

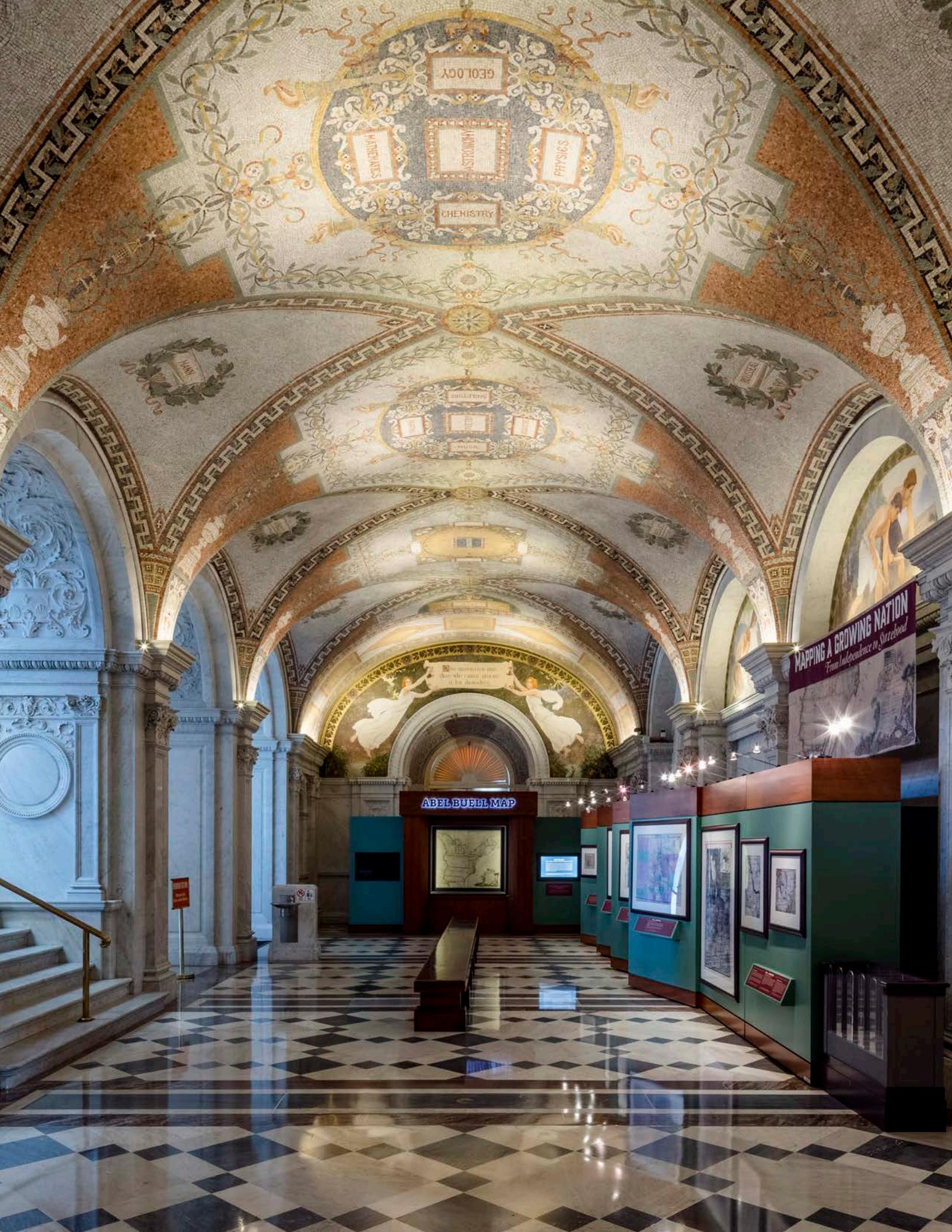
**LIBRARY**  
LIBRARY  
OF CONGRESS

# FINANCIAL STATEMENTS

**REPORT**

For the Fiscal  
Year 2021





ABEL BUELL MAP

MAPPING A GROWING NATION  
*From Independence to Statehood*

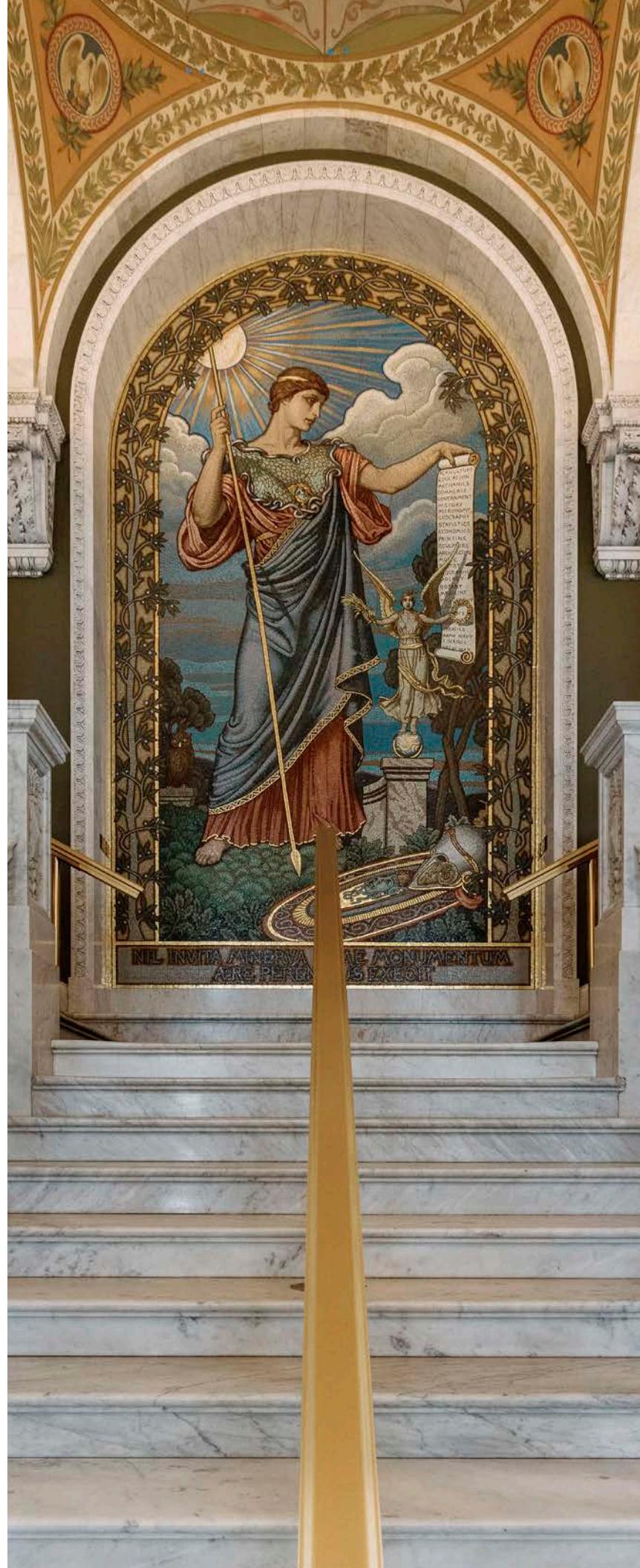
# **Library of Congress Financial Statements**

**For the Fiscal Year 2021**

**On the cover:** The Library's cherry tree, one of the original trees gifted to the U.S. government in 1912, reaches peak bloom, March 22, 2022. Photo by Shawn Miller/Library of Congress.. *Shawn Miller*

**Inside front cover:** The north corridor of the Jefferson Building houses the "Mapping a Growing Nation" exhibition. *Shawn Miller*

**This page:** Mosaic of Minerva by Elihu Vedder above staircase to Main Reading Room observation area, second floor of the Great Hall. *Shawn Miller*



Library of Congress  
101 Independence Avenue, S.E.  
Washington, D.C. 20540

For the Library of Congress online, visit [loc.gov](http://loc.gov).



## THE LIBRARIAN OF CONGRESS

The President of the Senate  
The Speaker of the House of Representatives

Mr. President and Mr. Speaker:

It is my pleasure to submit to you the Library's fiscal 2021 financial statements and accompanying opinion of the independent auditors, KPMG LLP. For the twenty-sixth consecutive year, the independent auditors have issued an unmodified (clean) opinion on the Library's consolidated financial statements.

The net cost of the Library's six major programs total \$809.3 million including \$93.5 million in costs incurred by five other agencies (i.e. Architect of the Capitol, Government Publishing Office, United States Capitol Police, United States Treasury, and the Office of Personnel Management) in support of the Library's programs. The net cost also includes \$117.3 million in earned revenue from copyright registration fees, cataloging distribution sales, and other fee-based and reimbursable programs.

I am prepared to respond to any questions you may have on the 2021 financial statements and auditors' opinion.

Sincerely,

Carla Hayden  
Librarian of Congress



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The Library hosts an open house  
for American Library Association  
Annual Convention attendees.  
Shawn Miller

# Management's Discussion and Analysis - Unaudited

## Introduction

The Management's Discussion and Analysis is designed to provide a high-level overview of the Library: who we are, what we do, and how we accomplished our mission during fiscal year 2021.

## The Library of Congress and its Mission

The Library of Congress, a Legislative Branch agency of the federal government, is the world's largest and most comprehensive library, managing nearly 170 million items in our collections, and extensive expert services and programs. Many of the collections are unique and irreplaceable items and are in more than 470 languages. The

Library serves Congress and the American people with its collections and human expertise and untold intellectual and inspirational value.

The Library's central mission is to Engage, Inspire, and Inform Congress, and the American people with a universal and enduring source of knowledge and creativity. Service to Congress has been and remains at the core of our mission. As the steward of a unique, universal, and ever-growing collection that belongs

to the American people, the Library of Congress also has a mandate to inspire, inform, and serve all Americans by engaging their cultural and intellectual curiosity and creativity.

The vision is that all Americans are connected to the Library of Congress. The Library's vision is aspirational and speaks to the tangible and intangible connections that are possible with the nation we serve.

## Strategic Plan

The Library's 2019–2023 strategic plan, Enriching the Library Experience, is the roadmap to expanding the Library's reach and deepening our impact, thus fulfilling our mission to engage, inspire, and inform our users.

### The Library's mission has four goals:



**Expand Access:** To make our unique collections, experts, and services available when, where, and how users need them.



**Enhance Services:** To create valuable experiences for every user to foster lifelong connections to the Library.



**Optimize Resources:** To modernize, strengthen, and streamline our operational capabilities.



**Measure Impact:** To use data to measure our impact on the world around us and share a powerful story.

There are 13 objectives associated with the 4 goals as presented below:

Goal	Objective Number	Objective Name
 <b>Expand Access</b>	<b>1</b>	Increase Discoverability and Availability
	<b>2</b>	Use Connectors to Extend Reach
	<b>3</b>	Expand Physical Presence
 <b>Enhance Services</b>	<b>4</b>	Elevate Digital Experiences
	<b>5</b>	Transform In-Person Experiences
	<b>6</b>	Develop User-Centered Content
 <b>Optimize Resources</b>	<b>7</b>	Align Core Library Activities
	<b>8</b>	Modernize Operations
	<b>9</b>	Invest in Talent for the Future
	<b>10</b>	Diversify and Expand Funding
 <b>Measure Impact</b>	<b>11</b>	Understand Our Users
	<b>12</b>	Communicate Impact
	<b>13</b>	Promote a Culture of Continuous Improvement

In executing this strategic plan over the next five years, the agency will make a decisive shift to be more user centered, digitally enabled, and data driven.

## Brief History

At the dawn of the 19th century, the American Republic was still little more than a bold experiment. Barely a decade removed from the establishment of constitutional democracy, our lasting future as a nation was not yet assured and our national character was only beginning to emerge.

It was in this context that the U.S. Congress created what would become one of the greatest and most distinct American institutions. Mindful of the link between an informed people and functional

governance, the Congress in 1800 established the Library of Congress by appropriating \$5,000 to purchase a collection of 740 books and three maps.

President Thomas Jefferson would make early and indelible contributions to the growing Library, signing a law in 1802 defining the institution's roles and functions, creating the first joint congressional committee (the Joint Committee on the Library) and establishing the position of Librarian of Congress.

After the British burned the Capitol during the War of 1812, destroying

the Library's collection of some 3,000 volumes, it was Jefferson who again helped ensure that the Library of Congress would endure as a central contributor to American democracy, culture, and intellect. Accepting the now-retired president's offer to "recommence" the Library, in 1815 the Congress purchased Jefferson's 6,487-volume personal collection (then the finest in America) at a price of \$23,950. It contained books in many languages and on a wide variety of topics, reflecting Jefferson's belief that there was "no subject to which a Member of Congress might not have occasion to refer." (Jefferson, 1814).

While its origins were humble, eight key milestones in the Library's early decades significantly expanded its scope and reach:

- The establishment of the Law Library in 1832 as the first department of the Library of Congress recalled the Library's origins as a collection of law books to support the legislative work of the Congress. The Law Library remains the primary source for the Congress for research and reference services in foreign, comparative, and international law.
- The Copyright Act of 1870 centralized the nation's copyright registration and deposit system in the Library and 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. The law reflected Jefferson's aspirations for the Library as a universal repository of knowledge.
- In 1886, the Congress authorized the first separate Library of Congress building to store growing collections and to provide openly accessible reading rooms and exhibition space for the general public. In 1897, the Thomas Jefferson Building opened to the public.
- In 1901, the Congress created an international exchange program to send federal publications to overseas partners in exchange for their executive and parliamentary publications, to broaden the Library's international legal collections.
- In 1902, the Congress authorized the Library to sell copies of its cataloging records inexpensively to the nation's libraries, thus substantially strengthening the entire American library system.

- In 1914, the Congress created the Legislative Reference Service as a separate entity within the Library to provide specialized services to "Congress and committees and Members thereof." Additional laws enhanced its mission in 1946 and 1970, when it was renamed the Congressional Research Service.
- In 1931, the Congress established a program in the Library to create and distribute free library materials to blind and physically handicapped readers throughout the country.

Since the mid-1970s, the Congress has statutorily created 14 programs that have further enhanced the Library's national role:

- American Folklife Center (1976)
- American Television and Radio Archives (1976)
- National Center for the Book (1977)
- National Film Preservation Board (1988)
- National Film Preservation Foundation (1996)
- Cooperative Acquisitions Program Revolving Fund (1997)
- Sound Recording Preservation Board and Foundation (2000)
- Three additional revolving funds for fee services (2000)
- National Digital Information Infrastructure and Preservation Program (NDIIPP) (2000)
- Veterans History Project (2000)
- Digital Collections and Educational Curricula Program (2005)
- National Collection Stewardship Fund (2017)



Arch and column, Great Hall second floor  
Shawn Miller

## The Library of Congress Today

As the nation continues to grapple with the impact of a global pandemic, the Library of Congress provides a beacon of knowledge, inspiration and innovation that drives its ongoing service to Congress and the American people. Just as the Library's iconic Thomas Jefferson Building projected the optimism and ambition when it was completed near the turn of the 20th Century, today, the Library embodies the spirit of innovation as our nation continues its pursuit of a more perfect union.

The gilded Torch of Knowledge that surmounts the Jefferson Building serves as striking visual representation of the Library's efforts to share its universal and enduring source of knowledge and creativity with Congress and the American people.

Particularly at this pivotal time in our national experience, the Library is pursuing new opportunities for even more Americans to engage with the Library of Congress and to add their perspectives to the Library's collections, allowing the national

library to share a more inclusive American story. Using outreach, technology innovation, and archives development for, and by, Black, Indigenous, and communities of color, the Library will continue to grow and reflect the diversity that our nation embodies.

In her September 2016 swearing-in speech, Librarian of Congress Carla Hayden said, "This Library of Congress, a historic reference source for Congress, an established place for scholars, can also be a place where we grow scholars, where we inspire young authors, where we connect with those individuals outside the limits of Washington and help them make history themselves."

Those words hearken back to the Library's early days and Thomas Jefferson's vision of a society wherein the widest variety of information was readily available to the greatest possible number of people. "I feel ... an ardent desire," Jefferson said, "to see knowledge so disseminated through the mass of mankind that it may, at length, reach even the extremes of society; beggars and kings."

Through its strategic plan, the Library of Congress is accountable to the American people and their elected representatives, and measured by the results that are achieved. We seek to be ardent champions furthering the cause of human understanding and wisdom.

Past, present and future, the Library of Congress endeavors to remain the preeminent repository of information on a global scale, an inspiration to future generations, and a celebrant of achievement. The Library ensures that its information is universally accessible through its premier websites—[www.loc.gov](http://www.loc.gov), [www.congress.gov](http://www.congress.gov), and [www.copyright.gov](http://www.copyright.gov).

The Librarian of Congress, appointed by the President with the advice and consent of the Senate, directs the Library. Six service units execute the Library's mission (see organizational chart on page 5).

The Library's programs and services are primarily funded by four salaries and expenses appropriations, receipts from offsetting collections (copyright registrations, Cataloging Distribution Service fees), revolving fund (business-like) income, donations, and investment income.

Library of Congress Main Reading Room, May 22, 2019. Shawn Miller



# LIBRARY OF CONGRESS

**Carla Hayden\***  
Librarian of Congress

**J. Mark Sweeney\***  
Principal Deputy Librarian of Congress

OFFICE of the  
INSPECTOR GENERAL<sup>1</sup>

COPYRIGHT  
ROYALTY BOARD<sup>2</sup>

## LIBRARY COLLECTIONS and SERVICES GROUP

**Robin L. Dale\***  
Deputy Librarian for Library  
Collections and Services

Financial Management  
Directorate

Organization Management  
Directorate

The John W. Kluge Center

National Library Service for the  
Blind & Print Disabled

**LAW  
LIBRARY**  
**Aslihan Bulut\***  
Law Librarian

**LIBRARY  
SERVICES**  
**Robin L. Dale\***  
Associate Librarian for Library Services

External  
Relations  
Global Legal  
Collection  
Global Legal  
Research

Digital Services  
Acquisitions &  
Bibliographic  
Access  
General &  
International  
Collections  
Special  
Collections  
Preservation

## OFFICE of the LIBRARIAN

Center for Exhibits  
& Interpretation

Office of the  
General Counsel<sup>3</sup>

Center for Learning,  
Literacy & Engagement

Strategic Planning  
& Performance Management

**OFFICE of the  
CHIEF of STAFF**

**Ryan Ramsey\***  
Chief of Staff

Congressional Relations Office

Development Office

EEO & Diversity Programs

Office of the Librarian  
& Centers Administration

**OFFICE of COMMUNICATIONS  
& EXTERNAL RELATIONS**

**Roswell Encina\***  
Chief Communications Officer

Communications

Multimedia Group

**LAW  
LIBRARY**  
**Aslihan Bulut\***  
Law Librarian

**LIBRARY  
SERVICES**  
**Robin L. Dale\***  
Associate Librarian for Library Services

**OFFICE of the CHIEF  
INFORMATION  
OFFICER**  
**Judith Conklin\***  
Chief Information  
Officer

Digital Strategy  
IT Governance  
IT Financial  
Management  
IT Quality &  
Performance  
Management  
IT Design &  
Development  
IT Partner  
Engagement  
IT Service  
Operations

**CHIEF  
OPERATING  
OFFICER**  
**Edward R.  
Jablonski\***  
Chief Operating  
Officer

Chief Financial  
Officer /  
Financial  
Services  
Contracts &  
Grants  
Human Capital  
Integrated  
Support  
Services  
Library  
Enterprises  
Security &  
Emergency  
Preparedness

**CONGRESSIONAL  
RESEARCH  
SERVICE**  
**Mary B.  
Mazanec\***  
Director

Deputy Director  
Administrative  
Operations  
Congressional  
Information &  
Publishing  
Counselor to the  
Director  
American Law  
Domestic Social  
Policy  
Foreign Affairs,  
Defense & Trade  
Government &  
Finance  
Knowledge  
Services Group  
Resources,  
Science &  
Industry

**UNITED STATES  
COPYRIGHT  
OFFICE**  
**Shira  
Perlmutter\***  
Register of Copyrights  
and Director

General Counsel  
Policy &  
International  
Affairs  
Registration  
Policy &  
Practice  
Public  
Information  
& Education  
Operations  
Copyright  
Records

\* Executive Committee members

**1** The Library of Congress Inspector General Act of 2005 (PL 109-55), effective August 2, 2005, requires that the Inspector General shall report to, and be under the general supervision of the Librarian of Congress.

**2** The Copyright Royalty and Distribution Act of 2004 (PL 108-419), effective May 31, 2005, replaced the Copyright Arbitration Royalty Panel system with the Copyright Royalty Judges, who are appointed by the Librarian of Congress.

**3** The General Counsel serves as counsel to the Executive Committee.

When the pandemic emerged in March 2020, the Library closed to the public and shifted staff to telework allowing them to continue meeting the Library's mission to support Congress and share the Library's resources with the American people virtually.

In June 2020, the Library finalized and began implementing a gradual return to on-site operations. Initially,

only employees who performed essential work that could not be accomplished remotely returned to on-site work. The Library implemented an extensive set of policies and procedures developed with public health expert guidance, to reduce potential exposure, promote social distancing and implement additional cleaning protocols.

As conditions improved in late spring of 2021, the Library continued its gradual return of staff to on-site operations and gradually opened limited on-site resources to the public. Many staff continued supporting Library operations with enhanced telework flexibilities still in place during 2021.

## Overview of Financial Statements

For fiscal years 2021 and 2020, the Library has prepared Consolidated Balance Sheets, Consolidated Statements of Net Costs, Consolidated Statements of Changes in Net Position, and Combined Statements of Budgetary Resources.

### Consolidated Balance Sheets

The purpose of the Consolidated Balance Sheets is to provide financial statement users with information about the Library's assets, liabilities, and net position as of September 30, 2021 and 2020. The Library's Net Position consists of: (1) the portion of the Library's appropriations that are unexpended; and (2) the cumulative balances of gift, trust, revolving and reimbursable funds.

	(in millions)	
	2021	2020
<b>Assets</b>		
Entity Assets	\$802.4	\$691.0
<b>Total Assets</b>	<b>\$802.4</b>	<b>\$691.0</b>
<b>Liabilities and Net Position</b>		
Liabilities Covered by Budgetary Resources	\$113.6	\$100.7
Liabilities Not Covered by Budgetary Resources	45.7	43.5
Total Liabilities	\$159.3	\$144.2
Net Position	643.1	546.8
<b>Total Liabilities and Net Position</b>	<b>\$802.4</b>	<b>\$691.0</b>

The Library's assets total \$802.4 million for fiscal year 2021 and \$691.0 million for fiscal year 2020. Entity assets increased by \$111.4 million during fiscal year 2021. The primary increase in assets are from the increase in appropriated funds and an increase in obligated balances not yet disbursed, which increased the Fund Balance with Treasury, an increase in pledges, an increase in investments and an increase in software development projects. The Library's liabilities total \$159.3 million

and \$144.2 million for fiscal years 2021 and 2020, respectively. The primary increase in liabilities is from an increase in advances from others and accrued leave.

In accordance with generally accepted accounting principles for federal government entities, the value of the Library's collections is not calculated and reported with a monetary value. Instead, the Library reports unit measurement, mission, and acquisition information in the financial statement notes and

provides other relevant information about their use, preservation, security, etc., in supplemental information.

In general, the accompanying Balance Sheet does not include the acquisition and costs of the Library's buildings and grounds with the exception of leasehold improvements. By law, these buildings and grounds are under the structural and mechanical care of the Architect of the Capitol.

## Consolidated Statements of Net Cost

The purpose of the Consolidated Statements of Net Cost is to provide financial statement users with information about the costs and earned revenues for the Library's programs for the fiscal years ended September 30, 2021 and 2020. The statements present the net costs of our programs: \$809.3 million and \$795.0 million for the fiscal years 2021 and 2020, respectively. Net costs increased by \$14.3 million during fiscal year 2021. Net costs include allocated management support costs and revenues (e.g., human resources, financial services, facility services), in part related to the additional maintenance required under COVID.

## Library Collections and Services Group

In Fiscal Year 2019, the Library realigned several organizations to create a newly formed Library Collections and Services Group with net program costs of \$506.8 million and \$493.7 million for fiscal years 2021 and 2020, respectively. Library Collections and Services Group is the Library's largest organizational unit and is comprised of Library Services, Law Library, the National Library Services for the Blind and Print Disabled, the Kluge Center, and the Internship & Fellowship Programs. Also under the authority of 2 U.S.C. §182, the Library operates the Cooperative Acquisitions Program revolving fund and the revolving fund for duplication services associated with the Packard Campus for Audio-Visual Conservation.

## Library Services

Library Services was realigned under the Library Collections and Services Group in FY 2019. It is the largest program and is responsible for the traditional library activities of acquisitions, cataloging, research and reference, and preservation.

Library Services manages the following functions and services:

**Acquisitions** - Each year the Library acquires nearly three million new items in all formats for addition to its priceless collections, which are the largest and most wide-ranging of any library in the world. The collections, and the information they contain, are the foundation for the many services the Library provides to the Congress and the nation.

