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PAPERWORK REDUCTION

Burden Reduction Goal
Unlikely To Be Met

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Paperwork Reduction: Burden Reduction Goal Unlikely to Be Met

The paperwork burden that the federal government imposes on the public, which is commonly measured in terms of “burden hours,” has increased significantly since 1980 both governmentwide and in particular agencies. In 1995, the Internal Revenue Service accounted for about 80 percent of the total paperwork burden of nearly 7 billion hours.

The Paperwork Reduction Act of 1995 requires the Office of Management and Budget’s Office of Information and Regulatory Affairs (OIRA) to set a goal of at least a 10-percent reduction in governmentwide paperwork burden for fiscal year 1996 and goals for each agency that reduce burden to the “maximum practicable” extent. It also requires agencies to follow certain procedures in developing information collections, including a 60-day notice and comment period. Just before these new requirements took effect, agencies submitted information-collection requests to OIRA that substantially increased their burden-hour totals.

As of May 31, 1996, OIRA had not set any burden-reduction goals. However, even if the planned agency-specific goals are set, they will not sum to 10-percent governmentwide reduction goal. OIRA said that, consistent with the act, the governmentwide burden-reduction goal for fiscal year 1996 will be 10 percent. However, agencies’ goals, based on their burden-hour projections, will average about 1 percent. If these projections are accurate, a 10-percent governmentwide burden reduction will be impossible.

The act does not explicitly require that the agency-specific goals should sum to the governmentwide goal. However, the act does require OIRA to keep Congress and congressional committees “fully and currently informed” of any “major activities.” OIRA has not done so regarding (1) why it has not set any goals or (2) agencies’ projections indicating that the 10 percent governmentwide paperwork reduction goal will not be achieved.

Several agencies contend that their burden-reduction efforts are hampered by statutorily based requirements. In particular, IRS said that it could not reduce the burden it imposed by more than about 0.9 percent without substantive changes in the tax code. GAO has not assessed the extent to which the paperwork burden agencies impose is directly a consequence of statutory requirements.

Three agencies GAO examined each took different steps to reduce paperwork burden. For example, the Environmental Protection Agency (EPA) is attempting to reduce its January 1, 1995, burden-hour total by

Summary
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met

25 percent. However, EPA's efforts have been largely offset by increases in what some of its officials describe as statutorily required information collections.

Paperwork Reduction: Burden Reduction Goal Unlikely to Be Met

Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss the implementation of the Paperwork Reduction Act of 1995. As you requested, we have reviewed selected aspects of the act's implementation by the Office of Management and Budget (OMB) and three agencies—the Internal Revenue Service (IRS), the Environmental Protection Agency (EPA), and the Occupational Safety and Health Administration (OSHA). In your request letter, you noted that participants at last year's White House Conference on Small Business believed these three agencies impose the most significant paperwork burdens on small businesses.

We will focus on three main issues today: (1) changes in paperwork burden governmentwide and in the three selected agencies, (2) OMB's responsibility to set goals for reducing such burden and whether agencies will achieve the burden reductions envisioned in the act, and (3) actions each of the three agencies have taken since the passage of the act. We will also discuss some measurement issues Congress needs to consider as it assesses agencies' progress in reducing paperwork burden.

Background

First, however, a little background information is needed. The Paperwork Reduction Act of 1995 amended and recodified the Paperwork Reduction Act of 1980, as amended. The 1995 act reaffirmed the principles of the original act and gave new responsibilities to OMB and executive branch agencies. Like the original statute, the 1995 act requires agencies to justify any collection of information from the public by establishing the need and intended use of the information, estimating the burden that the collection will impose on the respondents, and showing that the collection is the least burdensome way to gather the information.

The act also reauthorized the Office of Information and Regulatory Affairs (OIRA) within OMB to determine whether agencies' proposals for collecting information comply with the act.¹ Agencies must receive OIRA approval for each information collection request before it is implemented. OIRA is also required to report to Congress on agencies' progress in reducing paperwork. To do so, OIRA develops an Information Collection Budget (ICB) by gathering data from executive branch agencies on the total number of "burden hours" OIRA approved for collections of information for the agency

¹The act requires the Director of OMB to delegate the authority to administer all functions under the act to the Administrator of OIRA, but does not relieve the OMB Director of responsibility for the administration of those functions. In this testimony, we refer to OIRA or the OIRA Administrator wherever the act assigns responsibilities to OMB or the Director.

at the end of the fiscal year, and agency estimates of the burden for the coming fiscal year.²

The 1995 act also makes several changes in federal paperwork reduction requirements. For example, it requires OIRA to set goals of at least a 10-percent burden reduction governmentwide for each of fiscal years 1996 and 1997, a 5-percent governmentwide burden reduction in each of the next 4 fiscal years, and annual agency goals that reduce burden to “the maximum practicable” extent.³ The act also redefines a “collection of information” to include required disclosures of information to third parties and the public, effectively overturning the Supreme Court’s 1990 Dole v. United Steelworkers of America decision.⁴ Finally, the 1995 act details new agency responsibilities for the review and control of paperwork. For example, it requires agencies to establish a 60-day public notice and comment period for each proposed collection of information before submitting the proposal to OMB for approval.

