



UNITED STATES GOVERNMENT

LIBRARY OF CONGRESS

Memorandum

Office of the Inspector General

TO: James H. Billington
Librarian of Congress

March 17, 2010

FROM: Karl W. Schornagel
Inspector General

SUBJECT: Status of Efforts to Reduce Backlog of Copyright Claims
Report No. 2010-PA-104

The report that accompanies this memorandum provides the results of the latest Office of the Inspector General (OIG) review of progress that the Copyright Office (Copyright) has made to reduce the backlog of copyright claims. The review focused on activities which affected the backlog between October 2009 and January 3, 2010, and represents the second OIG review which followed-up on the report we issued in September 2008, titled *Limited Review of the Copyright Claims Backlog Issue* (report number 2001-IT-304).

We are pleased to report that several positive developments pertaining to the claims backlog have taken place since we issued our last follow-up report in September 2009. Specifically, the number of claims in the backlog has consistently declined, the productivity of registration specialists has significantly increased, and the percentage of claims submitted electronically increased. Additionally, 51 staff members from organizations throughout the Library are working in Copyright on temporary details to help reduce the backlog of claims.

We continue to be impressed by the commitment of Copyright staff members to their responsibilities. We also commend the Library community for helping Copyright address the backlog. We will continue to monitor the size of the claims backlog and report periodically on its status.

PUBLIC RELEASE

cc: Register of Copyrights
Chief Operating Officer

Status of Efforts to Reduce Backlog of Copyright Claims

Background

In July 2008, the Copyright Office (Copyright) fully implemented its new online copyright registration system, eCO. The system was a result of an initiative that Copyright embarked on in 2000 to reengineer its public services. It was developed to capture claim applications, prospective copyright material, and application fees in electronic form. In theory, using eCO would reduce processing times for copyright claims (claims) and greatly improve Copyright's efficiency and service to the public. However, Copyright encountered significant problems with the system's implementation and, by September 2008, approximately 397,000 unprocessed claims had accumulated in a backlog. The monumental size of the backlog was largely the result of long claims processing times. Key factors which were responsible for the long processing times included: (1) unreliable technology— optical character recognition (OCR) — that was used to “read” paper applications, and (2) the slow operating response time of eCO.

We initially reported on the claims backlog issue in September 2008.¹ The report that we issued included three recommendations we made to: (1) increase incentives offered to the public to reduce the volume of paper claims; (2) promptly fill the office's vacant registration specialist positions; and (3) seek the staffing resources the office needs over the next few years to simultaneously process incoming claims and eliminate the backlog of unprocessed claims.

In our first follow-up report, issued in September 2009, we reported that Copyright had filled the office's vacant registration specialist positions and introduced a new fee schedule that provided a financial incentive for electronic submissions of claims. We also reported actions that Copyright had taken to remedy issues traceable to the use of OCR and eCO's slow operating response time, noting significant improvements in registration specialists' productivity levels which resulted from the office's remedial actions. However, despite the positive developments, the backlog of claims had grown to approximately 533,000 as of the end of July 2009.

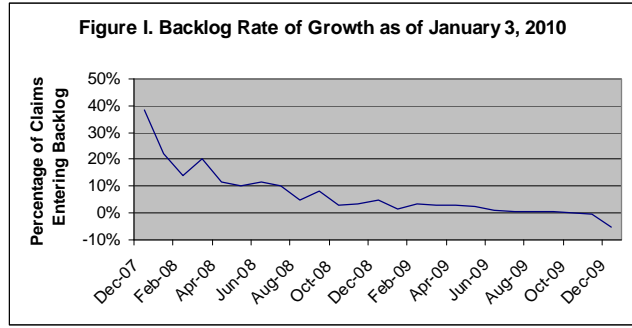
Copyright Backlog

The number of claims in Copyright's backlog has steadily declined since mid-October 2009. As of January 3, 2010, 508,380 claims were in the backlog, reflecting approximately a five percent reduction from the level the end of July 2009.² The January 2010 claims total included 78,783 claims which were awaiting responses from the claimants.

¹ *Limited Review of the Copyright Claims Backlog Issue*, 2001-IT-304, September 2008.