**Cataloging** - The Library produces bibliographic records, standards, and related products for the Library as well as providing national and international leadership for libraries and bibliographic utilities in all fifty states and territories and many other countries.

**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. The Library provides reference assistance to researchers and general public users, conducts field research, and promotes the preservation of American culture throughout the United States. In fiscal year 2021, the Library Services responded to nearly 66,026 information requests a year from across the nation. During the year, more than 113,029 physical items, including ones from the Law Library, were circulated on-site to Library patrons using research centers open to the public in Washington, D.C. In addition, the Library fulfilled 2,313 free interlibrary loan requests from across the nation and fulfilled 2,609 requests for book loans from the Congress. The Library issued 2,718 new Reader Cards.

**Online Access Services** - The Library provides free online access to many of its most popular rights-free collections and to its automated collection descriptions in the Library

of Congress Online Public Access Catalog (<http://catalog.loc.gov>).

**American Creativity** - The Library manages the nation's largest, most varied, and most important archival collection of American creativity including motion pictures, sound recordings, maps, prints, photographs, manuscripts, music, and folklore covering a wide range of ethnic and geographic communities.

**Preservation** - The Library manages a continuing program to preserve and extend the life of the diverse materials and formats in the Library's collections. The program provides a full range of preservation, collections management, and conservation services; conducts research into collection materials and preservation methods; emphasizes preventative strategies including proper environmental storage, collections safe-handling, and emergency preparedness; conserves and preserves materials in all major formats held by the Library; and reformats materials to more stable media. The Library plays a key role in developing national and international standards that support the work of federal, state, and local agencies in preserving the nation's cultural heritage.

**Reading Promotion** - The Library encourages knowledge and use of its collections through other programs (cable TV, lectures, publications, conferences and symposia, exhibitions, poetry readings - all primarily supported by private funding) and through use of the Library's website. The Library also gives surplus books annually to qualified libraries and nonprofit educational institutions through its nationwide donation program.

## Cooperative Acquisitions Program

- The Cooperative Acquisitions Program, which is operated by the



Visitors take in "Shrek" at the kickoff of the Library's Summer Movies on the Lawn series. *Shawn Miller*

Library's six overseas field offices, acquires foreign publications and research materials on behalf of more than 150 participating academic and research institutions on a cost-recovery basis.

## Law Library

The Law Library was realigned under the Library Collections and Services Group with net program costs of \$29.0 and \$33.2 million for fiscal years 2021 and 2020, respectively. The Law Library is the nation's custodian of a legal and legislative collection of nearly 3 million volumes, 3.3 million microforms, over 15,000 computer files/tangible electronic resources, and more than 2 million digital files from all countries and legal systems around the world. Its mission is to provide authoritative legal research, reference, and instruction services and access to an unrivaled collection of U.S., foreign, comparative, and international law for more than 300 legal systems and foreign and international jurisdictions and the U.S. states and territories. The Law Library provides a direct research service to the Congress in foreign, comparative, and international law. In addition to Members, committees of the

Congress, and the Congressional Research Service, the Law Library provides offices of the legislative branch, justices of the Supreme Court, and other federal judges, staff of the Departments of Homeland Security, Justice, and State, and a myriad of other federal agencies with bibliographic and informational services, background papers, comparative legal studies, legal interpretations, expert testimony, and translations of laws and legal documents. The Law Library makes its collections and services available to a diverse community of users, including members of the bench and bar, educational institutions, nongovernmental libraries, legal service organizations, the diplomatic corps, international organizations, the business community, and the general public.

**Research and Reference** – The Law Library of Congress is one of the LCSG's service units and, pursuant to the Act of July 14, 1832, Ch. 221, 4 Stat. 579, it is the only Library's service unit to serve all three branches of government. In fiscal 2021, the Law Library responded to 9,347 research and reference inquiries. The Law Library's Public Services Division and two Foreign,

Comparative and International Law divisions responded to 383 research requests from Congress and provided assistance to Congressional offices on 444 reference questions. In total, the Law Library provided 827 responses to Congressional offices. The staff also authored 391 reports on legal developments around the world for the Global Legal Monitor, its online legal news product. In addition to Congress, the Law Library reported and responded to 8,520 inquiries about U.S. and foreign law from executive branch agencies and the courts, as well as members of the U.S. bar and the global public. The Law Library's Public Services Division responded to 8,219 reference and research requests, including 444 from Congress and the Congressional Research Service, 473 from other government users (352 from federal executive and judicial branches and 121 from state and local government institutions) and 7,302 from the public. The team also provided 82 webinars, classes, seminars, briefings and tours for 4,088 participants. Foreign law specialists answered 1,128 non-U.S. law research and reference questions from all categories of LOC

users, including 383 from Congress, 364 from federal executive agencies, 14 from the federal judiciary, and 367 from the public. In addition to varied briefings and orientations, FCIL staff conducted 10 webinars on foreign and comparative law, which were attended by 808 people. The Law Library also offered 37 webinars through the Legal Research Institute during fiscal 2021, attracting 3,013 attendees. During the year, more than 2,000 (2,081 to be exact) physical items were circulated on-site to the Law Library patrons.

## **National Library Service for the Blind and Print Disabled**

The National Library Service for the Blind and Print Disabled remains under the Library Collections and Services Group but still maintains its own appropriation and facility. The National Library Service for the Blind and Print Disabled manages a national reading program for blind and print disabled people – circulating approximately 23 million items a year at no cost to users. This program consists of two elements:

1. The Library of Congress selects, produces, and contracts for the production of full-length books and magazines in Braille, downloadable digital and digital audio cartridges, and playback machines.
2. A cooperating network of 55 regional libraries, 24 sub-regional libraries, 15 advisory and outreach centers, and 3 separate machine-lending agencies distribute the machines and library materials provided by the Library of Congress.

## **Copyright Office (including the Copyright Royalty Board)**

The Copyright Office is composed of three separate program areas: (1) Copyright Basic, which funds most of the Office's core operations,

including the majority of payroll-related expenses. These operations are funded with a combination of appropriated dollars and authority to spend fee revenue, with fees constituting a majority of this funding (approximately 55%); (2) Copyright Licensing, which is derived completely from licensing royalty collections otherwise payable to copyright owners and filing fees paid by cable and satellite licensees pursuant to statutory licenses administered by the Office; and (3) the Copyright Royalty Board (CRB).

The Copyright Office, administers the U.S. copyright registration system and related programs, assists with the administration of statutory licenses, provides copyright law and policy advice and analysis to the Congress and federal departments and agencies, and provides public information and education on copyright. The Copyright Office reported net program costs of \$56.0 million and \$71.3 million for fiscal years 2021 and 2020, respectively.

In fiscal year 2021, the Copyright Office registered 403,593 copyright claims; transferred to or facilitated online access of 534,493 works to the Library; recorded 11,625 documents containing 961,291 titles of works; and responded to more than 283,303 in-person, telephone and e-mail requests for information. Copies of works received through the copyright system form the core of the Library's immense Americana collections, which provide the primary record of American creativity.

The Licensing Program of the Copyright Office manages the collection and investment of royalty fees for later distribution to copyright owners. Costs of administering the licensing program are substantially funded through deductions from royalty receipts.

The Copyright Royalty Board (CRB), as established by Congress in chapter 8 of the Copyright Act, is provided with budget and formulation support on behalf of the Library of Congress. The CRB is composed of three Copyright Royalty Judges appointed by the Librarian of Congress. It directed distribution of millions of dollars in royalties that are collected under various compulsory license provisions of the copyright law, and adjusted the royalty rates of these license provisions. Costs of administering the CRB are partially funded through deductions from royalty receipts.

## **Congressional Research Service**

The Congressional Research Service, with net program costs of \$184.8 million and \$178.3 million for fiscal years 2021 and 2020, respectively, provides non-partisan analytical research and information services to all Members and committees of the Congress. The Congressional Research Service assists the Congress with its deliberations and legislative decisions by providing objective, authoritative, timely, and confidential research and analysis. Serving the Congress exclusively, Congressional Research Service experts work alongside the Congress at all stages of the legislative process and provide integrated and interdisciplinary analysis and insights in all areas of policy interest. Congressional Research Service support takes the form of reports, videos, short policy briefs, tailored confidential memoranda, individual consultations, and formal seminars.

## **The Office of the Librarian**

As part of the Fiscal Year 2019 realignment, two new direct programs were established under the Office of the Librarian 1) The Center for Learning Literacy and Engagement (CLLE) and 2) The Center for Exhibits and Interpretation

(CEI). The two programs net program costs were \$53.8 million and 43.9 million for fiscal years 2021 and 2020 respectively.

**Center for Learning Literacy and Engagement (CLLE)** – The Center for Learning, Literacy and Engagement was established in FY 2019. CLLE brings the Library's collections to life and deepens impact through educational and cultural programming, visitor engagement, and literary partnerships, transforming visitors into regular users of the Library. CLLE leads the institution in the creation and adoption of an annual programming theme, new programming series and frameworks, and the development of best practices for event execution. CLLE is directly responsible for the following offices: Literary Initiatives and Center for the Book, Professional Learning and Outreach Initiatives Office (LIO), Library Events Office, formerly the special events office, Signature Programs Office (SPO), Visitor Engagement Office (VEO), and the Informal Learning Office (IFO), which includes the Young Readers Center. The Signature Program Office includes the Gershwin Prize for Popular Song and the National Book Festival.

**The Center for Exhibits and Interpretation (CEI)** – The CEI was established in FY 2019. CEI creates exhibitions, learning spaces and publications that provide access to and connections with the physical and digital collections. The newly created group is responsible to insuring the Library puts forth a

consistent, unified message to all Library users. CEI is directly responsible for the following offices: Design & Printing, Exhibits Office, and Publishing.

### **Chief Operating Officer (COO)**

As part of the Fiscal Year 2019 realignment, the major revolving fund activities were moved from NIO to the Chief Operating Officer, Library Enterprises. The Library Enterprises Director is now responsible for the Federal Library and Information Network (FEDLINK), the Federal Research Division and Business Enterprises. Business Enterprises includes the Gift Shop, Document Reproduction and Microfilm Services, and Catalog Distribution Services. Library Enterprises net program costs were \$8.0 million and \$7.8 million for fiscal years 2021 and 2020, respectively.

**Revolving Funds** – Under the authority of 2 U.S.C. §182b-182c, the Library operates revolving funds for the gift shop, document reproduction and microfilm services, special events and public programs and related services, and the revolving funds for the FEDLINK program and Federal Research program. 2 U.S.C. §182b was amended in fiscal year 2003 to authorize the Library's special events and programs activities under the revolving fund statute. Through these activities, the Library is able to further its programs dealing with the reader and reference services and support for public programs.

General descriptions of major revolving fund activities are:

#### **Gift Shop, Document Reproduction**

**and Microfilm Services** – This revolving fund provides for the operation of a gift shop or other sales of items associated with collections, exhibits, performances, and special events of the Library of Congress; the preservation and microfilming services for the Library's collections and reproduction services to other libraries, research institutions, government agencies, and individuals in the United States and abroad.

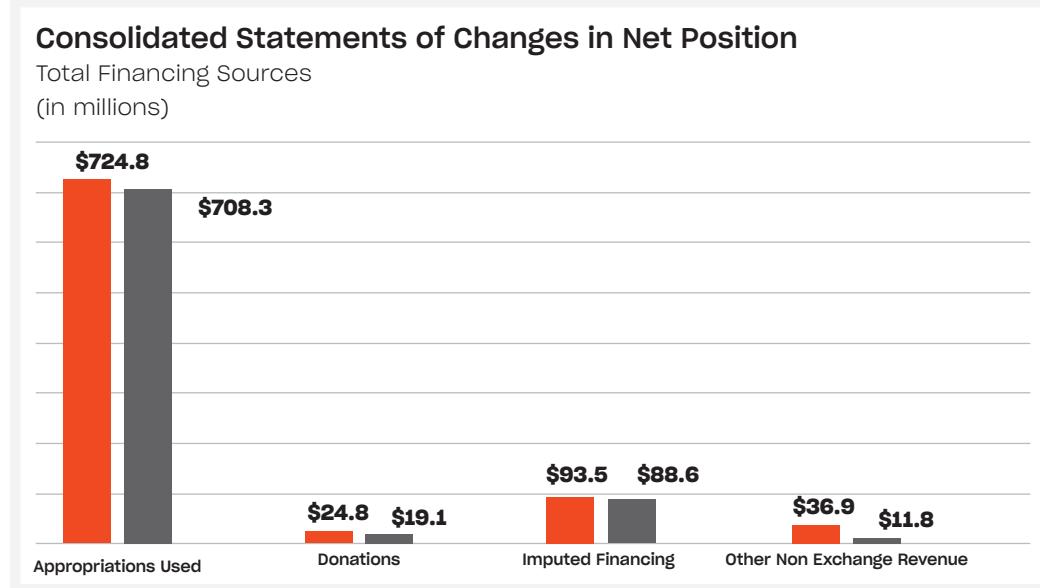
#### **The FEDLINK program and the Federal**

**Research program** – FEDLINK serves federal libraries and information centers as their purchasing, training, and resource-sharing consortium. The program provides cost-effective access to an array of automated information and retrieval services, print serials, books, electronic publications, and preservation services. FEDLINK contracts with more than 125 major vendors resulting in cost avoidance benefits and vendor volume discounts for the federal libraries and information centers participating in the program. The Federal Research program, via the Library's Federal Research Division (FRD), provides customized research services that the Library is uniquely able to perform because of its collections and the subject and language expertise of its staff. A popular FRD product, available online via the Library's website, is the country study series.

## Consolidated Statements of Changes in Net Position

The purpose of the Consolidated Statements of Changes in Net Position is to provide financial statement users with information about the Library's financing sources and the components of the changes in net position. The Library's financing sources totaled \$880.0 million and \$827.8 million for fiscal years ended September 30, 2021 and 2020, respectively.

■ Fiscal Year 2021: \$880.0M ■ Fiscal Year 2020: \$827.8M



The major source of the Library's funding is from congressional appropriations for programs: Library Services, Law Library, Copyright Office, Congressional Research Service, and National Library Service for the Blind and Print Disabled. Appropriations used during the fiscal years ended September 30, 2021 and 2020 totaled \$724.8 million and \$708.3 million or 82.4% and 85.6% of all financing for fiscal years 2021 and 2020, respectively. Donations increased due to pledges for the Library's visitor center. Along with appropriations made directly to the Library, other government agencies (i.e., the Architect of the Capitol, the Office of Personnel Management, Government Publishing Office, U.S. Treasury, and U.S. Capitol Police) used congressional appropriations and other financing sources to provide support for the Library's programs totaling an estimated \$93.5 million and \$88.6 million

(imputed financing) for fiscal years 2021 and 2020, respectively. The support provided included structural care and maintenance of the Library's buildings and grounds (\$60.4 million and \$56.3 million), employee benefits (\$30.4 million and \$28.3 million), acquisitions exchange services (\$.78 million and \$1.2 million), collections security services (\$1.9 million and \$2.5 million), and legal services (\$.010 million and \$0.291 million). Other non-exchange revenues are positive for fiscal years 2021 and 2020, primarily due to the unrealized gain on non-treasury investments.

### Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources and the related disclosures provide information about how budgetary resources were made available, as well as their status at the end of the period. The Budgetary Resources section

of the statement presents the total budgetary resources available to the Library. The Status of Budgetary Resources section of the statement presents information about the status of those resources at the end of the period. The remainder of the statement presents the information about net Outlays of the Library.

The Library's budgetary resources were \$1.123 billion and \$1.044 billion for the fiscal years ended September 30, 2021 and 2020, respectively, of which \$811.5 million and \$764.1 million were from appropriated funds and \$312.0 million and \$280.4 million were from non-appropriated funds for fiscal years ended September 30, 2021 and 2020, respectively. Total outlays of \$719.8 million and \$719.9 million were incurred with the outlays of appropriated funds (\$714.8 million and \$710.5 million) combined with outlays of the non-appropriated funds (\$5.0 million and \$9.4 million) in fiscal years 2021 and 2020.

## Performance Targets and Accomplishments

This section of the Financial Statements Report presents the Library's agency performance goals and related performance targets for fiscal year 2021.

On October 1, 2018, the Library released a new strategic plan, *Enriching the Library Experience*. Intended to transform the Library

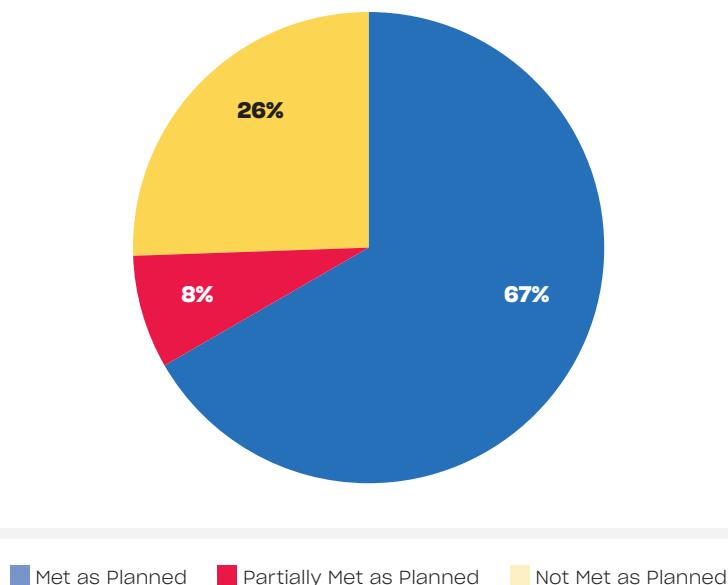
into a more user-centered, digitally-enabled, and data-driven organization, the plan defines four strategic goals: *Expand Access*, *Enhance Services*, *Optimize Resources*, and *Measure Impact*.

The Library of Congress established 55 agency performance goals with 90 associated performance targets in fiscal year 2021 to drive progress to its strategic goals. Of those 90 performance targets, 60 (67%) were

met, 7 (8%) were partially met, and 23 (26%) were not met.

The COVID-19 pandemic continued to impact work in almost every service unit. In fiscal year 2021, 19 agency-level performance targets (21%) referenced the impact of COVID-19 pandemic to some degree in at least one quarter. However, the pandemic was a major factor in only eight of the Library's unmet performance targets.

### All Agency-level Performance Targets



The Library's fiscal year 2021 performance goals, targets, and accomplishments are reported below, organized by strategic goal and objective.



#### STRATEGIC GOAL 1

#### Expand Access

Make our unique collections, experts, and services available when, where, and how users need them.

In fiscal 2021, 14 agency performance goals comprising 21 performance targets drove progress towards the Library's strategic goal to *Expand Access*.

#### Objective 1 | Increase Discoverability and Availability

We will make our collections, experts, and services more readily discoverable and available for users,

whether visiting Washington, D.C., or accessing the Library remotely.

#### 12 Performance Goals

**17 Performance Targets | 88% Met | 12% Not Met**

**Agency Performance Goal:** Increase curated digital exhibit content so that more users are able to access and use Library collections remotely.

**Performance Target:** One in-person exhibit tentatively

planned for will have a related digital exhibition (contingent upon pandemic). Current exhibit offerings will be Suffrage and Rosa Parks.

**Accomplishment:** The Center for Exhibits and Interpretation (CEI) accomplished this goal. CEI worked with OCIO to ensure plans to increase the online digital exhibition presence remained on track. While the updates necessary to grow online content may extend across a several fiscal years, CEI made headway in ensuring the Library's collections remain accessible to virtual users. For example, the Exhibits Office continued to develop the Bob Hope digital exhibition as part of the new Hope Showbiz exhibit.

**Agency Performance Goal:** Improve discoverability and access to the Law collection by applying the Library of Congress Classification System to books in the collection.

**Performance Target:** Bring 14,000 titles in the law collection up to modern classification standards by September 30, 2021.

**Accomplishment:** This target was achieved. The Law Library classified and fully inventoried 15,187 retrospective titles into the K class of the Library of Congress classification system. This accomplishment exceeds the annual target (14,000 titles classified) by 8.5% and improves patron discoverability by adding subject data to bibliographic records and creating item level data in catalog holding records.

**Agency Performance Goal:** Replace Law Stacks compact shelving.

**Performance Target 1:** By September 30, 2021, replace all shelving in Quad C.

**Accomplishment:** The Law Library has completed the full replacement

of compact shelving in Quad C, the second of four areas of the Law Stacks. Replacement of the failing compact shelving will improve access to the collection and safety for staff.

**Agency Performance Goal:** Prepare law materials for digitization and/or ingestion into Content Transfer Services (CTS).

**Performance Target 1:** Prepare 3,000 volumes of the U.S. Serial Set for digitization by September 30, 2021.

**Performance Target 2:** Prepare 2,000 legacy reports (born-digital or digitized) for ingestion into CTS by September 30, 2021.

**Accomplishment:** The targets were met. During fiscal 2021, Law Library staff and contractors reviewed Serial Set volumes for completeness and condition, tracked volumes through the review process, and prepared 3,807 volumes for digitization; 3,449 volumes were shipped to the vendor. In a collaborative effort with DCMS, OCIO, and ILS colleagues, an inaugural subset of the Serial Set (287 volumes from the 69th Congress) was launched as a digital collection on the Law Library's web site, Law.gov, on September 28, 2021. 2,036 GLRD legal reports were ingested in CTS (101.8% of the annual goal of 2,000 reports ingested). The legal reports are displayed on the Library's web site as Legal Reports (Publications of the Law Library of Congress). By the end of fiscal 2021, the publicly available collection consists of 2,004 digitized and born-digital reports.

**Agency Performance Goal:** Improve accessibility of special formats collections by reducing the arrearage (as described in Table 6 – Unprocessed Arrearage, of the Library's fiscal 2019 Annual Report) to less than 10% of the total collections by fiscal 2028.

**Performance Target 1:** The Library reduces the arrearage as described in Table E6 – Unprocessed Arrearage, of the Library's fiscal 2019 Annual Report, by a net amount of 750,000-1 million items.

**Performance Target 2:** The Library processes 2,500,000 items.

**Performance Target 3:** The Library's arrearage (as described in Table 6 – Unprocessed Arrearage, of the Library's fiscal 2019 Annual Report) is no more than 13.5% of the Library's total collection (as described in Table 4 – Additions to the Collections–Items).

**Accomplishment:** The Library processed just over 2.9 million special format items from the arrearage in fiscal 2021, 116% of the annual performance target of 2.5 million items. The same divisions made an annual net arrearage reduction of over 1.2 million items, again exceeding the annual performance target range of 750,000 – 1 million items. This net reduction has brought the total number of items in the arrearage to less than 22.4 million. Divisions remain on track to reduce the arrearage to less than 10% of the Library's holdings by 2028. Arrearage reduction efforts improve the security of collections and increase the number of items available for discovery and use by researchers.

**Agency Performance Goal:** Provide online access to collections in preferred formats through the production of master files for digitized items.

**Performance Target:** The Library produces 6.84 million master files for digitized items.

**Accomplishment:** The target was not achieved: 4.60 master digital files

were produced. Pandemic-related mitigations led to interruptions in access to Library materials for digitization and limited the use of digitization resources. Pandemic mitigations continue, but overall activity is increasing. Production of master digitized files for preservation was lower than estimated due to technical problems experienced by the vendor. For preservation, 3,427,274 items were sent for digital reformatting during the fiscal year but of these, only 645,348 master files have passed quality control to enable access, or 18% of planned output.

**Agency Performance Goal:** Increase the number and variety of new and legacy digital collections from the African, Hebraic, and Near East Sections that are ready to be shared on the Library's web site.

**Performance Target:** By the end of the fiscal year, the Library's African Project is in scan prep, the Hebraic rare books project is in scan processing, and the Persian project is in scan processing.

**Accomplishment:** All three sections have met the fiscal 2021 targets. The Africana Historic Postcards collection is in scan prep. The digitization of the rare Children's Books in Hebrew and Yiddish has finished; the supporting framework has been completed and approved, and the two web sites (Loc.gov and Stacks) are scheduled to go live no later than the end of September 2021. The Hebraic Section's manuscripts are in scan prep. The Near East Section continued coordinating with the Scan Lab on the digitization of rare Persian lithographs and manuscripts for the Persian Language Rare Materials project.

**Agency Performance Goal:** Increase the number of African and Middle Eastern newspapers that are ready

to be shared on the Library's web site.

**Performance Target:** The Library's Near East Section sends 30 bundles of newspapers for dual digital/microfilm production.

**Accomplishment:** The Near East Section exceeded the annual target. In fiscal 2021, a total of 417 bundles were sent thanks to several workflow breakthroughs, including the streamlined creation of e-resource cataloging records, e-resource record tracking for each shipment, and data sheets for each shipment to facilitate shipment record compilation.

**Agency Performance Goal:** Expand user access to high-value digital content with rights restrictions through the phased implementation of the agency plan for rights restricted access.

**Performance Target:** The Library expands the support of A/V content formats in Stacks and deploys 12 additional Stacks terminals in at least five reading rooms.