OIRA uses the ICB information to assess whether agencies’ burden reduction goals are being met. OIRA classifies changes in burden-hour estimates as caused by either “program changes” or “adjustments.” Program changes are additions or reductions to existing paperwork requirements which are imposed either through new statutory requirements or an agency’s own initiative. Adjustments are changes in burden estimates caused by factors other than changes in the actual paperwork requirements, such as changes in the population responding to a requirement or agency reestimates of the burden associated with a collection of information. OIRA counts both program changes and adjustments when calculating an agency’s burden-hour baseline at the end of each fiscal year. However, OIRA does not count changes that are due to adjustments in determining whether an agency has achieved its burden reduction goal.

²Although OIRA consults with agencies in the preparation of their ICB submissions and refers to this data collection process as a “budget,” OIRA’s information collection budget does not limit the number of burden hours an agency is permitted to impose in the way that a financial budget limits expenditures.

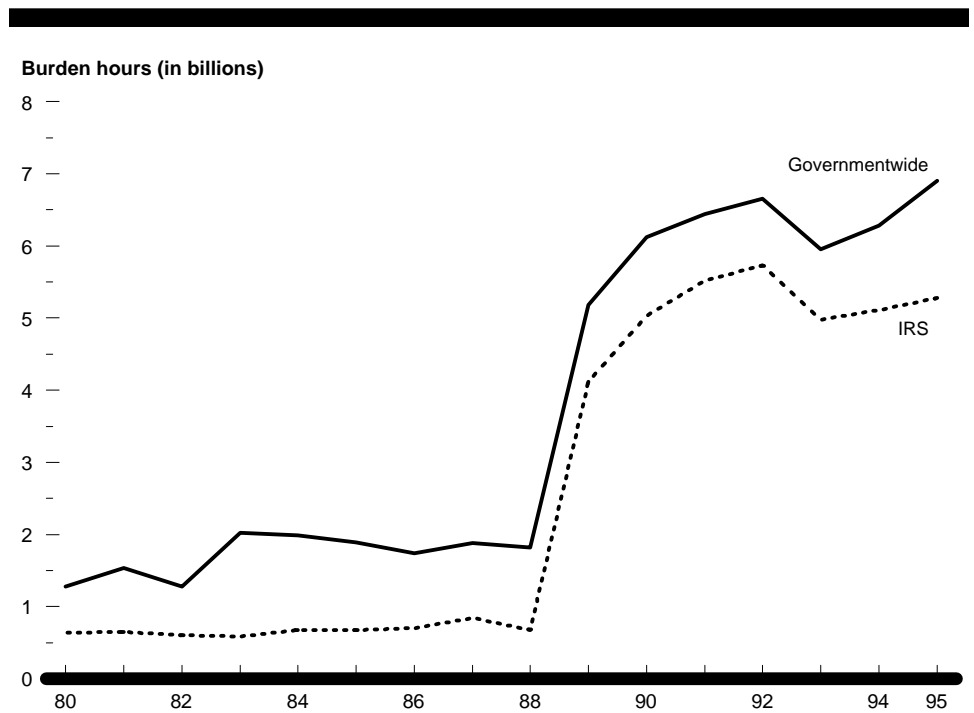
³The original act contained burden reduction goals, but they had expired.

⁴494 U.S. 26. The Court ruled that the Paperwork Reduction Act of 1980 (as amended) did not provide OMB with the authority to review agency regulations that mandate disclosure of information by regulated entities directly to third parties.

Changes in Paperwork Burden Over Time

Figure 1 shows changes in reported burden-hour estimates governmentwide and at IRS between September 30, 1980, and September 30, 1995—the day before the new act took effect.

Figure 1: Trends in Paperwork Burden Governmentwide and for IRS



Note: Data are as of September 30 each year.

Source: Regulatory Information Service Center and Department of the Treasury.

As you can see, the governmentwide total rose substantially during that 15-year period, from about 1.5 billion burden hours in 1980 to more than 6.9 billion burden hours in 1995. The rate of governmentwide increase was not consistent during this period; the total rose and fell in the early years,

Statement
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met

rose dramatically in 1989, and rose every year since then with the exception of 1993.⁵ In each year since fiscal year 1989, IRS' paperwork burden has accounted for more than three-quarters of the governmentwide total. Increases or decreases in IRS' total number of burden hours have had a dramatic effect on the governmentwide total. For example, the near tripling of the governmentwide burden-hour estimate during fiscal year 1989 was primarily because IRS changed the way it calculated its information collection burden, which increased its paperwork estimate by about 3.4 billion hours.⁶ Because the IRS paperwork burden is such a large portion of the governmentwide total, the success of any governmentwide effort to reduce burden largely depends on reducing the burden imposed by IRS.

