

1 taxpayers, and so NTIS covered its costs by selling these
2 reports to the public. Having a permanent, publicly
3 accessible library of the Government's scientific research
4 is a sensible idea and one that has proven useful to
5 historians, scientists, and researchers since NTIS was
6 created.

7 Today, however, someone seeking a Government report
8 usually does not have to go to a clearinghouse or even a
9 library to get it. They go to the Internet. Government
10 agencies now make many of their most recent technical
11 reports available on their own websites and they offer them
12 free of charge. For example, an engineer could find a
13 report called "Modular Electronics for Flash Memory
14 Production" online by just entering the title into a search
15 engine, and she could download it for free. But, if she
16 wants the same report from NTIS, she will have to pay \$30,
17 even for an online copy.

18 For reasons that we will explore further today, NTIS
19 has also been trying to profit by selling documents that
20 have little, if anything, to do with scientific or technical
21 information, like the "Armed Forces Recipe Book," and even
22 my colleague, Dr. Coburn's, "Waste Book," which actually
23 includes NTIS as a prime example of wasteful Government.
24 Both of these documents are, of course, available for free
25 online and easy to find with a quick search.

1 I understand that GAO, who will testify at today's
2 hearing, has recently asked NTIS to stop charging for GAO
3 reports and just provide the link to GAO's website. I would
4 like to make part of the record today a letter from Gene
5 Dodaro, the Comptroller General of the United States, dated
6 July 18, 2014, specifically directing the Secretary of
7 Commerce to provide a link to GAO and to cease and desist
8 from selling GAO reports on their website.

9 [The information follows:]

10 / SUBCOMMITTEE INSERT

1 Senator McCaskill. The questions these examples raise,
2 of course, are why would anyone buy publications from NTIS
3 when they are available for free elsewhere on the Internet.
4 Partly for this reason, NTIS's own parent, the Department of
5 Commerce, attempted to dismantle NTIS during the Clinton
6 administration.

7 Not surprisingly, NTIS has lost money consistently over
8 the last decade on its repository. In order to remain
9 financially afloat, the agency began offering services to
10 other Government agencies, including web hosting, e-training
11 courses, and database management, for a price. NTIS does
12 this by using a particular provision of its authorizing
13 statute, which allows the agency to enter into joint
14 ventures to conduct its business.

15 How this works is that a Federal agency who wants to
16 obtain web hosting services, for example, will enter into an
17 interagency agreement with NTIS to provide that service.
18 Meanwhile, NTIS enters a joint venture with a private
19 company that actually provides the service to the agency.
20 NTIS collects a fee from the other agency for providing
21 these services and all parties get to avoid the scrutiny and
22 regulations that apply to most other Federal contracts.

23 I have questions about how and why NTIS is providing
24 these services. First, Congress established NTIS to serve
25 as a permanent repository of information, not to duplicate

1 the functions of the General Services Administration or to
2 serve as a contractor or pass-through entity for other
3 Government agencies.

4 Second, it appears that the other Government agencies
5 are using NTIS's services not because it is offering a
6 better value than the GSA schedules or another competitively
7 awarded contract, but because it allows those agencies to
8 avoid complying with the requirements of the FAR, which is,
9 in fact, the Federal Acquisition Regulations.

10 I recognize that NTIS does serve an important function
11 as a repository and a catalog. There are many reports NTIS
12 holds that are not available elsewhere. The Internet is not
13 an archive, and search engines can only search for what is
14 currently on the Web. And, if a Government agency removes a
15 report from its website or runs out of space on its servers,
16 that research could be more difficult to find without NTIS.

17 Our country's most prestigious research universities
18 have said that the collection and catalog is valuable. In
19 fact, they would be willing to pay in order to maintain its
20 existence.

21 But, we have got to make sure these reports are
22 archived and made available to the public in the most
23 effective and efficient way possible. If there are core
24 services, like collecting, archiving, and disseminating
25 Government information that only the Government can do, then

1 we may need the Government to continue to perform that
2 service. But, it is not clear to me whether the service
3 needs to be performed by a separate agency in the Department
4 of Commerce rather than the Library of Congress, the
5 Government Printing Office, or some combination of the two.

6 If there is a legitimate need for these services, let
7 us consider paying for it directly and more efficiently
8 rather than using gimmicks, like selling web hosting or
9 document management to hide the real cost of providing those
10 services.

11 There are important questions to discuss about NTIS and
12 its future, but they represent even more important questions
13 about our Government. Can we, as a Congress, come together
14 and cut bureaucracy when it is obsolete and duplicative?

15 I am hopeful, because Dr. Coburn and I have come
16 together--and he is a champion on this topic, relentless,
17 like a dog with his bone--we have come together to cosponsor
18 bipartisan legislation, the Let Me Google That for You Act,
19 which would begin to address some of these problems at NTIS.
20 I know Dr. Coburn, like me, has hard questions about why we
21 need an NTIS authorized in 1950 in a 2014 world.

22 I thank the witnesses for being here and I look forward
23 to their testimony.

24 Dr. Coburn.

25 OPENING STATEMENT OF SENATOR COBURN

1 Senator Coburn. Well, first of all, I do not think I
2 could have said it any better than you did. I may be a dog
3 after the bone, but at my age, I am starting to forget where
4 I left the bone.

5 [Laughter.]

6 Senator Coburn. So, I look forward to the witnesses'
7 testimony and being able to ask questions. Thank you.

8 Senator McCaskill. Thank you.

9 And, we are honored to have our Chairman here today.
10 This is special. Thank you, Senator Carper, for stopping
11 by. Would you like to make any comments for the record
12 before we begin the testimony?

13 OPENING STATEMENT OF CHAIRMAN CARPER

14 Chairman Carper. I love bipartisan cooperation, and I
15 love it when two of the most thoughtful members of our
16 Committee collaborate, and I am happy to be here to witness
17 this--to witness this--and thank you for inviting me.

18 Senator McCaskill. Thank you.

19 We will begin with you. Let me introduce the
20 witnesses.

21 Valerie Melvin is Director of Information Management
22 and Technology Resource Issues within GAO's Information
23 Technology Team, where she is responsible for work examining
24 IT issues across the Federal Government. Ms. Melvin has
25 directed reviews of Federal IT management modernization

1 programs at various agencies, including the Departments of
2 Veterans Affairs, Defense, Health and Human Services, Labor,
3 as well as the Social Security Administration and the Office
4 of Personnel Management.

5 Mr. Bruce Borzino is the Director of the National
6 Technical Information Service. Mr. Borzino has 31 years of
7 Government service with the United States Army, General
8 Services Administration, and the Department of Commerce.
9 Mr. Borzino is also a retired Army Lieutenant Colonel.
10 Thank you for your service.

11 I would like to thank the witnesses for appearing
12 before us today, and it is the custom of this Subcommittee
13 to swear in all witnesses that appear, so if you do not
14 mind, I would ask you to stand.

15 Do you swear the testimony you will give before the
16 Subcommittee will be the truth, the whole truth, and nothing
17 but the truth, so help you God?

18 Ms. Melvin. I do.

19 Mr. Borzino. I do.

20 Senator McCaskill. Thank you both.

21 We will begin with you, Ms. Melvin.

1 TESTIMONY OF VALERIE C. MELVIN, DIRECTOR,
2 INFORMATION MANAGEMENT AND TECHNOLOGY RESOURCES
3 ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

4 Ms. Melvin. Good afternoon, Chairwoman McCaskill,
5 Senator Coburn, and Chairman Carper. Thank you for inviting
6 me to testify at today's hearing on the National Technical
7 Information Service. At your request, my testimony will
8 summarize a report that we issued in November 2012, which
9 addressed NTIS's operations, the age of and demand trends
10 for reports added to its repository, and the extent to which
11 these reports are readily available from other public
12 sources.

13 In this regard, our work noted that NTIS offers a
14 variety of products and services, as you have noted.
15 Moreover, it charges fees for these products and services
16 and is required by law to be financially self-sustaining to
17 the greatest extent feasible. In fulfillment of its basic
18 statutory function, NTIS established a researchable
19 repository of over 2.5 million scientific, technical,
20 engineering, and business research reports, which is makes
21 available individually as well as through subscriptions to
22 its reports library.

23 However, our work highlighted the need for attention to
24 NTIS's basic statutory role of collecting and disseminating
25 technical reports and the fee-based model upon which it

1 operates. In particular, we found that from fiscal year
2 2001 through 2011, costs for NTIS's reports and other
3 products exceeded revenue for ten of the 11 fiscal years and
4 the agency was financially sustained during this period by
5 services it offered to other Federal agencies that were less
6 directly related to its basic statutory function.