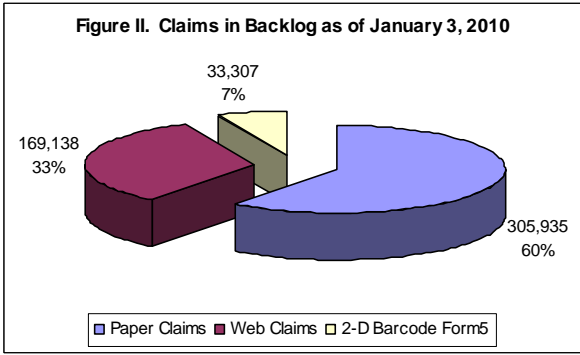
² Our methodology for calculating the backlog differs from Copyright. As of January 3, Copyright reported 429,597 claims in backlog. Copyright no longer includes claims that lack information from the claimant in their calculation of backlogged claims. Copyright considers these claims non-processable because they lack information necessary to process. These claims were previously included in the backlog calculation. For consistency and comparability purposes, the OIG will continue to include claims awaiting response from claimants in the calculation of claims in the backlog.

In September 2009, Copyright anticipated that the backlog would peak between the first and second quarters of fiscal year 2010. However, the backlog level reached its high of approximately 538,000 claims in October 2009 and has steadily declined ever since.³ We hope that that trend continues. Figure I shows growth rates of unprocessed claims accumulating in the backlog from December 2007 through January 3, 2010.



In September 2009, we reported that approximately 60 percent of claims were submitted electronically. Since then, that percentage has substantially increased. More than 70 percent of the claims submitted to Copyright from the beginning of last October through the end of 2009 were submitted to the office electronically. This trend has been a very positive development because processing an electronic claim does not involve the arduous and time-consuming steps that a paper claim must go through before it reaches a registration specialist.

Despite the fewer processing steps electronic claims go through, the number of electronic claims in the backlog has been steadily increasing. The increase represents a result of Copyright’s strategy to focus its resources on reducing the huge volume of paper claims included in the backlog. As shown in Figure II below, paper claims made up 60 percent of the backlog as of January 3, 2010. The accumulation of paper claims in the backlog accelerated between the time that Copyright began using eCO to process claims and eService⁴ was released to the public.



³ We do not have sufficient information to affirmatively state that the backlog has peaked.

⁴ eService is a component of eCO that allows members of the public to file registrations online. This system captures claim information in electronic form, often accompanied by electronically-submitted material to be copyrighted and electronic payment of the filing fee.

⁵ A 2-D barcode form captures all of the information a user types into the form, enabling Copyright staff to scan the barcode and populate eCO’s records.

Processing Time of Copyright Claims

In September 2009, we reported that the performance standard for a registration specialist required the specialist to open an average of 2.5 claims per hour to receive a satisfactory performance rating. We also reported that this performance standard was established in October 2008 when Copyright faced significant issues involving eCO's implementation. We questioned whether the performance standard for a registration specialist was up-to-date because, by then, eCO had been improved which meant that specialists would no longer have to perform extra work to overcome technical system flaws. Accordingly, we recommended that Copyright reevaluate the specialists' performance standard to ensure that it was based on operating conditions that were current at the time. We also recommended that the performance standard be evaluated in the future as improvements in claims processing and eCO took place.

For this second follow-up review, we found that trained registration specialists were opening an average of 3.1 claims per hour. Despite that productivity level, the performance standard for a registration specialist still required a specialist to open only an average of 2.5 claims per hour to receive a "satisfactory" performance rating. We continue to question whether the performance standard for a registration specialist is up-to-date. Therefore, we are reiterating our September 2009 recommendations on the performance standard.

Staff Resources

As previously mentioned, we reported in September 2009 that Copyright had satisfactorily addressed one of two staffing recommendations in our 2008 report by filling the office's vacant registration specialist positions.

A temporary measure has been implemented to address the second staffing recommendation of our 2008 report. That recommendation called for Copyright to seek the staffing resources the office needs over the next few years to simultaneously process incoming claims and eliminate the backlog of unprocessed claims. In January 2010, 51 staff members from organizations throughout the Library were working in Copyright on 60-day detail assignments to help the office reduce the claims backlog. Copyright anticipates that the backlog will be reduced by approximately 100,000 claims through the detailees' assistance.

Although we recognize that the staff detail assignments represent a positive development, the temporary measure does not provide an adequate solution for the sizeable claims backlog issue. Therefore, we are keeping the second staffing recommendation of our 2008 report open until Copyright obtains the staffing resources the office needs to simultaneously process incoming claims and eliminate the backlog of unprocessed claims.

Management Response

Management generally agreed with the report's findings. The full text of management's response is attached.

