

BY THE COMPTROLLER GENERAL RELEASED

Report To The Chairman, Joint Economic Committee

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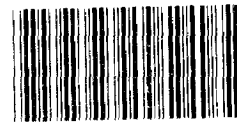
CONGRESS OF THE UNITED STATES

Department Of Agriculture: Actions Needed To Enhance Paperwork Management And Reduce Burden

Department of Agriculture estimates of the paperwork burden imposed on the meat industry are suspect. GAO found that the estimate of the time needed to complete the Annual Report of Packers was substantially understated; the estimate of the burden imposed by the meat inspection regulations was substantially overstated.

Agriculture's paperwork management program needs improvement. Shortcomings in the program allowed (1) the collection of unused information and (2) the use of reporting requirements which were not approved. Over 1,100 unapproved reporting requirements were in use. GAO made recommendations to enhance Agriculture's paperwork management program.

This report is the first of a series requested by the Joint Economic Committee on the paperwork burden imposed on segments of American business.



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-158552

The Honorable Lloyd M. Bentsen
Chairman, Joint Economic Committee
Congress of the United States

Dear Mr. Chairman:

Your letter of January 22, 1979, requested that we undertake a series of reviews of the Federal paperwork burdens imposed on businesses. This report, our first on that work, assesses the burden imposed by and the use made of information collected by the Department of Agriculture's Regulations Governing Meat Inspection and Annual Report of Packers reporting requirements.

As you requested, we assessed if (1) the burden estimates for the two reporting requirements were reasonable indicators of the true burden imposed, (2) the burden estimates were used to manage or limit the paperwork burden imposed, (3) the information collected was used, (4) there was duplicate reporting, (5) the reporting requirements were ridiculous, and (6) the reporting requirements were consistent with the intent of laws passed by Congress. In addition, we examined the effectiveness of the Department of Agriculture's paperwork management policies and programs.

As arranged with your office, unless you publicly announce its contents earlier, no further distribution of this report will be made until March 26 to coincide with the Joint Economic Committee's scheduled hearings on this report and related matters. At that time we will send copies of this report to the Director, Office of Management and Budget; the Secretary, Department of Agriculture; and the heads of the agencies discussed in this report. Copies will also be available to other interested parties who request them.

Sincerely yours

A handwritten signature in black ink that reads "Luther A. Atwater".

Comptroller General
of the United States



REPORT BY THE
COMPTROLLER GENERAL
TO THE JOINT
ECONOMIC COMMITTEE

DEPARTMENT OF AGRICULTURE:
ACTIONS NEEDED TO ENHANCE
PAPERWORK MANAGEMENT AND
REDUCE BURDEN

D I G E S T

This report, the first in a series requested by the Chairman of the Joint Economic Committee, examines the effectiveness of the Department of Agriculture's paperwork management program and policies. To manage paperwork effectively, Federal agencies need reliable information on the burden imposed on the public, the use made of the information requested, and the extent of duplicate reporting. Such information generally is unavailable at the Department of Agriculture, GAO concluded, after studying reports required from the meat industry.

The Department should improve its paperwork management program to better manage and further reduce the burden imposed on the public. The Department can do this by correcting ineffective practices which contribute to

- meaningless and unreliable burden estimates,
- collection of unneeded information, and
- duplicate reporting requirements.

Burden estimates are meaningless

The Department's burden estimates usually represent unsupported staff judgment. How reasonable or reliable the estimates are is difficult to ascertain, since neither the Department nor the Office of Management and Budget has made a comprehensive evaluation. However, GAO found that staff judgment did not produce reliable estimates for either the Regulations Governing Meat Inspection

or the Annual Report of Packers--the two most burdensome reporting requirements the Department levies on the meat industry. The Department estimated businesses spent 407,500 hours annually completing the regulations requirement and 4,400 hours annually completing the annual report. A GAO survey of businesses showed that the estimate for the regulations overstated the paperwork burden. The Department agrees and believes the overstatement may run as high as 259,000 hours. GAO believes the estimate for the annual report could be understated by as much as 7,600 hours. (See pp. 19 and 29.)

Failure to monitor practical utility allows collection of unneeded information

The Office of Management and Budget requires agencies to make "practical utility" reviews to verify use made of information collected from the public. Agencies are to stop collecting information they do not or cannot use because of staff, time, or other constraints.

The Department has not adequately monitored and evaluated information collection and use by its agencies or established standards and controls for agencies' practical utility reviews. These shortcomings have allowed agencies to establish inconsistent practices and procedures. For example, some agencies make practical utility reviews only on new forms and reports; others make no reviews at all. (See p. 6.) In addition, businesses must complete over 1,100 reporting requirements which have not been approved and may violate OMB guidelines. (See p. 17.)

Businesses faced with duplicate reporting requirements

The Department has not defined "unnecessary duplication," and the two methods used to control it--memory and ad hoc subject files--require much time and effort and do not work. (See p. 8.)

The Department's label approval program bogs down businesses in duplicate reporting and red tape. The Department must approve a label before it may be used on any meat product. Companies which produce a product in a variety of weights or at several plants must get approval for each weight and each plant. (See p. 25.)

Six Federal and two State reporting requirements duplicate, in part, information collected from meatpackers by the Department's Packers and Stockyards program. Four of the Federal requirements are imposed by the Department. (See p. 32.)

Recommendations

The Secretary of Agriculture should:

- Require the Department's clearance office to upgrade policies and guidelines for estimating burden, assessing utility, and eliminating duplication.
- Upgrade the paperwork management program by (1) improving the Department's method of burden estimating, (2) making sure that only verified and documented agency burden estimates are certified as reasonable, and (3) requiring each agency to index its reporting requirements.
- Require each agency to fully assess the burden and utility of its reporting requirements.

These and related recommendations to the Secretary are discussed in detail on pages 11, 26, and 35.

The Director of the Office of Management and Budget should:

- Not delegate any additional authority to the Department for reviewing its repetitive reporting requirements until the Office has verified that the shortcomings discussed in this report have been corrected.

- Designate Agriculture the focal agency responsible for overseeing the Government's collection of slaughtering packer information. (See pp. 12 and 35.)

AGENCY COMMENTS

Department of Agriculture

The Department acknowledged that there are areas in its paperwork management process needing improvement. The Department identified specific actions which would be taken for:

- Improving its burden estimating procedures, including better documentation.
- Assessing the practical utility of its information requirements.
- Eliminating duplicate reporting.

The Department's comments and GAO's evaluation are discussed in detail at the end of chapters 2, 3, and 4.

Office of Management and Budget

The Office of Management and Budget agreed with GAO that the Department needs to correct weaknesses in its paperwork management process. The Office outlined actions underway or planned to insure that these problems were corrected. The Office's comments and GAO's evaluation are discussed in detail at the end of chapters 2, 3, and 4.

The Office stated, however, that GAO's recommendations did not go far enough since similar deficiencies are found in other Federal agencies. The Office cited the President's November 30, 1979, Executive Order 12174, "Paperwork," and proposed implementing guidelines as measures designed to achieve broader improvement in Federal paperwork management. As part of its paperwork management reviews, GAO will monitor the Office's and other agencies' progress under the new executive order and guidelines.

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ABBREVIATIONS

| | |
|------|---------------------------------|
| DES | Diethylstilbestrol |
| FDA | Food and Drug Administration |
| FSQS | Food Safety and Quality Service |
| GAO | General Accounting Office |
| OMB | Office of Management and Budget |
| P&S | Packers and Stockyards program |

G L O S S A R Y

| | |
|--------------------------|--|
| Burden | The estimated time taken by respondents to gather and compile data, as well as the time needed to complete a Federal report or form. |
| Clearance | Approval of a reporting requirement. |
| Clearance process | Centralized process established under the Federal Reports Act for reviewing and approving reporting requirements used to collect information from 10 or more persons outside the Federal Government. |
| Central clearance office | Office which establishes the policies, requirements, and procedures for reviewing and approving reporting requirements proposed by agencies and departments. This office also reviews and approves proposed reporting requirements. For executive agencies covered by the Federal Reports Act, this is the Office of Management and Budget; for independent regulatory agencies this is GAO. |
| Clearance officer | Individual at the agency, department, or central clearance office who reviews, approves, or denies proposed reporting requirements. |

Duplication

The degree of likeness among reporting requirements. Duplication involves the following three categories of likeness and severity.

Generic duplication--the collection of information relating to the same general subject category, for example, financial data.

Similar duplication--questions related to a particular subject but not identical.

Identical duplication--questions which are precisely the same.

Paperwork

Recordkeeping and filing of reports by businesses, individuals, and organizations regarding Federal programs and regulations.

Practical utility

An agency's ability to use and timely process the information it collects.

Practical utility review

Process of verifying the actual use made of information collected.

Respondents

Individuals, groups, and organizations from whom information is collected.

CHAPTER 1

INTRODUCTION

This is the first in a series of reports on the paperwork burden imposed on segments of American business. This report presents our findings on the paperwork imposed by the Department of Agriculture's Regulations Governing Meat Inspection and its Annual Report of Packers. These requirements, according to Department estimates, account for 412,000 hours (about 23 percent) of the burden which the Department estimates it imposes on businesses.

Businesses were identified as respondents for 290 (about 44 percent) of the Department's cleared reporting requirements as of September 30, 1978. The total annual burden imposed by the business requirements was estimated by the Department at 1.8 million hours.

PAPERWORK MANAGEMENT PROGRAM

The program consists of a series of reviews by departmental and agency clearance offices of proposed reporting requirements and supporting material. Each clearance office reviews the proposal package for essentially the same thing--whether it complies with Office of Management and Budget (OMB) guidelines.