7 More importantly, we estimated that about 74 percent of
8 the reports added to NTIS's collection from fiscal year 1990
9 through 2011 were readily available from other public
10 websites, and of these, we estimated that approximately 95
11 percent were available for free. These included reports
12 available from the issuing organization's website, the
13 Federal Government's official web portal, USA.gov, among
14 other sources. Most often, these reports were readily
15 located at another website through the Google.com search
16 engine that we used.

17 We concluded that the increasing availability of the
18 technical reports from other public sources, and often at no
19 cost, coupled with the decline in revenue associated with
20 this basic statutory function called into question the
21 viability and the appropriateness of NTIS's fee-based model
22 for disseminating the reports that it collects.

23 Accordingly, we suggested that Congress consider
24 examining the appropriateness and the viability of this
25 model to determine whether it should be continued, given

1 that many of the reports overlap with similar information
2 available from the issuing organizations or other sources
3 for free.

4 For its part, NTIS acknowledged that the increasing use
5 of the Internet to disseminate information posed a challenge
6 to its mandate as a self-financing repository. However, the
7 Department of Commerce did not indicate whether it had any
8 plans to propose changes to the fee-based model.

9 Nevertheless, Chairwoman McCaskill, the legislation
10 that you, Senator Coburn, and others have recently
11 introduced aimed at streamlining the collection and
12 distribution of Government information can provide an
13 important vehicle for reassessing this model.

14 This concludes my oral statement. I would be pleased
15 to respond to any question that you all may have.

16 [The prepared statement of Ms. Melvin follows:]

1 Senator McCaskill. Mr. Borzino.

1 TESTIMONY OF BRUCE BORZINO, DIRECTOR, NATIONAL
2 TECHNICAL INFORMATION SERVICE, U.S. DEPARTMENT OF
3 COMMERCE

4 Mr. Borzino. Good afternoon, Chairwoman McCaskill,
5 Chairman Carper, Dr. Coburn. Thank you for your invitation
6 to testify today on NTIS's mission and the value it provides
7 the Federal Government and the American public.

8 The NTIS's mission is twofold: One, promoting American
9 innovation and economic growth by serving as the Federal
10 Government's central means of collecting and widely
11 disseminating scientific, technical, and engineering
12 information to the public and industry; and, secondly, by
13 providing innovative information management solutions to
14 assist other Federal agencies in managing and disseminating
15 information to their users and constituencies. This mission
16 aligns with the mission of Commerce and the administration's
17 goal of promoting shared services to Federal agencies.

18 The National Technical Information Act of 1988 and the
19 American Technology Preeminence Act of 1991 provide NTIS
20 with its unique authorities to serve the public and
21 industry, which ensures permanent public access to Federal
22 technical reports. Since Federal agencies are not required
23 to make these reports permanently available to the public,
24 that permanent repository function is the responsibility of
25 NTIS and is as critical today in the Internet age as it ever

1 has been.

2 NTIS is a self-sustaining agency and it relies solely
3 on fees from the provision of products and services, but
4 does not receive an annual appropriation from Congress.

5 NTIS has amassed a collection of 2.8 Federal
6 publications [sic], covering more than 350 technical and
7 business-related subject areas. These items are perpetually
8 available, and approximately 30,000 new titles are added
9 annually.

10 NTIS is a significant source of Federal technical and
11 science information and associated bibliographic metadata
12 for Worldwide Web search engines. Search engines can more
13 easily find reports and documents that have had the
14 underlying bibliographic metadata coding created by NTIS.

15 The GAO has reported that up to 45 percent of Federal
16 technical reports in any given subject category within the
17 NTIS collection are only findable and available from NTIS.
18 NTIS also ensures public access to the 26 percent of the
19 reports entered into the NTI collection since 1990 that GAO
20 determined were not available from any of the four public
21 sources searched by GAO.

22 NTIS's joint venture authority permits NTIS and its
23 joint venture partners to work directly with a Federal
24 client agency to meet specific requirements of the agency.
25 In fiscal year 2013, NTIS provided \$64 million in

1 information management services to other Federal agencies,
2 and as a Federal Shared Service provider, completed 103
3 separate service projects for 39 Federal agencies and
4 departments. My written testimony enumerates many of them.
5 In fiscal year 2014, Federal services revenue is projected
6 to increase to \$88 million.

7 NTIS also performs other valuable and unique functions
8 for Federal agencies and the public, such as distributing
9 the Death Master File required by insurance agencies and
10 Federal institutions, providing distribution of sensitive
11 DEA controlled substance data for medical and pharmaceutical
12 service firms, unlimited access to approximately 2.8 million
13 technical reports for libraries, and access to one of the
14 most comprehensive collections of federally-funded science
15 and technology documents for the American public.

16 As NTIS moves forward, we will continue to adopt
17 business processes and technology needed to achieve NTIS's
18 mission in the most effective and efficient manner,
19 including NTIS is proactively engaged with its advisory
20 board, academia, and industry partners to develop a business
21 model to facilitate free U.S. public access to electronic
22 scientific and technical reports through its library. NTIS
23 is developing this service to allow free and open access to
24 electronic technical reports, associated bibliographic
25 records, other selected research services, and linkage to

1 report data. This new program will be launched in October
2 of 2014. NTIS advises the public of free ways in which to
3 receive a report before processing a request for a technical
4 report.

5 Thank you for this opportunity today, and I am pleased
6 to answer any questions that you may have.

7 [The prepared statement of Mr. Borzino follows:]

1 Senator McCaskill. Thank you, Mr. Borzino.

2 Mr. Borzino. Yes, ma'am.

3 Senator McCaskill. I want to start with, on your
4 website, there is now a banner that says you might be able
5 to get the reports that you are going to get here for free
6 other places. When did that banner go up?

7 Mr. Borzino. That banner went up last week, ma'am.

8 Senator McCaskill. After this hearing was announced?

9 Mr. Borzino. Yes. It went up after this hearing was
10 announced. However, it is part of our program that we have
11 been working on the past 15 months in order to announce the
12 public access National Technical Reports Library.

13 Senator McCaskill. Why is it so small, and why is it
14 not on--why is there not a large box before you pay to say,
15 have you checked to make sure you cannot get this for free?

16 Mr. Borzino. It is there as--it is there on our public
17 front page. It is there on our search pages when you go
18 search. And, it is there before you go pay.

19 Senator McCaskill. Well, I look on the pages, for
20 example, on your "Shipping and Fulfillment Services" page.
21 The movie about how you can buy these services is much, much
22 larger than the advising that you can get this stuff for
23 free. I mean, let me give you one example.

24 You have got the Wage Determination Online. You guys
25 host the wagedeterminationsonline.gov site for the

1 Department of Labor.

2 Mr. Borzino. That is correct.

3 Senator McCaskill. This site provides Federal
4 contracting officers with appropriate Service Contract Act
5 and Davis-Bacon wage determinations. You are aware the
6 Department of Labor offers that information for free?

7 Mr. Borzino. They provide it to us to offer to the
8 public.

9 Senator McCaskill. That you can get it for free
10 directly from them.

11 Mr. Borzino. I--I am aware of that, yes. However--

12 Senator McCaskill. And you charge \$4,000 for a single
13 user subscription for that information.

14 Mr. Borzino. That, I am not sure, ma'am.

15 Senator McCaskill. Well, you should be.

16 Let me ask, your staff does manual Internet searches
17 for agency websites to find reports to download?

18 Mr. Borzino. May--I would like to go back to that
19 previous question.

20 Senator McCaskill. Mm-hmm.

21 Mr. Borzino. We do the WDOL as a service for the GSA's
22 Integrated Acquisition Environment. I am not aware that we
23 charge any fees associated with that program.

24 Senator McCaskill. To get a single user subscription
25 to the database, our research shows that you charge \$4,000.

1 Mr. Borzino. That, I am not aware of, ma'am.

2 Senator McCaskill. Okay. The Government Printing
3 Office disseminates Congressional and agency papers to the
4 Nation's Depository Libraries. The Government Printing
5 Office considers your agency to be the largest source of,
6 quote, "fugitive reports," end of quote, meaning reports
7 that they never receive and, thus, cannot distribute. Why
8 can we not combine your depository function with the
9 Government Printing Office depository function?

10 Mr. Borzino. Well, we do provide reports to the
11 Government Printing Office, so I am surprised that they
12 would make that claim that we do not provide them. We
13 provide them to the Library of Congress--

14 Senator McCaskill. Why do you both--

15 Mr. Borzino. --we provide them to--

16 Senator McCaskill. Why do all of you need to exist?
17 Why can we not have one repository? Why do we need three,
18 with the chance that something gets missed one place or the
19 other? Why do we not just do it one place? Would that not
20 make more sense?