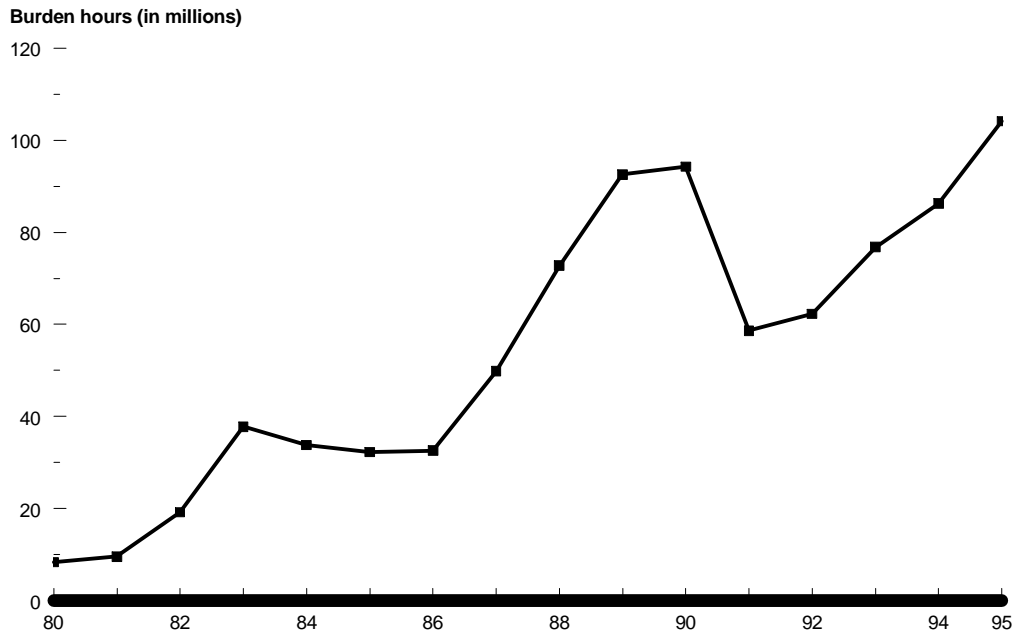
Figures 2 and 3 show the changes in the paperwork burden at EPA and OSHA, respectively, during the same 1980 to 1995 period.

⁵According to OMB, more than 90 percent of the fiscal year 1993 decline was because of population changes and other adjustments.

⁶For more information on this recalculation, see Paperwork Reduction: Reported Burden Hour Increases Reflect New Estimates, Not Actual Change (GAO/PEMD-94-3, Dec. 6, 1993).

**Statement
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met**

Figure 2: Trends in EPA's Paperwork Burden

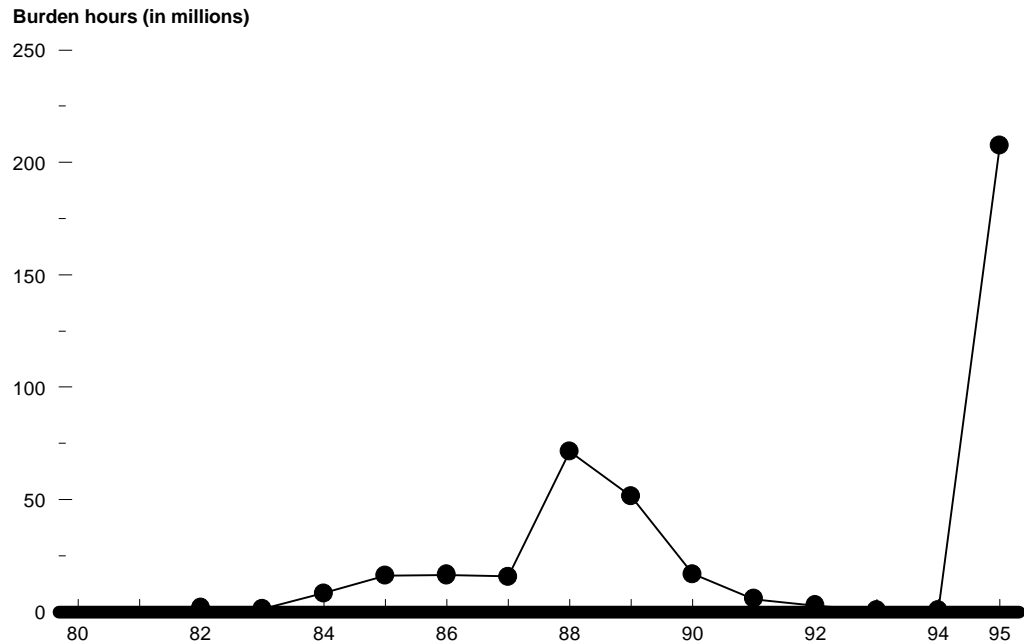


Note: Data are as of September 30 each year.

Source: Regulatory Information Service Center.

**Statement
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met**

Figure 3: Trends in OSHA's Paperwork Burden



Note: Data are as of September 30 each year, but data were not available for 1980 and 1981. In 1982, 1983, 1993, and 1994, OSHA's paperwork estimate was less than 2 million burden hours.

Source: Department of Labor.