OMB's guidelines are based on the policy established by the Federal Reports Act of 1942. The Congress, through the act, demonstrated its concern with the "burden" placed on individuals, businesses, and organizations required to furnish information to the Federal Government. The act requires that information be collected with a minimum of burden upon respondents, especially small businesses. It further requires that unnecessary duplication be eliminated and that collected information be tabulated in a manner to maximize use.

OMB's guidelines require that a package include information on the

- number and type of respondents,
- frequency of reporting,
- estimated burden,
- basis for estimating the burden,

- need for the requirement, and
- plan for using the information.

Twenty-six Agriculture employees are assigned to the paperwork management program. Six are assigned at the departmental level and the remaining 20 at the agency level. None of the 26 employees spend full time on clearance activities. The annual cost to operate the program is about \$275,000 according to the departmental clearance officer.

Managing paperwork involves measuring burden

OMB requires Federal departments and agencies, in assessing burden, to estimate the time taken by respondents to gather and compile data, as well as the time needed to complete a report or form. The primary purpose for estimating burden is to enable agency, department, and OMB central clearance officers to judge the impact of reporting requirements. Estimates are to be computed by multiplying the estimated number of respondents by the estimated number of reports to be filed annually, which is then multiplied by the estimated number of hours required to prepare a single response.

Department burden estimates, in addition to being used by OMB to assess Agriculture's paperwork impact, are also used by OMB

- for establishing burden-reduction goals and annual Department and agency ceilings on the hours of burden,
- as the basis for delegating clearance responsibilities to the Department, and
- to measure the Department's progress toward reducing paperwork and implementing Commission on Federal Paperwork recommendations.

Use is monitored through practical utility

Since 1943 OMB guidelines have also required agencies, including the Department, to assess the use made of the information collected. In 1976 OMB increased its emphasis on verifying practical utility. In verifying utility OMB requires agencies to determine for each requirement if limited staff, inability to process the information, or other constraints affect use. If any limitations exist, OMB believes that the requirement has no practical utility and that the

information should not be collected. Agencies are also to make special efforts to reexamine the use of information collected under requirements imposing large burdens.

CHAPTER 2

NEED TO IMPROVE PROGRAM AND POLICIES

TO BETTER MANAGE PAPERWORK AND REDUCE BURDEN

Concern over the impact of Federal paperwork imposed on the private sector has been increasing. To effectively manage paperwork and reduce burden, agencies need reliable information on the burden imposed, the use made of the information collected, and the extent of duplicate reporting. Such information, however, is generally unavailable at the Department.

The Department's burden estimates usually represent unsupported staff judgment. How reasonable or reliable they are is difficult to ascertain, since neither the Department nor OMB has comprehensively evaluated them. Such evaluations would identify the measures needed to insure that estimates are reasonable reflections of the burden.

AGENCIES RELY ON JUDGMENT TO ESTIMATE BURDEN

The Department does not enforce either its own or OMB's burden-estimating guidelines. OMB has issued workable guidelines which the Department's agencies are to follow when estimating burden. OMB suggests four approaches to estimate burden, including: (1) formal consultation with a few respondents, (2) trial runs with agency staff, (3) experience with a pretest, and (4) experience with a related form. However, the Department does not require its agencies to use any of these approaches. Instead, it allows agencies to use staff judgment when estimating burden. The Department clearance staff, in turn, validates these estimates by relying on its judgment to determine if the estimates are "reasonable."

To ascertain how the Department developed burden estimates, we analyzed 87 Department requirements. ^{1/} Five requirements did not have burden estimates. For the 82 requirements having estimates, 73 requirements (about

^{1/}The 87 requirements were part of a random sample of agency requirements used to assess the effectiveness of agency paperwork control systems in our report titled "Protecting the Public From Unnecessary Federal Paperwork: Does the Control Process Work?" (GGD-79-70, Sept. 24, 1979).

90 percent) did not have documentation showing how the estimates had been derived. The estimates had been certified as reasonable, however, by the Department's clearance office. Because the Department permits the use of staff judgment to estimate burden, we believe that method was probably used in these 73 undocumented estimates. The Department clearance officer agreed.

The estimate for the Regulations Governing Meat Inspection illustrates how staff judgment is typically used to determine and validate estimates. To prepare the estimate, the Food Safety and Quality Service (FSQS) relied solely on its program staff's judgment rather than contacting respondents. FSQS did not document the method used to develop the estimate. The Department's clearance office, in reviewing the estimate, did not ask what the estimate represented or how it had been developed, but looked instead at its reasonableness. Only when a requirement appeared to be very burdensome and the estimated time obviously too short was an estimate challenged. When this happened, a reasonable figure was negotiated between the reviewer and the program staff. Any apparently reasonable estimate was accepted with no further effort to validate it.

Our findings agree with the results of a Government-wide OMB study on burden measurement concluded in March of 1979. OMB's objective was to assess whether it had accurate and complete information for monitoring the burden which approved requirements impose. OMB concluded that 92 percent of the time departments and agencies use unsupported staff judgment to make burden estimates.

Agencies rely on judgment to calculate burden reduction

The Department also permitted the use of staff judgment in estimating and validating burden reductions. For example, in 1977 FSQS claimed, in response to President Gerald R. Ford's Burden Reduction Program, to have reduced the burden imposed by its meat inspection reporting requirement from 833,000 to 407,500 hours annually. Better estimating on the part of knowledgeable program staff was claimed as the basis for this reduction. FSQS was not required to support the reduction, nor was the revised estimate verified to determine if the reduction was warranted or achieved. The Department clearance office certified to OMB that the reduction was reasonable. When we questioned the reasonableness of the estimate, neither the Department clearance officer nor FSQS officials knew if the estimate was accurate, reasonable, or reliable.

RELYING ON JUDGMENT CONTRIBUTES
TO UNRELIABLE ESTIMATES

Department officials claimed that staff judgment was the basis used for estimating the burden imposed by the two reporting requirements reviewed. These requirements were the Regulations Governing Meat Inspection and the Annual Report of Packers. They could not, however, support the validity of the estimates.

To assess how reasonable the estimates were, we visited respondents to document the time they had spent in reporting. On the basis of the evidence developed, we believe unsupported staff judgment cannot be relied upon to produce reasonable estimates. As our assessment of Department estimates for these requirements disclosed, staff judgment can result in overstated or understated estimates.

The estimate for the meat inspection requirement overstated respondent burden. It included primarily the time respondents spent in maintaining and preparing company required files and reports. As a result of our findings, FSQS began a study to verify the estimates of its 42 reporting requirements. In a status report on the study, FSQS' clearance officer reported that the estimate for the meat inspection requirement appeared overstated by over 259,000 hours.

The estimate for the annual report, on the other hand, understated respondent burden. The estimate was based on the belief 4 hours were needed to complete the report. Most of the respondents we contacted took longer. A company's unavoidable paperwork burden was related to the complexity and size of its operation. Small firms contacted took an average of 7 hours to respond; large firms averaged 144 hours. (See p. 29.)

The Department needs to require approaches for developing estimates which, as suggested by OMB, include either formal pretests or discussions with a sample of respondents to verify the time and costs involved in preparing responses. Direct contact with respondents might also identify ways to minimize burden and duplication.

FAILURE TO MONITOR PRACTICAL UTILITY ALLOWS
COLLECTION OF UNNEEDED INFORMATION

The Department needs to eliminate the collection of information it does not or cannot use. Its clearance office does not routinely monitor or evaluate practical

utility. This promotes inconsistencies among agencies in determining need and use and allows the collection of information which the Department does not or cannot use.

To guide its agencies in conducting practical utility reviews and to correct these shortcomings, the Department needs to begin enforcing existing OMB guidelines on practical utility. Enforcement would assure that the Department collected only needed and usable information and would help reduce burden and its costs.

Agencies assess need differently

Because the Department's agencies must justify need and demonstrate practical utility, we also obtained information on what six agencies were doing to comply with this requirement. These agencies accounted for about 80 percent of the Department's total estimated respondent burden.

Need is being evaluated differently among the agencies. The Agricultural Stabilization and Conservation Service, according to its clearance officer, discusses with program staffs why the information is needed and how it will be used, distributed, and stored. This discussion is held before requesting approval. The Economics, Statistics, and Cooperatives Service clearance officer stated that he rarely questioned need. Need determinations are delegated to the program staffs and he agrees with what the program staff has decided. The Food and Nutrition Service clearance officer said he lacked sufficient expertise to evaluate need and therefore did not. The Rural Electrification Administration's clearance officer conducts subjective reviews for need on most new requirements. FSQS and the Packers and Stockyards program (P&S) do not assess need. Their clearance officers justify need on the basis that the reporting is required under the Department's regulations and by law.

Practical utility reviews vary

"Practical utility" is defined by OMB as an agency's ability to use and timely process the information it collects. OMB requires agencies to determine for each requirement if limited staff or inability to process the information, or other constraints affect use. If any limitations exist, OMB believes that the requirement has no practical utility and that the information should not be collected.

At Agriculture, practical utility was assessed differently. Two agencies made practical utility reviews only on

new requirements. In three agencies practical utility reviews were made periodically. The sixth agency did not review practical utility because it lacked sufficient staff.

Despite OMB's guidelines, the Department permitted practices which resulted in inadequate evaluations of practical utility. These practices, which rely heavily on justifying need, made no provision for verifying use. The Department had no procedures for its agencies to follow in conducting practical utility reviews. Instead, it allowed each agency to employ its judgment in assuring that information collected was actually used.