**Accomplishment:** Stacks now supports A/V, notated music, and maps as formats and work continues to enhance the capabilities for providing access to born digital manuscript collections. As well, Stacks terminals have been deployed to 11 additional reading rooms.

**Agency Performance Goal:** Evaluate and optimize digital collections storage processes.

**Performance Target 1:** The Library revises digital collections storage processes and updates the Digital Collections Management Compendium.

**Performance Target 2:** Support the creation and implementation

of revised digital collections storage processes.

**Accomplishment:** A new Digital Collections Management Compendium (DCMC) entry titled "Digital Collections Storage Processes", affirming roles and responsibilities for digital collections storage, has been drafted and is currently under review by the DCMC editorial review group. A proposed model for approaching storage planning has been developed and shared with OCIO. DCMS continues to work with OCIO to determine how to best support digital collections storage planning.

**Agency Performance Goal:** Create the Center for Library Analytical Scientific Samples-Digital (CLASS-D), an online resource for the collection and sharing of samples and information about sample materials, to optimize the support for the effective stewardship of the collections.

**Performance Target:** The Library develops the project plan and charter for the Center for Library Analytical Scientific Samples-Digital (CLASS-D).

**Accomplishment:** During the year, a charter for the Center for Library Analytical Scientific Samples-Digital (CLASS-D) had been developed but no project plan modifications have been received from OCIO, and therefore, the annual performance goal was not achieved. The Preservation Directorate continues to monitor the Library's processes for system or platform developments communicated by OCIO, and will continue to internally review and update its needs. The Directorate will also explore partnerships to support research data sharing on alternative platforms.

**Agency Performance Goal:** Increase the quality and relevance of Kluge Center scholarship by improving

public-facing events, congressional programs, and social media promotion.

**Performance Target:** Establish a baseline of patron satisfaction for Kluge Center events and develop a program improvement plan to address findings in fiscal 2022.

**Accomplishment:** The Kluge Center offered over 30 events during fiscal 2021 highlighting its scholars, featured experts, and authors on a range of timely topics for public and congressional audiences. Increased social media promotion extended advertising of these events to wider audiences. Event survey results indicated high levels of satisfaction among attendees for these events and planning efforts are underway to continue identifying in-demand topics for fiscal 2022.

#### **Objective 2 | Use Connectors to Extend Reach**

We will work with partners to promote our collections, experts, and services to their networks.

#### **2 Performance Goals**

#### **4 Performance Targets | 100% Met**

##### **Agency Performance Goal:**

Increase reserves to improve the sustainability of the Federal Research Program.

**Performance Target:** By September 30, 2021, increase the reserves (cumulative results) of the Federal Research Program by 15%.

**Accomplishment:** At the close of fiscal 2021, the Federal Research Program had \$1.42M in reserves, an increase of 18% over fiscal 2020's ending balance of ~\$1.2M. Revenue increased significantly over the past year, with fiscal 2021 unearned revenue reaching a multi-year high of \$7.2 M. This amount surpasses

every year's unearned revenue since 2011 (\$7.6M, inflation-adjusted). Fiscal 2021 earned revenue totaled approximately \$3.5 M, representing a 23% increase in earned revenue over fiscal 2020.

**Agency Performance Goal:** Advance the Bibliographic Framework (BIBFRAME) initiative to a more stable platform and broader application in a simulated cataloging environment to facilitate use of Library data in the linked open-data environment.

**Performance Target 1:** Leveraging efficiency tools like the BIBFRAME-to-MARC Converter, the Library produces 6,000 BIBFRAME descriptions to create a testbed demonstrating the full discovery-and-retrieval life cycle of BIBFRAME descriptions of Library content in all formats.

**Performance Target 2:** The Library demonstrates BIBFRAME stability through the outcomes of a BIBFRAME 2.0 pilot project to test the platform's capability to receive continuous updates.

**Performance Target 3:** The Library demonstrates BIBFRAME stability through the outcomes of five PCC libraries' successful implementation of an externally developed, linked open-metadata system based on BIBFRAME principles.

**Accomplishment:** In fiscal 2021, Library of Congress staff produced 10,943 BIBFRAME descriptions that were shared publicly, providing the library community with a growing testbed of linked open metadata to describe library collections. BIBFRAME tools were enhanced and shared with more BIBFRAME participants, increasing the stability of the platform and resulting in broader application of BIBFRAME. The new BIBFRAME Editor, which is the input-update interface to the BIBFRAME system, was released in



Columns frame artwork in the Great Hall.  
Shawn Miller

a soft launch to LC staff on June 2, 2021. It is significantly easier for staff to use, enabling Library staff to exceed the production target of 6,000 BIBFRAME descriptions by 82 percent for the year. Two format conversion tools, from BIBFRAME to MARC and from MARC to BIBFRAME, were continuously improved, with a target date of December 2021 to support data distribution by the Cataloging Distribution Service. The Library of Congress continued its close work with the 17 members of the Program for Cooperative Cataloging (PCC) Cohort for Linked

Data for All, the project led by Stanford University Libraries to follow on the LD4P project. Stanford, Columbia, Cornell, Princeton, and Harvard continued their linked open data production and the University of Pennsylvania, British Library, and 15 other institutions joined this year. The ABA Directorate provided the secretariat for the PCC, which supported BIBFRAME projects for data exchange planning, implementation of linked data input interfaces, and use of metadata application profiles. The enhanced editor and conversion tools

advanced BIBFRAME to a more stable platform, and cooperative projects achieved broader application throughout the linked open data community.

### **Objective 3 | Expand Physical Presence**

We will proactively bring elements of the Library to the American people and enable broader use of our collections, experts, and services.

No performance goals in fiscal 2021.



## **STRATEGIC GOAL 2** **Enhance Services**

**Create valuable experiences for ever user to foster lifelong connections to the Library.**

In fiscal 2021, 15 agency performance goals comprising 26 performance targets drove progress towards the Library's goal to Enhance Services for our users.

### **Objective 4 | Elevate Digital Experiences**

We will invest in an end-to-end digital experience that improves online services, enhances discoverability, and facilitates the online curation of content to help all users derive more value.

#### **8 Performance Goals**

#### **15 Performance Targets | 33% Met | 20% Partially Met | 47% Not Met**

**Agency Performance Goal:** Enhance the Constitution Annotated (CONAN) experience to provide the latest legal analysis of the U.S. Constitution in a more user-friendly and dynamic manner.

**Performance Target:** CRS will review and revise approximately 220 pages of CONAN content to ensure it is ready for publication by September 30, 2021.

**Accomplishment:** In fiscal 2021, CRS reviewed and revised over two

hundred pages of content in support of the web site. The CONAN web site's stability was improved and new features were added. Since its launch on September 17, 2019, the web site has had millions of visits and page views.

**Agency Performance Goal:** Modernize CRS mission-specific information systems to allow staff to more efficiently and creatively provide expert research and analysis to the Congress across a broad range of products and services while continuing to protect the security and confidentiality of congressional data. The desired end state is an efficient, effective, and secure integrated research information system (IRIS).

**Performance Target 1:** By September 30, 2021, release production version of Méthode, pilot Taxonomy Tool, and complete assessment of TAP.

**Performance Target 2:** Deliver the Méthode application into the production environment and mature the Méthode platform for continuous development, continuous delivery operations; support modernization priorities for CRS.

**Accomplishment:** The goal was partially achieved as planned. The Taxonomy Tool was piloted and deployed into production. The TAP assessment and alternatives analysis was also completed. Due to issues surrounding contractor performance, the Library decided to terminate for cause contracts relating to Authoring and Publishing/Content Management (Méthode) and Mercury. To help reset the program, a multi-year program plan was developed by CRS and OCIO. With the assistance of CGD, a number of procurements were awarded in late fiscal 2021 with two additional procurements anticipated in early 2022.

**Agency Performance Goal:**

Support the development of an enterprise system in order to improve the internal and external user experience and enhance efficiencies.

**Performance Target 1:** Collect feedback from two public releases of the Registration clickable prototype of the Standard Application and use that feedback to refine requirements for delivery to the developers and for future prototype testing.

**Performance Target 2:** Expand recordation pilot to three additional groups of users, and ensure 20% of all fiscal 2021 recordations are submitted through the recordation pilot application by September 30, 2021.

**Performance Target 3:** Conduct registration activities necessary to ensure development and delivery of the ECS according to the integrated master schedule.

**Performance Target 4:** Conduct recordation activities necessary to ensure development and delivery of the ECS according to the integrated master schedule.

**Performance Target 5:** Complete scanning of 4,000 record books by end of fiscal year.

**Performance Target 6:** Process and accept deliverables of batches 1-3 of Card Catalog Data Perfection, totaling 1,098,355 card images by end of fiscal year.

**Accomplishment:** The goal was partially achieved as planned. The Office met the following fiscal year performance targets: The Office received 49% of all recorded documents through the recordation

pilot, which is 29% more than the target goal. The Office released the registration clickable prototype on December 22, 2020. Subsequently, the Office in collaboration with OCIO performed two rounds of moderated user testing with a broad cross-section of experienced users of copyrightable authorship, and the team incrementally updated the clickable prototype with user feedback.

The Office deployed the registration internal prototype to the test environment on June 29, 2021 per the master schedule. The Office also realigned recordation releases planned in the schedule to match the SAFe development cadence, which began in January 2021. As a result, the recordation Q2 milestone of release 1.4 was completed on May 27, 2021, release 1.5 was completed on August 31, 2021, and release 1.6 is planned for November 2021.

The Office did not meet the target of scanning 4,000 record books because full scale production did not begin until August 2021 due to a protest stop work order and equipment setup time; the Office accepted 1,007 record books this year and will continue scanning in fiscal 2022. Likewise, the Office was unable to process and accept deliverables of 1,098,355 card images. The Office received and rejected 1,099,942 card images because they did not meet quality standards. The Office will continue working on this data to bring it up to quality standards.

Despite the challenges of digitizing historical records, the Office made great progress toward an enterprise system by aligning software releases, incorporating external user experience feedback into the prototypes, and providing users a more efficient experience through the recordation pilot.

**Agency Performance Goal:**

Modernize remaining Data Centers to standardize the enterprise infrastructure.

**Performance Target:** Remove and relocate all remaining racks and system that must remain at DC1 to their new locations.

**Accomplishment:** The goal was partially achieved as planned. As part of the modernization of the Library's data centers, the IT Service Operations (ITSO) created a plan and worked with OCIO's PMO to charter a project to complete decommissioning of the legacy data center and the buildout of a reduced footprint Network Operations Center (NOC) in the Madison building. Following this plan, ITSO identified services that need to move into the TOC location and started the design and buildout of the TOC. In preparation for fiscal 2022's complete removal of equipment in the legacy data center, ITSO conducted an inventory of IT systems and completed the migration or decommissioning of over 700 servers ensuring the smallest possible footprint will move into the TOC. The migration/decommissioning effort will continue in early fiscal 2022.

**Agency Performance Goal:** Make Braille and Audio Reading Download (BARD) products more scalable, user-friendly, and flexible.

**Performance Target 1:** Develop and implement cloud computing architecture and migrate content to enhance the digital delivery of NLS content. Begin development of a micro services-based infrastructure that will re-architect BARD.

**Performance Target 2:** Develop architecture and begin implementation of microservices to make BARD products more

scalable, user-friendly, and flexible.

**Accomplishment:** While important progress was made, the goal was not achieved as planned. BARD was successfully moved to the Amazon cloud and is currently capable of handling four times the current number of active patrons. The first microservice (Solr search) is nearing completion which will allow greater discoverability of the NLS collection. The login.gov pilot was successfully executed, revealing major accessibility deficiencies that need to be remedied before it is ready for patron use. The BARD 2.0 development team velocity deficiencies continued through Q4, and resulted in the termination of the prime BARD 2.0 contractor. A new contractor was selected in late Q4. BARD 2.0 modernization development work is expected to resume at the end of Q1 of fiscal 2022.

**Agency Performance Goal:** Enhance self-service capabilities for NLS patrons.

**Performance Target:** By September 30, 2021, develop and execute a pilot to implement patron self-service capabilities.

**Accomplishment:** This goal is behind schedule, and was therefore not achieved as planned. Moving BARD to the cloud and achieving a fourfold capacity increase was the higher priority for OCIO for the entirety of fiscal 2021, diverting resources away from upgrades to self-service systems for NLS patrons. Due to significant contractor delays and eventual termination, a new contractor was selected and onboarded further delaying work on non-BARD modernization efforts. A new OCIO contract for the BARD development team, which is required to begin work on this initiative, was awarded at end of fiscal 2021. As

a result, work on this APG will be undertaken beginning in fiscal 2022.

**Agency Performance Goal:** Increase NLS patron use and access by distributing new Braille eReaders and accessories.

**Performance Target:** Complete the Braille eReader pilot and distribute 6,000 devices by September 30, 2021.

**Accomplishment:** NLS successfully distributed the initial pilot production eReader devices to network libraries and their patrons. As of the end of Q4, NLS has procured a total of 9,500 eReader units to expand the pilot and transition to product rollout in fiscal 2022.

**Agency Performance Goal:** Increase NLS patron use and access by piloting talking book players.

**Performance Target:** Complete the OEM smartphone pilot and make acceptance or rejection recommendation to NLS leadership by September 30, 2021.

**Accomplishment:** NLS successfully piloted the OEM smartphone device and determined that this device is not feasible as a next-generation digital talking book machine. Results from patron surveys will undergo further analysis such that information can be used to drive development of future systems.

### **Objective 5 | Transform In-Person Experiences**

We will focus on exhibitions, learning spaces, educational materials, and cultural programming to transform visitors into users of our services and contributors to our mission.

#### **3 Performance Goals**

#### **5 Performance Targets | 80% Met | 20% Partially Met**

**Agency Performance Goal:** Improve the visitor experience so that users will better understand the Library's story.

**Performance Target 1:** Execute the Visitor Experience Master plan according to schedule and budget.

**Performance Target 2:** Library Services supports the VEMP effort and ensures smoother execution by actively participating in VEMP planning efforts.

**Accomplishment:** This goal was achieved. CEI continued development on the exhibit design for the Treasures and Orientation Galleries as well as the Kislak exhibit. In addition, there was progress with the wayfinding development throughout the Library buildings. CEI collaborated with Library Services to identify objects to display in the Treasures Gallery, discussed programming for the SW Corridor space, and sought input from Library Services staff for the Young Visitors' Gallery.

**Agency Performance Goal:** Expand the Library's exhibition program so more users are able to experience the Library's collections by increasing the square footage of exhibition spaces.

**Performance Target:** Develop preliminary plans for the new increased square footage of exhibition spaces: the Treasures, Kislak, and Orientation galleries and the Youth Center.

**Accomplishment:** This goal was accomplished as planned. The Exhibits Office continued its partnership with the Architect of the Capitol through a series of meetings throughout the fiscal year. These meetings allowed open communication on budget, outside resources, and timeline as well as

mitigating the risks associated with increasing the square footage of exhibition spaces.

**Agency Performance Goal:** The Center for Learning, Literacy and Engagement (CLLE) will coordinate and improve audience access and engagement by serving as a convener to unify and integrate Library-wide public audience-focused initiatives.

**Performance Target 1:** By September 30, 2021, CLLE will strengthen and diversify the Library's Volunteer Program through implementation of a volunteer management system, increase the number of volunteer position opportunities throughout the Library, develop a strategy to increase the demographic diversity of the volunteer pool for full implementation in fiscal 2022, and produce quarterly reports.

**Performance Target 2:** Building on the work of fiscal 2020, CLLE will expand and strengthen local, state, and national partnerships and networks by completing an inventory of outreach initiatives, centralizing those findings and standardizing agreements, and compiling geographically-based impact reports.

**Accomplishment:** CLLE accomplished this goal. CLLE strengthened and diversified the Library's Volunteer Program. Specifically, CLLE increased the number of volunteer position opportunities throughout the Library with the introduction of "Virtual Volunteers", began developing a strategy to increase the demographic diversity of the volunteer pool for full implementation in fiscal 2022, and collected data on volunteers Library-wide for the production of quarterly reports in fiscal 2022 (once volunteers return to on-site

service). Building on the work of fiscal 2020, CLLE expanded and strengthened local, state, and national partnerships by convening and facilitating the Library-wide State Outreach Working Group and maintaining a shared Confluence site with findings and an inventory of outreach initiatives. CLLE also experimented with the Library's ARC-GIS software to present the findings geographically, and reported the findings to other internal working groups. In addition, CLLE began to standardize agreements with external partners. The Library now has standardized agreements in place with all of the Affiliate Centers for the Book. Finally, the 2021 National Book Festival provided an opportunity to work with external partners in a new way, resulting in the "Festival Near You" initiative that allowed the festival to truly be a national event.

#### **Objective 6 | Develop User-Centered Content**

We will develop content in a variety of formats and media to enhance the usability and accessibility of the Library's collections.

#### **4 Performance Goals**

#### **6 Performance Targets | 83% Met | 17% Not Met**

**Agency Performance Goal:** Produce the highest-quality New Member Seminar to ensure productive relationships between CRS and new members/staff.

**Performance Target:** Conduct the New Member Seminar with at least half of newly-elected Members participating and assess evaluations of the Seminar to ensure at least 85% of participants rated the seminar overall as "Good" or "Very Good."

**Accomplishment:** The 117th Congress New Member Seminar

was postponed due to the COVID-19 pandemic. Planning is underway for the 118th Congress program, and CRS continues to coordinate with Congress to determine whether a postponed program for the 117th Congress will occur. CRS has been in regular contact with program funders and working to identify funding needs for a 2023 program.

**Agency Performance Goal:** Implement Visitor Experience Master Plan.

**Performance Target:** In partnership with CEI, support the implementation of the established Visitor Experience Master Plan, lead collaborative development of new hybrid in-person/digital experiences, and navigate the NEPR process to develop a staffing plan to enhance the visitor experience.

**Accomplishment:** CLLE met this target. The Southwest Corridor project is currently in the design phase and is on track for opening in 2024 as planned. In Q1, in collaboration with CEI, CLLE managed and presented a study based on audience research and benchmarking that offered three experience approaches to the Southwest Corridor. In Q2, CLLE formalized a content liaison group in collaboration with Library Services, collaborated with CEI and the Digital Strategy team on a digital user experience study to identify specific approaches to the digital experience of the Southwest Corridor, and successfully managed the solicitation and selection of a vendor for space design with CGD. In Q3, CLLE hired a new educator to develop content for the Southwest Corridor and kicked off the design phase of Southwest Corridor with the contractor. Finally, CLLE developed a staffing plan for a NEPR and submitted it to leadership in Q1 of fiscal 2022.

**Agency Performance Goal:** Implement new features and content for Congress.gov in order to enhance the value of the web site as the sole legislative information platform serving Congressional Members, staff, and constituents.

**Performance Target 1:** OCIO will develop 16 releases of Congress.gov in collaboration with CRS and Law Library throughout fiscal 2021.

**Performance Target 2:** CRS will provide SME support for 16 releases of site enhancements for Congress.gov in collaboration with OCIO throughout fiscal 2021.

**Accomplishment:** Congress.gov had a very successful year with 17 releases. Statutes at Large were added to the site from 1951–1994. Century of Lawmaking content of

30,000 bills and resolutions from 1799–1873 were also added. The Bound Congressional Record was added back to 1925.

**Agency Performance Goal:** Increase access to and expertise about the collections through virtual and in-person events and presentations.

**Performance Target 1:** The Library reaches 20,000 attendees through virtual or in-person events and presentations provided by Library Services.

**Performance Target 2:** The Library hosts or supports 200 in-person or virtual events and presentations.

**Accomplishment:** Library Services surpassed both its targets for number of events presented and number of attendees by reaching some 80,000 virtual or in-person

attendees via over 450 unique events. These events included concerts, gallery talks, exhibits, lectures, displays, workshops, book talks, orientations, briefings, and tours engaged a wide variety of audiences. Notable events included the Veteran's Day Series of virtual events; online concert series by both the American Folklife Center and the Music Division; the "Endangered Alphabets" series hosted jointly by the African and Middle Eastern and Asian Divisions; Geography and Map's GIS Day, Webinars on various aspects of COVID-19; the Open House for US Capitol Police; and displays for Members of Congress, committees, and visiting dignitaries. These events, both virtual and in-person, intimately link users from across the country and around the world with the Library, significantly increasing user engagement with the Library's collections and expertise.



### STRATEGIC GOAL 3 Optimize Resources

Modernize, strengthen, and streamline our operational capabilities.

In fiscal 2021, 18 agency performance goals comprising 30 performance targets drove progress towards the Library's strategic goal to Optimize Resources.

#### Objective 7 | Align Core Library Activities

We will align and strengthen capabilities across the Library to achieve optimum operational efficiencies while providing enhanced user services.

#### 4 Performance Goals

#### 7 Performance Targets | 86% Met | 14% Not Met

**Agency Performance Goal:** CLLE will revise its organizational and procedural infrastructure in order to expand and improve the Library's programmatic capacity.

**Performance Target 1:** By September 30, 2021, strengthen CLLE financial models to allow for the development of sustainable project timelines and annual program funding and implement a new administrative fee structure and marketing initiative for outside organizations hosting events at the Library.

**Performance Target 2:** By September 30, 2021, CLLE will implement a new administrative fee structure and marketing initiative for outside organizations hosting events at the Library.

**Performance Target 3:** By September 30, 2021 the CLLE realignment plan will be fully implemented, including LCRs, position revisions and classifications, revised mission, and other infrastructural changes.

**Performance Target 4:** By September 30, 2021, CLLE will standardize 100% of the Library's visitor engagement procedures, processes, and reports.

**Accomplishment:** CLLE continued to pursue position description revisions, classification requests, vacancy announcement requests, internal detail (PAR) requests, and

various other administrative actions to ensure continuity of service unit-wide. All hiring and personnel actions were in keeping with the realignment plan implemented in October 2020, and position prioritization was in keeping with the plans laid out for HCD in fiscal 2021. CLLE also updated its Directional Plan, incorporating the revised mission, goals, and objectives in future planning, and socialized the plan with internal offices. CLLE successfully filled the roles of Chief of Literary Initiatives and the Chief of Program Administration. CLLE also drafted a NEPR in Q4 of fiscal 2021 outlining future hiring needs for the unit in visitor-focused roles. The goal for fiscal 2022 will be the continued prioritization and hiring of key personnel to achieve CLLE's Directional Plan goals. The Visitor Experience Office developed a robust dashboard of key metrics for regular circulation to key stakeholders. CLLE also worked closely with the Development Office to establish cyclical planning for signature events. The target to implement the new administrative fee structure was postponed to fiscal 2022 due to the ongoing pandemic and its disruption of in-person events.

**Agency Performance Goal:** Develop and collaborate on experiments, resources, information, and partnerships to demonstrate and increase the Library's ability to accomplish the goals of the Digital Strategy.

**Performance Target:** By September 30, 2021, the Digital Strategy Directorate will implement at least four public-facing, cross-organization mechanisms for engaging Congress and the American public with Library collections as data.

**Accomplishment:** The Digital Innovation Lab implemented at least four public-facing, cross-organization mechanisms for engaging Congress and the American public with Library collections as data. It piloted aspects of a cloud-based service model for serving collections and supporting researchers, launched the Speculative Annotation tool aimed at K-12 students and teachers, advanced data level and machine readable access to collections through the release of an experimental dataset, and developed a humans-in-the-loop framework to enhance engagement and access to digital collections.

**Agency Performance Goal:** Improve OCIO's financial management processes to promote better decision making and understand the true costs of technology investment.

**Performance Target:** Improve data associated with fiscal 2021 agency IT budget execution and fiscal 2022 agency IT financial planning.

**Accomplishment:** During fiscal 2021, OCIO improved its financial management processes by leveraging system of record data and aligning planning, execution, and acquisition processes, which will result in improved decision making and understanding of the true costs of IT at the Library.

**Agency Performance Goal:** Lead the Library's implementation of its Digital Strategy by articulating and building processes and capabilities that align the digital transformation with current technology and Library strategic goals.

**Performance Target:** By September 30, 2021, the Digital Strategy Directorate will implement at least four mechanisms for measuring and

accelerating the progress of the Digital Strategy, and will produce an agenda for future activity.

**Accomplishment:** The Digital Strategy Directorate implemented at least four mechanisms for measuring and accelerating the progress of the Digital Strategy, and produced an agenda for future activity. Staff assessed progress on all components of the Digital Strategy, including ongoing initiatives and planned work to identify future work, challenges, and opportunities. This progress assessment will help provide a framework for the future update to the Digital Strategy. Staff also provided consultative services to five Library units, exceeding planned milestones and helping to implement the Digital Strategy's goals regarding digital content, connections with users, and innovation. Digital Strategy staff developed metrics and measures for the impact of Directional Plan activities on the implementation of the Digital Strategy. Finally, the Digital Strategy Directorate initiated planning for the revision of the Digital Strategy.

## Objective 8 | Modernize Operations

We will share information, apply best practices, and use data across the Library to drive user-centered enhancements that will deliver the highest returns while balancing staff workloads.