21 Mr. Borzino. I--

22 Senator McCaskill. If you were in business, would you
23 not say it should be in one place?

24 Mr. Borzino. We should do it in one place, and we do.
25 We do it at NTIS and that is the mission that the Congress

1 has been granting NTIS, and it has been doing that since
2 1950. And, we provide the permanent accessibility. We
3 provide associated metadata with all the records so that
4 they can be filed and searchable by our public search
5 engines through the Internet today. We provide the most
6 comprehensive centralized collection which is available. We
7 provide all these services, and that is why the American
8 public comes to us.

9 Senator McCaskill. Well, I do not think they would
10 come to you if they realized how many times you are charging
11 them for things they can get for free. I think it is
12 completely inappropriate that we are having a Government
13 agency provide the public with free information in one
14 place, and then the Government is trying to charge someone
15 in another place for the exact same information. These are
16 taxpayers. They own the Government. They own the
17 Government. We do not own the Government. They own the
18 Government. And, the notion that depending on where you are
19 lucky enough to click is going to decide whether or not you
20 pay for something is wrong. It is just flat wrong--

21 Mr. Borzino. And that is why we--

22 Senator McCaskill. --and we have got to stop it.

23 Mr. Borzino. And that is why, ma'am, we are
24 implementing the public access NTRL program, which--

25 Senator McCaskill. Why can you not put up there

1 tomorrow, "You can probably get this for free"? "Chances
2 are 50-50 you can get this for free."

3 Mr. Borzino. It is on the Internet.

4 Senator McCaskill. Very clear.

5 Mr. Borzino. We will go back, ma'am, and take a look
6 at it. I will guarantee you that it will be much larger by
7 the end of this week--

8 Senator McCaskill. Are your reports going to be free
9 beginning in October?

10 Mr. Borzino. The reports that we have, electronic
11 reports and the associated metadata with all 2.8 million
12 records within our collection will be available free to the
13 public with a simple registration--

14 Senator McCaskill. Why can you not make it free
15 tomorrow?

16 Mr. Borzino. Because we have to put in place the
17 infrastructure to be able to do that.

18 Senator McCaskill. Well, it is pretty simple. All you
19 have to do is just link over to the website where it is
20 located.

21 Mr. Borzino. That is very difficult to do. We tried
22 to do that ten years ago by having persistent [phonetic]
23 URLs that attempted to link to all these documents that were
24 available, just like USA.gov and other--science.gov and
25 other agencies have attempted to do that. However, every

1 time an agency takes a report down, moves it, we lose that
2 URL link. It was very upsetting--it was very demanding for
3 us to do that. It was very upsetting to customers when they
4 came on the site. And, there was no effective automated way
5 to do it at that time.

6 Senator McCaskill. They are customers, sir, but they
7 are taxpayers. So, I think, looking at them as customers is
8 part of the problem here. They are taxpayers. They are
9 entitled to the Government's information for free.

10 Mr. Borzino. I look at them as taxpayers, ma'am. I am
11 a taxpayer and I understand that.

12 Senator McCaskill. Okay.

13 Mr. Borzino. I would say--

14 Senator McCaskill. The Department of Commerce--you are
15 a part of the Department of Commerce--

16 Mr. Borzino. That is correct, ma'am.

17 Senator McCaskill. And, how much did you charge the
18 Department of Commerce last year for information that you
19 hold?

20 Mr. Borzino. We--I do not know how--if we charged the
21 Department of Commerce for information that we hold or that
22 we charged the Department of Commerce for services. I
23 believe last year that we charged--or we provide services to
24 the Department of Commerce for about \$2.6 million.

25 Senator McCaskill. Well, here is what we believe, and

1 I need you to correct the record if our--it has been
2 difficult for us--it is not transparent whether you are a
3 middle man, whether you are just hooking people up with
4 private contractors and just charging a middleman fee. That
5 is what it looks like.

6 Mr. Borzino. I will be happy, ma'am, and we are here
7 today--

8 Senator McCaskill. Our records show--

9 Mr. Borzino. --to discuss it, and we will be happy to
10 come to you--

11 Senator McCaskill. Okay.

12 Mr. Borzino. --and with your staff Committees or to
13 show a full accounting of NTIS and how we operate.

14 Senator McCaskill. I have a document here that
15 indicates that in 2013, you charged the Commerce Department
16 \$288,000 for access to your Technical Reports Library.

17 [Pause.]

18 Senator McCaskill. Do you think that is what Congress
19 intended when they wanted you to be self-sufficient, that
20 you would charge the agency that you are--where you are
21 located \$300,000 a year to access the information that you
22 hold?

23 Mr. Borzino. Ma'am, I believe that is not true. We
24 will have to come back with you. I do not believe we
25 charge--we do not charge the Department of Commerce access

1 to NTRL.

2 Senator McCaskill. Well, it is circled, Technical
3 Reports Library, and under it, it says Department of
4 Commerce, \$288,000. And, this is your document.

5 Mr. Borzino. Then the document--I believe the document
6 is in error, but we will go back and certainly check.

7 Senator McCaskill. Okay. Doctor--we got the document
8 from you.

9 Mr. Borzino. I am not disputing that, ma'am.

10 Senator McCaskill. Okay. Dr. Coburn.

11 Senator Coburn. Well, thank you for coming and
12 testifying. I have a lot of questions.

13 First, for Ms. Melvin, how long has GAO been reporting
14 on this?

15 Ms. Melvin. Our earliest report was in 2000.

16 Senator Coburn. Okay. So, 14 years.

17 Ms. Melvin. Yes. We reported again in 2001 and then
18 in 2013.

19 Senator Coburn. Okay. Thank you.

20 And, Mr. Borzino, what percentage and how many of your
21 2.4 million reports have never been requested?

22 Mr. Borzino. That--I do not have that information,
23 Senator. We will have to get back with you.

24 Senator Coburn. Okay. Ms. Melvin, have you all ever
25 charged for your reports?

1 Ms. Melvin. Our reports are available online for free,
2 the electronic versions.

3 Senator Coburn. Yes.

4 Ms. Melvin. There are instances where we have reports
5 that we do deliver and we charge the normal cost of recovery
6 in terms of shipping and handling and printing, but not for
7 any--

8 Senator Coburn. But, all your reports are available
9 online?

10 Ms. Melvin. Yes.

11 Senator Coburn. All right. You cannot think of a good
12 reason, since your reports are all online, why NTIS would
13 charge for your reports, can you?

14 Ms. Melvin. No. We do have a concern about them
15 charging for reports. We do not believe that the Federal
16 Government, and NTIS in particular, should be charging for
17 the reports that can be obtained online for free.

18 Senator Coburn. Yes. One of the things I have tried
19 to do with Senator McCaskill is to eliminate duplication.
20 What I am struck by as I read the Financial Performance 2009
21 through 2013, is how much of the services revenue has grown
22 outside of the actual charge for this agency. We are now up
23 through June 30 of this year to about--almost 85 percent of
24 the revenue is outside of the original charge. It is in
25 services.

1 The interesting thing--and I think this should be put
2 in the record. It comes from NTIS and I would ask unanimous
3 consent to put it in the record.

4 [The information follows:]

5 / SUBCOMMITTEE INSERT

1 Senator McCaskill. Without objection.

2 Senator Coburn. This chart shows what they have done
3 since 2009 to June 30 of 2014. Here is the point I would
4 make, is the vast majority of the revenue comes from things
5 that are outside their charge, which means--Government
6 programs never die. They just morph into something else.
7 But, their services revenue in 2009 was \$14 million.
8 Through nine months of this year, it is \$71 million.

9 But, the interesting thing to me is their costs in 2009
10 were \$27 million and through nine months of this year they
11 are \$78 million. So, their costs have gone up. They have
12 tripled in the last five years. And, most of that cost, I
13 assume, is associated with the services, not with being a
14 repository for the Federal Government.

15 So, the question really comes is--and you are not
16 making significant more amounts of money than you have over
17 past years. In other words, your goal is not to make money.
18 Your goal is to cover your revenue, I would presume--cover
19 your costs. How do you explain that? How do you explain
20 all this additional services business that you have gotten
21 into that is obviously offered by other people? How is it
22 that you have done that?

23 Mr. Borzino. First of all, Senator, we are authorized
24 to provide these services. We are an OPM Shared Service
25 Provider for e-learning and for knowledge management, in one

1 area--

2 Senator Coburn. Is there nobody in the private sector
3 that does any of this other stuff that you offer?

4 Mr. Borzino. We partner with over 50 private sector
5 companies.

6 Senator Coburn. That was not the question I asked you.
7 Is there not anybody in the private sector that has the
8 capability to do what you do?