When a form or report is selected for a practical utility review, the departmental clearance office reviewer determines, for each data element on the form or report, how the information is used, what the agency's objective is in collecting the information, and if the information meets the objective. The review is conducted informally. No documentation is prepared or support compiled to document what was questioned or changed.

The Department clearance officer said this practice was followed because there was not enough staff to conduct thorough practical utility reviews. He also said there was not enough staff to validate agencies' claims on the use made of the information. The only requirements his staff reviewed consistently for practical utility were new forms and reports. High burden forms and reports were reviewed periodically. In the last 3 years, his staff made 10 reviews of such forms.

METHODS FOR CONTROLLING DUPLICATION ARE INEFFECTIVE

Department personnel use two methods for controlling duplication. Some rely on memory; others keep files on approved reporting requirements.

Under the first method, individuals must have memorized all the Department's requirements before being able to identify duplicate reporting. Under the second method, files containing copies of approved forms are kept. The forms are filed under either functional headings, such as expenses and applications, or subject headings, such as corn and tobacco. The files, however, make no provision for information collected without forms. In these cases individuals must rely on memory and knowledge of Department regulations.

Both methods require much time and effort. On the basis of our review of selected Department reporting requirements, it appears that these methods do not work. For example, FSQS is imposing requirements under its meat inspection requirement which duplicate and overlap other FSQS requirements. (See ch. 3.) P&S collect information similar to that collected by FSQS, the Agricultural Marketing Service, and the Bureau of the Census. (See ch. 4.)

No definition of "unnecessary duplication"

Under the Federal Reports Act, unnecessary duplication must be eliminated. OMB, however, has not defined "unnecessary duplication." OMB allows each agency to devise its own definition and system for control.

The Department has not defined unnecessary duplication, nor has it established a system to control it. Employees are allowed to devise their own definitions. According to the Department clearance officer, the Department views unnecessary duplication as purely a matter of personal interpretation.

Because neither OMB nor the Department defined unnecessary duplication, we assessed unnecessary duplication using the multi-level definition developed by the Commission on Federal Paperwork. (See glossary.)

The Commission separated duplication into three levels of likeness and severity. In examining selected requirements, we found all three levels of duplication. (See chs. 3 and 4.)

Indexing can help eliminate duplication

To combat needless duplication and to provide the tools necessary to identify it, each of the Department's agencies needs to index its reporting requirements. Indexes could contain, among other items, the title of the requirement; an abstract showing why the information is being collected; the respondent groups; the users; the uses to which information is put; the types and numbers of forms, reports and records to be generated; a brief description of the reporting involved; the statutes and regulations which require the information; and the basis for the burden estimate.

The indexes could list and classify the contents and other characteristics of the Department's reporting requirements. Indexing could also help fill a management information gap which now prevents the Department from effectively

addressing paperwork problems. For example, agency and departmental clearance offices could use indexes to determine whether information to be collected is already available or whether existing information could serve an agency's needs.

CONCLUSIONS

Although the Department has a clearance office and paperwork management program, the program should be improved to better manage and further reduce the paperwork burden levied on the public. The Department can improve the program by correcting ineffective practices which contribute to

- meaningless and unreliable burden estimates,
- collection of unneeded information, and
- duplicate reporting requirements.

The Department can improve the accuracy of its burden estimates by using information developed through either formal pretests or discussions with respondents. As our assessment of Department burden-estimating practices disclosed, unsupported staff judgment is not likely to produce reliable and accurate estimates.

Improvements are also needed in the area of practical utility reviews. Management needs to (1) adequately monitor and evaluate agency information collection and use and (2) establish guidelines for its employees to follow when assessing practical utility.

The Department also needs to define what it considers to be unnecessary duplication and develop an indexing system to help control it. Indexing could help fill a management information gap which now prevents the Department from effectively assessing its paperwork impact.

Overall, the Department cannot be relied upon to meet its OMB-assigned responsibilities for primary review of its reporting requirements. Under OMB's Paperwork Reduction Program, the Department has responsibility for substantive review of all requests for clearance of repetitive reporting requirements which

- have a total annual burden of 20,000 hours or less and
- impose an average burden of no more than one-half hour per response.

We previously recommended that OMB delegate primary review authority to executive agencies which have demonstrated adequate capability and controls for reviewing proposed reporting requirements. This recommendation and others to OMB for improving paperwork controls are in our report titled "Protecting the Public From Unnecessary Federal Paperwork: Does the Control Process Work?" (GGD-79-70, Sept. 24, 1979).

OMB should not delegate additional review authority to the Department until it upgrades its

- policies and guidelines for estimating burden, assessing utility, and eliminating duplication and
- paperwork management program by (1) insuring that only verified and documented agency burden estimates are certified as reasonable, and (2) requiring each agency to index its reporting requirements.

RECOMMENDATIONS TO AGRICULTURE

The Department can take some steps to cut paperwork and red tape--some to maximize use, others to reduce burden, and some to do both. We recommend that the Secretary:

- Require the Department's clearance office to upgrade policies and guidelines for estimating burden, assessing utility, and identifying and eliminating duplication. The policies and guidelines should:
 1. Direct agencies to use burden-estimating methods which include contacting a sample of respondents, to ascertain the amount of time and costs involved in responding.
 2. Direct agencies to document the basis used for estimating burden and burden reductions.
 3. Require each agency to index its reporting requirements.
- Require each agency to fully assess the burden and utility of its reporting requirements. These assessments should be directed toward:
 1. Verifying agency burden estimates,

2. Documenting agency use of the information collected and documenting staff and resource limitations, if any, which hamper use.
3. Identifying duplicate reporting requirements.

--Direct the Department's clearance office to certify as reasonable only verified agency burden estimates and burden reductions.

RECOMMENDATION TO OMB

We recommend that the Director of the OMB not delegate any additional authority to the Department for review of its repetitive reporting requirements until OMB has determined, through an evaluation, that the Department has corrected the shortcomings discussed in this report.

AGENCY COMMENTS AND OUR EVALUATION

Department of Agriculture

The Department agreed with us that areas in its clearance process need improvement. (See app. III.) It also agreed that better estimates of burden are needed. The Department said it has long been aware that burden estimates developed by its agencies have been sketchy. The Department said that, in the future, it will require documentation of methods used to develop burden estimates and formal pretests or discussions with respondents to be a part of its burden estimate development process.

The Department said indexing of its reporting and record-keeping requirements will be covered under its guidelines for implementation of the President's November 30, 1979, Executive Order 12174, "Paperwork." This Order calls for the development of a Federal Information Locator System.

The Department suggested that our estimate of the burden on the Packers and Stockyards Annual Report may be as suspect as its estimate. The Department contends that the 16 plants included in our review were not selected on a random basis, thus producing a potentially biased estimate of average response time for the companies involved.

It is true that the companies we canvassed were not randomly selected. We also agree that the information obtained from these companies is not a statistically valid representation of the average response time for the companies affected. It was never meant to be. Our discussion of burden is limited to the 16 companies canvassed. (See p. 30.)

Our approach, described on page 30, was designed to test the reasonableness of the P&S burden estimate. We limited our work to 16 companies for several reasons. First, many of the companies we contacted were not willing to open their doors and books to GAO auditors. Second, we wanted to ascertain if agencies could develop reasonable estimates by following OMB's guidelines, which permit pretests with nine or fewer respondents. Third, we did not want to become a burden ourselves to the meat industry. Fourth, we found that after talking to seven single-plant and nine multiplant packers, two distinct patterns of burden emerged. A pattern of low burden and cost for single-plant packers and a pattern of high burden and cost for multiplant packers.

The Department stated that its policy has always been to require documentation as part of any burden reduction claims. Although we did find the Department had such a policy, we found it was not implemented.

The Department said that practical utility reviews have been conducted for some existing reporting requirements, namely high burden requirements. The Department believes that the public can best be served if it concentrates its efforts on high burden requirements.

We found that the Department has attempted a few practical utility reviews. (See p. 6.) The evidence shows, however, that these reviews were not thorough. The reviews concentrated primarily on evaluating the need to collect information.

The Department, in commenting on this report, showed the dangers in relying on this type of review. According to the Department, the Department clearance office reviews the practical utility of information collected weekly relating to processing operations at FSQS inspected plants. The Department concluded that, while the information was needed, it could not be used on a weekly basis. It recommended that FSQS change the reporting period from weekly to quarterly. FSQS did not implement the recommendation because the meat industry pressured FSQS to continue weekly collections. FSQS officials said that companies wanted the Federal Government to continue collecting weekly packing information on competitors because it was not available elsewhere.

The Department concluded that since the Food and Drug Administration has prohibited the manufacture, shipment, and use of DES, the Department will no longer need or require businesses to complete DES certificates.

Office of Management and Budget

OMB agreed with our conclusion that the Department of Agriculture needs to correct deficiencies in: determining the practical utility of many of its information requirements; estimating and documenting the burden of those requirements; systematic elimination of potential duplicate information collection; and departmental paperwork management policy and procedures. Overall, OMB believes our recommendations do not go far enough. (See app. IV.) The problems identified with the information requirements of the Department are present in other Federal agencies according to OMB. The problems are, said OMB, the product of a view that paperwork management is a sideline rather than a central management concern. To correct this situation, the President issued Executive Order 12174, "Paperwork", on November 30, 1979. OMB believes that implementation of the executive order will result in Government-wide improvement in Federal paperwork management.

As part of our ongoing program of paperwork management reviews, we will monitor OMB's and other agencies' progress under the new executive order.