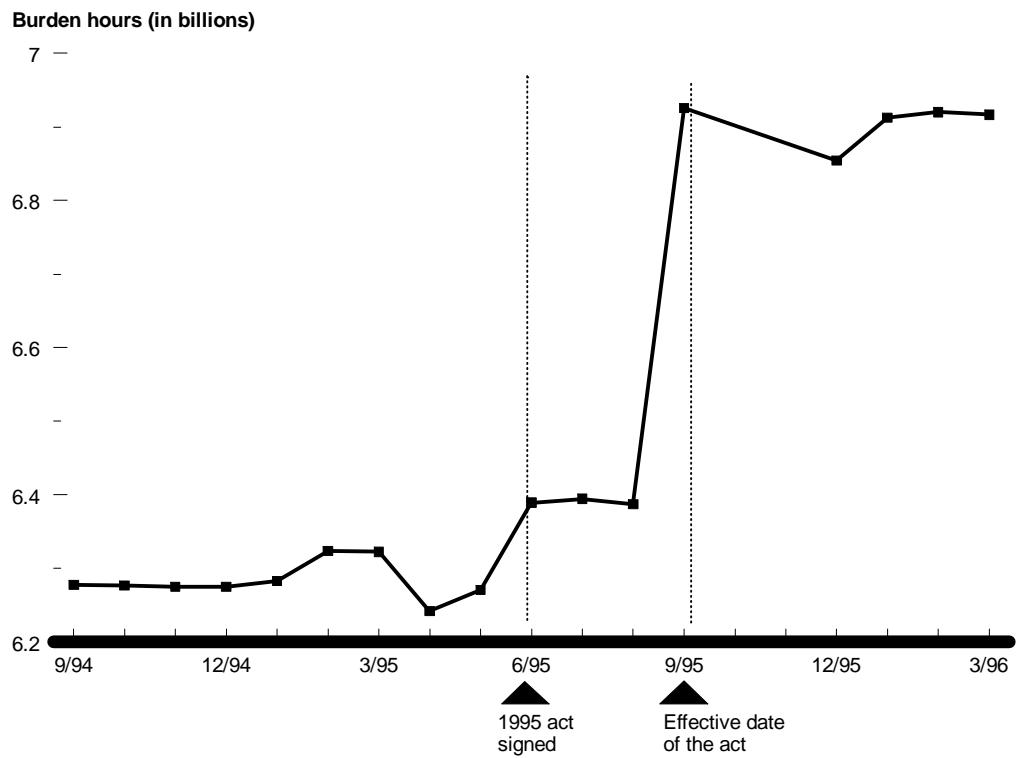
EPA's burden-hour estimate rose sharply in the late 1980s, fell somewhat in 1991 (because third-party information collections were no longer being counted as a result of the Dole decision), and rose again between 1991 and 1995. OSHA's burden-hour estimate increased gradually through 1987, rose rapidly in 1988, fell back to its previous level by 1990, and decreased slightly until it rose sharply between 1994 and 1995.⁷

⁷The increase in 1988 resulted from a court-ordered expansion of the scope of industries covered by the agency's Hazard Communication Standard. The burden level decreased by 1990 as industries made use of a guide OSHA published to simplify compliance with that standard.

**Statement
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met**

Figure 4 shows the month-by-month changes in the governmentwide paperwork burden between September 30, 1994, and March 30, 1996—the period including the date the 1995 act was signed by the President (May 22, 1995) and its effective date (October 1, 1995).

Figure 4: Recent Changes in Burden Hours Governmentwide



Note: Data are as of the end of each month.

Source: Regulatory Information Service Center.

The number of burden hours governmentwide rose more than 500 million hours (more than 8 percent) in the 1-month period immediately before the effective date of the act—from 6.39 billion hours on August 30, 1995, to

6.90 billion hours on September 30, 1995. IRS increased its burden-hour estimate by more than 147.6 million burden hours (about 3 percent) between August and September; EPA's estimate went up more than 21 million hours (more than 25 percent) during that month. OSHA's burden-hour estimate rose most dramatically shortly before the effective date, from about 1.5 million hours on June 30, 1995, to about 208 million hours on September 30, 1995.⁸

Documents we reviewed and officials we talked to indicated that these increases occurred during this period because agencies were trying to get proposed information collections approved before the new act took effect on October 1, 1995.⁹ Some of the proposals at OSHA and EPA were third-party and public disclosures that had previously been removed from the agencies' estimates because of the Dole decision.¹⁰ Other proposals, particularly those at OSHA, were third-party and public disclosures that had been added after the Dole decision.¹¹ By getting these third-party and other proposed information collections approved before the act's effective date, agencies were able to avoid the new requirements imposed by the act, including the 60-day public notice and comment period at the agencies. OIRA approved some of these collections of information for less than 1 year so that the agencies would have to clear the collections under the new process during fiscal year 1996.

However, submitting the proposals for review and approval before the act took effect also raised the burden-hour baseline against which the agencies' paperwork reduction goals would be judged. For example, the increase in OSHA's burden-hour baseline from about 1.5 million hours to about 208 million hours between June and September 1995 meant that OSHA had to cut more burden hours to achieve a 10 percent reduction (20.8 million hours) than it would have had to cut before the increase (about 150,000 hours).