TO: Nicholas Christopher
Assistant Inspector General for Audits

DATE: February 24, 2010

FROM: Elizabeth R. Scheffler
Chief Operating Officer



SUBJECT: Copyright Office response to IG report, *Status of Efforts to Reduce Backlog of Copyright Claims*

We thank the Inspector General for giving us the opportunity to review and comment on this follow up report prior to its release. From our perspective the report is a largely accurate depiction of current conditions, and we are very pleased with the report's acknowledgement of the significant progress the Office has made during the period of review.

Our response to the report follows. We would be happy to discuss our observations and suggestions with you at your request.

- In paragraph 1 of page 1, the report states, "...*Copyright encountered significant problems with the system's implementation and, by September 2008, approximately 397,000 unprocessed claims had accumulated in a backlog.*" The Office actually implemented its reengineered processes in August 2007 but did not release eCO eService to the public until 11 months later, in July 2008. At the time of the transition to eCO, the Office had approximately 150,000 claims in process. The delay in releasing eCO eService resulted in the accumulation of approximately 250,000 *additional* claims filed on paper applications, which are labor intensive to process in eCO.
- In the third paragraph of page 1, the report states, "...*despite the positive developments, the backlog of claims had grown to approximately 533,000 as of the end of July 2009.*" The "positive developments" alluded to include the introduction of a new fee schedule that provided a stronger incentive for remitters to file claims online, and the hiring of a new cadre of Registration Specialists. Since the release of eCO eService under a limited beta test in 2007, there was always a fee differential between eService and paper claims. Initially the differential was \$10; \$35 for eService and \$45 for paper. With the new fee schedule, the eService fee remained at \$35 while the fee for using paper forms increased to \$65. However, the new fee schedule did not take effect until August 2009. Also, the new hires came on board during February-April and were in training most of the year. Their productivity would have been limited until late 2009.
- Footnote 3 on page 2 of the report states, "*We do not have sufficient information to affirmatively state that the backlog has peaked.*" Since the decline in the number of claims in process began in September 2009, well before the Office launched a concerted effort to clear 100,000 claims and also before the 51 staff members from the Library began temporary details in the Copyright Office, we believe the workload statistics clearly affirm that the backlog of claims in process did, in fact, peak in October 2009. As evidence, we note that the backlog of claims in process fell by approximately 15,000 from late November through the

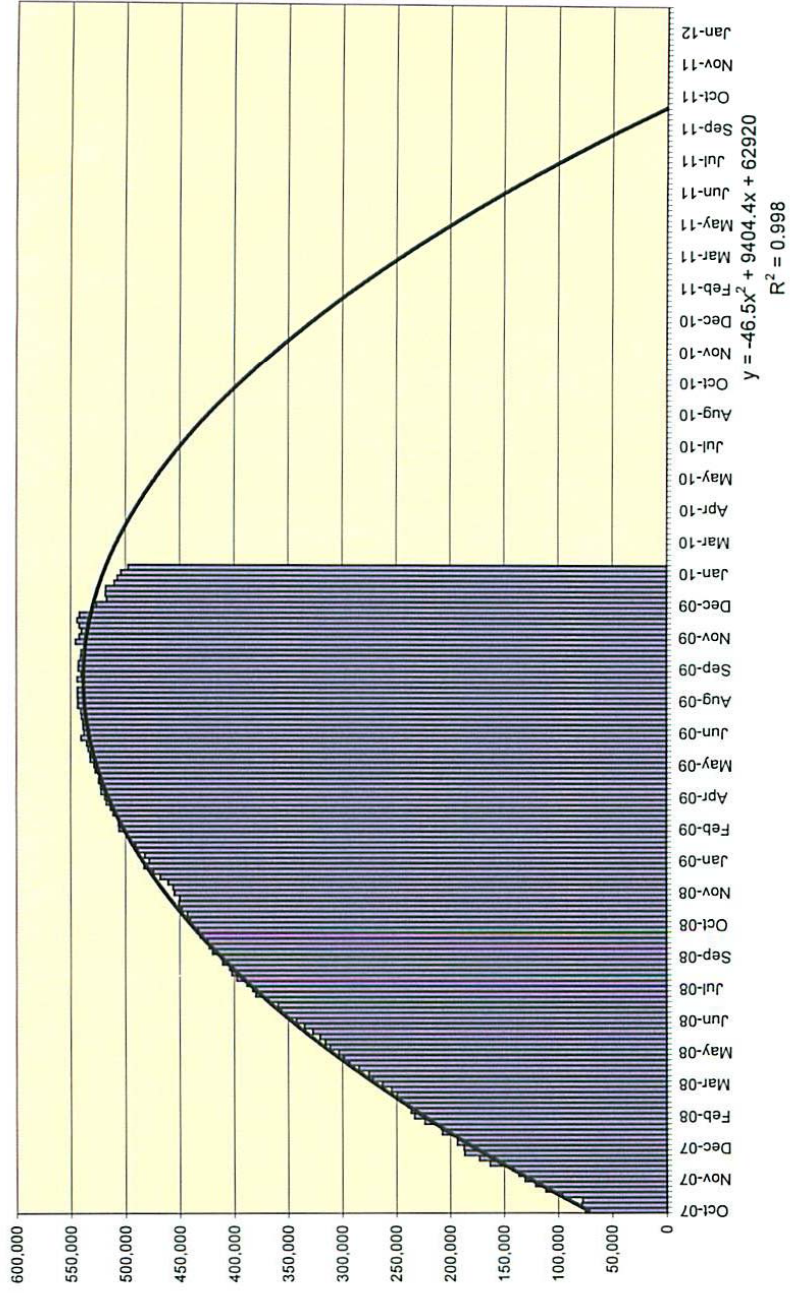
end of December, which was before the 51 temporary details began. For further evidence, please see the attached graphs of actual data and projected trends showing the total number of registrations in eCO using FY 2007-2010 data (Attachment A), FY 2009-2010 data (Attachment B), and the number of processable claims in the system from December 2009 to the present (Attachment C). Note that the trend lines match the actual data quite closely and clearly indicate the peaking and subsequent decrease in the backlog beginning in September and continuing in the period well before the introduction of the Library detailees.