OMB said the report demonstrates the positive effects of paperwork management audits. OMB indicated that similar audits will be systematically initiated under Executive Order 12174. Such audits are useful in calling the attention of top agency managers to paperwork concerns, according to OMB. OMB stated that similar findings have been obtained by OMB audits with the general effect of reducing burden and improving agency reports management programs.

The report makes specific recommendations for OMB action. For example, it recommends that OMB make no further delegation of clearance authority to the Department, pending correction of identified problems. OMB said it will not delegate authority to Agriculture or any other department until it has demonstrated a serious commitment and an adequate program for carrying out the provisions of the Federal Reports Act, as required by the revised Circular A-40.

OMB said that some of the recommendations addressed to the Department involved OMB responsibilities. For example, the proposal for indexing FSQS information requirements should not be undertaken outside the larger ongoing OMB effort to establish a Federal information locator system. According to OMB, the Department is playing a major role as a working group leader in the project.

We believe that a Federal locator system is a valuable tool for managing Federal paperwork. We agree with OMB that agencies such as FSQS should not undertake the development of information locator systems outside of OMB's larger effort. We also believe that before any Government-wide information locator system can be implemented, each department and agency will need to catalog its forms and reports. We view our recommendation to the Department as a positive step toward achieving this objective. Implementation of our recommendation would assure that when the time comes for FSQS to include its forms and reports as components of any OMB-approved locator system that the information will be available.

CHAPTER 3

MEAT INSPECTION REPORT HAS MEANINGLESS BURDEN

ESTIMATE AND USELESS AND DUPLICATE INFORMATION

On the basis of the Department's own estimates, its Regulations Governing Meat Inspection are the most burdensome reporting requirement it imposes on businesses. This requirement highlights the shortcomings discussed in chapter 2, namely the:

- Clearance file information is incomplete and misleading.
- Burden estimate is meaningless.
- Information collected is not used or cannot be used.
- Requirement creates duplication and red tape.

FSQS is responsible for assuring that foods are safe, wholesome, and nutritious; that they are of good quality; and that they are informatively and honestly labeled. FSQS, under its meat inspection regulations collects information from businesses which produce, slaughter, and process meat.

The Department has 290 business-related reporting requirements, which it estimated imposed 1.8 million hours of burden. According to FSQS' 1977 burden estimate, the meat inspection requirement imposes 407,500 hours of burden annually. This amounts to 23 percent of the Department's estimated burden imposed on businesses and about 65 percent of the burden on the meat industry.

Although FSQS' estimate was large, businesses did not feel unduly burdened or imposed upon. In fact, companies had difficulty in relating to FSQS' estimate because much of the information supplied was needed for day-to-day operations.

CLEARANCE FILE INFORMATION USEFUL BUT LIMITED

Although the meat inspection clearance file contains much useful information, it has limitations. The reporting requirements in the file represent only a fraction of the

paperwork levied on businesses. Over 1,100 forms and reports in use by FSQS regions and inspectors are not included. Thus the most pervasive, burdensome and possibly most irritating requirements are not being addressed. In addition, the information represents 24 different requirements.

Businesses affected by hundreds of "bootleg" forms

FSQS' burden information is incomplete because it does not account for many unapproved reporting requirements in use. Over 1,100 locally developed forms and reports had been identified and were in use at the time of our review. Also at least eight unapproved FSQS-headquarters-developed requirements were in use. (See app. I.)

Although the 8 requirements were similar to the 24 listed in the meat inspection requirement, they had not been submitted to OMB for approval. Their use may violate OMB guidelines. Under OMB's guidelines, agency regulations and other directives which require respondents to provide information or maintain records are subject to the OMB clearance process. FSQS agreed to submit the eight requirements to OMB for review and approval.

FSQS surveyed its regions, at our request, to determine the number and kinds of bootleg forms and reports in use. Over 1,100 locally developed forms were identified. FSQS is evaluating these to estimate the burden and to ascertain which ones should be continued, submitted to OMB for clearance, and/or eliminated.

The meat inspection reporting requirement--
a hodgepodge of paperwork

FSQS' meat inspection requirement represents 24 separate requirements. (See app. II.) OMB allows consolidation of requirements when they may be regarded as a single report or reporting program. OMB spells out four instances when consolidation is justified:

--Forms which are essentially the same form, such as continuation sheets or editions in foreign languages.

- Forms which consist of a basic form and one or more satellite forms.
- Forms which might have been a single form but for convenience have been tailored to fit two or more respondent groups.
- A single regulation containing several related reporting and/or recordkeeping requirements.

The 24 requirements in the meat inspection requirement represent a number of reporting programs. Of the 24 requirements:

- Six collect information on operational activities, such as slaughtering and processing.
- Five collect information on transporting meat.
- Four collect inspection data.
- Three collect label information.
- Two collect information on condemned and inedible meat products.
- Two collect information on imported meat products.
- Two relate to records retention and records maintenance.

The meat inspection requirement was classified as record-keeping. This was permitted under OMB's guidelines because OMB defined "recordkeeping requirement" as an item usually contained in an agency's regulations or manuals. While all 24 reporting requirements were in FSQS' regulations:

- Ten required the filing of reports.
- Nine required the submission of applications.
- Four required the keeping of records.
- One required the preparation of certificates.

In light of OMB's policy, we asked OMB's and FSQS' clearance offices on what basis had the 24 requirements been consolidated. The reasons provided by both OMB and FSQS conflicted with OMB's consolidation policy.

FSQS' clearance officer said that the 24 requirements had two things in common. First, they all collect information on compliance with FSQS' meat inspection regulations. Second, none involve headquarters designed or approved forms. According to FSQS' clearance officer, if any of the requirements had a prescribed FSQS headquarters form, then FSQS would have it cleared separately. The clearance officer also stated that the consolidation had been accepted by OMB for many years.

Since OMB had approved the consolidation, we asked OMB to justify its action. OMB could not. The OMB reviewer responsible for reviewing Department of Agriculture reporting requirements believed the consolidation was warranted because all 24 requirements related to FSQS' meat inspection program.

FSQS should reorganize its meat inspection requirement into requirements based on program information needs. For example, FSQS could establish separate requirements related to inspection, labeling, or transportation. By organizing the 24 requirements by program, OMB and others could better assess the time and cost to businesses in giving FSQS various types of information.

BURDEN ESTIMATE IS MEANINGLESS

FSQS' burden estimate for the meat inspection reporting requirement is meaningless. In addition, it does not account for hundreds of bootleg forms in use.

FSQS based its estimate on the results of a 1977 FSQS task force study designed to develop more realistic burden estimates. The task force's estimate was based on the collective judgment of its members. The task force never documented the basis used to develop the estimate. The Department clearance officer did not verify the accuracy or reasonableness of the estimate but certified it to OMB as reasonable.

The estimate appears unreliable and meaningless, according to the results of our visits to six meat-processing plants. We assessed the reasonableness of the estimate by reviewing company records, observing how employees gathered and compiled data, and recording the time spent completing reports. We documented the burden of the four reports, which FSQS believed accounted for nearly 100 percent of the burden. These reports included the:

- Report on the origin of products and articles entering official establishments.

- Certification that cattle or sheep had not been exposed to biological residues for 14 days before slaughter.
- Furnishing of information on procedures involved in preparing products.
- Yearly report on obsolete labels.

Report on product origin

Under the product origin requirement, plant officials must inform FSQS inspectors of every item entering the facility. FSQS estimated that plants spend 338,000 hours annually completing the report. The estimate is based on the belief that each of the 6,500 plants affected takes, on average, 52 hours a year to respond. At the six plants visited, we found that a range of reporting time existed because FSQS inspectors required the reporting to be done in various ways, including

- completing forms,
- telephoning,
- providing copies of bills of lading, and
- storing incoming material in specified plant areas.

There are no OMB-approved forms for the report on product origin. We found cases, however, when FSQS inspectors had required plants to report daily using locally developed forms. Plants took from 22 to 130 hours a year to fill out forms. This method of reporting was common among surveyed forms. It was burdensome because it required plants to assemble and store information which duplicated other company records.

Plants providing information daily by telephone to inspectors or providing copies of bills of lading were spending up to 44 hours a year responding. Firms required to merely store incoming materials in specified plant areas were the least burdened. In fact, company officials at plants operating under this method estimated there was no burden.

Because of the small number of plants in our test group, we cannot project the extent to which the variations occurred among the 6,500 plants. FSQS should identify the minimum information needs of its inspectors, the least burdensome method of satisfying the needs, and standardize its information collection efforts on that basis.

Biological residue certificates

FSQS estimated that each of the 100,000 respondents spend, on the average, 30 minutes a year preparing biological residue certificates, or a total of 50,000 hours annually.

Under the reporting requirement, a business selling cows or sheep to slaughtering packers must prepare a certificate stating that the animals have not been exposed for 14 days before slaughter to a biological residue called diethylstilbestrol (DES).

From plant officials and FSQS inspectors, we were able to document the burden involved in preparing a single certificate. Inspectors and plant officials said this burden was nominal.

The certificate is not a standard form. Instead, it is fashioned by the seller and may vary from a slip of scrap paper to a printed form. Regardless of the certificate's design, certain information must be contained, including:

- The number and kinds of animals covered.
- A statement that the person making the certificate has had custody of the animals for at least 14 days before the sale or has a certificate showing that animals have not been fed DES within 14 days before purchase.
- Whether the animals were fed DES.
- The date the seller stopped feeding DES.
- A statement that the regulations under the Federal Food, Drug, and Cosmetic Act were followed when feeding DES.