⁸OSHA burden-hour estimates were unavailable for July or August 1995.

⁹For example, on May 22, 1995, the OIRA Administrator sent a memorandum to the heads of executive branch departments and agencies reminding them that, for information collections to be approved by OIRA on or after October 1, 1995, they would have to comply with the new procedures specified in the act.

¹⁰The burden-hour increases at IRS were not attributable to the reinstatement of third-party information collections because IRS never stopped counting them.

¹¹For example, OSHA's Process Safety Management of Highly Hazardous Chemicals Standard (about 135 million burden hours) was added after the Dole decision.

Burden Reduction Goals Not Set and Reductions Likely to Fall Short of Act's Target

One of the key features of the Paperwork Reduction Act of 1995 is the requirement that OIRA set both governmentwide and agency-specific burden reduction goals for fiscal year 1996 and for the next 5 fiscal years. However, as of May 31, 1996, OIRA had not set any such goals. More importantly, information that the agencies submitted to OIRA indicated that the burden reduction target that the act specified for fiscal year 1996 is unlikely to be reached.

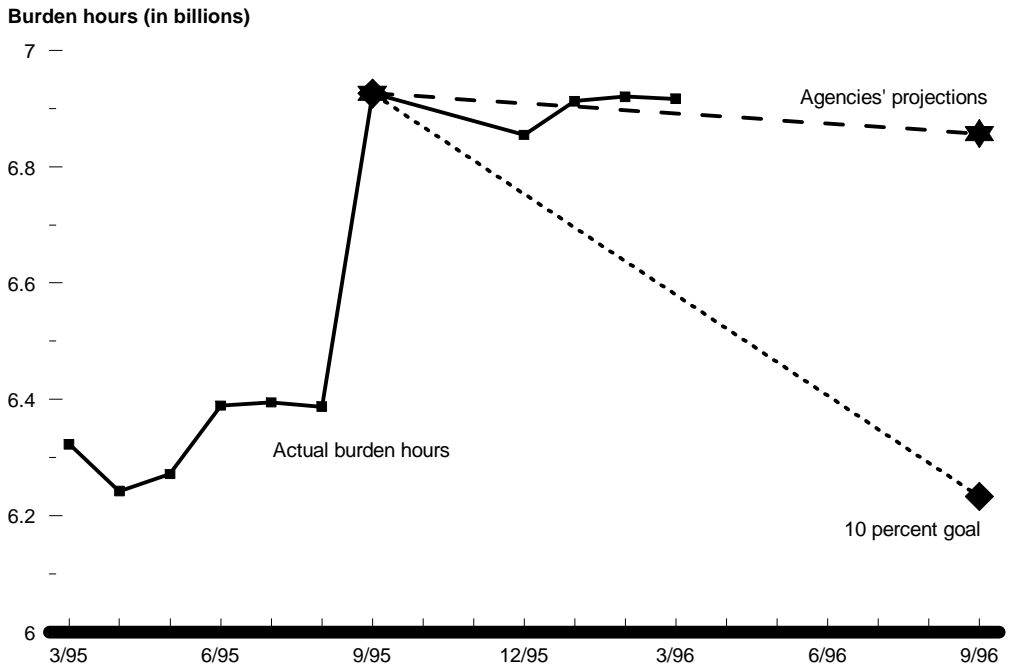
Agencies' Planned Burden Reduction Goals Will Average 1 Percent

OIRA staff told us that they plan to set the fiscal year 1996 burden reduction goals in a soon-to-be-published ICB. As part of the ICB development process, in September 1995, OIRA asked agencies to project what their burden-hour levels would be at the end of fiscal year 1996. Agencies submitted that information to OIRA between December 1995 and February 1996.

OIRA staff said that they will establish a governmentwide burden reduction goal of 10 percent for fiscal year 1996, as the act requires. They also said that agency goals will reflect the end-of-fiscal year 1996 burden-hour estimates that the agencies provided in their ICB submissions unless changed as a result of OIRA review. According to unpublished information we obtained from OIRA and the agencies, the weighted average of the agencies' burden reduction projections is about 1 percent. If these projections are accurate, the fiscal year 1996 goal of a 10-percent reduction in governmentwide paperwork burden that the 1995 act calls for will not be accomplished. Figure 5 shows the actual month-to-month governmentwide paperwork estimates from March 1995 to March 1996 and, according to our calculations, what the number of burden hours would have been by the end of fiscal year 1996 if the 10-percent burden reduction goal had been achieved and what the burden-hour total is expected to be on the basis of agencies' projections.

**Statement
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met**

Figure 5: Governmentwide Trends in Paperwork Burden and Fiscal Year 1996 Goals for Burden Reduction



Note: Data are as of the end of each month.

Source: Regulatory Information Service Center, ICB submissions, and GAO calculations.

The act did not explicitly require that the governmentwide goal should be the sum of the agency-specific goals. It specifies that the governmentwide burden-reduction goal for fiscal year 1996 should be at least 10 percent and that the individual agencies' goals should reduce information collection burdens to the "maximum practicable opportunity" in each agency. Therefore, if the OIRA Administrator determines that federal agencies are only capable of collectively reducing their paperwork burden by an average of about 1 percent, she is authorized to set agencies' goals

that will not add up to the governmentwide goal of a 10-percent reduction in burden.

