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United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-254145



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July 22, 1993

The Honorable Sam Nunn
United States Senate

Dear Senator Nunn:

This letter addresses your May 20, 1993, request for us to obtain information on concerns expressed by one of your constituents, Kenneth S. Shain, President of GEOVISION, Inc., an electronics data systems and software firm specializing in the production of geographic databases in compact disc-read only memory (CD-ROM) combined with personal computer-based data viewing software. Mr. Shain's letter to you indicates that the government's information dissemination policies and activities are adversely affecting his business and raises a number of specific concerns, particularly concerning actions taken by the Bureau of the Census.¹

Mr. Shain's letter asserts that GEOVISION was informed by the Bureau that it could purchase Bureau geographic data, known as the Topologically Integrated Geographic Encoding and Referencing (TIGER) system, and publish it for resale in CD-ROM format without competition from the Bureau. The letter further claimed that the Bureau informed GEOVISION that the Bureau would produce the TIGER database in a certain format² without any data viewing software. Mr. Shain said that, in reliance on these understandings, his company developed CD-ROM products that added valuable features to the basic geographic information provided by the Bureau. He claims that the Bureau is planning to produce the TIGER database on CD-ROM in a format, including

¹Mr. Shain sent a similar letter to Chairman Thomas Sawyer of the Subcommittee on Census, Statistics and Postal Personnel, House Post Office and Civil Service Committee. We are enclosing a copy of the Bureau's response to Mr. Shain for your information.

²See the enclosed letter from the Bureau to Chairman Sawyer for a discussion of the file format issue.

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software, that is identical in features and functions to GEOVISION's product. Mr. Shain believes that his business will be adversely affected by these Bureau actions.

Mr. Shain's company is one of more than 141 vendors listed by the Bureau as having the capacity to process the Bureau's geographic database files. The prices of the services offered by these vendors of special application software range from about \$200 for relatively unsophisticated software to \$65,000 for extremely sophisticated software; prices vary due to differences in the key features of the software. GEOVISION's software is priced at the low end of the market at \$500 and \$595.

Bureau officials told us that they had no formal or official agreement that would allow Mr. Shain to purchase Bureau geographic data and publish it for resale in CD-ROM format without competition from the Bureau. An official of the Bureau stated that the Bureau follows Office of Management and Budget (OMB) policy regarding information dissemination, and such an agreement as alleged by Mr. Shain would have been a violation of OMB policy. Furthermore, we note that OMB circular A-130 and Bureau authorizing statutes do not prohibit the Bureau from developing and marketing geographic information databases and related software.

When Mr. Shain began his company in 1985, it was the Bureau's policy not to issue products with the software to read the data and information files and tapes it provided or sold to the public. However, the Bureau changed this policy in the past year because of changing data users' needs and because readily available technology required the Bureau to rethink this policy. The Bureau's upcoming 1993 release of CD-ROMs for its TIGER geographic database files will contain relatively unsophisticated software that will allow the user to read and print the information contained on the Bureau's CD-ROMs. The cost will be \$250 per CD-ROM disc. Bureau officials stressed that the data viewing software included on the new TIGER/Line CD-ROMs was obtained from the Environmental Protection Agency (EPA) through an interagency agreement that did not require any financial reimbursements to EPA. This software is not copyright protected and was developed by EPA to meet its own programmatic requirements.

Mr. Shain also claimed that there was a change in governmentwide policy from the Reagan to the Bush administration regarding an effort to make profits on CD-ROM products to support other operating costs. We do not know of any official change in governmentwide policies for

pricing of CD-ROMs. OMB circular A-130, titled "Management of Federal Information Resources" and issued December 12, 1985, provided that agencies were to recover the costs of disseminating information products through user charges. A revised circular A-130 was issued by the Clinton administration on June 25, 1993. That circular established a similar policy of setting user charges for information dissemination products at a level sufficient to recover the cost of dissemination but no higher.³

According to our recently issued report, Information Dissemination: Federal Information On CD-ROM: What is Available and How it Was Priced (GAO/IMTEC-93-34FS, June 30, 1993), agencies' CD-ROM pricing methods vary. Our review identified 180 CD-ROM titles that federal agencies make available to the public. While some of these titles are available free of charge, most titles are priced from \$13 to \$1,895. The Census Bureau CD-ROM prices range from \$50 to \$250, depending on the complexity of the information involved. Prices for these products have not changed very much over the last 8 years. The Bureau's calculations in setting these prices are described in the enclosed report.

In closing, the Bureau's actions appear consistent with federal laws and existing executive branch policies on information dissemination as stated in OMB circular A-130. Mr. Shain's letter, however, raised an important policy issue: the role of the government and private sectors in

³Section 8.a.(7)(c) of revised circular A-130 provides that agencies shall:

"Set user charges for information dissemination products at a level sufficient to recover the cost of dissemination but no higher. They shall exclude from calculation of the charges costs associated with original collection and processing of the information. Exceptions to this policy are: (i) Where statutory requirements are at variance with the policy; (ii) Where the agency collects, processes, and disseminates the information for the benefit of a specific identifiable group beyond the benefit to the general public; (iii) Where the agency plans to establish user charges at less than cost of dissemination because of a determination that higher charges would constitute a significant barrier to properly performing the agency's functions, including reaching members of the public whom the agency has a responsibility to inform; or (iv) Where the Director of OMB determines an exception is warranted."

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making government-collected information available to the public at a reasonable cost. This issue has taken on different dimensions with the increasing use of electronic information dissemination techniques such as CD-ROM. We plan to conduct work looking at the policy issues raised by electronic data dissemination. Through prior work, we already have examined some of the facts that surround this issue, and we also have examined federal government geographic information systems.⁴ I have enclosed copies of these studies for your information.

If you have any additional questions regarding this issue or would like to discuss it further, please call me on (202) 512-8676.

Sincerely yours,



William M. Hunt
Director, Federal
Management Issues

Enclosures - 4
(mailed to addressee only)

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⁴Information Dissemination: Case Studies on Electronic Dissemination at Four Agencies (GAO/IMTEC-92-6FS, July 22, 1992) and Geographic Information Systems: Information on Federal Use and Coordination (GAO/IMTEC-91-72FS, Sept. 27, 1991).