Plant officials and FSQS inspectors advised us, however, that FSQS' estimate that only 100,000 businesses had been affected might be inaccurate. Plant officials and FSQS inspectors said certificates were prepared by anyone who came in contact with the animals, including farmers, feedlot managers, selling and buying agents, truckdrivers, and slaughter plant personnel. According to the Bureau of the Census' Census of Agriculture, the potential number of farmers and feedlot managers alone affected could be 326,000.

Obsolete label and product preparation reports

The burden estimates for the obsolete label and the product preparation reports are meaningless. FSQS estimates

that businesses annually spend 6,500 hours and 12,000 hours, respectively, completing these reports. The obsolete label requirement directs each plant to provide a list of approved labels no longer in use. Under the product preparation requirement, plants must provide information to FSQS inspectors on the methods used in preparing products, such as the pickling process and the cooking times used in preparing hams and bacon.

Plant officials said the burden was nominal. They pointed out that if the two reports were eliminated, their plants would continue preparing the information because plant personnel needed it. In short, the Federal burden associated with the report entailed pushing the copier button one more time.

NOT ALL COLLECTED INFORMATION BEING USED

FSQS is not using the information it collects on DES certificates. In addition, resource constraints hamper the effective use of obsolete label reports. As a result of our findings, FSQS has begun an extensive practical utility review to identify reporting requirements which can be modified or eliminated.

Value of DES certificate is questionable

The overall value of the DES certificate appears questionable. The evidence compiled so far shows that actual use has been negligible. In light of the FDA ban on DES, the Department agreed to eliminate the requirement.

Before any cattle or sheep may be slaughtered at a federally inspected establishment, either they must have been certified by the seller as having not been fed DES 14 days before sale or they must have been held and fed a DES-free diet for 14 days by the slaughterer. The DES certificate was developed by the Department in conjunction with the cattle industry to reduce the high cost of holding and feeding animals.

The Department and a major cattle growers association believe the certificate is useful because:

- It can aid in monitoring DES violations.
- It can aid in tracing DES violators.
- It can serve as a sanction against sellers who knowingly sell cattle which are in violation of the regulations.

--It serves as an educational reminder and increases producer awareness that DES is a controlled substance.

To ascertain the value of DES certificates, we contacted users, who included FSQS headquarters and inspection personnel and officials of the Food and Drug Administration (FDA). The users, while aware of the potential usefulness of certificates, questioned the value in collecting them because the effect of certificates as control devices was unknown.

On June 29, 1979, FDA announced a ban on the manufacture and use of DES. FSQS, in light of the ban, plans to eliminate the certificate. The acting director for the FSQS residue-monitoring program estimated that to eliminate the requirement could take up to 8 months because of the Department's lengthy administrative process. In the interim, businesses will have to continue completing certificates even though FSQS believes there is no need for the information.

Monitoring violations

FSQS inspection personnel said they did not need the certificates to monitor DES violations. They said DES violations were monitored visually by inspectors and through the Department's residue sampling program. The program, done on a random basis, is used to monitor the levels of residues in animals, including DES. At one plant, FSQS inspectors were collecting certificates and tossing them away. At another plant, FSQS inspectors received the certificates after the animals had been slaughtered.

Tracing violators

FSQS inspection personnel also questioned the value of DES certificates in tracing violators. They pointed out that positive identification of violators based on the certificate was difficult because a single certificate might represent animals purchased from a number of sellers. Because a certificate indicates only the total number of cattle involved, the identity of individual sellers is lost.

Inspection personnel stated that if certificates were no longer collected, violators could still be traced through other records, such as bills of lading. According to the acting director for the FSQS residue monitoring program, the Department has been able to identify violators in the case of non-DES biological residue violations about 80 percent of the time from plant records. To date there has been only one documented case in which FDA--the agency responsible for investigating DES violations--attempted to use a DES certificate to identify a violator.

Prosecuting violators

The value of DES certificates as the basis for legal action against sellers appears suspect. Since 1976 the Department has referred at least 47 alleged DES violations to FDA for investigation. FDA has disposed of only 11 of the cases. On the basis of FDA information on the 11 cases, FDA officials believe the Department could have prosecuted the violator in only 1 instance; however, it did not. During the same period, according to Department estimates, businesses spent 150,000 hours completing over 3 million certificates. If Department estimates were accurate, it could have cost businesses as much as \$2.2 million--about \$750,000 annually. 1/

Educational value

The belief that DES certificates are educational is questionable. FSQS officials believe that the certificate program has educated at least 15 percent of the Nation's cattle producers. They concede, however, that they have no evidence to support their claim.

Duplication hampers use of obsolete label data

Under FSQS' obsolete label regulations, plants must provide an annual list of all approved labels no longer in use. The list is needed to maintain FSQS' composite index of all meat and poultry labels in use.

FSQS said that the label reports could not be used on a timely basis, however, because FSQS lacked staff to maintain and update its index. As a result, about 98,000 of the 500,000 labels on the index listed as active at the time of our review were obsolete. FSQS reviewers, in the meantime, were being asked to rely on the index in making daily decisions on whether to approve the 1,500 to 1,800 label applications received weekly.

Part of the obsolete label report backlog represented duplicate reports sent in by FSQS inspectors. In addition to plants reporting, FSQS inspectors were also reporting on obsolete labels as required by the Meat and Poultry Inspection Manual. FSQS officials agreed that while the two

1/We computed our cost estimates by multiplying estimated hours by \$15. The Commission on Federal Paperwork developed the \$15 cost through discussions with individual companies, the Business Advisory Council on Federal Reports, trade associations, and agency officials.

requirements were duplicate, no duplicate reporting occurred, because companies and inspectors were supposed to work together to prepare a single report. Discussions with plant officials and FSQS inspectors disclosed that although coordination occurred, both groups were submitting reports.

While obsolete label information is needed, duplicate information is unnecessary. FSQS needs to conform its label regulations and inspectors manual to eliminate the unnecessary paperwork and reduce the backlog caused by duplicate reporting.

MEAT-LABELING PROGRAM
CREATES DUPLICATION
AND RED TAPE

FSQS' label approval program bogs businesses down in duplicate reporting and red tape. Before a label may be used for any meat product it must be approved by the Department. A label is the wrapper, package, or container used in shipping or selling meat products. To obtain approval companies must submit a complete MP480 (Application for Approval of Labels, Marking, or Device) and four finished labels. A company producing a product such as canned hams in a variety of sizes must submit a label application for each size. If the ham is to be sold in 5 different sizes, the company must submit 5 different applications and 20 labels, even though the only changes involved are the net weight statement and the size of the label. A company must also submit label applications for each plant producing the hams. As a result, a company making 5 sizes of canned hams at 5 plants must submit 25 separate applications and 100 labels.

Using the Department's estimated burden of 15 minutes per application and the Commission on Federal Paperwork's hourly cost estimate of \$15 an hour, a company spends \$94 in completing the 25 applications. If the company had to submit only a single application and provide enough finished labels to meet FSQS' minimum needs, this would save \$90. Some companies are already benefiting from this method, since some FSQS label reviewers have already recognized the duplication as unnecessary. Adoption of this method by all reviewers could result in a substantial cost savings to businesses and time savings to FSQS.

FSQS time savings could help shorten the time taken to process label applications. Currently, 2 to 3 weeks are needed. To get quicker turn around, companies are contracting with commercial label expediting firms to personally work

the companies' labels through the FSQS approval network. Such firms charge between \$8 and \$15 an application. For a company required to submit 25 applications, this would be an additional paperwork cost of \$200 to \$375.

An FSQS official agreed that using expediting services resulted in quicker label approvals. He estimated that 60 percent of all companies now used expediting services. This practice lengthened the review time for companies which did not use such services. Often their applications were pre-empted by applications brought in by expeditors. FSQS is considering reviewing labels on a first-come-first-served basis.

CONCLUSIONS

The FSQS burden estimate is a meaningless indicator of the burden of the meat inspection reporting requirement. The total burden cannot be determined from information available from FSQS because it did not develop an accurate and reliable estimate.

The estimate obscures the total number of responses required and the time spent by businesses in completing the reporting requirements. Although FSQS' estimate is large--407,500 hours--businesses did not feel unduly burdened or imposed upon. In fact, companies had difficulty in relating to FSQS' estimate because much of the information supplied was needed in their day-to-day activities.

Also FSQS is collecting information it did not or could not use. It is developing its own forms and reports without seeking the Department's or OMB's permission. The use of such forms could be greatly increasing the actual burden on businesses. The use of unapproved forms mirrors the ineffective FSQS and Department paperwork management programs. Ineffective programs prevent the monitoring and controlling of burden, duplication, and practical utility associated with the information collected.

RECOMMENDATIONS TO AGRICULTURE

We recommend that the Secretary direct the Department's clearance officer to:

- Approve only FSQS requests for clearance in which the method used to prepare the estimates is fully documented, ranges of respondent burden are shown, and OMB's consolidation guidelines are correctly followed.

- Verify FSQS burden estimates either through historical data or contacting a sample of respondents before renewing reporting requirements.
- Repackage the meat inspection requirement into requirements based on functional areas, such as labeling, inspection, or transportation.
- Oversee FSQS' evaluation of the 1,100 locally developed forms and reports to insure that FSQS' evaluation is thorough and complete, that those forms and reports which should be approved are submitted for clearance, and that those forms and reports which are not needed are speedily eliminated.

Also we recommend that the Secretary direct the Administrator of FSQS to reduce the paperwork costs imposed on businesses by:

- Requiring them to submit only a single application with the proper number of finished labels for each product.
- Reviewing label applications on a first-come-first-served basis.