Nevertheless, it is logical to assume that agency-specific goals would be the means by which the governmentwide goal would be achieved. Also, the 1995 act's legislative history indicates that Congress contemplated a connection between the governmentwide and agency-specific goals. For example, the act's conference report states that

“individual agency goals negotiated with OIRA may differ depending on the agency's potential to reduce the paperwork burden such agency imposes on the public. Goals negotiated with some agencies may substantially exceed the Government-wide goal, while those negotiated with other agencies may be substantially less.”

OIRA Did Not Keep Congress Informed

In addition to setting goals for paperwork reduction, the act requires OIRA to “keep the Congress and congressional committees fully and currently informed of the major activities under this chapter.” However, as of May 31, 1996, the OIRA Administrator had not informed Congress or congressional committees (1) about why OIRA has not established any burden reduction goals to date and (2) that agency projections OIRA received at least 3 months ago indicated that the 10 percent governmentwide paperwork reduction goal called for in the act would not be achieved. Both of these issues appear to us to be “major activities” subject to the act's requirement that the OIRA Administrator keep Congress fully and currently informed.

Agencies Contend Statutory Requirements Impede Burden Reduction

Information collection is one method by which agencies carry out their missions, and those missions are established by Congress through legislation. For the past several years, the ICBS have indicated that agencies' burden-hour estimates increased because of congressionally imposed statutory requirements. For example, the fiscal year 1993 ICB noted that title IV of the Clean Air Act Amendments of 1990 established new permitting requirements for emission sources that produce nitrous oxides, resulting in a 1.8 million hour increase to EPA's burden-hour estimate. As a result of such requirements, some agencies contend that they are limited in the amount to which they can reduce their paperwork burden. If agencies' paperwork requirements are truly statutorily mandated, those agencies may not be able to reduce their burden-hour estimates by the amounts envisioned in the 1995 act without changes in the legislation underlying those requirements.

However, neither we nor OIRA have assessed the extent to which the paperwork burden agencies impose is directly a consequence of statutory requirements and, therefore, is out of agencies' control. Even though a statute may require an agency to take certain actions, the agency may have discretion regarding whether paperwork requirements need to be imposed and, if so, the manner or frequency with which the information is collected. For example, although several statutes require employers to provide training to employees, OSHA may have discretion to determine whether employers need to submit paperwork to demonstrate their compliance with these provisions.

EPA, IRS, and OSHA Burden Reduction Targets and Actions Differ

As a part of their ICB submissions to OIRA, EPA, IRS, and OSHA each projected what it believed its total number of burden-hours would be as of September 30, 1996. Each agency also took different steps to reduce its paperwork burden.

Environmental Protection Agency

EPA has its own effort to reduce paperwork that began before the Paperwork Reduction Act of 1995 took effect. EPA has set an internal burden-reduction target and expects to reach that target by the end of this year. Despite these efforts, EPA reported that their burden-hour reductions will be largely offset by increases in statutorily-based information collections.

In March 1995, the EPA Administrator committed to reducing the agency's January 1, 1995, estimated paperwork burden by 25 percent by June 1996. Initially, EPA estimated that its January 1995 baseline was about 81 million burden hours, so a 25-percent reduction would bring the agency's total to about 61 million hours. In March of this year, we provided a statement for the record to the House Committee on Small Business indicating that, despite these planned reductions, EPA projected that its burden-hour total would increase to about 117 million hours by September 30, 1996—an increase of about 44 percent from EPA's January 1995 baseline.¹²

However, in May 1996, EPA revised its baseline estimate from about 81 million burden hours to about 101 million hours. EPA retained its goal of reducing paperwork by 25 percent, making its revised burden-hour target about 76 million hours. EPA also said its burden-reduction effort would not be completed until December 31, 1996, and revised its burden-hour

¹²Environmental Protection: Assessing EPA's Progress in Paperwork Reduction (GAO/T-RCED-96-107, Mar. 21, 1996).