9 Mr. Borzino. In some of these areas, there is--no,
10 there are not--

11 Senator Coburn. In some, they are not. But, in the
12 vast majority, there is a private sector business that you
13 are actually competing with.

14 Mr. Borzino. No. We are not competing with the
15 private sector. We are complementing the private sector.
16 We are not competing with them--

17 Senator Coburn. Well, you are generating--

18 Mr. Borzino. --go to the--

19 Senator Coburn. --\$78 million worth of revenue--

20 Mr. Borzino. And, out of that--well, let us take last
21 year's revenue. Senator, of the \$75 million that we had,
22 approximately \$50 million of that revenue went back to Joint
23 Service Partners and to contractors supporting us. Fifty-
24 million dollars' worth of that revenue, approximately, was
25 returned to the American economy because we had those

1 hundred-and-three or nine projects that we performed last
2 year for other Federal agencies.

3 We provide services to other Federal agencies. We are
4 not a GSA or a--what, when I was in industry, we called a
5 body shop. We just do not provide contracts to them. We
6 bring together the parties, both on the Federal side and
7 also from the private sector, in order to provide a cost-
8 effective solution to meet the needs of the Federal agency.
9 If we were not providing that cost-effective solution--the
10 years that you talked about are sequestration years. They
11 are years when discretionary funds are very tight in all
12 Federal agencies. But, yet--

13 Senator Coburn. Two-thousand-nine was--

14 Mr. Borzino. --or, yes, we are providers.

15 Senator Coburn. Two-thousand-nine was not a
16 sequestration--

17 Mr. Borzino. Eleven, 12, and 13, Senator, were--

18 Senator Coburn. Yes.

19 Mr. Borzino. --and that is where our major growth is.
20 In 2009, the major growth was because the Department of
21 Education had a distribution program for its Federal Student
22 Aid products, and they decided after nine years that they
23 were paying a private contractor too much. They opened it
24 up for competition. We applied. They selected us to do
25 that service. From that--from the time we began that

1 service in fiscal year 2010 to today, we have lowered the
2 annual cost for that program more than 40 percent, or \$4
3 million per year as of today.

4 Senator Coburn. Okay. On the--

5 Mr. Borzino. Now, these services that you are talking
6 about, and also Madam Chair, were clear services that are
7 recognized and authorized by the National Technical
8 Information Act of 1988 and the American Preeminence Act of
9 1999 [sic]. We do not do anything that is not authorized by
10 within our programmatic and statutory authorities. They are
11 all involved in providing information management support to
12 other agencies.

13 We have two levels of legal review. Even after I make
14 the ultimate decision that we might go in and do a project,
15 it goes to NIST and their legal department looks at it from
16 a programmatic review. It then goes to the Department, to
17 the General Law Division, and they look at it from the
18 statutory review. And, if they come back and say it is not
19 within our statute, then the work does not get done.

20 Senator Coburn. All right. So, I have some other
21 questions--

22 Mr. Borzino. And we--and I would just like to clarify--
23 -

24 Senator Coburn. Let me ask my questions, because I
25 have limited time. What percentage of the 30,000 add-ons in

1 this last year are available on the Web?

2 Mr. Borzino. The 30,000--

3 Senator Coburn. You testified just earlier that you
4 added 30,000 pieces of unique information this past year.

5 That was in your testimony. And, my question to you, of the
6 30,000 additions, how many of them are available on the Web?

7 Mr. Borzino. That, I do not, Senator, because they may
8 be all available because they are probably most electronic
9 today.

10 Senator Coburn. Okay.

11 Mr. Borzino. Now, they may not come from this fiscal
12 year. They probably came from previous fiscal years. But,
13 yes, I would grant that they are all--probably all available
14 on the Web--

15 Senator Coburn. So--

16 Mr. Borzino. --and that is why we are moving to the
17 public access NTRL program.

18 Senator Coburn. So, that raises my next question. Why
19 in the world are you all--if you are good at what you do,
20 why are you ten years behind everybody else in this country
21 of moving stuff to the Web? You have got this big plan that
22 you are going to introduce, you are going to put on, you are
23 going to develop. Why was it not developed ten years ago?

24 Mr. Borzino. Because we did not have the resources to
25 do it ten years ago because we had to put in place--we had

1 to go from our--in 2007, 2008, 2009, where we lost terrible
2 amounts of money because we were printing-based and paper-
3 based and microfiche distribution to get to the point today
4 where we are able to have this capability of doing it, like
5 through the National Technical Reports Library in 2009, our
6 Federal Depository Services.

7 And, if I can go back to an earlier statement, the
8 reason why we--the past couple years, we do not have a lot
9 of profit that shows is because in the past two years, we
10 have made almost a \$4 million investment in our
11 infrastructure. So, last year, we put \$1.7 million into the
12 infrastructure. This year, we put \$1.3 million in the
13 infrastructure, and that has taken the profit down, which
14 in, I believe, fiscal year 2011 and 2012 was about \$2 to \$3
15 million each year, down to where we are this year.

16 That is the investment we are making in order to
17 continue to provide the mission that you have provided to
18 us, a mission of which we--yes, we agree, we cannot cover
19 the cost to do the repository mission, yet NTIS still goes
20 ahead and does the mission, and we also provide very good
21 Federal services that are desperately needed and desired by
22 these other Federal agencies, not skirting contract or
23 procurement law, because we do hundreds of contracts a year.

24 Senator Coburn. I will come back for a second round.

25 Senator McCaskill. Umm--

1 Mr. Borzino. Ma'am, could I clear up--

2 Senator McCaskill. Sure.

3 Mr. Borzino. We have an answer to your question.

4 Senator McCaskill. Absolutely.

5 Mr. Borzino. That was a--that is called the Iraqi
6 Science and Technology Information Repository, which is a
7 joint program between the Department of State, the
8 Department of Commerce, and NTIS as the partner, along with
9 a private partner in Tennessee. The purpose of that program
10 was to provide the Iraqi government a repository service
11 that they could use to have their central repository, which
12 they do not have currently, within the Ministry of Science
13 and Technology. That is what the \$288,000 of charges were
14 for. So, it was that service project, of which I just
15 received an announcement this morning. Next week at, I
16 believe, at the Iraqi Embassy, it is going to be unveiled,
17 if you will.

18 Senator McCaskill. Okay. Let us get back to a couple
19 of questions.

20 On the NTIS website, you advertise a bunch of services,
21 from shipping and fulfillment to Government web and system
22 hosting. For example, some of the language on your web team
23 is, "We can create your order processing website or link to
24 your existing site to provide your clients with the ability
25 to order your publications and outreach materials online."

1 Now, is this being directed to Government?

2 Mr. Borzino. Well, we provide a number of agencies,
3 out of our--

4 Senator McCaskill. No. When you say--

5 Mr. Borzino. --of services--

6 Senator McCaskill. --"provide your clients," are you
7 saying this is--you are advertising to Government agencies
8 that you will do this for them. You are not advertising to
9 the private sector.

10 Mr. Borzino. That page is, yes, where the service
11 pages are is for the Federal agencies to know about how the
12 services that we can provide for them. That is correct.

13 Senator McCaskill. Okay. So, the services that
14 Government provides, it is weird to call taxpayers
15 "clients." That implies a paying relationship. "We can
16 create your order processing website or link to your
17 existing site to provide your clients the ability to order
18 your publications and outreach materials online. Plus, our
19 customer service team supports your customers' calls and
20 inquiries on the phone or via e-mail," which is just pure
21 answering the phone for Government agencies.

22 Mr. Borzino. No, it is not, ma'am. It is--well, first
23 of all--

24 Senator McCaskill. Well, wait--

25 Mr. Borzino. --that is--

1 Senator McCaskill. --plus, our--let me read it again.
2 This is what your website says. "Plus, our customer service
3 team supports your customers' calls"--those are taxpayers
4 calling into the Government--"and inquiries on the phone or
5 via e-mail." So, it appears you are selling customer
6 service to other agencies, correct?

7 Mr. Borzino. No. The customer service that we
8 provide, if we provide it--first of all, we do have a
9 Customer Service Center and that is to support NTIS and the
10 repository functions.

11 Senator McCaskill. Right.

12 Mr. Borzino. Let us take an example of what--first of
13 all, that is a poor choice of words, and I agree. It should
14 be American taxpayers. It should be something. But, it
15 should not say "client." You are absolutely right there.