We further recommend that the Secretary direct the Administrator to:

- Assess the practical utility of the FSQS label index.
- Minimize conflicting reporting requirements in FSQS' labeling regulations and inspectors manual which cause duplication and red tape.

AGENCY COMMENTS AND OUR EVALUATION

Department of Agriculture

The Department said it was requiring FSQS to fully document its burden estimates and burden reduction claims. (See app. III.) The Department said it would verify any FSQS requirements which are suspect. Further, the Department said the Department clearance officer has been coordinating with FSQS in FSQS' review of the 1,100 locally developed forms.

In commenting on the 1,100 local forms, the Department said it appears that most of the forms are either associated with existing approved reporting requirements or are not public-use reports. The Department believes that the number of reporting requirements imposed on the public besides what has been approved is minimal.

The Department's statements about the 1,100 local forms are somewhat misleading. First, although all of the 1,100 forms do relate in some way to the Department's meat inspection program, none of the forms themselves has been approved because the Department was not aware that they existed until GAO brought the problem of bootleg forms to its attention. Second, the forms in question seem to be related to reporting requirements intended to be levied on FSQS inspectors--not on the meat industry. At plants we visited, we were advised by FSQS inspectors that companies were being required to complete inspection reports which should have been completed by FSQS inspectors. Because such requirements are viewed as internal reporting by the Department, they had not been submitted to OMB for review and approval.

The Department said that it is examining the label approval and meat inspection standards development functions. Some of the areas under review are the ones highlighted in this report. As part of this review, the FSQS meat inspection manual will be amended to eliminate duplicate reporting. Also, action will be taken to improve the use made of label reports. Further, the Department said it plans to publish in the Federal Register for public comment proposed operating procedures for processing label applications. The Department believes this effort will result in improving the operation of the label approval system and result in a procedure that will be more equitable to businesses.

Office of Management and Budget

OMB said it was concerned over the finding of 1,100 potential Federal Reports Act violations and promised to take action to correct any verified violations. To insure prompt corrective action, OMB stated that it had required FSQS to submit all appropriate materials for Federal Reports Act review by December 31, 1979. (See app. IV.)

CHAPTER 4

THE PACKERS ANNUAL REPORT HAS UNRELIABLE BURDEN

ESTIMATE AND USEFUL BUT DUPLICATE INFORMATION

Because of complaints from businesses and trade associations that the annual report is more burdensome than P&S has estimated, we included it in our review. Our analysis provides further evidence of weaknesses in the Department's paperwork management. The burden estimate is neither reasonable nor reliable. While the collected information is used for the purposes intended, businesses are providing information which duplicates or is similar to information supplied to other Federal agencies and State governments.

P&S is required by law to (1) prevent monopolies and promote competition in the meat industry (2) monitor the solvency of firms engaged in slaughtering and packing. To carry out its responsibilities, P&S collects information on the livestock purchase, slaughter, and merger activities of businesses purchasing \$500,000 or more of livestock a year. P&S estimates that companies spend 4,400 hours yearly completing the annual report.

ESTIMATE IS UNDERSTATED

In administering the Packers and Stockyards Act of 1921, P&S must insure that the meat industry remains competitive. P&S uses the annual report to monitor business practices which inhibit competition and the financial stability of slaughtering packers.

P&S assessment of the burden

P&S, on its 1977 request for reapproval for its annual report, estimated, partly on the basis of fact and partly on staff judgment, that businesses would spend 4,400 hours annually doing the report. P&S based its estimate on the belief that an average respondent would need about 4 hours to do the report and that 1,100 companies were affected by the act. P&S identified the universe of respondents on the basis of historical records--the number of reports filed in previous years. The 4-hour estimate was based on P&S staff judgment.

P&S never documented the basis used to develop the estimate nor did it attempt to verify the estimate's reasonableness. P&S was not aware that OMB and Department regulations required that estimates be supported. P&S was

relying on the Department's clearance officer to verify P&S figures. The Department's clearance officer, however, accepted and certified P&S' estimate as reasonable.

In December 1978 P&S deleted some questions from the annual report and added others. The net effect was a supposed 1,700-hour reduction in burden. The basis for the new estimate was the same basis used before.

GAO's assessment of the burden

According to our analysis of the burden imposed by the annual report on 16 meatpackers, we believe P&S's estimate is understated. Thirteen of the packers contacted took longer than 4 hours to complete the report. A packer's burden, we found, was related to the complexity and size of its operation. Single-plant packers contacted took an average of 7 hours to respond and multiplant packers averaged 144 hours. If what we found holds true for other packers, then packers probably spent over 12,000 hours at a cost of some \$184,000 to complete their 1978 annual reports.

We assessed the reasonableness of P&S' estimate by reviewing company records, observing how employees gathered and compiled data, and reconstructing the time five companies spent in completing their 1978 annual reports. To cover the different sizes and types of companies, we surveyed, by telephone, 11 more companies. (Additional information on the scope of our review is included in ch. 5.) The following chart presents the cost and time information for the seven single-plant and nine multiplant packers contacted.

| | <u>Single-plant packers</u> | <u>Multipiant packers</u> |
|--|---------------------------------|-------------------------------|
| Number of packers | 7 | 9 |
| Total hours spent in completing 1978 annual report | 47 | 1,300 |
| Hours of average burden | 7 | 144 |
| Cost to respond at \$15 hour | \$105 | \$2,160 |
| Cost for nonfirm accountants to review | \$ 32 | 0 |
| Estimated cost to respond | \$137 | \$2,160 |

The time spent completing the report ranged from 2 hours to 380 hours. Seven packers spent 10 hours or less. The other nine spent from 16 to 380 hours. The following table shows the range of times spent by all 16 packers.

| <u>Time spent to complete 1978 annual report</u> | <u>Number of packers responding</u> |
|--|---|
| Less than 4 hours | 1 |
| 4 hours (note a) | 2 |
| 5 to 10 hours | 4 |
| 11 to 99 hours | 5 |
| 100 to 199 hours | 1 |
| 200 to 299 hours | 1 |
| 300 hours or more | 2 |

a/ P&S' estimate of average burden.

The unevenness in burden was due to variations in the size and complexity of respondent operations. Multipiant operations generally took more time than single-plant operations. Also packers that slaughtered more than one species of animal generally took longer than packers slaughtering a single species. In the case of multipiant and multispecies kill operations, it took at least 4 hours just to fill out the report after the necessary records and information had been gathered.

The availability of an automated accounting system did not lessen the burden. Because of the nature of the information required, all 16 companies had to compile the information manually, even though some had automated systems. In most cases, the information as required by P&S was not readily available from the companies' files.

SLAUGHTERING PACKERS FACE DUPLICATE REPORTING

During our visits to packers, we identified six other Federal and two State reporting requirements which required them to provide information similar to that provided on their annual reports. Four Federal requirements were in use at the Department of Agriculture; they were the:

- Application for Federal Meat, Poultry, or Import Inspection (MP-401) and its updates.
- Ante Mortem and Post Mortem Inspection Summary (MP-403)
- Processing operations at official establishments (MP-404)
- Weekly Livestock Slaughter Report (LS-149)

Of these, the Weekly Livestock Slaughter Report and the Ante Mortem and Post Mortem Inspection Summary were not included in the Department's inventory of approved public-use forms. The other two were the Bureau of the Census' Census of Manufacturers for Slaughtering and Meatpacking Plants (MC-20A) and Census of Manufacturers for Meat Processing Plants (MC-20B).

The two State forms were Indiana's Application for Livestock Dealers License and Illinois' Annual Report of Slaughter Livestock Buyers. Both were required under State statutes.

The agencies were requesting similar information, although there were differences in defining terms, reporting periods, and companies required to report. Thus a large amount of similar information was being collected which often was not comparable and which increased businesses'

paperwork costs. For example, three of the Federal and both State requirements required companies to supply financial information. The information was collected for different reporting periods and in different formats. Federal and State officials claimed that because of these differences, using another agency's data would be difficult.

A lack of interagency coordination has also caused duplication. The lack of coordination has occurred because agencies collecting packer information did not know that the information was readily available elsewhere. For example, P&S justified its need to collect livestock slaughter information on the basis that no one else maintained the data. P&S did not know that the Department's Agricultural Marketing Service; Animal and Plant Health Inspection Service; Economics, Statistics, and Cooperatives Service and the Bureau of the Census also collected livestock slaughter information. Officials of the Economics, Statistics, and Cooperatives Service said they could give P&S slaughter information on a daily, weekly, or yearly basis from their data bank.

Coordination has reduced the amount of reporting meatpackers must do. Illinois, for example has reached an agreement with the Department on sharing meatpacker data. Agreements have also been negotiated with other States. These agreements appear to be a step toward minimizing burden.

Department and Bureau of the Census officials believed that some duplicate and overlapping Federal reporting could be eliminated if their agencies shared data. For example, packers must report on slaughter activities on a daily, weekly, and annual basis. The officials said that before sharing could begin, however, an overall study of the feasibility, costs, and benefits to be achieved was needed but that because such a study would be costly and time consuming they did not plan to make one. They believed letting businesses continue supplying duplicate information to the Department and the Bureau might be cheaper in the long run.

Businesses disagreed. Officials at companies visited said that, in most instances, the basic information needed to respond to financial reports, for example, was readily available in their files. But, because of differing reporting periods and format requirements, their employees spend a great deal of time reworking company data. Company officials said that once the information had been reworked, the burden to complete the form or report was nominal. The

burden, they said, could be reduced if the Government developed a standard financial statement to be used by all agencies collecting financial data or accepted a company's yearend financial statements.