### 12 Performance Goals

#### 20 Performance Targets | 50% Met | 10% Partially Met | 40% Not Met

**Agency Performance Goal:** Increase efficiency and reduce errors through digitizing paper files.

**Performance Target:** Develop transition plan and digitize all contract files by September 30, 2021.



Columns rise above the staircase to the Main Reading Room observation area.  
Shawn Miller

**Accomplishment:** Although CGD did not fully meet its target to transition all contract files to eDRMS, it did meet its annual goal to increase efficiency through digitization of paper files. All remaining active CGD folders (27 boxes containing 361 files) were sent over in fiscal 2021. The initial planned progress had envisioned a transfer of the scanned folders in eDRMS, however, CGD decided to limit the full files to new contracts, orders, and agreements created after the full launch on October 5, 2021. The scanned folders are still used as the official files for contracts, orders, and agreements awarded prior to October 5, 2021.

**Agency Performance Goal:** Develop an acquisition package and integrated master schedule to facilitate the implementation of an EPM Program.

**Performance Target:** Complete acquisition package and integrated master schedule by September 30, 2021.

**Accomplishment:** FSD met its goal to develop an acquisition package and integrated master schedule for EPM program facilitation. The acquisition package to launch the EPM r2 project was completed, which will produce an enterprise planning process and a requirements traceability matrix for a planned toolset acquisition (fiscal 2023 NEPR). An EPM integrated master schedule (IMS) was also developed and included as part of the NEPR submission that provides management insight into 11 years of activities. FSD program management collaborated with OCIO and stakeholders in developing a work breakdown structure (WBS) that is product driven. This WBS outlines the features to be built and work to be performed throughout the 10 year lifecycle of the EPM toolset acquisition. It was resource loaded with Library staff time, contractor time, and necessary licenses. As

part of a cost estimation exercise, a technical baseline document was developed to capture the basis of estimate including other details around scope, schedule, and risk.

**Agency Performance Goal:** Enhance financial management reports and data analytics tools.

**Performance Target:** Implement labor cost accounting data collection and reporting by September 30, 2021.

**Accomplishment:** FSD met its goal to enhance financial management reports and data analytics tools. In fiscal 2021, FSD successfully piloted a WebTA Project Tracking module and interface. The application is ready to go live in October fiscal 2022 for data collection of labor costs across the Library. In addition, FRS payroll detail reports with project and activity cost data are in the final phase of testing and should be available in October. In fiscal 2022, FSD will hire two additional members to the FRS team, including a team lead, to support continued enhancements to financial management reports and analytic tools that will support improved data-driven decisions across the Library.

**Agency Performance Goal:** Prepare and implement Momentum upgrades to maintain operations for LBFMS.

**Performance Target:** Prepare and implement upgrades and complete 80% issue resolutions to Momentum software by September 30, 2021.

**Accomplishment:** FSD met its goal to implement Momentum upgrades for the Legislative Branch Financial Management System (LBFMS). The LBFMS upgrade went live on May 24, 2021 for all Library users after a one month delay from the original project schedule. A normal amount of system issues were encountered

post-upgrade, with FSD exceeding its target to resolve 80% of post-implementation issues by the end of fiscal 2021. Users were also satisfied with upgrade training. The LBFMS supports approximately 600 Library and 575 cross-service users, and FSD will continue to maintain operations in fiscal 2022.

**Agency Performance Goal:** Improve data available to decision makers to increase efficiency and improve client satisfaction.

**Performance Target:** Improve data available to decision makers to increase efficiency and improve client satisfaction.

**Accomplishment:** CRS successfully developed, through contract, a data analytic framework to assess CRS outputs and engagement with congressional clients. This framework has been successfully briefed to CRS leadership. Further development and implementation of the framework relies on future resources and capacity.

**Agency Performance Goal:** Streamline Copyright Office processes, practices and policies to promote timely and reliable services.

**Performance Target:** RMS will move all DCSU assets from Landover, MD to the interim warehouse by end of December 2020.

RMS will consolidate all 10,000 boxes of NARA deposits by end of December 2020.

RMS will consolidate all 90,000 boxes of Iron Mountain deposits by end of fiscal year.

Determine final disposition of deposits currently stored in all 58 hampers by end of fiscal year.

**Accomplishment:** The Office made great strides toward promoting

timely and reliable services this fiscal year. All deposits from the Landover, MD warehouse were moved. 10,000 deposits from NARA were consolidated in the newly opened Cabin Branch warehouse facility. While the Office was unable to begin consistently removing deposits from Iron Mountain custody due to logistical challenges related to COVID-19, it did remove 8,957 boxes from Iron Mountain to the new warehouse by the end of the fiscal year. Although the Copyright Historical Review Committee has been established and begun reviewing deposits, it did not meet its review goals this fiscal year. Opening the new warehouse has provided a single point of colocation for copyright records that will ensure that the Office has complete control over the inventory, storage, and retrieval of records leading to a streamlined workflow and more efficient delivery to staff and patrons.

**Agency Performance Goal:** Improve IT security monitoring and assessment in order to safeguard the Library's IT systems and information, which includes the nation's cultural heritage and sensitive congressional data.

**Performance Target:** Continuously monitor, test, and manage incidents as well as anticipate and counter evolving cyber-based threats throughout fiscal 2021. At least 85% of Library systems controls are continuously monitored.

**Accomplishment:** This target was not met as planned; the IT Security Division plans to reach its target of at least 85% of Library systems being under continuous monitoring in fiscal 2022. A new IT Security Compliance Officer was hired in fiscal 2021 and on-boarded as of October 12, 2021.

**Agency Performance Goal:** Strengthen Library policy and procedures to conform to records retention government directives and best practices.

**Performance Target:** Complete Phase 1 of implementation of electronic records system with initiation of project and selection of vendor.

**Accomplishment:** This goal was not achieved. The vendor for the Records Management System (RMS) was selected in fiscal 2021 as planned, and vendor onboarding began in Q4. Stakeholders were designated for offices participating in Phase One of RMS implementation. Records Management started working with the stakeholders to update their file plans so they can be given to the vendor in October 2021 to be used as part of the system implementation.

**Agency Performance Goal:** Improve management of A/V collections.

**Performance Target 1:** The Library initiates configuration of new workflows for the AVCMS system.

**Performance Target 2:** OCIO will support activities related to the mapping and configuration of the AVCMS system and workflows.

**Accomplishment:** The Library is at the midpoint of the three year AVCMS project. All activities are underway, but the project faces challenges. Data mapping and migration testing for the Collections module is six months behind schedule, User Acceptance Testing for the Collections module is three months behind schedule, and User Acceptance Testing for the Flow module is also five months behind schedule. The schedule for installation of the staging and production instances at the Library

is behind schedule for several reasons, including the unplanned and unscheduled requirement to ATO the development, test and staging systems hosted by OCIO, and prepare data sets with and without sensitive PII. Delays experienced across the project have accumulated to an estimated six month slip in the “go live” date for AVCMS.

**Agency Performance Goal:** Provide unified access to and search functionality across the collections, enabling easier navigation and discovery for users.

**Performance Target:** The Library delivers final business and technical requirements to stakeholders for review in preparation for fiscal 2022 RFP issuance.

**Accomplishment:** The Library Collections Access Platform (L-CAP) requirements are not complete, as resources were diverted to other high priority projects. The requirements will be completed before December 31, 2021. While the Library has the requirements that were used for the Request For Information (RFI), much has changed in the two years since the RFI was issued, so the requirements must be updated for the Request For Proposal (RFP) to be issued on time in fiscal 2022. The Library is on target to issue the RFP in fiscal 2022 on schedule for a contract award before September 30, 2022.

**Agency Performance Goal:** Broaden the Library’s capability to monitor collection services activities by implementing a methodology that addresses the acquisition, processing, and storing of materials across different formats.

**Performance Target 1:** The Library implements methods across two workflows to

perform end-to-end monitoring of collection services activities.

**Performance Target 2:** The Library maps two collection services business workflows that are key to meeting user needs.

**Performance Target 3:** The Library documents risks related to four mapped workflows.

**Performance Target 4:** The Library closes 25% of OIG recommendations.

**Accomplishment:** The performance goal was not achieved. Two recommendations, #4 (arrearage definition) and #12 (performance goal), have been closed, and #6 (complete and accurate data on unprocessed physical collections) was scheduled for completion in fiscal 2021. The planning team originally scheduled the pilot count activities for September 2021, but chose to delay it until November 2021 to allow incorporation of data from a related report from FRD (received September 2021) and to allow more time for collaboration and consultation with divisions on procedures and documentation. The Library intends to complete the pilot by the end of fiscal 2022 Q1.

**Agency Performance Goal:** Implement NLS Business and IT Modernization.

**Performance Target 1:** Implement the fiscal 2020 IT Modernization NEPR (the Technology Roadmap for NLS), focusing cloud infrastructure, migrating BARD products and services to the cloud, and digital delivery of content to various devices. Perform analysis of business functions, operating models, and process improvement.

**Performance Target 2:** OCIO will support implementation of the

fiscal 2020 NLS IT Modernization NEPR and Technology Roadmap.

**Accomplishment:** While significant progress was made, this goal is behind schedule due to dependencies with the BARD 2.0 implementation. The Smart Speaker and Smart Phone projects were elevated into an OCIO-managed Smart Devices Initiative (SDI) for greater transparency, improved resource management (e.g. WebTA pilot), and reconfiguring the project to meet higher level of standards in reporting. NLS completed a data connectivity provision analysis and study to determine the necessity of, and estimated cost for, cellular delivery for patrons. The project to modernize the Production and Information Control System (PICS) to PICS-2 has experienced extended delays, and is now scheduled for production by end of the first quarter of fiscal 2022.

## **Objective 9 | Invest in Talent for the Future**

We will uncover and address capability gaps; train and retain our experts; and recruit new talent to augment our knowledge, skills, and abilities.

### **1 Performance Goal**

#### **1 Performance Target | 100% Met**

**Agency Performance Goal:** Conduct study of the Library’s Merit Selection Plans, including a comparison with at least three other agencies and recommendations.

**Performance Target:** HCD will provide recommendations for the Merit Selection Plans by September 30, 2021.

**Accomplishment:** The Human Capital Directorate (HCD) completed the study of the current Merit Selection Plan. HCD held 6 focus groups with 81 service unit attendees that

resulted in 495 comments and ideas for final recommendations to improve the Library's hiring practices. In collaboration with Library service units, HCD focused on several key recommendations including position-based hiring strategies, developing valid competency models to replace existing KSAs, replacing the use of applicant self-assessment questionnaires, and effecting policy changes that maintain the integrity of a merit-based hiring process.

#### **Objective 10 | Diversify and Expand Funding**

We will more effectively articulate the Library's value to attract additional resources from Congress, private donors, and others.

##### **1 Performance Goal**

##### **2 Performance Targets | 100% Met**

**Agency Performance Goal:** Maintain and grow a strong donor base for the Library of Congress.

**Performance Target 1:** Solicit and close \$20M in new gifts through the solicitation, cultivation, and stewardship of current and prospective donors for Library priorities to include the Visitor Experience Master Plan, National Book Festival, Gershwin, etc.

**Performance Target 2:** Invigorate Madison Council membership and grow membership by 10% by September 30, 2021.

**Accomplishment:** The Development Office exceeded its fiscal 2021 target of raising \$20M, with a fiscal year total of \$25.3M in cash and equivalents (\$17.4M in cash and in-kind gifts, \$7.8M in pledge balances). A \$15M grant from Mellon to support Of the People played a significant role in meeting goals, and the Development Office also secured significant commitments in priority areas such as the Visitor Experience and National Book Festival. Although the Development Office did not meet its goal to secure 100% of the Visitor Experience private match by the end

of the fiscal year, it did secure \$6M in cash and equivalents (\$4.3M in cash payments, \$1.6M in pledge balances) bringing the cumulative total to \$14.7M raised.

As part of its efforts to maintain and grow a strong and diverse donor base, the Development Office also designed new donor-facing programs such as a Membership program and Planned Giving program. While both will launch more fully in fiscal 2022, the Library's nascent Planned Giving program has been met with great interest and has already secured commitments for future bequests of \$650K.

Steady communications and engagement (virtual where needed) in fiscal 2021 helped strengthen important relationships. As of fourth quarter, 11 new paying members and 2 honorary members had joined the Madison Council; as well-known influencers in cultural and educational spaces, they will bring new energy and visibility to the Library.



#### **STRATEGIC GOAL 4 Measure Impact**

Use data to measure our impact on the world around us and share a powerful story.

In fiscal 2021, eight agency performance goals comprising 13 performance targets drove progress towards the Library's goal to Measure Impact.

#### **Objective 11 | Understand Our Users**

We will use data to better understand our users and their needs and measure how effectively we deliver services, while appropriately safeguarding user privacy.

##### **1 Performance Goal**

##### **1 Performance Target | 100% Met**

**Agency Performance Goal:** CLLE will broaden, deepen, and diversify the Library's public audience reach and impact.

**Performance Target:** By September 30, 2021, develop and implement a program strategy that expands the reach of programming to priority audiences (audiences diverse in language, accessibility, age, knowledge level, etc.) and responds to and meets those audience needs.

**Accomplishment:** CLLE achieved its target. CLLE developed an Audience Working Group that will help the service unit expand the scope of its audience-based outreach effort,

with input from both within the Library and from reports and best practices from peer institutions. CLLE worked to reprogram the Digital Programming Best Practices Group into a Programming Development Group, to be co-led by staff in CLLE and Library Services, in order to share knowledge of successful programming practices and audience-focused approaches, as well as to foster Library-wide collaboration in program development. CLLE also conducted a number of reviews and reports, which will be consolidated into

a single resource on current and future audiences, including contractor-led studies of the current attendees for the National Book Festival and the Library, monthly events reports compiled for the Standing Events Committee, and research on the National Book Festival audiences by the Federal Research Division.

#### **Objective 12 | Communicate Impact**

We will measure impact in order to demonstrate value to all stakeholders and share our story in compelling, creative ways.

#### **No performance goals in fiscal 2021.**

#### **Objective 13 | Promote a Culture of Continuous Improvement**

We will become an insight-driven organization, using data to plan, set goals and targets, and strengthen performance management.

### **7 Performance Goals**

#### **12 Performance Targets | 58% Met | 8% Partially Met | 34% Not Met**

**Agency Performance Goal:** Improve acquisition forecasting by integrating FSD's spend plan and OCIO's Information Technology investment plan with CGD's acquisition forecast.

**Performance Target:** Integrate FSD's spend plan and OCIO's Information Technology investment plan with CGD's acquisition forecast by September 30, 2021.

**Accomplishment:** CGD met its goal to integrate FSD's spend plan OCIO's IT plan with CGD's acquisition forecast. In fiscal 2021, the eDRMS interface was completed, while the LCBS team completed the LCBS tool and populated the database. Many of the forecasts are now available within the eDRMS tool. CGD staff training was conducted to connect the

forecast to the subsequent funding action and award.

**Agency Performance Goal:** Improve acquisition forecasting through implementation of acquisition planning teams (APTs).

**Performance Target:** Implement acquisition planning teams (APTs) by September 30, 2021.

**Accomplishment:** CGD met its goal to improve forecasting through acquisition planning teams (APTs). The planning teams resulted in earlier engagement through initial planning meetings which generally led to timely submission of requirements. CGD identified areas for further improvement in fiscal 2022, including addressing internal delays, strategy changes, and reducing the effort required to establish and maintain the list. CGD worked with the Operations Committee to identify 43 critical contracts for assignment of APTs for fiscal 2022.

#### **Agency Performance Goal:**

Benchmark ISS customer service programs against similar programs to facilitate identification of improvement opportunities.

**Performance Target:** Benchmark existing programs against similar federal programs by September 30, 2021.

**Accomplishment:** ISS did not meet this target, as the final report and action plan were put on hold while staff was deployed to meet other COVID-19 and agency requirements.

#### **Agency Performance**

**Goal:** Update emergency preparedness training to improve the Library's response to threats and emergencies.

**Performance Target:** By September 30, 2021 SEPD

will complete and launch an updated EP Training program.

**Accomplishment:** SEPD did not meet this target due to the comprehensive process of revising the Emergency Preparedness training program. The Emergency Preparedness Division continues to make progress towards completing and launching an updated EP program with the expertise and coordination of internal partners. Although the target was not met, SEPD improved upon the EP Training program by developing new PowerPoint training presentations and providing in-person and online training on request to Service Units and Library offices. This was important as Library staff may have experienced a decrease in the capability to properly respond to new and existing threats and emergencies without a complete updated EP training program accessible to the Library's new hybrid workforce.

**Agency Performance Goal:** Improve emergency preparedness equipment replacement process to better prepare the Library for emergencies and threats.

**Performance Target:** Establish equipment prioritization and refresh process by September 30, 2021.

**Accomplishment:** SEPD did not meet this target due to higher priority assignments and projects related to the ongoing response to COVID-19. Over the last few years, other time-sensitive assignments, as well as a lack of available personnel in the Division have prevented the completion of the equipment prioritization and refresh process and plan. The readiness of the Library staff to respond to emergencies may have been hampered since the emergency preparedness equipment replacement process was not

improved. SEPD plans to complete this goal by September 30, 2022.

**Agency Performance Goal:** Improve the Library's ability to develop strong performance measures that align to unit Directional Plans and drive progress to the agency's strategic goals.

**Performance Target 1:** 80% of approved fiscal 2022 agency-level performance goals and targets are in alignment with the measures articulated in unit Directional Plans.

**Performance Target 2:** Facilitate effective training on identifying performance indicators and setting goals and targets based on Directional Plans, as measured by 70% of training participants indicate the training was valuable and useful in development of fiscal 2022 goals and targets.

**Performance Target 3:** Design and launch the Library's enterprise Key Performance Indicator Design initiative by July 15, 2021.

**Performance Target 4:** Convene four (4) effective sessions of the agency-wide user data community of practice that facilitate high-value conversations about 1) the collection and analysis of user data and 2) data-based decision making, as measured by 70% of attendees rating the meetings as "valuable" or "very valuable" in after-event surveys.

**Accomplishment:** The Office of Strategic Planning and Performance Management (SPPM) met all four targets. SPPM compared the performance targets set for fiscal 2022 to the Directional Plans produced by each planning unit. 86% of the fiscal 2022 performance targets were in alignment with the

measures articulated in the unit Directional Plans, indicating that units and centers understand the connection between their Directional Plans and the annual planning process. The measures training developed and launched by SPPM in the spring of 2021 was successful, with 95% of survey respondents sharing that the SPPM measures training was "very valuable" (56%) or "valuable" (39%). In addition to providing value to the Library's planning teams through trainings, SPPM facilitated four User Data Community of Practice meetings. On average, 50 staff and leaders from across the agency attended these meetings, and SPPM exceeded its four quarterly targets of >70% of attendees finding the events "valuable" or "very valuable". Finally, SPPM successfully launched the agency's Key Performance Indicator (KPI) Design Project in the spring of 2021, which will greatly improve the Library's ability to measure and communicate its work and impact. Phase I of the project, to explore and identify potential Library KPIs, concluded in September, and Phase II, in which Tiger Teams will define and create implementation plans for those KPIs, launched in October.

**Agency Performance Goal:** Improve the Library's ability to identify and minimize the effect of strategic and operational risks in the execution of its mission.

**Performance Target 1:** Continue the maturation of the Library's Integrated Risk Management and Control program through the development of a draft agency-wide Risk Appetite by September 30, 2021.

**Performance Target 2:** Continue the maturation of the Library's Integrated Risk Management and Control program by completing four (4) iRIC Confirmation Reviews by September 30, 2021.

**Performance Target 3:** Develop gap analysis for each service unit (10 total) by June 30, 2021, to identify targeted approach for improving understanding and application of iRIC framework and ERM principles.

**Accomplishment:** SPPM met all targets for this goal, with the exception of the iRIC Confirmation Reviews, which were postponed until fiscal 2022. In place of the reviews, SPPM focused on the Library's ERM governance structure, resulting in the establishment of the Library's Risk Management Council and Chief Risk Officer. SPPM completed the Risk Appetite Statement project data collection effort, conducting interviews with 27 executives, leaders and subject matter experts across the Library, and analyzing the results of 65 surveys (of 127 distributed) from staff selected by service units to provide their views on the Library's risk appetite. This work culminated in the draft Risk Appetite Statement which was submitted for leadership review in September 2021. SPPM delivered tailored risk management training sessions to LS, LCG, COO, USCO, and LIBN/LCA. SPPM also engaged with Management Concepts to provide Enterprise Risk Management training to PRG members, which was held in late September 2021. SPPM supported OIG's ERM audit, which included interviews, document requests, and multiple rounds of audit report reviews and comment, culminating in the release of Enterprise Risk Management Audit report in June 2020. The majority of the report findings and recommendations aligned with SPPM's iRIC Improvement Plan, developed in fiscal 2020, and SPPM has integrated the additional report recommendations into the fiscal 2022 iRIC Improvement Plan update. SPPM has since submitted evidence

supporting the closing of 5 the report's 12 recommendations.

## Internal Control Program, Systems, Controls, and Legal Compliance

The Library of Congress continues to make progress in maturing the agency's Integrated Risk Management and Internal Control (iRIC) framework, completing another fiscal year of risk identification, analysis, and mitigation activities, while identifying an improvement plan for fiscal year 2022 and beyond. This framework is governed by LCR 1-630, "Integrated Risk Management and Internal Control," which was published on January 3, 2019. This regulation states that:

The Library will implement and maintain an Integrated Risk Management and Internal Control Framework. The Framework will support management's commitment to implementing sound management practices to identify, assess, monitor and report on risks and internal control activities. The objectives of implementing the Framework include:

1. Effective management of risks that may impact achievement of Library goals.
2. Effective and efficient operations,
3. Reliable financial and non-financial (including performance) reporting, and
4. Compliance with applicable laws and standards.

Fiscal year 2021 marked the fourth year implementing the Library's iRIC framework. During this year, the Agency made significant strides

in maturing its risk management and internal control activities as evidenced by the following accomplishments and continuing activities:

- Drafting the Library's first Risk Appetite statement, based on data collected and analyzed from 1) interviews with 27 executives, leaders and subject matter experts across the Library, and 2) survey responses from 65 staff engaged in risk activities as selected by each service unit;
- Building stronger awareness and understanding of key risk concepts across service units via team and individual coaching; providing internal, tailored risk management training sessions to service units; and sponsoring external Enterprise Risk Management (ERM) training for cross-agency Planning, Performance, and Risk (PRG) Working Group members;
- Including risk as a component of EC-Reported performance goal spotlight reports at monthly Executive Committee meetings;
- Establishing the role of the Chief Risk Officer and Risk Management Council, charged with overseeing the Library's emerging ERM program;
- Publishing a new directive, LCD 1-630.1 Integrated Risk Management and Internal Control, providing guidance for the key steps in the iRIC framework;
- Updating the iRIC improvement plan to map the Library's path to a fully mature ERM program;
- Preparing and distributing biannual risk status reports to the Executive Committee, the

Operations Committee, and the cross-agency PRG;

- Continuing to support planning for the future Enterprise Planning & Management system, led by COO/FSD, to identify solutions for replacing Compass in FY 2023-24; and
- Preparing this Comprehensive Letter of Assurance for both strategic and operational risks.

By the end of fiscal year 2021, service units reported 71 strategic and 38 operational risks in the Library-wide Risk Register. Overall, the Library-wide average Annual Performance Goal-related risk score (strategic risks) for fiscal 2021 Q4 was 5.5<sup>1</sup>. This is higher than the average in fiscal 2020 (4.8). Using the score of 5.5 as the Library's average strategic risk posture, six service units/centers came in higher than the Library average, including: Law Library (7.7), Office of the Librarian (7.5), Center for Exhibits & Interpretation (6.8), Library Collections & Services Group (6.0), and United States Copyright Office (5.6). All of these scores, including the Library's overall average, constitute a MODERATE risk posture.

A majority of the Library's strategic risks (28) were associated with Strategic Goal 3: Optimize Services. This makes sense given the high number of technology improvement and modernization efforts throughout the Library. As the Library's reliance on aging information systems continues, the risks associated with system limitations, availability, and the Library's reliance on a limited pool of legacy system vendors, are likely to only increase in severity.

The Library continued to adapt to Covid-19-related safety measures

<sup>1</sup>Low risk = 1-2; Moderate risk = 3-8; High risk = 9-12, Critical risk = 16. It is not possible to achieve a score equal to, or between 13 and 15.

throughout fiscal 2021. Ten strategic risks were identified in response to the impact that building access and social distancing restrictions were having on staff workflows and contractor productivity. Covid-19-related risks accounted for 4 of the Library's 13 strategic risks that were scored as HIGH risk. The Library anticipates the number of Covid-19-related risks to decrease as pandemic restrictions continue to ease and Library's on-site staffing levels return to normal.