16 Let us take the Education Department. The Education
17 Department is a distribution program that we do for the
18 Federal Student Aid Program for them and for all their
19 distribution across their 28 offices. We provide that
20 entire service to them from the point of the matter of
21 putting up the website, which is branded for the Department
22 of Education, to the point that the public comes in and
23 orders it. If the public wants to discuss a publication,
24 they call an NTIS Call Center, which is located in the
25 facility that provides the service, our warehouse in

1 Brandywine, Maryland, and we then take the order. We
2 provide the entire service for the Department of Education.

3 Senator McCaskill. Okay. That is the point I wanted
4 to make. So, how much of these services that you are
5 providing--like shipping and fulfillment and distribution--
6 how much of that are you providing and how much are you the
7 go-between with a private contractor?

8 Mr. Borzino. The services, I would have to get back to
9 you in each case. But, for example--

10 Senator McCaskill. I need a ballpark percentage--

11 Mr. Borzino. --in the distribution--

12 Senator McCaskill. --Mr.--

13 Mr. Borzino. I mean--

14 Senator McCaskill. You have to know what percentage.
15 You know you will bring in \$75 million in a year on this
16 type of stuff. Of that \$75 million you brought in last
17 year, how much of that is a fee you are getting for
18 connecting a Government agency with a private contractor?

19 Mr. Borzino. No. We do not connect them, ma'am. We
20 are the program managers. We provide--for example, the
21 distribution program that I talked about for Education,
22 pretty much all the distribution programs that we have in
23 the list there--Department of Education, PBGC, the other
24 information I gave when I briefed your staff--that is all
25 done by NTIS with contractor support as part of NTIS.

1 Senator McCaskill. Okay. Well, that is what I am
2 trying to get at--

3 Mr. Borzino. There is no---

4 Senator McCaskill. I want to get at the contractor
5 support.

6 Mr. Borzino. There is no partnership--

7 Senator McCaskill. Here is what I cannot figure out.
8 I mean, I am sorry I sound so impatient, but I spend a lot
9 of time on Federal Acquisition Regulations. Dr. Coburn and
10 I have worked on a lot of hearings where there are not very
11 many people in the audience talking about Federal
12 Acquisition Regulations and what is good about them and what
13 is bad about them and reforming them.

14 GSA offers most of the services that you offer, agreed?

15 Mr. Borzino. GSA offers contracting services, of
16 which, when I was in the private sector, I used.

17 Senator McCaskill. Right.

18 Mr. Borzino. They do not offer the services that we
19 talk about--

20 Senator McCaskill. We cannot find any IT services you
21 offer that GSA does not offer. They offer web hosting.
22 They offer fulfillment. They offer all of those things.
23 What IT services are you providing that--

24 Mr. Borzino. They only provide the contract vehicle,
25 ma'am--

1 Senator McCaskill. Okay--

2 Mr. Borzino. --to get to a contractor, a vendor who
3 can provide those services.

4 Senator McCaskill. Okay.

5 Mr. Borzino. We provide--

6 Senator McCaskill. So, why--

7 Mr. Borzino. --a partnership with the agency. That is
8 the unique thing. It is a Joint Service Partnership. That
9 is what the law says. It says, we provide this partnership.
10 We provide this Joint Venture Partnership. We provide these
11 unique solutions. We go to the Department of Agriculture
12 right now and they wanted a system, a talent management and
13 knowledge management system that they could put across all
14 28 or 29 bureaus. They had a vendor-provided system, but it
15 was just a learning management system. It did not meet the
16 needs for what they want.

17 Now, if you wanted to do that through GSA, you had to--
18 you would have to scope out this whole problem--program.
19 You would have to have all your requirements definitized.

20 Senator McCaskill. Yes.

21 Mr. Borzino. Under the partnership program that we
22 have, we work with the partner to best find the solution.
23 It is more flexible--

24 Senator McCaskill. And, you are more expensive than
25 GSA.

1 Mr. Borzino. No, we are not, because--

2 Senator McCaskill. Yes, you are.

3 Mr. Borzino. No, we only charge for the services that
4 we provide. GSA provides--yes, we charge a fee on our labor
5 that you are probably referring to that is ten percent.
6 That is the only fee we charge. GSA provides a fee,
7 depending on the contract size, I believe, or at least when
8 I used them ten years ago, between two to four percent, and
9 all they do is provide you that contracting service. We
10 provide you the program management. We are in the game.

11 Senator McCaskill. Okay.

12 Mr. Borzino. We provide--

13 Senator McCaskill. But, you do not have to go through
14 FAR.

15 Mr. Borzino. We follow all the--we follow the legal--
16 we follow the joint venture--we follow all statutes and law
17 within the United States Government. When we contract, we
18 follow the FAR.

19 Senator McCaskill. You are setting up your own--

20 Mr. Borzino. Now--

21 Senator McCaskill. You are setting up your own
22 contracting vehicle outside of the Federal Acquisition
23 Regulations, yes or on?

24 Mr. Borzino. No. It is not a contracting vehicle,
25 ma'am. It is a Joint Venture Partnership.

1 Senator McCaskill. Okay. You--

2 Mr. Borzino. It is authorized underneath both--

3 Senator McCaskill. You are managing a contract that
4 the services are being provided by a private vendor.

5 Mr. Borzino. We are managing a program, a joint
6 venture. It is a public-private partnership--

7 Senator McCaskill. What percentage of the labor--of
8 the \$75 million that you got in revenue last year, the labor
9 that was provided, the services that were provided for that
10 \$75 million, what percentage of those services did you, in
11 fact, perform? How many employees do you have?

12 Mr. Borzino. We have 101 employees currently, ma'am.

13 Senator McCaskill. Okay. You cannot sit there and
14 tell me that 101 people are providing all of these services
15 on shipping and fulfillment and answering the phone and
16 providing documents. You, in fact, are connecting Federal
17 agencies with private vendors and not using the FAR.

18 Mr. Borzino. That is what GSA does, ma'am. What we do
19 is we provide the detailed program management and support if
20 that is all we are doing in that particular program. In
21 many of those programs, we provide much more than that,
22 including the web hosting, the other services that we have
23 within our capabilities. That is the--that is the
24 greatness, if you will, the advantage of using this public
25 partner capability that we were granted by Congress. And--

1 Senator McCaskill. Okay. Well, we--

2 Mr. Borzino. --in 1989, when we were granted that, we
3 put it in the Public Register--

4 Senator McCaskill. I--

5 Mr. Borzino. --on how we were going to do it, and we
6 follow it to this day.

7 Senator McCaskill. I am--I am--I think I have got
8 common sense, and I think I understand what is going on
9 here, and if it is as opaque as it appears to be, that just
10 means we need to do more work. I need to see all these
11 service contracts. I need to understand the scope of what
12 you are performing and I need to figure out how 101 people
13 can do it, because it looks like this is a work-around the
14 FAR, plain and simple--

15 Mr. Borzino. Well--

16 Senator McCaskill. --and that agencies are flocking to
17 you even though ten percent is higher than what they are
18 getting charged at GSA because they can avoid the FAR.

19 Mr. Borzino. That is ten percent on the labor that we
20 provide. It is--that is the only fee that we normally
21 charge.

22 Senator McCaskill. But, you cannot tell me what
23 percentage of the labor you provide.

24 Mr. Borzino. I have to go back and look at the
25 individual programs that we have.

1 Senator McCaskill. Dr. Coburn.

2 Senator Coburn. What percentage of your total costs
3 are labor costs?

4 Mr. Borzino. Approximately, this year, about \$10
5 million, just for Federal labor costs.

6 Senator Coburn. And you have how many contractors?

7 Mr. Borzino. We have a correlate of about 75
8 contractors.

9 Senator Coburn. And what percentage of that is labor
10 costs?

11 Mr. Borzino. I do not--I am not--I think it is around
12 \$5 to \$6 million, but I am not sure. It may be a little bit
13 higher than that.

14 Senator Coburn. So, on these numbers that you have got
15 for us in 2013, less than 25 percent of your costs are labor
16 costs, of the \$64 million?

17 Mr. Borzino. I would have to go back and look at that,
18 Senator.

19 Senator Coburn. Well, I would like for you to answer
20 that for the record, if you would.

21 Mr. Borzino. As I mentioned, Senator, the \$50 million
22 is what I do know that came out of the cost that we
23 distributed, so--

24 Senator Coburn. Of the \$75 million that you are going
25 to have this year in terms of services, what percentage of

1 this will be paid by Federal agencies?

2 Mr. Borzino. All the service revenue comes from
3 Federal--

4 Senator Coburn. All right. And, what percentage of
5 the revenue--

6 Mr. Borzino. I would take that--yes, all the Federal--
7 all the Federal services revenue that we define that way,
8 yes, comes from other Federal agencies.

