING THE RECORDING OF COPYRIGHTS AND
SUPPLYING COPYRIGHT INFORMATION TO THE PUBLIC

The Copyright Office of the Library of Congress administers the Copyright law of the United States. In so doing, it records copyright claims, assignments and renewals and supplies copyright information to the public as required by Title 17 of the U.S. Code.

Costs associated with the activities of this Office are financed through a legislative branch appropriation estimated at \$11 million for fiscal year 1978. The Office charges fees for some of its services and deposits them in the miscellaneous receipts of the Treasury. Such fees are estimated to be about \$5.2 million in fiscal year 1978.

Thus, the legislative branch appropriation bears the burden of costs which are general governmental or public service in nature. Receipts could be offset against the appropriation to better match costs and receipts.

A change in the financing for this activity requiring that receipts be so offset could be made by an amendment to the substantive legislation (Title 17 of the U.S. Code). That title was substantively amended last year (Public Law 94-553). At that time the manner in which this activity should be financed was considered by the Congress, and section 708(c) of Title 17 was enacted to provide that all fees received by the Register of Copyrights be deposited in the Treasury of the United States.

A change in the funding mechanism would require amendment of section 708(c) as follows (bracketed matter deleted; underscored matter added):

(c) The Register of Copyrights shall [deposit] credit all fees [in the Treasury of the United States in such manner as the Secretary of the Treasury directs.] to the appropriation charged in connection with the above activities. The Register may, in accordance with regulations that he or she shall prescribe, refund any sum paid by mistake or in excess of the fee required by this section; however, before making a refund in any case involving a refusal to register a claim under section 410(b), the Register may deduct all or any part of the prescribed registration fee to cover the reasonable administrative costs of processing the claim.