The count of operational risks decreased slightly from fiscal 2020 to fiscal 2021, from 40 to 38 risks. Unlike strategic risks, which are tied to time-bound activities or agency-level goals, operational risks are generally timeless and therefore not expected to see much variation year to year. A majority of the 38 operational risks reported fell into one of four risk types: Compliance (8 risks), Safety and Security (6), Reputational (5), and Planning (4). The average risk score across fiscal 2021 Q4 operational risks was 4.5,

slightly lower than the average of strategic risks, but still rated as MODERATE risk. The Library continues to develop its approach to capturing, categorizing, and analyzing these risks. With many new enterprise risk management actions planned for fiscal 2022, the Library expects to test various approaches for comparing similar risk types across the Library to identify trends and symptoms of larger, systematic risks to the organization.

## **Limitations of the Financial Statements**

The Library's financial statements are the culmination of a systematic accounting process. The statements have been prepared to report the financial position and results of operations of the Library of Congress, pursuant to the hierarchy of accounting principles and standards set forth in Note 1 to the Financial Statements. While these statements have been prepared from the books and records of the Library, they are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.



Light fixture in domed ceiling, Great Hall second floor. Shawn Miller

# Consolidated Financial Statements

## Consolidated Balance Sheets

As of September 30, 2021 and 2020

(in thousands)

	FY 2021	FY 2020
<b>ASSETS</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 451,816	\$ 390,937
Investments (Note 3)	43,113	32,632
Accounts Receivable, Net (Note 4.A)	110	71
Advances and Prepaid Expenses (Note 1.I)	9,138	10,973
<b>Total Intragovernmental</b>	<b>504,177</b>	<b>434,613</b>
Cash and Other Monetary Assets (Note 1.G)	155	70
Pledges Receivable - Donations (Note 4.B)	21,234	14,696
Investments (Note 3)	187,270	154,861
Inventory (Note 1.K)	312	388
Property and Equipment, Net (Note 5)	85,423	83,109
Beneficial Interest in Perpetual Trust (Note 1.R.3)	3,517	2,985
Accounts Receivable, Net (Note 4.A)	325	309
Library Collections (Note 1.M)		
<b>TOTAL ASSETS</b>	<b>\$ 802,413</b>	<b>\$ 691,031</b>
<b>LIABILITIES</b>		
Intragovernmental:		
Accounts Payable and Accrued Funded Payroll, Benefits	\$ 8,166	\$ 5,343
Advances from Others	21,610	8,515
Accrued Unfunded Workers' Compensation (Note 8)	1,303	1,400
Other Intragovernmental Liabilities (Note 10)	2	1
<b>Total Intragovernmental</b>	<b>31,081</b>	<b>15,259</b>
Accounts Payable and Accrued Funded Payroll, Benefits	71,816	73,726
Deposit Account Liability	8,249	8,231
Accrued Unfunded Annual and Compensatory Leave	36,719	34,342
Actuarial Unfunded Workers' Compensation (Note 8)	7,098	7,097
Other Liabilities (Note 10)	4,314	5,541
<b>TOTAL LIABILITIES</b>	<b>\$ 159,277</b>	<b>\$ 144,196</b>
Commitments and Contingencies (Note 9)		
<b>NET POSITION</b>		
Unexpended Appropriations - All Other Funds	\$ 240,699	\$ 214,997
Cumulative Results of Operations - All Other Funds	84,294	68,698
Total Net Position - All Other Funds	324,993	283,695
Cumulative Results of Operations - Dedicated Collections (Combined) (Note 17)	318,143	263,140
<b>Total Net Position - Dedicated Collections (Combined) (Note 17)</b>	<b>318,143</b>	<b>263,140</b>
<b>TOTAL NET POSITION</b>	<b>\$ 643,136</b>	<b>\$ 546,835</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 802,413</b>	<b>\$ 691,031</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated Statements of Net Cost

For the Years Ended September 30, 2021 and 2020  
(in thousands)

	FY 2021	FY 2020
<b>NET COSTS BY PROGRAM AREA</b>		
<b>Library Collections and Services Group</b>		
<b>Library Services:</b>		
Program Costs (Note 16)	\$ 482,841	\$ 464,358
Less: Earned Revenue (Note 14)	(5,031)	(3,813)
<b>Net Program Costs</b>	<b>477,810</b>	<b>460,545</b>
<b>Law Library:</b>		
Program Costs (Note 16)	29,047	33,222
Less: Earned Revenue (Note 14)	(91)	(45)
<b>Net Program Costs</b>	<b>28,956</b>	<b>33,177</b>
<b>Copyright Office:</b>		
Program Costs (Note 16)	102,843	112,135
Less: Earned Revenue (Note 14)	(46,829)	(40,824)
<b>Net Program Costs</b>	<b>56,014</b>	<b>71,311</b>
<b>Congressional Research Service:</b>		
Program Costs (Note 16)	185,376	178,582
Less: Earned Revenue (Note 14)	(621)	(284)
<b>Net Program Costs</b>	<b>184,755</b>	<b>178,298</b>
<b>Office of the Librarian Direct Programs:</b>		
Program Costs (Note 16)	54,269	44,371
Less: Earned Revenue (Note 14)	(428)	(513)
<b>Net Program Costs</b>	<b>53,841</b>	<b>43,858</b>
<b>Chief Operating Officer Direct Programs:</b>		
Program Costs (Note 16)	72,259	76,586
Less: Earned Revenue (Note 14)	( 64,288)	(68,810)
<b>Net Program Costs</b>	<b>7,971</b>	<b>7,776</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 809,347</b>	<b>\$ 794,965</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated Statements of Changes in Net Position

For the Years Ended September 30, 2021 and 2020  
(in thousands)

	Dedicated Collections (Combined)	All Other Funds (Combined)	Consolidated Total	Dedicated Collections (Combined)	All Other Funds (Combined)	Consolidated Total
<b>UNEXPENDED APPROPRIATIONS</b>						
Beginning Balances	\$ 0	\$ 214,997	\$ 214,997	\$ 0	\$ 204,352	\$ 204,352
Appropriations Received	0	757,346	757,346	0	726,059	726,059
Other Adjustments	0	(6,856)	(6,856)	0	(7,141)	(7,141)
Appropriations Used	0	(724,788)	(724,788)	0	(708,273)	(708,273)
<b>Total Budgetary Financing Sources</b>	<b>0</b>	<b>25,702</b>	<b>25,702</b>	<b>0</b>	<b>10,645</b>	<b>10,645</b>
<b>TOTAL UNEXPENDED APPROPRIATIONS</b>	<b>\$ 0</b>	<b>\$ 240,699</b>	<b>\$ 240,699</b>	<b>\$ 0</b>	<b>\$ 214,997</b>	<b>\$ 214,997</b>
<b>CUMULATIVE RESULTS OF OPERATIONS</b>						
Beginning Balances	\$ 263,140	\$ 68,698	\$ 331,838	\$ 239,359	\$ 59,645	\$ 299,004
Budgetary Financing Sources:						
Appropriations Used	0	724,788	724,788	0	708,273	708,273
Non-exchange Revenue	431	0	431	603	0	603
Donations of Cash or Securities	24,183	0	24,183	18,391	0	18,391
Realized Gains on Investments and Other	11,331	0	11,331	5,123	0	5,123
Donations of Property and Services	629	0	629	702	0	702
Imputed Financing	2,116	91,349	93,465	1,582	87,049	88,631
Unrealized Gains on Investments and Other	25,170	(52)	25,118	6,075	0	6,075
<b>Total Financing Sources</b>	<b>63,860</b>	<b>816,085</b>	<b>879,945</b>	<b>32,475</b>	<b>795,322</b>	<b>827,798</b>
<b>Net Cost of Operations</b>	<b>(8,857)</b>	<b>(800,490)</b>	<b>(809,347)</b>	<b>(8,695)</b>	<b>(786,269)</b>	<b>(794,964)</b>
<b>Net Change</b>	<b>55,003</b>	<b>15,595</b>	<b>70,598</b>	<b>23,781</b>	<b>9,053</b>	<b>32,834</b>
<b>CUMULATIVE RESULTS OF OPERATIONS</b>	<b>\$ 318,143</b>	<b>\$ 84,294</b>	<b>\$ 402,437</b>	<b>\$ 263,140</b>	<b>\$ 68,698</b>	<b>\$ 331,838</b>
<b>NET POSITION</b>	<b>\$ 318,143</b>	<b>\$ 324,993</b>	<b>\$ 643,136</b>	<b>\$ 263,140</b>	<b>\$ 283,695</b>	<b>\$ 546,835</b>

The accompanying notes are an integral part of these financial statements.

## Combined Statements of Budgetary Resources

For the Years Ended September 30, 2021 and 2020  
(in thousands)

	FY 2021	FY 2020
<b>BUDGETARY RESOURCES</b>		
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 18)	\$ 165,775	\$ 151,205
Appropriations (discretionary and mandatory) (Note 18)	799,959	747,062
Spending authority from offsetting collections (discretionary and mandatory) (Note 18)	157,718	146,261
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 1,123,452</b>	<b>\$ 1,044,528</b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
New Obligations and upward adjustments, total (Note 18)	\$ 938,966	\$ 891,971
Unobligated balance, end of year: (Note 18)		
Exempt from apportionment, unexpired accounts	160,510	130,640
Expired unobligated balance, end of year	23,976	21,917
<b>Unobligated balance, end of year (Total)</b>	<b>\$ 184,486</b>	<b>\$ 152,557</b>
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 1,123,452</b>	<b>\$ 1,044,528</b>
<b>OUTLAYS, NET</b>		
Outlays, net (total) (discretionary and mandatory) (Note 18)	\$ 719,965	\$ 720,638
Distributed offsetting receipts (-) (Note 18)	(200)	(729)
<b>AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)</b>	<b>\$ 719,765</b>	<b>\$ 719,909</b>

(The Library has no non-budgetary credit program financing accounts; all amounts above are budgetary.)

The accompanying notes are an integral part of these financial statements.



## The Gutenberg Bible



Gutenberg Bible case in  
the Great Hall. Shawn Miller

# Notes to the Consolidated Financial Statements

## NOTE 1

### Summary of Significant Accounting Policies

#### A. Reporting Entity

The Library of Congress (the Library), a legislative branch agency of the U.S. government, was established in 1800 primarily to provide information to the Members and committees of the U.S. Congress. Since then, the Library has been assigned other major missions such as serving as the de facto national library, administering the U.S. copyright laws, providing cataloging records to the nation's libraries, and coordinating a national program to provide reading material for blind and print disabled residents of the U.S. and its territories and U.S. citizens residing abroad. The Library also provides services to other federal agencies and administers various gift programs and funds accepted and controlled by the Library of Congress Trust Fund Board (TFB).

The Library's programs and operations are subject to oversight by the Joint Committee on the Library, the oldest joint committee of the Congress, which is comprised of members of the U.S. House of Representatives and Senate. The Library is also subject to oversight by the U.S. House of Representatives Committee on House Administration and U.S. Senate Committee on Rules and Administration. The U.S. Copyright Office works closely

with the Judiciary Committees of the House and Senate, which have oversight of copyright laws. The Library relies primarily on appropriated funds to support its programs and operations. Budget requests are subject to review by the House and Senate Appropriations Subcommittees on Legislative Branch Appropriations. The Library also receives funds from other agencies for services provided under the Economy Act and other statutes. In addition, the Library administers several fee-for-service revolving fund programs and receives donations from the public, which are classified as gifts or funds accepted and controlled by the TFB, which consists of the Librarian of Congress (who is Chairman and Secretary of the TFB), the Chairman and Vice-Chairman of the Joint Committee on the Library, the Secretary of the Treasury (or an assistant secretary designated in writing by the Secretary of the Treasury), and ten members appointed by the President (two), the U.S. House of Representatives (four), and the U.S. Senate (four).

Entity activities are those for which the Library has the authority to use the assets. Non-entity activities consist primarily of deposit accounts that are not available for use by the Library.

#### B. Basis of Presentation

The accompanying financial statements report the financial position, net costs, changes in net position, and budgetary resources

of the Library for fiscal years 2021 and 2020. These consolidated and combined financial statements include the accounts of all programs under the Library's control, which have been established and maintained to account for the resources of the Library. They were prepared from the Library's financial management system in accordance with Generally Accepted Accounting Principles (GAAP).

Fiduciary assets are not assets of the Library of Congress or the federal government and are not recognized on the Balance Sheet, Statement of Net Cost, or Statement of Net Position (See Note 20).

Material intra-Library transactions and balances have been eliminated from the Consolidated Balance Sheets, the Consolidated Statements of Net Cost, and the Consolidated Statements of Changes in Net Position. The Statement of Budgetary Resources is presented on a combined basis; therefore, intra-Library transactions and balances have not been eliminated from this statement.

As a legislative branch agency, the Library is not required to follow the executive agency accounting principles established by the Comptroller General under 31 U.S.C. §3511 or the standards developed by the Federal Accounting Standards Advisory Board (FASAB). As a legislative branch entity, the Library is not currently required to prepare general purpose financial

reports and is not subject to any requirements by the FASAB's sponsors to follow FASAB GAAP. However, for purposes of financial management and reporting, the Library has issued Library of Congress Regulation LCR 6-110, Financial Services, which adopts FASAB standards for financial reporting in a manner consistent with a legislative agency, and insofar as practical, conforms to GAAP for federal agencies. The Library maintains its fund balances with the Department of the Treasury and submits information required to incorporate its financial and budgetary data into the overall federal government structure. The Library has not adopted the Federal Financial Management Improvement Act of 1996, the Federal Managers Financial Integrity Act, the Government Performance and Results Act, and the GPRA Modernization Act, as these standards are not applicable to the Library. However, the Library uses these sources as guidance and reference in its operations.

For fiscal year 2021 (and 2020) the statements include 4 (4) appropriations; 26 (25) revolving and gift revolving programs; 47 (48) reimbursable programs; 109 (106) TFB programs; and 155 (147) gift programs, respectively.

## C. Basis of Accounting

In accordance with LCR 6-110 Financial Management, the Library's financial statements conform to accounting principles generally accepted in the United States of America as promulgated by FASAB. Although the FASAB sponsors do not prescribe accounting standards for the legislative branch, the American Institute of Certified Public Accountants has designated FASAB Standards as GAAP for federal reporting entities and these are appropriate accounting

standards for legislative agencies to adopt when preparing GAAP-based general-purpose financial statements.

The statements were also prepared based on guidance published in the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements. The Library is not required to adopt this circular, and accordingly has elected to use the disclosures management deems necessary for the fair presentation of financial statement information.

The accounting structure of the Library is designed to reflect both accrual and budgetary accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The budgetary accounting, on the other hand, is designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The budgetary accounting facilitates compliance with legal constraints on and controls over the use of federal funds.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## D. Revenues and Other Financing Sources

### Appropriations

The Library receives the majority of its funding to support its programs

through four appropriations that include both annual and no-year funding. The appropriated funds may be used, within statutory limits, for operating and capital expenditures including equipment, furniture, and furnishings. Appropriations are recognized as revenues at the time they are expended. The four appropriations for fiscal years 2021 and 2020 are:

- Library of Congress, Salaries and Expenses (annual and no-year)
- Copyright Office, Salaries and Expenses (annual and no-year)
- Congressional Research Service, Salaries and Expenses (annual)
- National Library Service for the Blind and Print Disabled, Salaries and Expenses (annual and no-year)

### Earned Revenues

Additional amounts are obtained through reimbursements from services performed for other federal agencies as authorized by the Economy Act and the Library's annual appropriations legislation. In addition, the Library operates several self-sustaining revolving fund programs that generate revenues from the sale of various products and services to the public and federal customers. Revolving fund and reimbursable program revenue is recognized when goods have been delivered or services rendered.

Under the authority of 2 U.S.C. §182, the Cooperative Acquisitions Revolving Fund was established on October 1, 1997, and is the program under which the Library acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis (over time). 2 U.S.C. §182 was amended for the establishment of revolving funds for Audio-Visual Duplication Services, Gift Shop

operations, Decimal Classification, Document Reproduction and Microfilm Services, Special Events and Programs, Federal Library and Information Network (FEDLINK) and Federal Research program.

- The Audio-Visual Duplication Services program provides audio and video duplication and delivery services which are associated with the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia.
- Work and funding for Decimal Classification has ceased.
- The Gift Shop program operates a gift shop and other sales of items associated with collections, exhibits, performances, and special events at the Library.
- The Document Reproduction and Microfilm Services program provides document reproduction and microfilming services.
- Special Events and Programs revolving fund performs services related to the hosting of special events and programs by the Librarian in Library facilities.
- The FEDLINK program is the program of the Library under which procurement of publications and library support services, along with related accounting, education and support services are provided to federal government entities, tribal governments and the District of Columbia.
- The Federal Research program provides research reports, translations, and analytical studies for federal government entities and the District of Columbia.

The revolving fund programs report, but are not required to recover

unreimbursed inter-entity costs (imputed costs).

### **Imputed Financing Sources**

Beginning in 2020 and in accordance with FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 55, FASAB's SFFAS 30, "Inter-Entity Cost Implementation which amended SFFAS 4, Managerial Cost Accounting Standards and Concepts," was rescinded. Consistent with accounting standards, only certain inter-entity costs are now recognized for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. The costs are recognized as imputed costs in the Statement of Net Cost and are offset by imputed financing source in the Statement of Changes in Net Position. Such imputed costs and financing sources relate to business-type activities, employee benefits and claims to be settled by the Treasury Judgement Fund and any other unreimbursed material costs.

SFFAS 55 provides for continued recognition of significant inter-entity costs by business-type activities but no longer requires entities to recognize the full costs of services received from other federal reporting entities even if there was no requirement to reimburse the providing reporting entity for full cost of services for non-business type entities.

The Library has recorded only certain expenses for the material unreimbursed full costs of goods and services that it receives from other legislative branch agencies (e.g., the Architect of the Capitol and the Government Publishing Office) and executive branch agencies (e.g., the Office of Personnel Management (OPM) and the Department of the Treasury). Since these costs are not actually paid to the other agencies, an imputed financing source is

recorded to offset the costs that are financed by the other federal agencies.

In fiscal year 2021, due to the continued disruption of COVID-19 on the revolving funds services, the Library performed a modified application of indirect rates for collection of overhead charges, with some revolving funds being granted waivers for indirect cost charges. Service unit recipients were also limited in collection of distributions. As a result of the extraordinary circumstances surrounding the pandemic the Library did not collect funds from all revolving funds for support services nor did it record imputed financing sources or costs as it was considered insignificant. A consulting firm performed a study of the existing Indirect Cost Methodology for calculation of indirect costs and processes for cost recovery. The results of this study will inform FSD on future rate calculations to ensure a more transparent process to the providers and the recipients.

### **Donation and Interest Revenue**

The Library receives monetary gifts from donors and receives interest on invested funding. The library records these donations as revenue when the cash is collected or the interest is on invested funding is received. The Library may also receive gifts of donated property or services, including revenue generating gifts recorded as donated royalties. The Library records these in-kind donations as donated revenue in the year earned and an offsetting expense in the same year.

The Library received gifts subject to meeting certain conditions.

### **E. Gift and TFB Programs**

The Library administered gift and TFB programs with combined net asset value of approximately \$266.8 million

and \$203.9 million during fiscal years 2021 and 2020, respectively. Funds are restricted as to their use, which must be in accordance with the terms of the gift agreement. In general, TFB programs are either partially restricted (principal may be spent) or permanently restricted endowments (principal may not be spent). Additional restrictions may be imposed on TFB programs by the terms of an agreement or donor's will. Library fund managers administer and oversee the gift and TFB programs to ensure they are used as directed by the donors and in accordance with Library policy.

## **F. Fund Balance with Treasury**

The amount shown as Fund Balance with Treasury represents the balances of the appropriated, reimbursable, gift and TFB programs, revolving, and deposit programs that are on deposit with the U.S. Treasury.

## **G. Cash and Other Monetary Assets**

Cash and other monetary assets are defined as all cash not held by the U.S. Treasury. This category includes deposits in transit, cash on hand and imprest funds. The Library receives and utilizes foreign currencies in carrying out operations abroad as it conducts business through six overseas offices.

Foreign currency balances at year-end are immaterial to the financial statements.

## **H. Investments (Net)**

Gift and TFB Programs – The TFB determines the investment policy for the Library's gift and TFB programs. The policy provides the following options for investment of TFB programs:

- a permanent loan with the U.S. Treasury
- a pool of U.S. Treasury market-based securities

- an investment pool consisting of the following stock, index and money market funds. The investment vehicles approved by the TFB's Investment Committee, as delegated by the Board, during fiscal year 2021 are:
  - American Funds EuroPacific Growth F3 Fund
  - BlackRock Event Driven Equity Institutional Fund
  - BlackRock Strategic Income Opportunities K Fund
  - Wellington Emerging Markets Local Equity CTF
  - Dodge & Cox Global Stock Fund
  - Dodge & Cox Income Fund
  - DSM Touchstone Large Co. Growth Institutional Fund
  - First American Government Obligation Z Fund
  - FPA Crescent Fund
  - Harbor Diversified International All Cap Retire Fund
  - HS Management Large Growth Account
  - Legg Mason BW Global Opps Bond IS Fund
  - Loomis Sayles Strategic Alpha Y Fund
  - Metropolitan West Total Return Bond I Fund
  - Payden Limited Maturity Fund
  - PIMCO Short-Term Institutional Fund
  - State Street Real Asset CTF
  - State Street Russell 3000 NL CTF

The policy for gift programs allows for investment in the same manner as TFB programs.

Under 2 U.S.C. §158, up to \$10 million of the Library's TFB programs may be invested with the U.S. Treasury as a permanent loan at a floating rate of interest, adjusted monthly, but no less than 4% per annum.

The permanent loan is an interest bearing investment recorded at cost, which is market value.

And during fiscal year 2020:

- American Funds EuroPacific Growth F3 Fund
- BlackRock Event Driven Equity Institutional Fund

Treasury securities are intended to be held to maturity, are valued at cost, and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method,

which approximates the effective interest method.

Stock and money market funds are stated at current market value and are considered available for sale. Unrealized gains and losses are recognized and recorded as a component of non-exchange revenue in the Statement of Changes in Net Position. Realized gains and losses are recognized as non-exchange revenue in the Statement of Changes in Net Position.

All gift and TFB program investments are obtained and held by the gift and TFB programs under conditions set forth in the respective gift and TFB instruments.

**Deposit Funds** – Pursuant to 17 U.S.C. 708 (d), funds deposited by copyright applicants are invested based on the unearned balance available, by the U.S. Copyright Office in U.S. Treasury securities. Treasury securities are intended to be held to maturity, are valued at cost and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method, which approximates the effective interest method. These investments will be held until the deposit fees are earned and income accrues to the benefit of the Copyright Office.

## **I. Accounts Receivable and Prepayments**

Accounts receivable primarily resulted from billings to other federal agencies under interagency agreements for contracting and/or accounts payable services related to database retrieval and other library services. The Library has established a percentage allowance for doubtful accounts against non-federal accounts receivable, based on past collection experience.

Prepayments are payments made to cover certain periodic expenses

before those expenses are incurred – prepayments were provided to another government agency for services related to storage facility modifications, lease, operations and maintenance costs. The Library will reduce the prepayments and recognize costs as the funds are expended by the other agency.

## **J. Pledges Receivable**

Contributions of unconditional promises to give (pledges) to the Library and the Library of Congress TFB are recognized as donated revenue in the period the pledge is received. They are recorded at their estimated present value using a market-based discount rate. Accretion of the discount in subsequent years is also recorded as donated revenue. Substantially all of the Library's pledges are from major corporations or donors. The Library regularly monitors the status of all pledges and adjusts accordingly; therefore, no allowance for uncollectible pledges has been established.

## **K. Inventory and Related Property**

The Library's inventories are primarily comprised of materials used to reproduce printed materials; sound recordings for both internal and external sales; and sales shop merchandise for resale. Sales shop merchandise is valued at cost or market, whichever is lower. The recorded values of inventory and operating materials are adjusted for the results of periodic physical counts.

## **L. Property and Equipment**

The Library capitalizes furniture and equipment at cost if the initial acquisition cost is \$50,000 or more (\$25,000 in fiscal years 2013 and prior). Depreciation is computed on a straight-line basis using estimated useful lives.

Property and equipment accounts are maintained in three categories of programs: appropriated, reimbursable and revolving. The appropriated programs category includes all property and equipment used by the Library for general operations. Property and equipment purchased by the Integrated Support Services Administrative Working Fund are recorded in the reimbursable programs. Property and equipment purchased by FEDLINK, the Federal Research program, Document Reproduction and Microfilm Services, Audio-Visual Duplication Services, and the Cooperative Acquisitions Program are recorded in the revolving programs.

The Library occasionally acquires property and equipment by direct gift or by purchase from funds donated for a specific purpose or project. Because property is generally not restricted for use to gift and trust activities, property accounts are not maintained in the gift and TFB programs. Capitalized property and equipment acquired through gifts are recognized as donated revenue in the gift and TFB programs and transferred to the Library's appropriated programs, once the costs are complete and the property is placed in service. The Library records the donated property and equipment at its fair market value at the time of the gift.

Operating equipment is amortized over a 3- to 20-year period. Software includes software purchased from outside vendors and software defined as "internal use software" in accordance with SFFAS No. 10, "Accounting for Internal Use Software." Software is recorded with an estimated useful life of two to five years and a value of at least \$750,000.