9 Senator Coburn. All your services revenue comes from
10 Federal agencies. Is that your testimony? All your
11 services revenue comes from Federal agencies.

12 Mr. Borzino. Last year, I know the service revenue was
13 \$64 million.

14 Senator Coburn. That is not my question. All your
15 service revenue comes from Federal agencies, is that true or
16 not true?

17 Mr. Borzino. I believe it is true.

18 Senator Coburn. Okay. What percentage of your service
19 revenues come from the Department of Education? How big is
20 the Student Loan Program?

21 Mr. Borzino. Senator, I do not have that information--

22 Senator Coburn. Well, you all should have--

23 Mr. Borzino. --in front of me--

24 Senator Coburn. Somebody in your staff knows that
25 answer.

1 Mr. Borzino. Well, we gave it to you, Senator, because
2 we broke out in the information that we gave to you--the
3 Department delivered to you a couple of weeks ago had it
4 broken out. And, also, in the information that was given
5 yesterday to the Subcommittee, it was all detailed and
6 broken out for the three fiscal--at least the last three
7 fiscal years. We are very transparent. Please come down
8 and look at what we are doing. We are not hiding anything.

9 Senator Coburn. Well, for 2013, it shows that you
10 billed the Department of Education--let me see, I had it
11 here a second ago--\$328,000, is that right?

12 Mr. Borzino. It cannot be for services, Senator,
13 because the Education Distribution Program alone is about
14 \$5.5 million.

15 Senator Coburn. All right. So, what you sent us, in
16 terms of your total--this is the nature of Federal agency
17 services provided in 2013, and I think this is your sheet.
18 That shows the Department of Education. And, then, in
19 answer to our questions, the latest fiscal year available,
20 the name of each Federal agency, and how much they spent.
21 So, ten percent of your revenue is coming from the
22 Department of Education, correct? And, 20 percent of your--
23 well, it is \$6,323,000. And, the Department of Agriculture,
24 \$14 million. The Department of Justice, \$4 million. Office
25 of the Secretary of Defense and Defense agencies, \$12

1 million. And, the Social Security Administration, \$10
2 million. I suppose that is the Death Master File for Social
3 Security?

4 Mr. Borzino. No, that would not be the Death Master
5 File. That is the--the SSA--primarily, the SSA's special
6 notice option. We actually pay SSA in order to get the
7 Death Master File from them. We pay them a fee in order to
8 get that.

9 Senator Coburn. And, do they give you the Death Master
10 File?

11 Mr. Borzino. They do not give it to us. We have--

12 Senator Coburn. You buy it from them.

13 Mr. Borzino. We pay them a fee, yes, even though we
14 distribute it for them.

15 Senator Coburn. You know, it is interesting. We
16 cannot get them to give the Death Master File to other
17 agencies so we can be accurate on what we are doing in other
18 agencies, yet you are buying it from them?

19 Mr. Borzino. It is a weird relationship. However, you
20 asked for the last 24 years. I do not know if we bought it
21 from them all the time, but, yes, we do provide them--I
22 believe that is correct. Can you affirm that? Yes. We do
23 provide them a fee--

24 Senator Coburn. Can other agencies come to you and get
25 the Death Master File?

1 Mr. Borzino. It is a preparation of what they do in
2 order to deliver it to us.

3 Senator Coburn. Okay.

4 Mr. Borzino. It in the raw data that we can distribute
5 to other agencies--

6 Senator Coburn. Can another agency come to you and get
7 the Death Master File?

8 Mr. Borzino. Other agencies do come to us and get the
9 Death Master File.

10 Senator Coburn. All of them? Is there any agency of
11 the Federal Government you will not give the Death Master
12 File to?

13 Mr. Borzino. No. Well, let me clarify that. I know
14 that there are some agencies--there are five or six of them
15 that get it directly from SSA.

16 Senator Coburn. I know, but is there--

17 Mr. Borzino. We have--

18 Senator Coburn. --any Federal agency that cannot get
19 the Death Master File from you?

20 Mr. Borzino. I want to be clear to answer your
21 question. The agencies do get it from us, correct? They
22 pay a fee to do it. So, we do not distribute it for free.

23 Senator Coburn. Okay. But, the question I am asking
24 you--

25 Mr. Borzino. Yes.

1 Senator Coburn. --is there any agency that cannot come
2 to you and pay a fee and get the Death Master File?

3 Mr. Borzino. We would be happy to make it available
4 for every Federal agency.

5 Senator Coburn. Okay. And, what do you pay for that
6 Death Master File?

7 Mr. Borzino. It depends whether it is a raw data file
8 or it is--

9 Senator Coburn. Well, give it to--I do not care which
10 way.

11 Mr. Borzino. I do not--

12 Senator Coburn. Somebody knows. What do you pay?

13 Mr. Borzino. We will get back to you on that, Senator.

14 Senator Coburn. Okay. How much revenue will you lose
15 starting in September when you do not charge for reports
16 that are available electronically?

17 Mr. Borzino. We are definitely at a risk of some
18 revenue, but the basis of the model which we are going to is
19 we are going to a model, if you will, like the Wall Street
20 Journal, the New York Times, where you have a section which
21 is available for free and then you have other services which
22 are available for a subscription.

23 Senator Coburn. But, I thought your testimony was is
24 the things that are online and available--

25 Mr. Borzino. They will be.

1 Senator Coburn. So, you have no idea how much revenue
2 you are going to lose off that? You have \$7,688,000 already
3 this year off of reports, product revenue. What percentage
4 is that going to decline?

5 Mr. Borzino. We are still working on the business
6 numbers, if you will, Senator.

7 Senator Coburn. So, you have made the decision to do
8 that, even though you do not know the business numbers
9 associated with it?

10 Mr. Borzino. We have some costs associated with it.
11 Unfortunately, the Associate Director who manages this
12 program has been out the last five weeks because of sciatic
13 nerve program and he just came back.

14 Senator Coburn. Okay.

15 Mr. Borzino. So--

16 Senator Coburn. So, you will get that to us?

17 Mr. Borzino. Yes. But, we are at risk, if this model
18 does not work, of losing some additional money within the
19 technical products line. However, we feel it is very
20 important--you have spoken, okay. We have heard. We have
21 heard that there is a--that you would prefer us to make
22 things available for free and we are responding to that. We
23 started five years ago moving in that direction and we have
24 come to this point, and I will tell you, and I could show
25 you in the minutes, that we started with our advisory board

1 more than 15 months ago to look at this--

2 Senator Coburn. Yes.

3 Mr. Borzino. --based on the administration's open
4 access, open data plans, wanted to make more available. We
5 got the GAO report--

6 Senator Coburn. Actually, you have not--

7 Mr. Borzino. --so, we--

8 Senator Coburn. You have not heard from us, because
9 our goal is to eliminate you as an agency.

10 Mr. Borzino. I--

11 Senator Coburn. That is our goal.

12 Mr. Borzino. I see.

13 Senator Coburn. And, what cannot be found available
14 somewhere else, put it in a small closet in the Department
15 of Commerce--

16 Mr. Borzino. I would just--

17 Senator Coburn. --and, that is my goal, because--I
18 took three interns and asked you for your top 20 requests
19 and we found all but four of them, which were manuals,
20 Federal Government manuals, available online within 30
21 minutes.

22 Mr. Borzino. Okay--

23 Senator Coburn. So, the fact is, 80 percent--75 to 80
24 percent of everything that you supply in terms of reports or
25 products is available online today, and your biggest costs

1 have nothing to do with supplying that. Your biggest costs
2 have to do with all these other programs that you are
3 running in conjunction with contractors outside of the FAR
4 Regulations that we see as very important.

5 Our biggest problem in the Federal Government is
6 acquisition. This lady has been a dog on that, and it is a
7 mess. And, what we are saying--my message to you is not
8 about offering it for free. My message is, how do we shrink
9 the size of the Federal Government so that the kids that are
10 following us will have a standard of living equivalent to
11 the average pay of your organization, which they are not
12 anywhere else.

13 Mr. Borzino. Well--can I respond, please, Senator?

14 Senator Coburn. Sure.

15 Mr. Borzino. Or, Doctor. We--if you look last year,
16 we provided 103 or 109 service projects to the 39 agencies
17 and departments I talked about. You are implying that they
18 did not get anything of value out of--

19 Senator Coburn. No, I am saying they could have done
20 it another way--

21 Mr. Borzino. They--

22 Senator Coburn. --inside the Federal Acquisition
23 Regulations and got it done.

24 Mr. Borzino. In some of those cases, they may not
25 have, because they would not have been able to come up with

1 the unique partnership and the methodology that we have put
2 in place. Public-private partnership. It is a sharing. It
3 is a sharing on both sides.