CONCLUSIONS

The Department of Agriculture has permitted shortcomings associated with its Annual Report of Packers to go undetected and uncorrected. The Department has not adequately evaluated the amount of burden or the necessity for it to continue collecting duplicate and overlapping meat-packer information.

The Packers and Stockyards program is responsible for preventing monopolies and promoting competition in the meat industry. It is also ultimately responsible for investigating and initiating cases of criminal prosecution involving antitrust violations. Because of its responsibilities and because it has a vested interest in insuring that it is aware of all slaughtering packer information collected by the Government, P&S is the logical point for coordinating Government efforts to collect information from slaughtering packers.

Agriculture's clearance office must be more active in identifying and eliminating unnecessary duplication and reporting burden. The Department needs to index users of slaughtering packer information and the uses to which the information is put. This index would help eliminate unnecessary duplicate and overlapping reporting.

Once the index is made, the Department should develop for the Federal Government, in coordination with users, a common core of the most frequently requested slaughtering packer information. This core data could be used to reduce the number of requests for information, eliminate duplicate requests, and promote coordination among those who need information about the meat industry.

In addition, the Department should be designated a focal agency for coordinating the collection of slaughtering packer information. Under the Federal Reports Act, OMB is authorized to designate agencies to serve as focal points for overseeing Federal information collection activities within particular areas, such as the meat industry. As a focal agency, the Department would be responsible for minimizing the burden on slaughtering packers, while giving Government agencies the information they need.

RECOMMENDATIONS TO AGRICULTURE

We recommend that the Secretary:

- Direct the Department's agencies which use or collect information from slaughtering packers to coordinate their needs through P&S.
- Require the Department's clearance office to (1) identify and eliminate unnecessary duplication among the Department's forms and reports used to collect information from slaughtering packers, (2) identify users of slaughtering packer information and the uses to which they put the information, and (3) develop for the Federal Government, in coordination with users, a common core of slaughtering packer information.

RECOMMENDATION TO OMB

We recommend that the Director of OMB designate the Department the focal agency responsible for overseeing the Government's collection of slaughtering packer information.

AGENCY COMMENTS AND OUR EVALUATION

Department of Agriculture

The Department said it was concerned with eliminating duplicate reporting requirements imposed on slaughtering packers. (See app. III.) As a result, it has scheduled a review of the regulations and reporting requirements falling under the jurisdiction of the Packers and Stockyards Act. Our recommendations, as well as those received from the public, will be used to (1) revise the reporting and recordkeeping requirements imposed, and (2) aid P&S in identifying reporting requirements which can be eliminated because they are overburdensome, or have low utility, or duplicate other Federal reporting and recordkeeping requirements.

The Department said the Weekly Slaughter Report (LS-149) identified as duplicative of Agricultural Marketing Service and FSQS reports, is in fact completed by FSQS inspectors in triplicate. Completed forms are distributed to the Economics, Statistics, and Cooperatives Service; Agricultural Marketing Service; and FSQS.

We agree with the Department that inspectors should be completing the Weekly Slaughter Report. We found, however, that this was not always done. For example, at plants we visited in Circuit 10 the practice followed by FSQS inspectors

was to have employees complete the forms. The inspector-in-charge for Circuit 10 said that this represented the general practice throughout his circuit.

The Department said duplication with the Census of Manufacturers has always been a problem. The Department said it collects its information on a voluntary basis, while the Census reporting is mandatory. We disagree with the Department since a large number of its requirements are mandatory. The meat inspection requirement, for example, requires companies to submit applications, file reports, and keep records. Further, companies are required by law to file the Annual Report of Packers.

The Department also said that Census cannot provide individual company information because of confidentiality statutes prohibiting this action. The Department stated that legislation eliminating the restrictions would have to be passed before data sharing could begin.

If the Department believes that legislative action is needed to promote data sharing between it and the Bureau of the Census, then we believe the Department should work with the Bureau of the Census and OMB to develop a legislative proposal for this purpose.

The Department believed the duplication was justified, in part, because the Department and the Census collect the information at differing times. We do not agree with the Department that continued duplicate reporting is justified. First, instead of obtaining information from the Census the Department could provide information to it. P&S and the Census for example, collect organization, financial and production information from slaughtering packers. P&S collects its information on a yearly basis. The Census collects its information once every 5 years. P&S publishes its statistical information annually; the Census about once every 7 years. The Census statistics appear to have little value to slaughtering packers, whom it was apparently meant to benefit. During our field work, we found no slaughtering packer who used the Census statistics in any way, even though they had to supply the information. In addition, the Bureau of the Census could not identify a single user to whom it supplied its information.

The information collected by the P&S on the annual report appears to be more comprehensive, useful, and timely. The annual report provides information for about 90 percent of all cattle, calves, and hogs slaughtered and about 100 percent of all sheep and lambs slaughtered in the United

States. The information is aggregated and published annually in P&S' statistical issue of the Packers and Stockyards Resume. The P&S distributes the resume to over 2,000 requestors including veterinarians, colleges, slaughtering packers, and trade associations. We believe, therefore, that the Department's contention that it would be unable to provide the Census with overall meat industry information is unjustified.

Office of Management and Budget

OMB said it has directed the Department to undertake a comprehensive review of all P&S imposed reporting and recordkeeping requirements. (See app. IV.) OMB also said that P&S has agreed to review all its regulations and related reporting and recordkeeping requirements. OMB believes that, through the review, the issues we raised regarding redundancy, burden measurement, utility, and focal agency designation of P&S will be addressed.

CHAPTER 5

SCOPE OF REVIEW

We reviewed the utility of the information collected and the burden imposed by the Department of Agriculture's Regulations Governing Meat Inspection and its Annual Report of Packers. Our objective was to determine if Department burden estimates were reliable and reasonable; if the information collected was used, and if duplication in reporting existed. Our audit was done at the Department's headquarters, where we reviewed the records of the Food Safety and Quality Service and Packers and Stockyards program and talked with agency officials. We reviewed the agencies' reporting requirements cleared as part of the Regulations Governing Meat Inspection and the Packers and Stockyards Annual Report.

We also reviewed a sample of Department clearance packages to determine the methods most frequently used for preparing burden estimates. The sampled requirements were part of a three department random sample drawn during our review of the adequacy of the executive branch clearance process.

In addition, we visited plants to talk with Department of Agriculture meat inspection personnel and company representatives, review records, and observe how inspection personnel used the information collected. We also obtained the inspectors' estimates of the burden. Interviews were based on a standard interview guide, which insured the comparability of the information supplied. It addressed

- how the inspectors obtained the information,
- what would happen if inspectors stopped receiving it, and
- the estimated time spent by the plants in reporting.

We also interviewed company officials to ascertain the time spent and the costs incurred in reporting. We selected firms which were representative of the various sizes and types of slaughtering packers. For example, we included single-plant and multiplant firms and single-species and multispecies plants.

We reviewed company records, talked with corporate officials, and observed how employees gathered and compiled the data and recorded the time spent in reporting.

We interviewed employees and company officials to ascertain the reasonableness of the Department's burden estimates and the usefulness of the information collected to the firms. These interviews were also based on a standard interview guide, which addressed

- how the plant and/or company provided the information;
- the estimated time spent in reporting;
- the use made of information collected; and
- the extent to which similar or duplicate information was being supplied to Federal, State, or local governments.

We also interviewed company representatives regarding the burden and utility of the Department's Annual Report of Packers. To cover the various sizes and types of companies responding, we surveyed, by telephone, 11 more companies to obtain their estimates of burden. A structured interview guide was used to insure maximum uniformity of information collected. The companies telephoned included large, medium, and small single-plant and multiplant companies. To help us select companies to contact, officials of the Packers and Stockyards program prepared a list of companies which fell into each category.

REGULATIONS ESTABLISHING REPORTING REQUIREMENTSWHICH HAVE NOT BEEN SUBMITTED FOR CLEARANCE

Ante-Mortem Inspection

Operators of official establishments must request and obtain permission from Federal, State, or local livestock sanitary official with jurisdiction over movement of livestock to release animals recovered from certain named diseases for purposes other than slaughter. (9 CFR 309.2(j))

Operators must obtain permission from Veterinary Services unit of Animal and Plant Health Inspection Service for release of livestock exposed to any infectious or contagious disease while held during ante-mortem inspection, before release for slaughter. (9 CFR 309.2(k))

Operators of official establishments or animal owners must seek permission from local, State, or Federal sanitary official before removing an animal identified as a "U.S. Suspect" for a purpose other than slaughter. (9 CFR 309.2(p))

Establishments must notify inspector in charge when the necessity for an emergency slaughter exists. (9 CFR 309.12)

Alternative certification is required for livestock suspected of having biological residues. Market agencies or dealers providing sheep or cattle to official establishments must furnish certificate to the establishments relating to whether animals were given DES during custody, if the agencies or dealer had custody for less than 14 days before delivery of animals. (9 CFR 309.16(b)(2))

Copy of certificate relating to biological residues described above in § 309.16(b)(2) must be "maintained by the agency or dealer in his place of business for not less than 1 year after he issues his certificate * * *." (9 CFR 308.5 (b)) Results of laboratory analyses on DES residues required to be furnished to program employee for carcasses retained in lieu of holding livestock for testing. (9 CFR 309.16(c))

Labeling, Marking Devices, and Containers

Request for approval by inspector in charge of modification of approved labels under specified circumstances. (9 CFR 317.5)