Leased equipment meeting the criteria for capitalization in

accordance with Statements of Federal Financial Accounting Standards is included in property and equipment.

Leasehold improvements with the cost of \$250,000 or greater are capitalized and depreciated over the remaining useful life of 2 to 10 years. The costs are capitalized if the improvements and renovations are expected to provide a useful service and benefit to the Library of at least two years.

Land and buildings are excluded from the Library's property and equipment accounts because they are under the custody and control of the Architect of the Capitol. This arrangement encompasses four Capitol Hill buildings (the Thomas Jefferson, James Madison, John Adams Buildings, and the Special Facilities Center), a secondary storage facility at Fort Meade, Maryland, and the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia. The Architect receives an appropriation from the Congress to fund maintenance, care, and operations of the Library's buildings and grounds. Costs associated with the acquisition and maintenance of these buildings is accounted for by the Architect. However, the Library has

recorded the inter-entity cost and related imputed financing source in its books. The Library does capitalize and depreciate leasehold improvements to its facilities as long as the improvements were made using the Library's funding sources and the acquisition cost is at least \$250,000 (\$100,000 for fiscal years 2013 and prior).

## **M. Library Collections and Heritage Assets**

The Library classifies its collections as Heritage Assets, that is, assets with historical, cultural, educational, artistic or natural significance. 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.

The Library's collection development policies are designed to fulfill its responsibilities to serve (1) the Congress and United States government as a whole, (2) the scholarly and library communities, and (3) the general public. Written collection policy statements ensure that the Library makes every effort to possess books and other library materials necessary to the Congress and various offices of the United

States government to perform their duties; an extensive record, in a variety of formats, documenting the life and achievement of the American people; and a universal collection of human knowledge embodying, the records of other societies, past and present.

Copyright deposits are a major source of the Library's collections of Americana. The Library also acquires materials by purchase, transfer from other federal agencies, gift, domestic and international exchange, or by provisions of state and federal law. Many of these materials are foreign publications. Various preservation methods are used to maintain the collections, and disposals occur only for the exchange and gift of unwanted or duplicate copies. The Library had 92 collections as of September 30, 2021, and 92 collections as of September 30, 2020 managed by its custodial units. No new Library collections were added in FY2021.

The collections are organized into major categories based primarily on how the Library manages the collections. The units which managed the collections are Library Services and Law Library in 2021 and 2020.

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Library Services	86	86
Law Library	4	4
Shared Custody (LS & LL)	2	2
<b>Total</b>	<b>92</b>	<b>92</b>

The cost of acquiring additions to the collections is expensed, in the period incurred, in the Statement of Net Cost (See Note 12). Supplemental information regarding the condition and preservation of the collections is included with the Assessment of Condition of Heritage Assets in the Management Report section of this Financial Statements Report.

## **N. Deferred Maintenance and Repairs**

The costs of maintenance and repairs are not included in the cost of capitalized property. Deferred maintenance and repairs (DM&R) are those which are delayed for a future period. Library buildings are considered owned by the Architect of the Capitol and any associated DM&R is measured and reported by that agency. The Library policy is to ensure critical systems are maintained and operated in a safe and effective manner. The Library has maintenance agreements for most equipment and for software licensed and not owned by the Library. The Library does not defer any material amount of maintenance for equipment, furniture or software. Therefore, no periodic assessment is performed.

Impaired equipment or furniture having a significant and permanent decline in the service utility of the item is disposed of. The Library does not retain any material amount of impaired general PP&E property.

Management considers the content of the Library's collections as Heritage Assets in whatever form. An assessment of the condition of Heritage Assets is included in the Management Report section of this Financial Statements Report.

## **O. Liabilities**

Liabilities represent the amounts that are likely to be paid by the Library as a result of transactions that have already occurred. Liabilities for which an appropriation has not been enacted, or which are the results of deposit account activities, are classified as liabilities not covered by budgetary resources. For accrued unfunded annual leave, compensatory time earned, workers' compensation and capital lease liabilities, it is not certain that appropriations will be enacted to fund these amounts.

**Advances from Others** are funds received for the revolving programs that have not yet been earned.

Deposit Liabilities are customer funds on deposit for Copyright, Document Reproduction and Microfilm Services, and Cataloging Distribution Service products and services.

### **Accrued Annual and Compensatory**

**Leave** – The Library's basic leave policy is contained within Title 5, Part III, of the U. S. Code, Uniform Annual and Sick Leave Regulations of the Office of Personnel Management, and the decisions of the Comptroller General. Generally, each employee may carry forward a maximum of 240 hours of annual leave per calendar year. Annual leave is accrued as it is earned and the liability is adjusted at the end of each fiscal year based on annual leave earned and taken. Annual leave earned in excess of the maximum permitted carryover is forfeited. Each year, the balance in the accrued annual leave account is also adjusted to reflect current pay rates.

Employees' compensatory time earned but not taken is also accrued at year-end. An employee may accumulate a maximum of 40 hours of compensatory time during the fiscal year. Compensatory leave earned will remain on the employee's leave record for use up to a maximum of 26 pay periods from the pay period in which it was earned. Any compensatory leave not used beyond the 26 pay periods will be forfeited.

Sick leave and other types of non-vested leave are expensed as taken.

## **P. Federal Employee Retirement Benefits**

The Library contribution costs (both funded and unfunded) to the various employee retirement programs are described below. The accrued

funded contributions due at the end of the fiscal year are reported as liabilities covered by budgetary resources.

Approximately 6% of the Library's employees participated in the Civil Service Retirement System (CSRS) during fiscal years 2021 and 2020, to which the Library makes contributions equal to 7.0% of pay. Of those participating in CSRS, approximately 14% and 20% during fiscal year 2021 and 2020 are also covered by Social Security (FICA), for which the Library's contribution is slightly less.

Approximately 90% and 89% of the Library's employees were covered by the Federal Employees Retirement System (FERS) during fiscal years 2021 and 2020, respectively, to which the Library's normal contribution was 17.3% for fiscal year 2021 and 16% for fiscal year 2020. Of those participating in FERS during fiscal years 2021 and 2020, approximately 36% and 33%, respectively, were under the revised annuity (FERS-Revised Annuity Employees (RAE) and FERS-Further Revised Annuity Employees (FRAE)) rates effective October 2020, to which the agency contribution rate was 15.5% for fiscal year 2021 and 14.2% for fiscal years 2020. Additionally, for employees under FERS, the Library contributes an automatic 1% of employee's pay, plus matches employee Thrift Savings Plan (TSP) contributions up to 5% of pay (matched dollar-for-dollar on the first 3% of pay and 50 cents on the dollar for the next 2% of pay). Under FERS, the employee is also covered by FICA to which the Library contributes the employer's matching share of 6.2%.

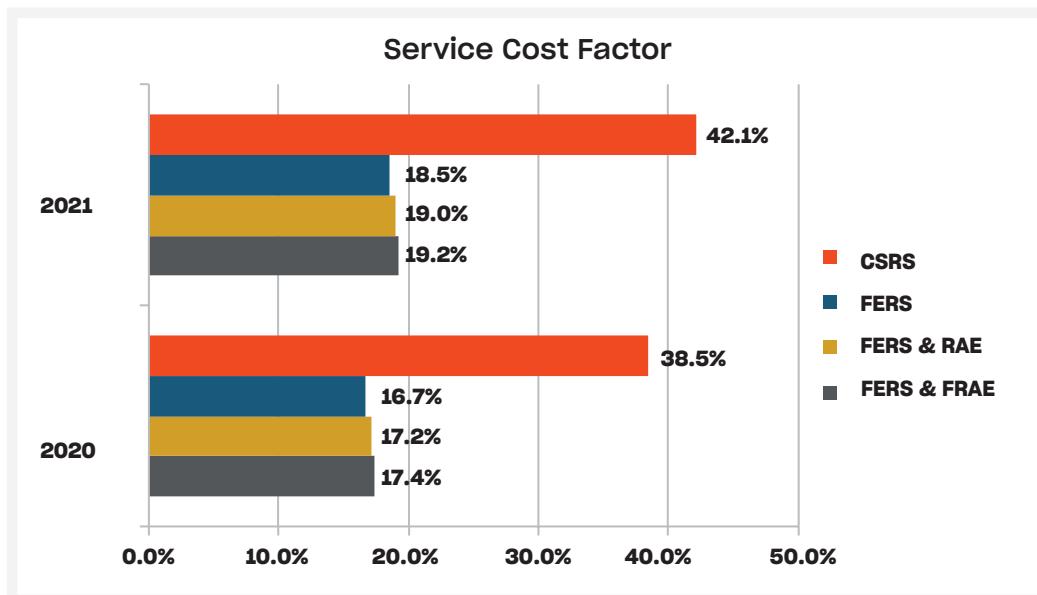
Approximately 4% of the Library's employees were covered only by FICA during fiscal years 2021 and 5% in 2020, to which the Library contributes the employer's matching

share of 6.2% of earnings up to \$137,700.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of Social Security, FERS and CSRS is not allocated to

individual Federal departments and agencies. However, in accordance with SFFAS No. 5, "Accounting for Liabilities of the Federal Government," current year expenses were recorded for the service cost of the Library's employee retirement benefits.

The service cost factor is applied to the annualized employee pay, less the Library's funded contributions, to derive the imputed retirement pension cost being financed directly by OPM. This unfunded cost was offset by an imputed financing source.



## Q. Federal Government Transactions

The financial activities of the Library interact with and depend on other federal government agencies. Thus, the Library's financial statements do not reflect all financial decisions and activities applicable to it as if it were a stand-alone entity. The financial statements do not contain the cost of activities performed for the benefit of the entire government, nor do they include the agency's share of the federal deficit or of public borrowings, including interest thereon. However, expenses have been recognized for expenses incurred by certain other agencies on behalf of the Library. Typically, this includes grounds and buildings maintenance, utilities and renovation costs funded by Architect of the

Capitol, settlement of claims and litigation paid by the Treasury's Judgment Fund and the partial funding of employee benefits by OPM.

The Library's program for the blind and print disabled participates in the U.S. Postal Service's (USPS) "Matter for Blind and Other Handicapped Persons" program (39 U.S.C. §§3403 – 3406). This Postal Service program receives an appropriation from Congress to provide free postage for qualifying organizations, programs, and individuals such as mail from war zones, letters from blind people to anyone, and organizations that work for the blind. The Library's National Library Service for the Blind and Print Disabled uses this free matter program for mailing all books

and equipment to its participating lending libraries and patrons. No cost for this has been determined, nor included in the Library's financial statements as the Library views the relationship with the USPS and state and local libraries as a partnership and not inter-entity costs.

### Services Provided to other Federal Agencies:

- The Library is authorized to provide to other federal libraries and agencies services such as automated library information and other database retrieval services through database vendors and in-house research studies. These services are provided on a cost reimbursement basis and are billed in advance of providing the services. At year-end the

Library estimates the amount received in advance (Advances from Others - Intragovernmental) and the amount to be received for services provided (Accounts Receivable - Intragovernmental).

- The Library is authorized to provide to other legislative branch agencies accounting services and/or financial system hosting services. These services are provided on a cost reimbursement basis in accordance with the Economy Act.

## **Services Provided by other Federal Agencies:**

Five governmental agencies provide administrative services to the Library on a reimbursable basis.

- The Department of Agriculture's National Finance Center (NFC) processes the Library's personnel, payroll, and employee benefits accounting transactions.
- The Library utilizes the services provided in the Department of States' International Cooperative Administrative Support Services (ICASS) system to support the Library's six overseas field offices.
- General Services Administration (GSA) provides building and vehicle leasing services for the Library.
- Architect of the Capitol provided services related to a storage facility modification, lease and maintenance.
- The Defense Counterintelligence and Security Agency (DCSA) provides background check investigations Federal excepted service employees, applicants for Federal employment, consultants, contractors, and volunteers for the Library of Congress.

## **R. Related Party Organizations**

The Library lends support to several related organizations, projects, and programs from which it receives benefits in various forms. The following is a list of these organizations or programs:

### **Telephone Pioneers of America -**

The Telephone Pioneers is a large industry-related organization that voluntarily repairs sound reproduction machines for the blind and print disabled program. Approximately 1,500 Telephone Pioneers (retirees from AT&T and other telecom companies) and Elfuns (General Electric volunteers) donate their time to repair the machines.

### **Library of Congress Child Care Association (LCCA) -**

The LCCA is a nonprofit corporation under the District of Columbia's Nonprofit Corporation Act. It was granted 501(c)(3) status by the Internal Revenue Service on August 31, 1992, and currently operates as the "Little Scholars Child Development Center." The center is located on the ground floor of the Library's Special Facilities Center, 601 East Capitol Street, District of Columbia. The center provides childcare for Library employees and other federal and non-federal employees. Its operations, management, and employees are the responsibility of the LCCA and not the Library. However, the Library and the Architect of the Capitol support the center with equipment, free space, cleaning and maintenance of grounds and building, utilities, local telephone service, and security. The value of the services provided by the Library cannot be readily determined. In addition, the Library, in accordance with Public Law 106-554, pays the government contributions for individuals receiving

health, life, and retirement benefits provided by the Office of Personnel Management. The Library provides an official who is a non-voting representative on the center's Board of Directors and who acts as a liaison with the Library.

### **The Archer M. Huntington Charitable Trust - Beneficial Interest in**

**Perpetual Trust** - This charitable trust was established in 1936 and is controlled and invested by the Bank of New York. The assets of the endowment are not a part of the TFB and the board's only control over its investment activities is through the Librarian of Congress' role as trustee. The trust is defined as a split-interest agreement.

The Library is entitled to one-half of the income from the trust for perpetuity, which is used to support a rotating consultant ship to bring "distinguished men of letters . . ." to the Library. Currently, the income assists in the funding of a "Poet Laureate" position, the acquisition of materials for the Library's Hispanic collections, and the promotion of activities of the Hispanic Division, particularly those that relate to Spain, Portugal and Latin America.

In accordance with FASB ASC 958-605-30-14, in fiscal years 2021 and 2020, the Library recorded the fair value of the beneficial interest in this perpetual trust. The fair value of a perpetual trust held by a third party can generally be measured using the fair value of the assets contributed to the trust, unless other facts and circumstances indicate the amount of the beneficial interest is substantially different. The Library has the irrevocable right to receive one-half of the income earned on these trust assets in perpetuity, and therefore uses these assets to determine the fair value.

### **Ira and Leonore Gershwin Trust Fund and Related Charitable Trust** - Under

the will of Mrs. Leonore Gershwin, the TFB is the beneficiary of 37.5% of Mrs. Gershwin's "1987 Trust." The will established the Trust fbo The Library of Congress which was accepted by the TFB in January 1992. The primary purpose of the trust is to perpetuate the names and works of George and Ira Gershwin through all resources of the Library. The trust does not belong to the Library but is a separate entity administered by trustees. The net income of the trust is distributed to the Library's Ira and Leonore Gershwin Trust Fund yearly or upon request by the Library. The balance of the principal of the charitable trust will be distributed to the Library in 2033, fifty years after the date of death of Ira Gershwin.

In accordance with ASC 820-10-55, the Library has used the expected

present value (EPV) Method 2, to record the fair value of this pledge receivable. The fair value is based on the present value (discounted) anticipated annual cash flows, discounted through 2033, when the trust will be liquidated.

## **S. Public Private Partnerships**

SFFAS No 49 Public Private Partnerships Disclosure

Requirements is effective for fiscal year 2020. Federal Public-Private Partnerships (P3s) are defined as risk sharing arrangements lasting more than five years. Such arrangements provide a service or an asset for government and/or general public use where in addition to sharing of resources, each party shares in the risks and reward of the arrangement or transaction.

Risk-sharing exists when a federal entity shares risks and rewards with a private sector entity whenever the benefits of the arrangement or transaction accrue to both the private sector entity and the federal entity and (1) the federal entity is at risk of loss or (2) the private sector entity's ability to perform is at risk and success of the arrangement or transaction depends upon the federal entity's intervention.

The Library did not identify any public private partnerships for fiscal years 2021 and 2020.

## **T. Classified Activities**

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

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### **NOTE 2**

## **Fund Balance with Treasury**

### **Status of Fund Balance with Treasury**

	(in thousands)	
	<b>FY 2021</b>	<b>FY 2020</b>
Unobligated Balances - Available	\$ 123,525	\$ 105,024
Unobligated Balances - Unavailable	33,995	33,753
Obligated Balances Not Yet Disbursed	293,380	251,520
Non-budgetary	916	640
<b>TOTAL</b>	<b>\$ 451,816</b>	<b>\$ 390,937</b>

As of September 30, 2021 and 2020, the gift and TFB programs fund balance with Treasury included \$10 million invested in the permanent loan, which is included in fund balance with Treasury, at interest rates of 4.0% for both fiscal years.

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**NOTE 3**

## Investments, Net

Investments as of September 30, 2021 and 2020, are as follows:

	(in thousands)		
<b>FY 2021</b>	<b>Intragovernmental Investments (Non-Marketable, Market-Based)</b>	<b>Other Investments (Private Sector)</b>	<b>Total</b>
Face Value	\$ 43,099	\$ 0	\$ 43,099
Cost		149,172	149,172
Unamortized Premium/(Discount), Net	14		14
<b>INVESTMENTS, NET</b>	<b>\$ 43,113</b>	<b>\$ 149,172</b>	<b>\$ 192,285</b>
<b>MARKET VALUE</b>	<b>\$ 43,662</b>	<b>\$ 187,270</b>	<b>\$ 230,932</b>

	(in thousands)		
<b>FY 2020</b>	<b>Intragovernmental Investments (Non-Marketable, Market-Based)</b>	<b>Other Investments (Private Sector)</b>	<b>Total</b>
Face Value	\$ 32,636	\$ 0	\$ 32,636
Cost		141,401	141,401
Unamortized Premium/(Discount), Net	(4)		(4)
<b>INVESTMENTS, NET</b>	<b>\$ 32,632</b>	<b>\$ 141,401</b>	<b>\$ 174,033</b>
<b>MARKET VALUE</b>	<b>\$ 32,958</b>	<b>\$ 154,861</b>	<b>\$ 187,819</b>

### A. Intragovernmental Investments

Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. TFB fund investment maturity dates for bills during fiscal years 2021 and 2020 range from October 1, 2020 to December 16, 2021 and October 03, 2019 to December 17, 2020, respectively, and interest rates range from 0.005% to 0.105% and 0.000% to 1.650%, respectively.

### B. Other Investments

Other investments are the Library's non-Treasury investments in the private sector (See Note 1.H). Cost

was derived from the investments made plus reinvested gains, dividends, and interest.

Balances as of September 30, 2021 and 2020, are as follows:

Other investments are the Library's non-Treasury investments in the private sector (See Note 1.H) which are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Library utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These

inputs can be readily observable, market corroborated, or generally unobservable. The Library primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Library utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The Library is able to classify fair value balances based on the observability of those inputs. The Library's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The determination of fair value may, therefore, affect the timing of recognition of revenues and change in net position.

**Correction of error** – During 2021, the Library identified the fair value disclosure was omitted in error from the Other Investments disclosure in the previously issued financial statements. The Library corrected the error by including the fair value disclosure in the Other Investments disclosure in the FY 2020 comparative disclosure presented herein.

FASB ASC Topic 820 establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- **Level 1** – Valuation based on quoted (unadjusted) prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2** – Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.
- **Level 3** – Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects the Library's, and other independent third parties' if and where available, assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This classification does not imply a lack of liquidity of the investment. The Library through its third party advisor (US Bank) carefully monitors these positions as it conducts periodic reviews of both asset allocation and performance.

The following summarizes the Library's other investments at fair value as of September 30, 2021 and 2020:

<b>Investments:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2021 Totals</b>
Cash equivalents	\$78	–	–	\$78
U.S and Global Equity	13,000	52,097	–	65,097
Fixed Income	–	42,895	–	42,895
Balanced Funds	–	8,391	–	8,391
Collective Investment Funds	–	–	70,809	70,809
<b>Total</b>	<b>\$13,078</b>	<b>\$103,383</b>	<b>\$70,809</b>	<b>\$187,270</b>

<b>Investments:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2020 Totals</b>
Cash equivalents	\$121	–	–	\$121
U.S and Global Equity	9,974	49,336	–	59,310
Fixed Income	–	37,709	–	37,709
Balanced Funds	–	6,423	–	6,423
Collective Investment Funds	–	–	51,298	51,298
<b>Total</b>	<b>\$10,095</b>	<b>\$93,468</b>	<b>\$51,298</b>	<b>\$154,861</b>

The following methods and assumptions were used to estimate the fair value of each class of financial investment for which it is practicable to estimate that value:

**Cash Equivalents** - Cash Equivalents are invested in traditional money market funds that target a stable, daily net asset value and that are regulated under the Investment Company Act of 1940. These traditional money market funds are restricted to invest only in those securities permissible under Rule 2a-7 of the Investment Company Act of 1940 and typically refer to the high quality rated debt instruments of various issuers that have maturities of 3 months or less, with a weighted average maturity of 60 days or less and with no more than 5% in any one issuer. These money market instruments include Treasury Bills, Certificates of Deposit, commercial paper, repurchase agreements and other acceptable short term debt instruments.

**Equities and Balanced Funds** - The Library's holdings of equity securities refer to both U.S. and Global

Equities and Balanced Funds and thus represent the publicly listed shares on regulated exchanges of various companies or commingled investment funds holding these types of securities. As publicly listed securities, prices and thus valuations are readily available via regular trading between specialists, market makers and multiple principals and agents. Bid and offer quotes are continuously available.

**Fixed Income** - Fixed Income securities are comprised of U.S. and global government bills, notes and bonds (including agency issues, Treasury Inflation Protection Securities and various zero coupon issues) and also various types of corporate bonds (including asset backed securities, both residential and commercial mortgage backed securities and debentures) or commingled investment funds holding these types of securities.

A portion of the designated fixed income securities are readily determinable marketable securities whose quoted prices are available in the open market.

**Collective Investment Funds** - Collective Investment Funds are individual holdings including marketable securities (listed, publicly traded) with market quote and some with market quote not readily available. Given the absence of market quotations for some of these investments, fair value is estimated using level 3.

While these financial instruments contain varying degrees of risk, the Library's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized independent auditors.

#### NOTE 4

## Receivables

The breakdown of consolidated gross and net accounts receivable as of September 30, 2021 and 2020 are as follows:

### A. Accounts Receivable

	(in thousands)	
	FY 2021	FY 2020
<b>Intragovernmental:</b>		
Accounts Receivable, Gross	\$ 110	\$ 71
<b>ACCOUNTS RECEIVABLE, NET</b>	<b>\$ 110</b>	<b>\$ 71</b>
<b>With the Public:</b>		
Accounts Receivable, Gross	352	315
Less: Allowance for Doubtful Accounts	(27)	(6)
<b>ACCOUNTS RECEIVABLE, NET</b>	<b>\$ 325</b>	<b>\$ 309</b>
<b>TOTAL ACCOUNTS RECEIVABLE, NET</b>	<b>\$ 435</b>	<b>\$ 380</b>

## B. Pledges Receivable

As of September 30, 2021 and 2020, the Library had unconditional pledges of contributions totaling \$28.3 million and \$21.8 million, which were discounted through fiscal 2033 at market discount rates and included in the statement of financial position at their discounted value of \$21.2 million and 14.7 million, respectively.

The amounts due in future years, as of September 30, at their current discounted value are:

	(in thousands)	
	FY 2021	FY 2020
2021	\$ 0	\$ 7,190
2022	16,654	3,047
2023	2,634	2,887
2024	206	140
2025	106	20
2026 and thereafter	1,634	1,412
<b>TOTAL</b>	<b>\$ 21,234</b>	<b>\$ 14,696</b>

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### NOTE 5

## Property and Equipment

Property and equipment that were capitalized as of September 30, 2021 and 2020, are as follows:

Classes of Property and Equipment	Acquisition Value	FY 2021		FY 2020		Net Book Value
		Accumulated Depreciation / Amortization	Net Book Value	Accumulated Depreciation / Amortization	Net Book Value	
Operating Equipment	\$ 79,584	\$ 69,183	\$ 10,401	\$ 78,141	\$ 63,682	\$ 14,459
Software	114,041	71,810	42,231	105,808	71,412	34,396
Furniture & Furnishings	2,668	1,754	914	2,668	1,647	1,021
Leasehold Improvements	77,079	48,039	29,040	64,570	43,797	20,773
Leasehold Improvements-In Progress	2,836	0	2,836	12,460	0	12,460
<b>TOTAL</b>	<b>\$ 276,208</b>	<b>\$ 190,786</b>	<b>\$ 85,422</b>	<b>\$ 263,647</b>	<b>\$ 180,538</b>	<b>\$ 83,109</b>

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### NOTE 6

## Non-Entity Assets

Entity assets are those assets that the Library has authority to use for its operations. Non-entity assets are those held by the Library but are not available for use in its operations.