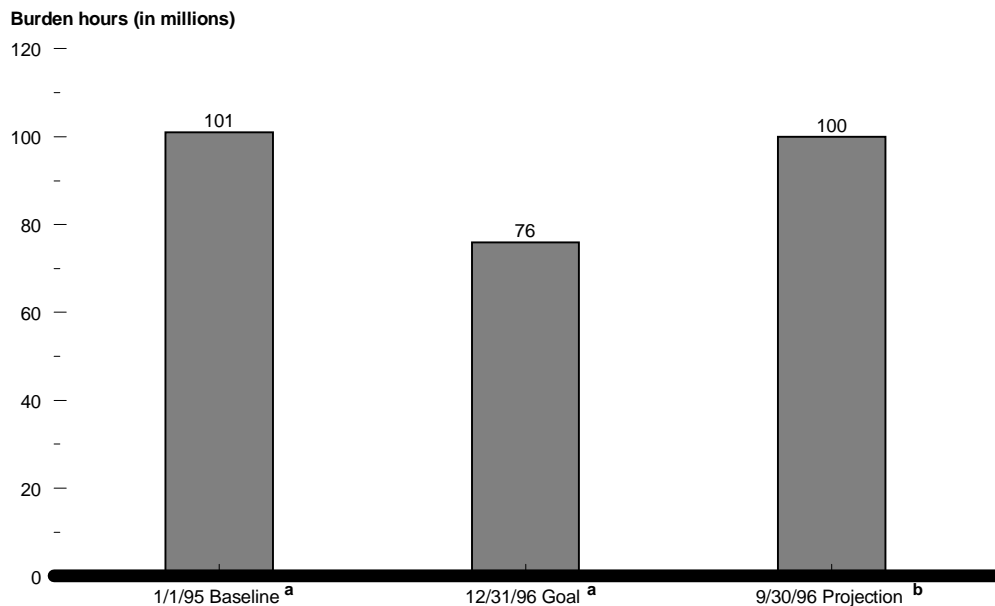
Statement
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met

projection for September 30, 1996, from 117 million hours to about 100 million hours. EPA officials said their projection was revised because some planned information collections would not be approved by OIRA by the end of the fiscal year and because their original estimate did not include all of the burden-hour reductions that EPA now expects to make by the end of the fiscal year.

Using EPA's most recent estimates, figure 6 shows EPA's burden-hour baseline as of January 1, 1995, the 25-percent reduction goal that EPA expects to accomplish by December 31, 1996, and the total number of burden hours that EPA currently projects will be in place as of September 30, 1996. As you can see, despite EPA's burden-reduction efforts during this period, EPA's burden-hour estimate at the end of this fiscal year is expected to be about what it was at the start of those efforts. This is because, at the same time EPA has been reducing its January 1995 paperwork inventory, new burden hours have been added to that inventory. According to EPA, those additions are primarily third-party burden hours that are now being counted as a result of the Paperwork Reduction Act of 1995 and new information collections associated with the Clean Air Act Amendments of 1990 and the Residential Lead-Based Paint Hazard Reduction Act of 1992.

**Statement
Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met**

Figure 6: EPA Burden-Hour Estimates



^a Does not include about 9 million hours of third party burden.

^b Does not include about 5 million hours of TRI burden.

Source: EPA.

It is also important to point out that the burden-hour totals in figure 6 do not include some types of paperwork that were being imposed on the public. For example, the first two bars do not include about 9 million hours of third-party disclosures and the last bar does not include about

5 million hours of burden associated with the Toxic Release Inventory (TRI).¹³

Although EPA's efforts to reduce burden hours have been almost totally offset by new information collection requirements, EPA's attempt to reduce its paperwork burden may prevent what would otherwise be a significant increase in the agency's paperwork burden. As of May 1996, EPA said that it had completed reductions of about 15 million hours and had identified about 8 million more hours of burden for elimination. If these figures are accurate, EPA would need to eliminate the 8 million burden hours it had identified and identify and eliminate about 2 million more hours to reach its goal of reducing its 101 million burden-hour baseline by 25 percent. Without the burden-hour reductions EPA says it has accomplished or has in progress, the agency's paperwork burden could have increased by 25 percent by the end of the year.

Although EPA's initiative to reduce the burden it imposes is promising, its burden-reduction claims warrant continued scrutiny. As we reported in our March 1996 statement for the record to the House Small Business Committee, some of EPA's February 1996 burden reduction estimates were overstated. For example,

- EPA initially claimed that a recently adopted TRI reporting option reduced the burden associated with TRI by about 1.2 million hours. However, EPA did not offset this reduction by the additional paperwork burden it created—about 800,000 hours—that would be incurred by those choosing this option. Therefore, the real burden reduction was about 400,000 hours.
- EPA estimated that it had reduced the burden associated with its land disposal restrictions program by 1.6 million hours, but its January 1, 1995, baseline indicated that the entire program only accounted for about 800,000 hours.

As we observed in our previous testimony on this issue, EPA has changed the way that it counts its burden reductions to more accurately reflect the effects of the agency's actions. This was one factor that caused the agency

¹³Third-party information is not included in EPA's January 1, 1995, baseline because the baseline was established before the Dole decision was overturned by the Paperwork Reduction Act of 1995. Although EPA's baseline included burden hours associated with TRI, its burden-hour projections for OIRA do not include all of the burden associated with TRI. TRI estimates were removed from burden-hour totals submitted to OIRA in 1993 because the form used to collect TRI information was no longer submitted to OIRA for clearance. In EPA's appropriation for fiscal year 1993, Congress exempted the TRI Form R from the requirements of the Paperwork Reduction Act until EPA promulgates a revision to the form. Since then, EPA has not submitted a revised form to OIRA for clearance.

to revise its January 1, 1995, baseline from which the burden-hour reductions are being taken.

Internal Revenue Service

Reducing burden on the taxpayer is one of the primary goals in IRS's Business Master Plan, in which the agency identifies a number of burden-reduction actions that it plans to take. In its ICB submission, IRS said that it plans to reduce its measured paperwork burden by about 50 million hours (0.9 percent) during fiscal year 1996 by simplifying forms and instructions, changing reporting thresholds, and moving eligible taxpayers to "E-Z" versions of required forms.