4 Senator Coburn. You are telling me--

5 Mr. Borzino. There is a risk on both sides.

6 Senator Coburn. --that other agencies cannot do
7 public-private sharing and partnerships?

8 Mr. Borzino. On--

9 Senator Coburn. They do it all the time.

10 Mr. Borzino. Well, not--not--I do not know that they
11 do it all the time--

12 Senator Coburn. Well, we do. We have hearings here
13 all the time where we see the Federal Government contracting
14 with private to do private-public partnerships to accomplish
15 goals for the Federal Government. So, it is not--you may
16 have some unique areas associated with the data that you
17 have. The most amazing thing coming out of this hearing
18 today is they have the Death Master File and four agencies
19 in the Federal Government cannot get it from the IRS.

20 Mr. Borzino. Well, we will be happy to provide it,
21 Senator.

22 Senator Coburn. I yield.

23 Mr. Borzino. We do everything, Senator--if I can
24 close--in the fact that we are not skirting acquisition
25 regulations. We are not trying to put a process that does

1 that--

2 Senator McCaskill. I do not think--

3 Mr. Borzino. We are trying to provide a service within
4 our capabilities--

5 Senator McCaskill. I think you are.

6 Mr. Borzino. It so happens, we are doing a good job in
7 the last five years that more and more agencies want to come
8 to us, and they come to us during times of sequestration and
9 times of reduced budget. And, we are offering them that
10 ability in a different manner, because, as you know--and, I
11 was an acquisition officer. That was part of my
12 responsibilities. I was in the Acquisition Corps in the
13 Army and that is what I did. So, for 20--the last ten years
14 of my career, I was in research and developing information
15 systems, and I understand the acquisition community both as
16 a user in DOD and also in the private industry, because, as
17 I mentioned before, I used the GSA acquisition vehicles in
18 order to do business. I understand that.

19 I am telling you that it is not the same. I will be
20 happy to sit down and explain to you how we do it and make
21 it very transparent that we are not skirting acquisition
22 rules. We have--maybe we have a new model that you might
23 want to consider.

24 Senator McCaskill. I--that may be true, and this is
25 not personal. This is about duplication. This is about

1 charging taxpayers for information they can get for free,
2 and this is about one part of Government not having to live
3 by the same rules that another part of Government has to
4 live by. It is just that simple. And, no one is ascribing
5 evil motives here. I am sure that you are a fine American,
6 and everyone who works with you and works in that agency,
7 all 101 of them, and probably even the contractors that all
8 work there are great, because I think there are some great
9 contractors out there.

10 This is about whether or not this is the way we should
11 be doing business, and let me ask you this. You referred to
12 your statutory mission. Your statutory mission was very
13 clear, that it is supposed to be a clearinghouse of
14 scientific, technical, and engineering reports. That was
15 Harry Truman's idea, that the scientific information that we
16 had developed through an enormous sacrifice by the American
17 people through the war would be able to be translated into
18 commerce. Great idea. Do you think Harry Truman envisioned
19 that you would be offering the Air Force Recipe Cookbook as
20 part of that?

21 Mr. Borzino. The Air Force Recipe Cookbook was offered
22 because at a time when DOD did not have the capabilities of
23 making it available and there was a demand for it by the
24 restaurant and services industries--

25 Senator McCaskill. I do not know which is more scary

1 to me.

2 Mr. Borzino. So, in any event, we did it at that
3 point. Under this new program, it will now be available
4 free.

5 Senator McCaskill. Did you just say the Department of
6 Defense did not have the capability of providing a cookbook?

7 Mr. Borzino. The Department of Defense, as you know,
8 through DTIC did not normally provide their publications to
9 the public. You had to be either a military member, a dot-
10 mil address--and this is anecdotal because, you know, I was
11 there, so it may not be true today. My staff tells me that
12 we were asked specifically at one point by the Department of
13 Defense to make that available because it allows
14 restauranteers and others to do large recipes and that--

15 Senator McCaskill. Well, that makes--

16 Mr. Borzino. --that is why it is available.

17 Senator McCaskill. Who decides--

18 Mr. Borzino. That is why we have it. However, now,
19 under the current program, since it is electronic, it will
20 be made available free.

21 Senator McCaskill. Right.

22 Mr. Borzino. You can look at the 2.8 million documents
23 that we have in the collection. Certainly, Senator, there
24 is a number that you would say do not meet today's
25 requirement of science and technical. I do not doubt that.

1 Senator McCaskill. Well, but that is to your mission.
2 How did you get off your mission?

3 Mr. Borzino. And we are going back to make sure that
4 those things--first of all, we have--ensure that what we
5 bring into the collection now firmly meets the scientific,
6 technical--

7 Senator McCaskill. Who is making that decision?

8 Mr. Borzino. My staff here is making that decision by
9 ensuring that the catalogers and indexers who go out and
10 bring things in follow specific guidelines that we have had
11 in place but maybe have not been followed at all times.

12 Senator McCaskill. Have you included reports acquired
13 from private sector organizations?

14 Mr. Borzino. Private sector--excuse me? [Off
15 microphone conversation.] American Library Special Library
16 Association, I guess, cataloging and indexing.

17 Senator McCaskill. Okay. That is also not within your
18 mission, correct?

19 Mr. Borzino. It is--my staff is telling me it is in
20 science and technology.

21 Senator McCaskill. Okay. I did not realize that this
22 was supposed to be a repository for private documents. I
23 thought this was just supposed to be Government documents.

24 Mr. Borzino. I will have to get back with you.

25 Senator McCaskill. Okay.

1 Mr. Borzino. I am not--

2 Senator McCaskill. That would be great, if you would.

3 Mr. Borzino. I am not sure, Senator. If you can pose
4 that question--I am not sure exactly what the question is--

5 Senator McCaskill. Well, the question is whether or
6 not you all are out harvesting documents in the private
7 sector in addition to harvesting documents from the public
8 sector. And, if so, where did you get the authority to do
9 that as part of this agency?

10 Mr. Borzino. No. We are not doing that.

11 Senator McCaskill. Okay. I need a definitive answer
12 about what, if any, private entities you are, in fact,
13 archiving or keeping a repository of private documents and
14 how that came about--

15 Mr. Borzino. None that I am aware of, ma'am. If we
16 have harnessed by mistake a private industry or private
17 sector document, then that is incorrect. Then, we should
18 not be doing that. Do we do it as a service for anybody
19 else or as a--in order to try to add things to the
20 collection outside what we are supposed to be doing by
21 statute? No.

22 Senator McCaskill. You know, part of me is proud, in a
23 way, because you all have shown a private sector mentality.
24 I think somebody sat and figured out that there was going to
25 be dwindling revenue to support a Government agency from the

1 original mission that was designed because of a change in
2 technology. The very technology that drove the entire
3 purpose of your organization was going to make you obsolete.
4 So, in order to sustain the existence of your agency, you
5 had to find a new source of revenue, and in order to find a
6 new source of revenue, you had to figure out a way that you
7 would bring in money for providing other services besides
8 documents that people could get for free.

9 And, so, to do that, you have used the euphemism, "a
10 public-private partnership," when, in reality, with a staff
11 the size of your staff and a budget the size of your budget,
12 that is facilitating Federal contracting, whether you all
13 want to call it that or not. You all are not doing the
14 work. You cannot do the work with 101 people. You are
15 contracting with private industries, and you call it a
16 public-private partnership. At GSA, they call it FAR. They
17 call it acquisition. You call it a public-private
18 partnership.

19 And, what I need you to do, for the record, is I need
20 you to give me examples of some services you are providing
21 Federal agencies that they can get nowhere else, not your,
22 oh, it is a public-private partnership because, somehow,
23 because you guys are acquiring the private entity that is
24 doing the work that that makes it a public-private
25 partnership. When GSA acquires the private entity that is

1 doing the work, you are calling that just straight
2 acquisition. To me, a duck is a duck is a duck. It is
3 walking like a duck. It is quacking like a duck. I think
4 it is a duck.

5 And, therefore, I need you to explain in very
6 transparent terms, what are the services you are providing
7 that a Federal agency can get nowhere else, because I think
8 that is your only shot of holding on to this agency long-
9 term, because more and more people that are getting elected
10 are realizing we cannot continue to have payrolls without a
11 purpose. We just cannot do it, and especially since your
12 customers are, in fact, the taxpayers.

13 The ones who are paying you, the agencies, that is all
14 taxpayer money. The people who are buying reports from you,
15 those are all taxpayers. So, it is almost like it is this
16 weird agency that is getting money from the public on one
17 end and getting money from the public on the other end and
18 pretending that, somehow, you all are providing a model that
19 is the ultimate efficiency.