	(in thousands)	
	FY 2021	FY 2020
Intragovernmental Non-Entity Assets	\$ 0	\$ 0
Accounts Receivable - With the Public	2	1
<b>Total Non-Entity Assets</b>	<b>\$ 2</b>	<b>\$ 1</b>
<b>Total Entity Assets</b>	<b>\$ 802,411</b>	<b>\$ 691,030</b>
<b>TOTAL ASSETS</b>	<b>\$ 802,413</b>	<b>\$ 691,031</b>

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**NOTE 7**

## Leases

### A. Capital Leases

The Library did not have assets under capitalized leases as of September 30, 2021 and 2020.

### B. Operating Leases

The Library leases office space and vehicles from the General Services Administration and warehouse space from the Architect of the Capitol. The Library has a service contract with a non-federal vendor to provide a tier 3 level data center facility. Additionally, the Library's overseas field offices lease operating space from the Department of State. Lease costs for office space, warehouse space, vehicles and equipment for fiscal years 2021 and 2020 amounted to \$10.1 million and \$14.2 million, respectively.

Estimated future minimum lease payments under multiyear operating leases having an initial or remaining non-cancelable lease term in excess of one year at September 30, 2021 and 2020 are as follows:

	(in thousands)	
<b>Federal Leases</b>	<b>FY 2021</b>	<b>FY 2020</b>
2021	\$ 0	\$ 1,865
2022	1,883	1,883
2023	1,902	1,902
2024	1,872	1,872
2025 and thereafter	24,932	24,492
<b>TOTAL ESTIMATED FUTURE LEASE PAYMENTS</b>	<b>\$ 30,589</b>	<b>\$ 32,014</b>

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**NOTE 8**

## Workers' Compensation

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for Library employees under FECA are administered by the Department of Labor (DOL) and later billed to the Library.

The Library is using estimates provided by DOL to report the FECA liability. The Library accrued \$1.3 million of unbilled or unpaid workers' compensation costs as of September 30, 2021, and \$1.4 million for 2020. The amount owed to DOL is reported on the Library's Balance Sheet as an intragovernmental liability. The Library recorded an estimated unfunded liability payable to employees, for future costs based on historical claims rates. The estimated future unfunded liability is \$7.1 million and \$7.1 million as of September 30, 2021 and 2020, respectively, and is based on a ten-year projection. This liability is recorded on the Balance Sheet as a liability with the public.

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**NOTE 9**

## Contingent Liabilities

Several claims against the Library relating to employment and contract matters are pending at the administrative level or in court as of September 30, 2021 and 2020. The estimated losses for the claims that are probable were \$580,000 for fiscal year 2021 and \$680,000 for fiscal year 2020. Therefore, an accounting entry for the estimate was posted. The estimated loss for claims that are reasonably possible is \$100,000 for fiscal year 2021 and \$1,000,000 for fiscal year 2020. Therefore, an estimate was not posted but was disclosed in the notes to the financial statement. Management believes the possible loss for all other claims is remote or immaterial with respect to the Library's financial statements. Under law, any claims finally adjudicated or settled at the administrative level would be paid from the Library's funds and any claims litigated in court would be settled by the Treasury's Claims, Judgments and Relief Act Fund.

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**NOTE 10**

## Other Liabilities

Other Liabilities as of September 30, 2021 and 2020, are comprised of the following:

	(in thousands)	
	FY 2021	FY 2020
<b>Other Liabilities-Intragovernmental:</b>		
Liability to Treasury General Fund	\$ 2	\$ 1
<b>Total Intragovernmental</b>	<b>2</b>	<b>1</b>
Contingent Liabilities (Note 9)	580	680
Liability for Clearing account	4	5
Deferred Credits	0	0
Advances From the Public	3,730	4,855
<b>Total With the Public</b>	<b>4,314</b>	<b>5,540</b>
<b>TOTAL</b>	<b>\$ 4,316</b>	<b>\$ 5,541</b>

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**NOTE 11**

## Liabilities Covered and Not Covered By Budgetary Resources

	(in thousands)	
	FY 2021	FY 2020
<b>Liabilities Covered by Budgetary Resources</b>		
Liabilities Covered by Budgetary Resources	\$105,327	\$92,446
<b>Liabilities Not Covered by Budgetary Resources:</b>		
Intragovernmental	1,303	1,400
With the Public	52,647	50,350
<b>TOTAL</b>	<b>\$ 159,277</b>	<b>\$ 144,196</b>

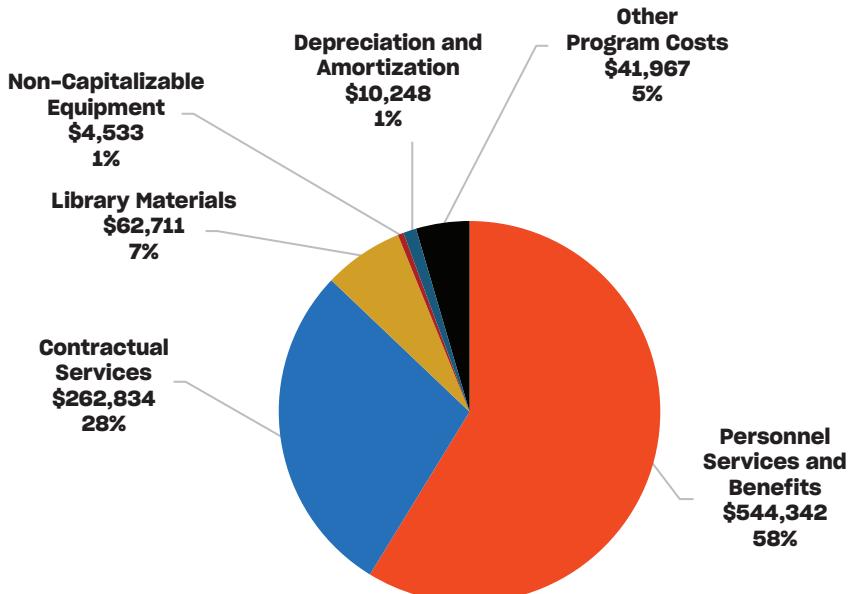
Liabilities covered by budgetary resources include accounts payable, advances from others, accrued funded payroll and benefits, custodial liabilities, advances from the public, and deferred credits.

Liabilities not covered by budgetary resources include accrued unfunded annual and compensatory leave, accrued unfunded workers compensation, and other unfunded liabilities. This balance also includes deposit account liabilities which are liabilities not requiring budgetary resources.

## Program Costs Budget Object Classification

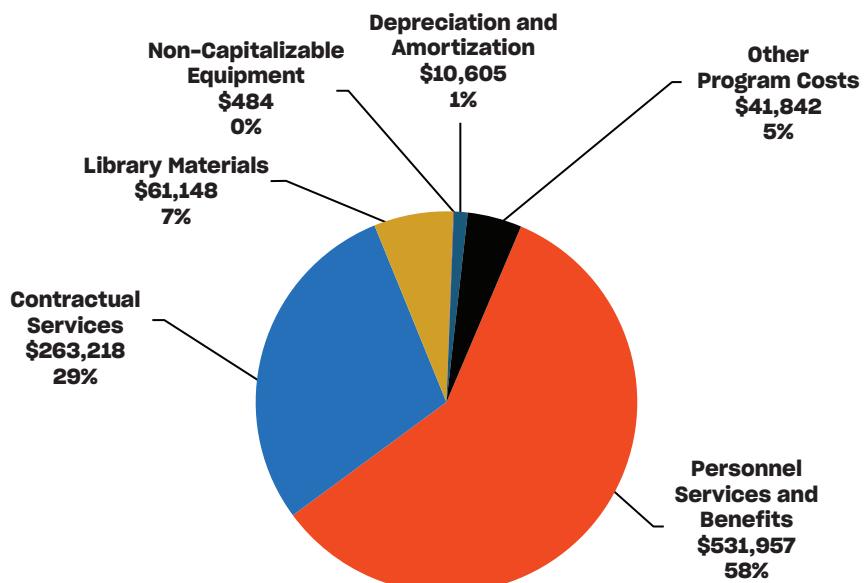
(in thousands)

Fiscal 2021 Program Costs by Budget Object Classification



(in thousands)

Fiscal 2020 Program Costs by Budget Object Classification



The Library's collections are classified as Heritage Assets. \$32.2 million and \$28.4 million of the amount designated as Library Materials above represents the fiscal years 2021 and 2020 cost incurred by the Library for Heritage Assets.

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**NOTE 13**

## Program Costs and Earned Revenue By Functional Classification

### A. Program Costs by Functional Classification

	(in thousands)	
	FY 2021	FY 2020
Commerce and Housing Credit	\$ 68,351	\$ 75,123
Education, Training, Employment, and Social Services	717,658	700,326
General Government	140,627	133,804
<b>TOTAL</b>	<b>\$ 926,636</b>	<b>\$ 909,253</b>

### B. Earned Revenue by Functional Classification

	(in thousands)	
	FY 2021	FY 2020
Commerce and Housing Credit	\$ 46,383	\$ 40,615
Education, Training, Employment, and Social Services	70,794	73,479
General Government	112	195
<b>TOTAL</b>	<b>\$ 117,289</b>	<b>\$ 114,289</b>

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**NOTE 14**

## Exchange Revenues

In accordance with LCR 6-110, Financial Management, the Library must comply with any OMB circular or bulletin if it is specifically prescribed in (1) an LCR, (2) an FSD Directive, or (3) if required by law. OMB Circular No. A-25, User Charges, does not fall into any of these three categories, but may be used by the Library as a useful point of reference. OMB Circular No. A-25 requires that user charges be sufficient to recover the full costs to the federal government. Full costs include all direct and indirect costs to any part of the federal government of providing the good or service, including unreimbursed inter-entity costs.

Were the Library to increase fees and prices to recover full costs to the government for providing goods and services in its business-like activities, this would in some cases reduce the quantity of goods and services demanded. It is not practicable to provide reasonable estimates regarding (1) revenue foregone from charging fees that do not recover full costs to the government and (2) to what extent the quantity of goods and services demanded would change as a result of changes in prices and fees. Under the Copyright Act, the Copyright Office is required to collect fees for the filing of copyright registrations. The Act does not require the recovery of the full costs of operations, but rather the Register of Copyrights is authorized to adjust fees for registration of claims, the recordation of documents, and the provision of services at a level not more than necessary to recover reasonable costs incurred for services

plus a reasonable adjustment for inflation, after having conducted a study of the costs incurred for services by the Copyright Office for such services. Fees should also be fair and equitable and give due consideration to the objectives of the copyright system.

**NOTE 15**

**Program Costs and Earned Revenue for Revolving Fund Programs**

		(in thousands)	
		FY 2021	FY 2020
<b>Audio-Visual Duplication Services:</b>	Program Cost	\$ 145	\$ 60
	Less: Earned Revenue	(136)	(130)
	<b>Net Program Cost</b>	<b>9</b>	<b>(70)</b>
<b>Cooperative Acquisitions Program:</b>	Program Cost	2,423	1,914
	Less: Earned Revenue	(2,338)	(2,085)
	<b>Net Program Cost</b>	<b>85</b>	<b>(171)</b>
<b>Document Reproduction and Microfilm Services:</b>	Program Cost	436	385
	Less: Earned Revenue	(341)	(317)
	<b>Net Program Cost</b>	<b>95</b>	<b>68</b>
<b>Gift Shop Operations:</b>	Program Cost	372	986
	Less: Earned Revenue	(339)	(873)
	<b>Net Program Cost</b>	<b>33</b>	<b>113</b>
<b>Federal Research:</b>	Program Cost	2,752	2,688
	Less: Earned Revenue	(2,495)	(2,534)
	<b>Net Program Cost</b>	<b>257</b>	<b>154</b>
<b>FEDLINK:</b>	Program Cost	59,860	64,910
	Less: Earned Revenue	(58,814)	(62,884)
	<b>Net Program Cost</b>	<b>1,046</b>	<b>2,026</b>
<b>Special Events:</b>	Program Cost	334	1,995
	Less: Earned Revenue	30	(123)
	<b>Net Program Cost</b>	<b>364</b>	<b>1,872</b>
	<b>Total Program Cost</b>	<b>66,322</b>	<b>72,938</b>
	<b>Less: Total Earned Revenue</b>	<b>(64,433)</b>	<b>(68,946)</b>
	<b>TOTAL NET PROGRAM COSTS</b>	<b>\$ 1,889</b>	<b>\$ 3,992</b>

These programs are discussed further in Note 1.D.

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**NOTE 16**

## Classification of Program Costs

	(in thousands)				
	Intragovernmental		Public		Total
FY 2021	Production	Non-Production	Production	Non- Production	
Library Services	\$ 144,598	\$ 72	\$ 338,013	\$ 158	\$ 482,841
Law Library	9,259	1	19,787	0	29,047
Copyright Office	24,067	39	78,737	0	102,843
Congressional Research Service	41,785	46	143,545	0	185,376
Office of the Librarian Direct Programs	10,316	50	43,903	0	54,269
Office of the Chief Operating Officer Direct Programs	3,375	8	68,876	0	72,259
<b>TOTAL</b>	<b>\$ 233,400</b>	<b>\$ 216</b>	<b>\$ 692,861</b>	<b>\$ 158</b>	<b>\$ 926,635</b>

	(in thousands)				
	Intragovernmental		Public		Total
FY 2020	Production	Non-Production	Production	Non- Production	
Library Services	\$ 131,433	\$ 35	\$ 332,857	\$ 33	\$ 464,358
Law Library	8,499	7	24,715	0	33,221
Copyright Office	29,601	24	82,534	(24)	112,135
Congressional Research Service	37,871	26	140,685	0	178,582
Office of the Librarian Direct Programs	6,483	11	37,877	0	44,371
Office of the Chief Operating Officer Direct Programs	3,276	2	73,308	0	76,586
<b>TOTAL</b>	<b>\$ 217,163</b>	<b>\$ 105</b>	<b>\$ 691,976</b>	<b>\$ 9</b>	<b>\$ 909,253</b>

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**NOTE 17**

## Funds from Dedicated Collections

SFFAS No. 43, "Funds from Dedicated Collections: Amending the SFFAS No. 27, Identifying and Reporting Earmarked Funds," defines funds from dedicated collections as those being financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues. The Library's consolidated financial statements include the results of operations and financial position of its funds identified as funds from dedicated collections. The Library's funds from dedicated collections are presented among the following classifications:

- Collections of fees authorized annually for use by appropriations act for:
  - The Cataloging Distribution Service (CDS), the distribution arm for the Library of Congress bibliographic data and related technical publications. Pursuant to 2 U.S.C. §150, CDS sells its products to libraries throughout the United States and around the world and charges "...a price which will cover their costs plus ten per centum added." CDS earned revenues were \$2.4 million and \$2.3 million for fiscal years 2021 and 2020, respectively; and,
  - The Copyright Office, pursuant to 17 U.S.C. §708(d), is authorized to collect fees for the registration of a copyright claim and other copyright recordation and filing activities. Fees collected for these services were \$40.7 million and \$36.4 million for fiscal years 2021 and 2020, respectively. The Copyright Office is also authorized pursuant to 17 U.S.C. §708(a) to collect fees from certain cable and satellite carriers for the filing of statements of account (SOA). The SOA filing fees offset certain administrative costs of the Copyright Office

Licensing Division. The Copyright Office collected \$4.5 million and \$2.7 million in licensing SOA filing fees for fiscal years 2021 and 2020, respectively.

- Public Revolving Funds authorized by 2 U.S.C. §182 for the Cooperative Acquisitions, Audio-Visual Duplication Services, Gift Shop operations, Decimal Classification, Document Reproduction and Microfilm Services, and Special Events and Programs (these programs are discussed further in Notes 1.D. and 15);
- Gift and TFB Programs authorized by 2 U.S.C. §154-163 (and discussed further in Note 1.E.). Gift and TFB Programs cash donations and other realized revenues were \$36 million and \$14.2 million for fiscal years 2021 and 2020, respectively;

The federal government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited into the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the Library as evidence of its receipts. Treasury securities are an asset to the Library and a liability to the U.S. Treasury. Because the Library and the U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements. Treasury Securities provide the Library with authority to draw upon the U.S. Treasury to make future expenditures. When the Library requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way the government finances all other expenditures.

Fiscal data as of and for the year ended September 30, 2021, is summarized below. Intra-agency transactions have not been eliminated in the amounts presented below.

(in thousands)					
FY 2021 (Combined)	Cataloging Distribution Service	Public Revolving Programs	Gift and TFB Programs	Copyright Licensing Expenses	Total Dedicated Collections
<b>BALANCE SHEET:</b>					
Fund Balance with Treasury	\$ 43,676	\$ 13,943	\$ 17,136	\$ 0	\$ 74,755
Investments in U.S. Treasury Securities	0	0	35,907	0	35,907
Other Assets	3,969	560	212,096	991	217,616
<b>TOTAL ASSETS</b>	<b>\$ 47,645</b>	<b>\$ 14,503</b>	<b>\$ 265,139</b>	<b>\$ 991</b>	<b>\$ 328,278</b>
Liabilities	\$ 2,852	\$ 5,279	\$ 1,013	\$ 991	\$ 10,135
Cumulative Results of Operations	44,793	9,224	264,126		318,143
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 47,645</b>	<b>\$ 14,503</b>	<b>\$ 265,139</b>	<b>\$ 991</b>	<b>\$ 328,278</b>
<b>STATEMENT OF NET COST:</b>					
Program Costs	\$ 42,939	\$ 3,705	\$ 8,979	\$ 4,454	\$ 60,077
Less: Earned Revenue	(43,062)	(3,691)	(12)	(4,454)	(51,219)
<b>NET COST OF OPERATIONS</b>	<b>\$ (123)</b>	<b>\$ 14</b>	<b>\$ 8,967</b>	<b>\$ 0</b>	<b>\$ 8,858</b>
<b>STATEMENT OF CHANGES IN NET POSITION:</b>					
Net Position, Beginning	\$ 42,797	\$ 9,153	\$ 211,190	\$ 0	\$ 263,140
Net Cost	123	(14)	(8,967)	0	(8,858)
Non-Exchange Revenues and Donation Receipts	0	0	24,615	0	24,615
Other Financing Sources	1,873	85	37,288	0	39,246
<b>Change in Net Position</b>	<b>1,996</b>	<b>71</b>	<b>52,936</b>	<b>0</b>	<b>55,003</b>
<b>NET POSITION, ENDING</b>	<b>\$ 44,793</b>	<b>\$ 9,224</b>	<b>\$ 264,126</b>	<b>\$ 0</b>	<b>\$ 318,143</b>

Fiscal data as of and for the year ended September 30, 2020, is summarized below.

(in thousands)					
FY 2020 (Combined)	Cataloging Distribution Service	Public Revolving Programs	Gift and TFB Programs	Copyright Licensing Expenses	Total Dedicated Collections
<b>BALANCE SHEET:</b>					
Fund Balance with Treasury	\$ 42,599	\$ 13,730	\$ 14,056	\$ 0	\$ 70,385
Investments in U.S. Treasury Securities	0	0	25,071	0	25,071
Other Assets	3,525	555	172,542	465	177,087
<b>TOTAL ASSETS</b>	<b>\$ 46,124</b>	<b>\$ 14,285</b>	<b>\$ 211,669</b>	<b>\$ 465</b>	<b>\$ 272,543</b>
Liabilities	\$ 3,327	\$ 5,132	\$ 479	\$ 465	\$ 9,403
Cumulative Results of Operations	42,797	9,153	211,190		263,140
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 46,124</b>	<b>\$ 14,285</b>	<b>\$ 211,669</b>	<b>\$ 465</b>	<b>\$ 272,543</b>
<b>STATEMENT OF NET COST:</b>					
Program Costs	\$ 37,663	\$ 5,406	\$ 9,716	\$ 2,651	\$ 55,436
Less: Earned Revenue	(38,727)	(5,363)	0	(2,651)	(46,741)
<b>NET COST OF OPERATIONS</b>	<b>\$ (1,064)</b>	<b>\$ 43</b>	<b>\$ 9,716</b>	<b>\$ 0</b>	<b>\$ 8,695</b>
<b>STATEMENT OF CHANGES IN NET POSITION:</b>					
Net Position, Beginning	\$ 40,360	\$ 9,093	\$ 189,906	\$ 0	\$ 239,359
Net Cost	1,064	(43)	(9,716)	0	(8,695)
Non-Exchange Revenues and Donation Receipts	0	0	18,994	0	18,994
Other Financing Sources	1,373	103	12,006	0	13,482
<b>Change in Net Position</b>	<b>2,437</b>	<b>60</b>	<b>21,284</b>	<b>0</b>	<b>23,781</b>
<b>NET POSITION, ENDING</b>	<b>\$ 42,797</b>	<b>\$ 9,153</b>	<b>\$ 211,190</b>	<b>\$ 0</b>	<b>\$ 263,140</b>

**NOTE 18****Budgetary Resources**

Budgetary resources are classified as follows:

	(in thousands)					
	FY 2021			FY 2020		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
<b>BUDGETARY RESOURCES:</b>						
Unobligated balance brought forward, October 1	\$ 45,621	\$ 106,936	\$ 152,557	\$ 38,779	\$ 106,687	\$ 145,466
Recoveries of unpaid prior year obligations	14,644	3,072	17,716	5,827	5,102	10,929
Other changes in unobligated balance (+ or -)(6,178)		1,680	(4,498)	(6,523)	1,333	(5,190)
<b>Unobligated balance from prior year budget authority, net</b>	<b>54,087</b>	<b>111,688</b>	<b>165,775</b>	<b>38,082</b>	<b>113,123</b>	<b>151,205</b>
Appropriations (discretionary and mandatory)	757,346	42,613	799,959	726,059	21,003	747,062
Spending authority from offsetting collections (discretionary and mandatory)	35	157,683	157,718	0	146,261	146,261
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 811,468</b>	<b>\$ 311,984</b>	<b>\$ 1,123,452</b>	<b>\$ 764,141</b>	<b>\$ 280,387</b>	<b>\$ 1,044,528</b>
<b>STATUS OF BUDGETARY RESOURCES:</b>						
New Obligations and upward adjustments	\$ 741,479	\$ 197,487	\$ 938,966	\$ 718,520	\$ 173,451	\$ 891,971
<b>Unobligated balance, end of year:</b>						
Exempt from apportionment, unexpired accounts	48,832	111,678	160,510	25,743	104,897	130,640
Expired unobligated balance, end of year	21,157	2,819	23,976	19,878	2,039	21,917
Total unobligated balance, end of year	69,989	114,497	184,486	45,621	106,936	152,557
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 811,468</b>	<b>\$ 311,984</b>	<b>\$ 1,123,452</b>	<b>\$ 764,141</b>	<b>\$ 280,387</b>	<b>\$ 1,044,528</b>

(in thousands)

	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
<b>CHANGE IN OBLIGATED BALANCE:</b>						
<b>Unpaid obligations:</b>						
Unpaid obligations, brought forward, October 1 (gross)	\$ 194,754	\$ 72,649	\$ 267,403	\$ 193,222	\$ 50,399	\$ 243,621
New Obligations and upward adjustments	741,479	197,487	938,966	718,520	173,452	891,972
Outlays (gross) (-)	(715, 448)	(176,562)	(892,010)	(711,162)	(146,099)	(857,261)
Recoveries of prior year unpaid obligations (-)	(14,645)	(3,071)	(17,716)	(5,827)	(5,102)	(10,929)
<b>UNPAID OBLIGATIONS, END OF YEAR (GROSS)</b>	<b>206,140</b>	<b>90,503</b>	<b>296,643</b>	<b>194,753</b>	<b>72,650</b>	<b>267,403</b>
<b>Uncollected Payments:</b>						
Uncollected customer payments from federal sources, brought forward, October 1 (-)	0	(16,206)	(16,206)	0	(4,618)	(4,618)
Change in uncollected customer payments from federal sources (+ or -)	(35)	11,952	11,917	0	(11,588)	(11,588)
<b>UNCOLLECTED CUSTOMER PAYMENTS FROM FEDERAL SOURCES, END OF YEAR (-)</b>	<b>(35)</b>	<b>(4,254)</b>	<b>(4,289)</b>	<b>0</b>	<b>(16,206)</b>	<b>(16,206)</b>
<b>OBLIGATED BALANCE, START OF YEAR (NET)</b>	<b>194,753</b>	<b>56,444</b>	<b>251,197</b>	<b>193,222</b>	<b>45,781</b>	<b>239,003</b>
<b>OBLIGATED BALANCE, END OF YEAR (NET)</b>	<b>\$ 206,105</b>	<b>\$ 86,249</b>	<b>\$ 292,354</b>	<b>\$ 194,753</b>	<b>\$ 56,444</b>	<b>\$ 251,197</b>
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>						
Budget authority, gross (discretionary and mandatory)	\$ 757,381	\$ 200,297	\$ 957,678	\$ 726,059	\$ 167,265	\$ 893,324
Actual offsetting collections (discretionary and mandatory) (-)	(678)	(121,708)	(122,386)	(617)	(136,006)	(136,623)
Change in uncollected customer payments from federal sources (discretionary and mandatory) (+ or -)	(35)	11,952	11,917	0	(11,588)	(11,588)
Recoveries of prior year paid obligations (discretionary and mandatory)	678	1,732	2,410	617	1,333	1,950

(in thousands)

	FY 2021			FY 2020		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
<b>Budget authority, net (discretionary and mandatory):</b>						
	<b>\$ 757,346</b>	<b>\$ 92,273</b>	<b>\$ 849,619</b>	<b>\$ 726,059</b>	<b>\$ 21,004</b>	<b>\$ 747,063</b>
Outlays, gross (discretionary and mandatory)	\$ 715,448	\$ 176,562	\$ 892,010	\$ 711,162	\$ 146,099	\$ 857,261
Actual offsetting collections (discretionary and mandatory) (-)	(678)	(171,367)	(172,045)	(617)	(136,006)	(136,623)
<b>Outlays, net (discretionary and mandatory)</b>	<b>714,770</b>	<b>5,195</b>	<b>719,965</b>	<b>710,545</b>	<b>10,093</b>	<b>720,638</b>
Distributed offsetting receipts (-)	0	(200)	(200)	0	(729)	(729)
<b>AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)</b>	<b>\$ 714,770</b>	<b>\$ 4,995</b>	<b>\$ 719,765</b>	<b>\$ 710,545</b>	<b>\$ 9,364</b>	<b>\$ 719,909</b>

**A.** For TFB programs, approximately \$10 million and \$11.8 million of unobligated authority for fiscal years 2021 and 2020, respectively, at the donor's request, is restricted from being spent on program costs (income from investing restricted donations under the Library's real rate of return policy can be spent on program costs). These amounts are invested either in the permanent loan or in Treasury securities. An additional \$87.9 million and \$ 86 million of restricted authority has been obligated and expended to invest in non-Treasury securities for the fiscal years 2021 and 2020, respectively.