IRS officials said they are limited in the amount to which they can reduce the agency's paperwork burden because most of IRS' information collections are statutorily mandated in the tax code. They said that unless changes are made to the substantive requirements in the code, IRS will not be able to substantially reduce its paperwork burden.

IRS officials also said that significant portions of the agency's efforts to reduce its burden focus on types of burden that are not covered by the Paperwork Reduction Act. For example, they said that a major part of the real paperwork burden on the taxpayer comes from responding to IRS notices, and IRS has a major initiative under way to determine which notices can be eliminated, combined, or simplified. However, they said that notices are not covered by the act because they focus on information collected from a single individual in the course of an investigation or inquiry.

Occupational Safety and Health Administration

OSHA officials said that they assumed their agency would be responsible for reducing its burden by 10 percent during fiscal year 1996 as its share of the governmentwide goal. In its 1995 ICB submission to the Department of Labor, OSHA said that it would reduce its fiscal year 1995 paperwork burden by 8.7 million hours (about 4 percent) during fiscal year 1996 by dropping a number of certification requirements.¹⁴ Although OSHA has begun the process of eliminating these certification requirements, in the spring of 1996 OSHA officials told us that the process may not be completed in time to eliminate the requirements by the end of the fiscal year.

¹⁴Certifications are prepared in response to regulatory provisions requiring employers to conduct tests, inspections, maintenance checks, or training and to prepare and keep on file a signed record indicating what was done and the date the action was taken.

After submission of its ICB, OSHA officials discovered that they could claim additional burden reductions. OSHA's Process Safety Management of Highly Hazardous Chemicals Standard is a third-party information collection that the agency added to its burden-hour total in August 1995. At that time, OSHA officials estimated the paperwork requirements associated with the standard at 135 million burden hours. In keeping with a schedule established by the standard when it was issued in 1992, the burden imposed on employers declined in May 1996 because they were no longer required to perform certain recordkeeping functions after that date. OSHA officials said that they initially considered the decline in employer responsibilities an adjustment, which could not be counted toward the agency's 10 percent burden reduction goal in their ICB submission. However, they said the Department of Labor paperwork clearance official told them the change should be considered a program change, and therefore should be counted as part of OSHA's paperwork reduction effort. Consequently, OSHA reduced its 135 million burden-hour estimate by 17 million hours—8 percent of OSHA's total fiscal year 1995 burden.

Measurement Issues

As Congress exercises oversight in this area, it is important that it keep in mind several measurement issues. As noted previously, OIRA does not count any adjustments (because of reestimates or population changes) that agencies submit with their information collection requests in determining whether an agency has met its paperwork burden reduction goals. Therefore, an agency that initially submits a high estimate and later revises it downward does not get credit from OIRA for the reduction. Conversely, if an agency initially submits a low paperwork estimate and later increases the estimate, OIRA never counts the increase against the agency for goal attainment purposes. In fact, the governmentwide increase of about 1 billion burden hours between 1990 and 1995 was primarily driven by adjustments that never counted against agencies' goals. OIRA staff told us they were not aware of any evidence that agencies were systematically underestimating the burden associated with their information collections and then revising them upward.

It is also important that Congress recognize the difference between the government's "measured" paperwork burden that is reflected by the number of burden hours an agency reports and the "real" burden that is felt by the public and others. For example, the public did not feel the 3.4 billion burden-hour increase caused by IRS' 1989 reestimate; the burden had been there all along, and IRS simply improved its method for gauging that burden. This example underscores the care that must be taken in

interpreting the official burden-hour statistics. Most or all of the burden-hour increase may have actually existed since 1980 when the original Paperwork Reduction Act became effective. If this were the case, the statistics available to policymakers would seriously underestimate the burden actually imposed on the public, and figure 1 would overstate the degree to which paperwork burden actually increased since 1980.

The increase in measured burden as a consequence of the inclusion of third-party and public disclosures in September 1995 was similar to the IRS reestimate; the burden already existed but had just not been previously measured. Likewise, the burden felt by the public does not diminish when an agency recalculates a lower estimate of its paperwork burden without eliminating any existing requirements.

Relatedly, it is important that Congress be aware that certain elements of agencies' information collection burden are not reflected in some burden-hour estimates. As we mentioned earlier, OIRA does not count about 5 million hours of paperwork burden associated with EPA's TRI reporting form because the form is not submitted for OIRA approval. IRS's burden-hour estimates do not include such information collections as notices involving errors, nonfilings, and delinquencies because they are exempted from coverage under the act.

Finally, as we have said in previous reports and testimonies, users of paperwork burden-hour estimates should proceed with great caution. The degree to which such estimates reflect real burden and the factors that cause changes to the burden-hour totals are often unclear. Nevertheless, they are the best indicators of paperwork burden available, and we believe that they can be useful as long as their limitations are borne in mind.

Mr. Chairman, this completes our prepared statement. We would be pleased to answer any questions.

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