20 Mr. Borzino. May I respond?

21 Senator McCaskill. Yes, you ma'am.

22 Mr. Borzino. Okay. First of all, we are authorized to
23 enter into these private sector partnerships by law. So,
24 Congress passed a law, the National Technical Information
25 Act of 1988, as well as the American Technology Preeminence

1 Act of 1991. Yes, there is a base statutory the GAO
2 referred to, I guess, 801799, whatever it is, from 1950,
3 that authorized the Secretary of Commerce to establish a
4 clearinghouse.

5 In 1988 and 1991, and by other changes to the law, you
6 authorized us to enter into Joint Service Partnerships.
7 These Joint Service Partnerships were to provide innovative
8 information solutions to other public agencies, to come up
9 with these solutions and then to provide them to other
10 public agencies. We started doing that in 1989 and we have
11 a history since then of the past 25 years.

12 We provided FedWorld, which was one of the first
13 websites of the Federal Government, in the early 1990s. We
14 provided the IRS tax site for--the first IRS tax site in the
15 middle 1990s. In the late 1990s, we developed, with a joint
16 partner, we developed the Department of Defense Defense
17 Acquisition University first learning management system, and
18 for that reason, it was why in 2004 OPM came to us and
19 designated us an e-training learning--knowledge management
20 service partner.

21 Senator Coburn. But, here is the question--

22 Mr. Borzino. So, we have storied history--

23 Senator Coburn. --that follows up on that.

24 Mr. Borzino. --of doing these services.

25 Senator Coburn. Could none of those have been done

1 without your agency being in existence? That is the
2 question we are asking. They all would have happened
3 through regular acquisition process.

4 Mr. Borzino. Can I give you another example, since the
5 Senator asked, the Chair asked? Specifically, I would like
6 to give you an example of the Social Security SNO program,
7 the Special Notice Option program. This was a program which
8 was mandated to SSA by court order in San Francisco, I
9 believe, that they were to provide all their notices that
10 they had been providing to sight-impaired individuals just
11 regular printed and then you could call up and they would
12 read it to you. The court said that that is not good
13 enough. You need to provide them in different formats, such
14 as Braille, 508 compliant CDs, large print, and audio. We--

15 Senator McCaskill. But, there is no reason another
16 Federal agency cannot provide that. There is no reason that
17 the--

18 Mr. Borzino. No. A Federal agency does not have the
19 capability because it requires the Braille, it requires the
20 audio to be able to do that. It requires these expertise.

21 Senator McCaskill. Well, the GSA--

22 Mr. Borzino. Now, we happen to have two partners--

23 Senator McCaskill. --could have contracted for that
24 with a--

25 Mr. Borzino. --we have had two partners that were--

1 that happened to be Small Disadvantage Business owned by
2 blind gentlemen who were able--who were doing scanning and
3 digitization--

4 Senator McCaskill. But, we they not have done business
5 with the GSA, Mr. Borzino? Why would they not have done
6 business with the GSA? Why could they not, through the
7 Federal Acquisition Regulations and acquisition processes,
8 they would have put out a contract. By the way, this is
9 what they do at the Department of Defense. This is what
10 they do in Homeland Security. They put out a scoped
11 contract. We need somebody to provide Braille information.
12 We need somebody to answer phones. We need somebody to
13 provide--this is the point.

14 The point is not that you are not doing good work. No
15 one is here to malign you in terms of the work you are
16 doing. This is about duplication, about a drifting mission
17 that went from providing reports that were not easily
18 available to realizing that, now, these are easily
19 available. We are going to have to start web hosting or we
20 are going to have to start shipping or we are going to have
21 to get into big wholesale printing operations, most of which
22 you are contracting.

23 Mr. Borzino. Ma'am--

24 Senator McCaskill. That is the point.

25 Mr. Borzino. No, the--I would like to clarify the

1 point that we just did not start this three years ago, five
2 years ago. I gave you examples, and we can show you, I
3 think, breaking out the revenue, to show you that we have
4 been providing these services since as early as 1989.

5 Senator Coburn. But, it has increased 69 percent since
6 2009.

7 Mr. Borzino. Principally because of some large
8 programs that came in, such as the Department of Education,
9 at that point, about \$9 million. The SSA SNO program comes
10 in. It has been floating somewhere between \$9 and \$12
11 million. Yes, there were some large projects that came in
12 that certainly increased the revenue. But, also, we went
13 from about maybe 20 projects to 30 projects up to over 100
14 projects.

15 Senator McCaskill. Well, the one thing we are going to
16 do is we are going to drill down on those large projects and
17 we are going to look at the contracting process. We are
18 going to look and see if FAR was complied with. We are
19 going to look and see who those contractors are and if they
20 are doing business doing the same thing in other agencies
21 and if the price that is being paid is the same, because I
22 am willing to bet, before all the dust settles, that there
23 is an upcharge to avoid the FAR, and I am willing to bet the
24 Federal agencies realize they can avoid the upcharge for
25 avoiding the FAR by using your agency.

1 That does not make you bad guys. That makes you
2 providing the service outside of the Federal Acquisition
3 Regulations. Now, I might be wrong about that, but we are
4 going to drill down and figure it out. We are going to look
5 at the large contracts you have and the services you are
6 providing and the private contractors that are providing
7 those services and we are going to drill down on the costs,
8 and I guarantee you those services are being provided
9 somewhere else in Government, very similar, and we are going
10 to look at the cost there and we are going to try to figure
11 out apples-to-apples why it is better that you are doing
12 this rather than GSA.

13 And, if, in fact, your model is better, if all the
14 contracting procedures are being followed, if, in fact, you
15 are crossing the "t"s and dotting the "I"s and scoping your
16 contract, if you are doing performance measurements on your
17 contractors, if you are not giving them bonuses when they do
18 not deserve it, if you are doing things better than GSA,
19 then I am all for you guys taking over the whole kit and
20 caboodle. I have got no problem with that. I have got no
21 problem with blowing you up big time and shutting down GSA.
22 But, we cannot have two, because it is not fair. And,
23 frankly, it is not transparent, and that is the problem.

24 So, I want the people who work for you to know, we are
25 not after you because you are bad guys. We are after you

1 because this is not a good way to run a Government. It is
2 duplicative, it is not transparent, and it is not clear why
3 your mission has drifted to the extent it has and why it is
4 necessary that it has. That is the bottom line.

5 Senator Coburn. I just want to get on the record GAO's
6 recommendations of what they think should be done.

7 Ms. Melvin. We had issued a suggestion to Congress to
8 look at--revisit the model for the fee-based system. We
9 continue to believe that looking at that model and
10 reassessing whether it is the right way, the appropriate and
11 viable approach to handling and having NTIS do its business,
12 is necessary. So, we stand by that recommendation--that
13 matter for consideration.

14 Senator McCaskill. I am through, too.

15 I want to thank you. I know this has not been fun, but
16 this is called oversight and it is us trying to get to the
17 bottom of something that is really--I mean, between Dr.
18 Coburn's staff and my staff, we are pretty good at getting
19 in the weeds, and it is harder at your place to get into the
20 weeds, and that is why we want to understand it better.

21 We will continue to be asking questions. The record
22 will remain open. We will specifically start asking some
23 questions about those large contracts and whether or not
24 your agency is the right place for them to be positioned,
25 and we want to thank GAO for your continuing great work.

1 Senator Coburn. I have one other thing.

2 Senator McCaskill. Sure.

3 Senator Coburn. I would just like--I am going to put
4 these questions for the record, but I want to read them into
5 the record. These are constituents that have questions.
6 One is from Pete. The Federal Government penalizes
7 contractors when audits show unfair pricing. Why should not
8 the NTIS be held to the same standard, and especially on
9 pricing on a lot of this product?

10 What is NTIS's most requested report and how much does
11 it sell for and how many times has it been requested?

12 Who are NTIS's customers? Who is ordering and paying
13 for reports? Which agencies? You gave us that information,
14 provided it.

15 Here is the one that gets me, and I think that started
16 all of this. How can we pay with our taxes for another
17 department for something that is free online? That is the
18 real bug that gets the American taxpayer.

19 And, where does the money go? Well, I think you have
20 answered part of that, but the vast majority of your
21 revenues are going to decline on actually selling the
22 reports, and so you are going to be more impaired to go do
23 more of the services that you will need to do to run your
24 organization.

25 So, I thank you for being here, and we will submit

1 these questions for the record.

2 Senator McCaskill. Thank you very much.

3 [Whereupon, at 3:42 p.m., the Subcommittee was

4 adjourned.]