**B. Obligated undelivered orders, end of period:**

	(in thousands)	
	FY 2021	FY 2020
Paid	\$ 21,337	\$ 23,919
Unpaid	216,661	187,727
<b>TOTAL UNDELIVERED ORDERS, END OF PERIOD</b>	<b>\$ 237,998</b>	<b>\$ 211,646</b>

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**NOTE 19**

## Budget and Accrual Reconciliations

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

### For the year ended September 30, 2021

	Intra-governmental	With the Public	Total FY 2021
<b>NET COST</b>	<b>\$ 171,704</b>	<b>\$ 637,643</b>	<b>\$ 809,347</b>
<b>Components of Net Cost That Are Not Part of Net Outlays</b>			
Property, Plant, and equipment depreciation	0	(10,248)	(10,248)
Property, plant, and equipment disposal & revaluation	0	11,114	11,114
Royalties Receipts	0	5,517	5,517
<b>Increase/(decrease) in assets:</b>			
Accounts Receivable	565	16	581
Other Assets	(2,581)	0	(2,581)
<b>(Increase)/decrease in liabilities:</b>			
Accounts Payable	(14,925)	4,376	(10,549)
Salaries and Benefits	(770)	(1,336)	(2,106)
Other Liabilities (unfunded leave, unfunded FECA, Actuarial FECA)	3,408	(5,595)	(2,187)
<b>Other Financing Sources:</b>			
Federal costs paid by other agencies and imputed to this agency	(93,465)	0	(93,465)
Other Financing	0	(629)	(629)
<b>TOTAL COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS</b>	<b>\$ (107,768)</b>	<b>\$ 3,215</b>	<b>\$ (104,553)</b>
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	\$ 5	\$ 1,443	\$ 1,448
Acquisition of Inventory	0	(77)	(77)
Acquisition of Other Assets	0	13,467	13,467
Other	0	(8)	(8)
<b>Total Components of Net Outlays That Are Not Part of Net Cost</b>	<b>5</b>	<b>\$ 14,825</b>	<b>\$ 14,830</b>
<b>Other Temporary Timing Differences</b>	<b>141</b>	<b>0</b>	<b>141</b>
<b>NET OUTLAYS</b>	<b>\$ 64,082</b>	<b>\$ 655,683</b>	<b>\$ 719,765</b>

### For the year ended September 30, 2020

	Intra-governmental	With the Public	Total FY 2020
<b>NET COST</b>	<b>\$ 150,984</b>	<b>\$ 643,981</b>	<b>\$ 794,964</b>
<b>Components of Net Cost That Are Not Part of Net Outlays</b>			
Property, Plant, and equipment depreciation	0	(10,605)	(10,605)
Property, plant, and equipment disposal & revaluation	0	20,071	20,071
Royalties Receipts	0	4,918	4,918
<b>Increase/(decrease) in assets:</b>			
Accounts Receivable	465	(461)	4
Other Assets	3,799	0	3,799
<b>(Increase)/decrease in liabilities:</b>			
Accounts Payable	14,313	(12,129)	2,184
Salaries and Benefits	(1,369)	(3,848)	(5,217)
Other Liabilities (unfunded leave, unfunded FECA, Actuarial FECA)	(14)	(9,082)	(9,096)
<b>Other Financing Sources:</b>			
Federal costs paid by other agencies and imputed to this agency	(88,631)	0	(88,631)
Other Financing	0	(702)	(702)
<b>TOTAL COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS</b>	<b>\$ (71,437)</b>	<b>\$ (11,838)</b>	<b>\$ (83,275)</b>
<b>Components of Net Outlays That Are Not Part of Net Cost:</b>			
Acquisition of Capital Assets	\$ 1,036	\$ 2,141	\$ 3,177
Acquisition of Inventory	0	69	69
Acquisition of Other Assets	0	5,115	5,115
Other	(141)	(1)	(142)
<b>Total Components of Net Outlays That Are Not Part of Net Cost</b>	<b>895</b>	<b>7,324</b>	<b>8,219</b>
<b>NET OUTLAYS</b>	<b>\$ 80,442</b>	<b>\$ 639,467</b>	<b>\$ 719,909</b>

#### **NOTE 20**

## **Fiduciary Activity and Net Assets**

SFFAS No. 31, “Accounting for Fiduciary Activities,” defines fiduciary activities as those federal government activities that relate to the collection or receipt, and the subsequent management, protection, accounting, investment and disposition of cash or other assets in which non-federal parties have an ownership interest that the federal government must uphold.

Fiduciary assets are not assets of the Library of Congress or the federal government and accordingly are not recognized on the balance sheet or other principal financial statements of The Library of Congress or the federal government.

The Library of Congress Copyright Office Licensing Division (USCO) administers the compulsory and statutory licenses covered by the Copyright Act (17 U.S.C.). The Licensing Division receives royalty fees from cable television operators for retransmitting television and radio broadcasts, from satellite carriers for retransmitting “super station” and network signals, and from importers and manufacturers for distributing digital audio recording technologies (DART). Refunds may arise when a cable, satellite, or DART remitter inadvertently overpays or is otherwise entitled to a refund. Additional royalty fees may also be requested from the remitter when necessary. The Licensing Division invests the licensing royalty fees in market-based U.S. Treasury notes and bills. Because these investments are held in a fiduciary capacity for the copyright owners, income does not accrue to the Library’s benefit.

Controversies regarding the distribution of the royalties are resolved by the CRJ. The CRJ have full jurisdiction over setting royalty rates and terms and determining distributions. Decisions may be appealed to the United States Court of Appeals for the District of Columbia Circuit.

Investments - Copyright royalties collected by the Copyright Office on behalf of copyright owners are invested, net of service fees, in U.S. Treasury securities. Treasury securities are intended to be held to maturity, are valued at cost and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method, which approximates the effective interest method. These investments will be held until distributions are made to copyright owners.

Intragovernmental Investments - Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. Maturity dates for fiduciary investments held at September 30, 2021 and 2020 range from October 21, 2021 to August 31, 2022 and November 5, 2020 to August 31, 2021, respectively. The yields on investments that matured in fiscal years 2021 and 2020 ranged between 0.005% and 0.140% and 0.010% and 1.974%, respectively.

Fiduciary Activity consists of the following:

	(in thousands)	
	<b>FY 2021</b>	<b>FY 2020</b>
<b>Beginning Fiduciary Net Assets</b>	<b>\$ 1,433,240</b>	<b>\$ 1,451,161</b>
Royalty fees received	222,595	237,088
Investment earnings	697	13,292
<b>Total Inflows to Fiduciary Net Assets</b>	<b>223,292</b>	<b>250,380</b>
Distributions to copyright owners	(434,876)	(265,599)
Refunds of royalty fees	(1)	(51)
Net royalty fees retained for administrative costs	(4,453)	(2,651)
<b>Total Outflows from Fiduciary Net Assets</b>	<b>(439,330)</b>	<b>(268,301)</b>
<b>Increase/(Decrease) in Fiduciary Net Assets</b>	<b>(216,038)</b>	<b>(17,921)</b>
<b>ENDING FIDUCIARY NET ASSETS</b>	<b>\$ 1,217,202</b>	<b>\$ 1,433,240</b>

Net Fiduciary Assets consist of the following:

	(in thousands)	
	<b>FY 2021</b>	<b>FY 2020</b>
<b>Fiduciary Assets</b>		
Fiduciary Fund Balance with Treasury	\$ 119	\$ 81
Investments in U.S. Treasury securities, net	1,216,092	1,432,694
Accounts Receivable	991	465
<b>TOTAL FIDUCIARY NET ASSETS</b>	<b>\$ 1,217,202</b>	<b>\$ 1,433,240</b>

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**NOTE 21**

## Incidental Custodial Collections

Custodial collections are amounts the Library receives for remittance to the General Fund of the Treasury. The Library does not recognize revenue for these collections but transfers the funds to the Treasury. These receipts are usually immaterial and include unclaimed money or refunds, cancelled fund receivable collections, and other incidental collections.

	(in thousands)	
	FY 2021	FY 2020
<b>Miscellaneous Cash Collections:</b>		
Unclaimed Money, Collections of Receivables from Cancelled Accounts and General Fund Proprietary Receipts, Not Otherwise Classified:	\$ 15	\$ 2,997
<b>Total Net Custodial Collections</b>	<b>15</b>	<b>2,997</b>
Transferred to the General Fund of the Treasury	(15)	(2,997)
<b>Total Net Custodial Outflows</b>	<b>(15)</b>	<b>(2,997)</b>
<b>NET CUSTODIAL ACTIVITY</b>	<b>\$ 0</b>	<b>\$ 0</b>

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**NOTE 22**

## COVID-19 Activity

No significant amount of the Library of Congress budget was used for COVID-19.

During fiscal year 2021, no significant amount of the Library of Congress budget was used for COVID-19. During fiscal year 2021, the Library did not receive funding related to COVID-19. However, the Library did receive \$700 thousand in fiscal year 2020 used to cover payroll expenses for Little Scholars Child Development Center. Of the \$700 thousand received, the Library disbursed \$666.5 thousand to cover salaries for the Little Scholars Child Development Center's employees in fiscal year 2020.



The Library's cherry blossom trees reach peak bloom. *Shawn Miller*

# MEMO

**Date** November 17, 2022

**To** Dr. Carla Hayden  
Librarian of Congress

**From** Kimberly Byrd *Kimberly A. Byrd*  
Inspector General

**Subject** Results of the Library of Congress' FY 2021 Financial Statements  
Audit, Report No. 2021-FN-101

The attached report presents the results of the annual audit of the Library of Congress' (Library) financial statements for fiscal year (FY) 2021.

We contracted with the independent certified public accounting firm of KPMG for the FY 2021 audit. The contract required that KPMG perform the audit in accordance with *Government Auditing Standards*; the Office of Management and Budget Bulletin 21-04, *Audit Requirements for Federal Financial Statements*; and the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.

## Results of Independent Audit

### *Financial Statement Opinion*

For the twenty-sixth consecutive year, we are pleased to report that the auditors issued an unmodified (clean) opinion on the Library's financial statements. In its audit, KPMG found that the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Further details are in the *Independent Auditor's Report*.

### *Internal Control over Financial Reporting*

KPMG's consideration of internal control over financial reporting resulted in a material weakness regarding deficiencies in Library's controls to identify

disclosures for investments.<sup>1</sup> KPMG also identified a significant deficiency regarding deficiencies in the Library's Legislative Branch Financial Management System. Details for these findings are in Exhibit I and II of the *Independent Auditor's Report*.

#### *Compliance with Laws and Regulations*

KPMG found no instances of noncompliance with laws and regulations tested.

#### **Office of the Inspector General Oversight of KPMG**

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with *Government Auditing Standards*, was not intended to enable us to express, and we do not express, opinions on the Library's financial statements, conclusions about the effectiveness of internal controls, or conclusions on compliance with laws and regulations. KPMG is responsible for the attached auditor's report dated November 14, 2022, and the conclusions expressed in the report.<sup>2</sup> However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

cc: J. Mark Sweeney, Principal Deputy Librarian  
Edward Jablonski, Chief Operating Officer  
Mary Klutts, Chief Financial Officer  
Michael Van Deusen, Comptroller  
Judith Conklin, Chief Information Officer  
John Rutledge, Deputy Chief Information Officer  
Meredith Skowronski, Senior Counsel, Audit Liaison  
Elizabeth Pugh, General Counsel

#### Attachments

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<sup>1</sup> A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

<sup>2</sup> In accordance with U.S. generally accepted government auditing standards, KPMG's report is dated as of the last day of its fieldwork. KPMG's final report was delivered to the Office of the Inspector General on November 14, 2022.



KPMG LLP  
Suite 12000  
1801 K Street, NW  
Washington, DC 20006

## Independent Auditors' Report

Inspector General of the Library of Congress  
Librarian of Congress:

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Library of Congress (Library), which comprise the consolidated balance sheet as of September 30, 2021, and the related consolidated statements of net cost and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Library of Congress as of September 30, 2021, and its net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

### Other Matters

#### Financial Statements as of and for the Year Ended September 30, 2020

The accompanying financial statements of the Library as of September 30, 2020 and for the year then ended were audited by other auditors whose report thereon dated May 14, 2021, expressed an unmodified opinion on those financial statements, before the adjustment to correct the error described in Note 3 to the consolidated financial statements. The other auditors' report included other matter paragraphs that described the required supplementary information presented to supplement the financial statements and the other information presented for purposes of additional analysis, and that the other auditor did not express an opinion or provide any assurance on such information.

As part of our audit of the 2021 consolidated financial statements, we also audited the adjustments described in Note 3 that were applied to the 2020 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 consolidated financial statements of the Library other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 consolidated financial statements as a whole.

#### Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the financial report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the basic consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

#### Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Assessment of Condition of Heritage Assets sections (hereinafter referred to as the "required supplementary information") be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The Table of Contents and Results of the Library of Congress Financial Statement Audit are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

### *Internal Control over Financial Reporting*

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2021, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as item Exhibit I to be a material weakness.

Library management did not report the material weakness in Exhibit I in its *Internal Control Program, Systems Controls, and Legal Compliance* section included in the Management's Discussion and Analysis section of the accompanying *Financial Statements Report*.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item Exhibit II to be a significant deficiency.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Library's consolidated financial statements as of and for the year ended September 30, 2021 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 21-04.

### *Management's Responses to Findings*

The Library's responses to the findings identified in our audit are described in the *Management Response to Independent Auditor's Report on the Library of Congress FY 2021 Financial Statements* following the accompanying Schedule of Findings. The Library's responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the responses.

### *Purpose of the Other Reporting Required by Government Auditing Standards*

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the



results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

*KPMG LLP*

Washington, D.C.  
November 14, 2022

**Independent Auditors' Report**  
**Exhibit I – Material Weakness**

**Schedule of Findings – Material Weakness**

The weakness in internal control described in this Exhibit existed during the year ended September 30, 2021. The determination of which control deficiencies rise to the level of a material weakness or a significant deficiency is based on an evaluation of the impact of control deficiencies identified, considered individually and in the aggregate, on the Library of Congress (Library) consolidated financial statements as of and for the year ended September 30, 2021. The associated entity level controls, as defined by the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book), are also identified in relation to the control activities in the corresponding areas of this Exhibit.

**Deficiencies in Library of Congress' Controls to Identify Disclosures for Investments**

*Background:*

As a Legislative Branch agency of the Federal Government, the Library is not required to comply with the requirements of the Chief Financial Officers Act of 1990. However, for purposes of financial management and reporting, the Library has issued Library of Congress Regulation (LCR) 6-110, *Financial Management*, which states: "The Financial Services Directorate (FSD) will establish and maintain procedures to ensure that all of the Library's financial activities are conducted in a manner consistent with a legislative branch agency, are in accordance with applicable laws and regulations, follow generally accepted accounting and internal control principles, and are managed with integrity and reliability." The Library conforms to the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB) as its basis for Generally Accepted Accounting Principles (GAAP), and as a result, the Library is required to follow FASAB's GAAP Hierarchy to ensure all relevant disclosures are included in its financial statements.

*Conditions:*

The Library did not design and implement controls to assess that all items that require disclosure are completely and accurately included in the Library's financial statement notes, as required by Green Book Principle 10. Specifically, the Library's financial reporting process was not designed to identify the need to use Other Accounting Literature as a source of disclosure requirements related to non-federal investments.

*Cause:*

This deficiency is a result of insufficient entity level controls as follows:

The Library lacked the documented procedures and training related to the comprehensive review of financial statement disclosures, to validate that all required elements had been disclosed, as required by Green Book Principle 4. Without documented procedures and appropriate training, it is difficult for FSD staff to perform the proper validations, making the review of the financial statements less effective.

*Effects:*

Omitting a required disclosure from the notes to the financial statements resulted in incomplete financial information in the Library's Financial Statements Report for FY2020 and FY2021, which the Library has corrected in the FY2021 Financial Statements Report. Specifically, the Investments note to the financial statements did not include the elements related to other investments held with the public required by the Financial Accounting Standards Board. These required elements include the fair value measurement and hierarchy within which the fair value measurements for non-federal investments are classified.

*Recommendations:*

We recommend that Library management:

1. Perform an annual review to identify all financial reporting requirements related to disclosures and design and implement internal controls to document the review.
2. Develop and document appropriate procedures for and train applicable FSD accounting staff on the review of draft financial statements to validate that all required financial statement disclosures have been included in compliance with GAAP.

**Independent Auditors' Report**  
**Exhibit II – Significant Deficiency**

**Schedule of Findings - Significant Deficiency**

The weakness in internal control described in this Exhibit existed during the year ended September 30, 2021. The determination of which control deficiencies rise to the level of a material weakness or a significant deficiency is based on an evaluation of the impact of control deficiencies identified, considered individually and in the aggregate, on the Library of Congress (Library) consolidated financial statements as of and for the year ended September 30, 2021. The associated entity level controls, as defined by the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book), are also identified in relation to the control activities in the corresponding areas of this Exhibit.

**Deficiencies in Library of Congress' Legislative Branch Financial Management System**

*Background:*

As part of the Library's Fiscal Year (FY) 2021 financial statement audit, we tested key information technology (IT) controls, including monitoring controls placed on third-party service organizations, to determine if relevant access controls, change management controls, computer operations and program development controls were designed and operating effectively. The service organization provides hosting services for Legislative Branch Financial Management System's (LBFMS) physical servers and executes access and change management controls for the application's production operating system (OS) and database (DB). Service organization employees perform development activities and are responsible for deploying configuration changes to the application. As part of our test procedures, we evaluated the implementation of the change management process.

On May 24, 2021, the Library's service organization migrated the physical servers to a new hosting environment. The Library received the service organization's single-user Statements on Standards for Attestation Engagements 18 (SSAE 18) System and Organization Controls (SOC) 1, Type 2, Report on Controls Placed in Operation and Tests of Operating Effectiveness for Services Provided to the Library of Congress for the Period of August 1, 2020 to July 31, 2021.

*Conditions:*

The Library did not design and implement appropriate types of control activities in the entity's information system for coverage of information processing objectives for operational processes, as required by Green Book Principle 11, Design of Appropriate Types of Control Activities. Specifically, the Library did not:

- Effectively implement its control to monitor financially relevant controls designed and implemented by the Library's service organization, as follows:
  - The Library inappropriately relied on the evaluation of hosting controls for the LBFMS application included in the FY 2021 SOC 1 report despite the exclusion of the new hosting environment and controls in place after the migration of the production OS and DB on May 24, 2021.
  - The Library did not coordinate with the service organization to ensure that the scope and subject matter of the SOC 1 report aligned with the complete service offerings performed by the service organization on behalf of the Library. Specifically, the Library did not ensure that the following controls were included and tested by the service organization auditor:
    - Application configuration management controls;
    - Batch/Interface configuration controls; and
    - Application privileged user access controls.

- The Library did not coordinate with the service organization to ensure that preventative or detective access controls were designed and implemented to enforce segregation of duties between LBFMS developers and individuals who deploy changes to the production environment.
- Effectively design and implement its controls over the periodic review and recertification of LBFMS privileged application, DB, and OS users' access. Specifically, the review and recertification was reviewed using manually maintained listings and was not performed using a system-generated listing from LBFMS.
- Appropriately design its control to maintain a complete and accurate system-generated list of production LBFMS application and DB changes that can be traced to approved change request documents for the production environment.
- Document controls to monitor the LBFMS' interface job processes with other systems.

*Causes:*

These deficiencies are a result of insufficient entity level controls as follows:

- Green Book Principle 5 requires that "Management should evaluate performance and hold individuals accountable for their internal control responsibilities."
- Green Book Principle 7 requires that "Management should identify, analyze, and respond to risks related to achieving the defined objectives."
- Green Book Principle 13 requires that "Management should use quality information to achieve the entity's objectives."
- Green Book Principle 16 requires that "Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results."

*Effects:*

The deficiencies in the controls over the monitoring of service organizations limit the assurance on the design and operating effectiveness of the access, change management, configuration management, separation of duties, batch/interface processing, and privileged user access controls the Library is relying on for LBFMS, which increases the risk that the Library may not be aware of existing or potential weaknesses that could adversely affect the integrity of LBFMS financial and system data.

In addition, granting excessive privileges to developers and not utilizing a system-generated listing of users during periodic reviews of access exposes the Library's financial data to increased risk of inadvertent or deliberate disclosure, modification, or destruction of financial data.

Similarly, relying on a ticketing system for control procedures and not a system-generated list of changes increases the risk that unauthorized changes may be implemented into the production application without being detected by management. The Library was unable to provide a reconciliation demonstrating all implemented LBFMS application and DB changes were tested and approved.

Also, the lack of adequately documented controls increases the risk that controls are performed incorrectly or inconsistently, increasing the risk that failed interface job processes are undetected by the Library. The lack of consistent interface job process monitoring and reconciliation of failed interface execution may lead to incomplete, inaccurate, or invalid financial data.

*Recommendations:*

We provided Library management with a separate letter that includes specific information about the control deficiencies, our understanding of the specific causes of the control deficiencies, and our recommendations.



# Management Report – Unaudited

Fiscal Year Ended September 30, 2021

## Assessment of Condition of Heritage Assets

The Library has the largest collection of library and archival materials in the world, which includes almost every format and recording media, encompassing over 470 languages. Providing access to this collection entails risk of damage, deterioration, or loss that could impair the Library's ability to serve the Congress and other users in the future. However, since the collection exists to be used, management accepts the responsibility of mitigating risk to the collection at the same time it fulfills the Library's mission to provide access to the materials.

As of September 30, 2021, the collection was determined to be in a useable condition for fulfilling the Library's service mission. During fiscal 2021, only a small number of items were removed from the collection because of severe damage or deterioration, and a small portion of materials were kept under usage restrictions to limit the risk of further damage or deterioration. The useful life of an item varies by its medium (e.g. book, paper, film, digital media) and manner of use, the treatment and reformatting methods that are suitable for the item, and the storage environment used to maintain the item.

The Library employs a variety of methods to prolong the useful life of its materials, and conducts the scientific research and analysis required to understand and develop effective preservation strategies. This research is coupled with ongoing assessment of the collection to develop a sustainable and effective preservation program for heritage assets. In 2021, this included the initial phase-out of mass-deacidification due to declining numbers of items suitable for treatment and better cost-efficiencies in using environmentally optimized storage systems to address collection needs. In turn, rebalancing of funds from deacidification to support conservation, inventory control, and reformatting better aligned preservation capabilities for collection usage that supports the Library's strategic plan, including:

- Continuing appropriate environmental storage conditions for cost effective care and inventory control of Library collections in all formats
- Utilizing conservation treatments to address damage or deterioration and enable use for re-search, digitization, loan, and exhibition
- Reformatting unusable media or obsolete formats to digital versions for preservation and use
- Selecting protective housings or aftermarket bindings to collate and protect items
- Determining the use of surrogates in serving the collection to the public

While the Library has made progress in developing appropriate preservation storage of collection items at its off-site facilities, the Library has inadequate space and environmental control in some storage areas, and insufficient resources to support all treatment, reformatting, and cataloging needs. These issues cannot be fully addressed with current funds and physical plant. The move of collection materials into the storage facility at Fort Meade, Maryland, is serving to remedy many of these difficulties for the diverse array of materials in the Library's special and general collections, and the acquisition of the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia, was a major step in the preservation of film and other media.

# LIBRARY

LIBRARY  
OF CONGRESS

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