- With regard to performance standards noted on page 4 of the report, Registration Specialists are currently required to **open 2.5** claims per hour and are currently **opening** on average 3.1 claims per hour. The performance requirement is tied to opening rather than processing claims because approximately 20 percent of claims received cannot be processed quickly (e.g., in the case that the correct filing fee was not submitted¹), or at all (e.g., in the case that the work submitted contains no original authorship and may not be registered).
- Having the additional 51 Library staff members on temporary detail boosts our efforts to reduce the processable backlog, and we appreciate the Librarian's support of that initiative. Credit should be shared by Copyright Office staff members, who have consistently worked hard to reduce the backlog, and the short term surge support received from the Library. Accordingly, we suggest that the final sentence in paragraph 4 of page 4 be re-drafted as follows: "Copyright anticipates that the backlog will be reduced by approximately 100,000 claims by the continued hard work of Copyright Office staff and Library of Congress detailees."
- Footnote 2 on page 1 of the report indicates that OIG and the Copyright Office do not calculate the backlog of claims in process in the same manner. To ensure consistency with historical comparisons and to present a more descriptive delineation, the Copyright Office separates claims on hand into two categories: (1) processable (those that can be completed as submitted), and (2) unprocessable (those that cannot be completed as submitted or that are awaiting additional elements). In the opinion of the Copyright Office, including unprocessable claims in the calculation of claims in process overstates the actual work on hand since the backlog of claims in process, by definition, represents the volume of work awaiting action by Copyright Office staff members. No work can be done on an unprocessable claim unless or until the remitter takes some kind of action. In fact, over 20 percent of claims in correspondence² are ultimately closed for lack of remitter response.

¹ Claims with insufficient filing fees ("short fee" claims) impose a significant business cost on the Office. The eCO system does not allow the submission of eService claims without the correct filing fee. The Copyright Office intends to pursue a regulatory change requiring remitters who have Copyright Deposit Accounts for the purpose of paying filing fees to submit claims in eCO. Since eService claims already far outnumber claims filed on paper applications, this regulatory change will effectively put an end to short fee claims.

² Claims for which Copyright Office staff must engage the remitter in correspondence for clarifying information, to request additional funds, or to resolve some other problem with the claim. Claims in correspondence are set outside the workflow until a reply from the remitter is received or until the claim is closed for lack of reply.

TOTAL REGISTRATIONS IN PROCESS IN eCO projected from FY07-10 data
(includes all processable, waiting on claimant, and uningested claims in RACD)



TOTAL REGISTRATIONS IN PROCESS IN eCO projected from FY09-10 data
(includes all processable, waiting on claimant, and uningested claims in RACD)