REPORTING REQUIREMENTS IN THE
REGULATIONS GOVERNING MEAT INSPECTION

| <u>Recordkeeping requirement</u> | <u>Estimated burden imposed annually (hours) (note a)</u> |
|---|---|
| Custom slaughterers must keep records showing numbers and kinds of livestock slaughtered, quantities and types of products prepared, and names and addresses of owners of livestock and products (9 CFR 303.1(b)(3)) | Not estimated |
| Operators of exempted retail stores against whom complaints have been received may be required to keep records of monthly purchases and sales of meat, meat food products, and meat by-products with sales to household consumers shown separately. (9 CFR 303.1(d)(3)) | Not estimated |
| Market agencies and dealers must keep certificates regarding biological residues for 1 year. (9 CFR 309.16(b)(3)) | Not estimated |
| There are recordkeeping, maintenance, and retention requirements for persons engaged in slaughtering cattle and sheep, wholesalers, meat brokers, renderers, traders, transporters, etc. (9 CFR 320.1 - 320.4) | Not estimated |
| <u>Reporting requirement</u> | |
| Plant owners and operators must request approval of equipment for use in official establishments, with drawings and other descriptive material required for submission. (9 CFR 308.5(b)) | 400 |

a/As estimated by the Department of Agriculture.

| <u>Reporting requirement</u> | <u>Estimated burden imposed annually (hours)</u> |
|--|--|
| Operators of official establishments or owners of livestock must request and obtain permission to release livestock declared suspect during ante-mortem examination, for other than slaughter purposes, from livestock sanitary official. (9 CFR 309.13(d)) | 12 |
| Custodians of cattle or sheep at time of delivery to official establishments must provide certification that animals were not exposed to DES for at least 14 days before delivery. (9 CFR 309.16(b)(1)) | 50,000 |
| Operators of official establishments, sponsors of research investigations, or investigators must submit data showing that products of livestock used in research involving biological products, drugs, or chemicals will not be adulterated (9 CFR 309.17(a)(1)) | 75 |
| Operators of official establishments must apply for permission to ship certain condemned animal carcasses for purposes other than human food. (9 CFR 314.11) | 42 |
| Operators of official establishments may request permission for use of foreign language labels and other labeling deviations for use in foreign commerce. (9 CFR 317.7) | 17 |
| Operators of official establishments desiring to relabel products because of mutilation or damage of label must request permission from Administrator. (9 CFR 317.12) | 6 |
| Operators of official establishments, at least once a year, must report in quadruplicate on obsolete labels or submit copies of approval documents. (9 CFR 317.14) | 6,500 |

| <u>Reporting requirement</u> | <u>Estimated burden imposed annually (hours)</u> |
|---|--|
| Operators of official establishments must furnish information necessary to determine origin of any product or other article entering establishments, including name and address of seller, transportation company, etc. (9 CFR 318.1(i)) | 338,000 |
| Operators of official establishments must give inspectors accurate information on all procedures involved in product preparation essential for inspectional control of product. (9 CFR 318.6(a)) | 12,000 |
| Operators request permission before shipping meats packed in borax for export. (9 CFR 318.8(f)) | Less than 1 |
| Operators must make such reports (other than of daily production) "as the Administrator [of the Food Safety and Quality Service] may from time to time require under the Act." (9 CFR 320.6(b)) | 50 |
| Consignees must report on inspected products for which delivery was refused on grounds of adulteration or misbranding. (9 CFR 320.7) | 150 |
| Certificate from area U.S. Department of Agriculture supervisor is required permitting shippers to return inspected meat alleged to be adulterated or misbranded to official establishment for determination. (9 CFR 325.10(a)) | 187 |
| Domestic manufacturers must request approval for selling or shipping inedible rendered animal fat transported without denaturing. (9 CFR 325.11(c)(2)) | 4 |

| <u>Reporting requirement</u> | <u>Estimated burden imposed annually (hours)</u> |
|---|--|
| Shippers must apply for permit to ship nondenatured products with characteristics of edible products. (9 CFR 325.11(f)(1)) | 4 |
| Carriers must immediately report by telephone or telegraph emergency requiring breaking of Department seal and unloading of product. (9 CFR 325.18(b)) | 50 |
| Carriers must immediately report by telegraph or telephone the emergency unloading of dead, diseased, dying, or disabled livestock en route to an establishment eligible to receive them. (9 CFR 325.20(d)) | 2 |
| Carriers must immediately report by telegraph emergency requiring breaking of Department import seal and unloading of product. (9 CFR 327.7(h)) | 2 |
| Exporters must notify and request approval for admission of U.S. products exported to and returned from foreign countries. (9 CFR 327.17) | 4 |
| TOTAL | <u>407,506</u> ----- |



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

10 DEC 1979

Mr. Henry Eschwege, Director
Community and Economic Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

The enclosed report is USDA's response to your draft report entitled "USDA: Action Needed to Enhance Paperwork Management and Reduce Burden." I wish to assure you that the Department will make every effort to eliminate all unnecessary paperwork burden on the public, and at the same time maintain the high quality standards established by the Department in the regulation of the livestock and meat industry.

Sincerely,

A handwritten signature in cursive script that reads "Howard W. Kjort".

Howard W. Kjort
Director of Economics, Policy
Analysis and Budget

Enclosure

USDA RESPONSE TO GAO DRAFT REPORT GGD 80-14

Department of Agriculture: Actions Needed to Enhance
Paperwork Management and Reduce Burden

The following comments are USDA's response to the recent GAO draft of a proposed report: Actions Needed to Enhance Paperwork Management and Reduce Burden. Comments have been grouped according to major subject areas of the report: Chapter 2 - Agriculture Needs to Improve Programs and Policies to Better Manage Paperwork and Reduce Burden; Chapter 3 - Meat Inspection Report has Meaningless Burden Estimate, and Useless and Duplicate Information; and Chapter 4 - The Packers Annual Report has Unreliable Burden Estimate; Useful but Duplicate Information.

Chapter 2 - Paperwork Management and Burden Reduction

The Department agrees in principle that there are areas in the clearance process needing improvement. We agree that better estimates of burden are needed. The problem of defining, let alone measuring burden, has been present for a long time. In fact, in 1978 the USDA Clearance Officer participated in an interagency task force of Department Clearance Officers on burden measurement chaired by OMB. Even after much discussion and the analysis of individual data from OMB files of more than 500 approved reporting requirements, an adequate method of measuring burden was not developed. The Department has long been aware that burden estimates developed by agencies for individual approval requests are sometimes sketchy. For example, the GAO estimates of the burden on the Packers and Stockyards Annual Report may be as "suspect" as USDA's estimate (see p. 29)-- 16 plants which may have been selected by non-random procedures will not produce unbiased estimates of average response time for the nearly 900

slaughtering firms. The President's burden reduction program, which began in 1976, made this fact painfully obvious when burden estimates were subjected to closer examination. The Department indeed allowed an FSQS revision of their estimate of the Meat and Poultry Inspection regulations burden from 833,000 hours to the current level of 407,500. However, this was presented to OMB as a "correction to the inventory" and was not claimed in our burden reduction report as a substantive change. Rather, it was treated as a "bookkeeping" change. All agencies in the Department were notified early in the burden reduction program that substantive burden reductions could only be accomplished by eliminating reports, reducing their frequency of collection, eliminating items from reports, or reducing the number of persons required to complete them. Future requests for OMB approval from agencies in the Department will require documentation of methods used to develop burden estimates and at the same time require formal pretests or discussions with respondents to be part of burden estimates. It has always been the Department's policy to require documentation as part of burden reduction claims.

Indexing of reporting and recordkeeping requirements will be covered under the provisions of Executive Order 12174 on reducing paperwork burdens on the public signed by the President on November 30, 1979, whereby a Federal Information Locator System will be developed.

Practical utility reviews have been conducted for some existing reports in the Department--admittedly on larger burden dockets. This is because 11 percent of USDA's approved dockets included in the OMB inventory are responsible for 96 percent of the Department's total reporting burden, and

it is our firm belief that the public can best be served if we concentrate on those reports first. A practical utility review was conducted on FSQS' MP-404, Processing Operations at Official Establishments, and it was determined by the Department Clearance Officer that the weekly collection of these data had no practical utility and recommended that the reporting requirement be changed to monthly or even quarterly. When this was proposed, outside pressure was brought to bear and it has remained a weekly report. The FDA has now prohibited the manufacture, shipment, and use of animal drugs and feed containing DES. As a result, FSQS has notified the Clearance Office and OMB that the DES certificates are no longer required.

The elimination of duplicate reporting requirements is a priority review item in the Department's clearance process. The LS-149, identified in the report as duplicative of AMS and FSQS reports, is in fact completed by FSQS inspectors in triplicate form to be distributed to both ESCS (Economics, Statistics, and Cooperatives Service) and AMS (Agricultural Marketing Service) as well as FSQS. Duplication with the Census of Manufacturers has always been a problem--the collection of these data by USDA agencies would have to be voluntary, while the Census report is mandatory. If USDA were the sole data collector, we would be unable to provide the information to Census in the case of refusals. On the other hand, if Census were the sole data collector, they could not provide individual data to the USDA because of confidentiality legislation prohibiting this action. Thus, the duplicate collection of data exists between Census and the USDA, but would require legislation to eliminate restrictions in the

sharing of data. Timeliness is also a problem as the Census report is conducted quinquennially with annual sample surveys collecting less information conducted in the interim.

Chapter 3 - Meat and Poultry Inspection

As was discussed previously, the Department will require all agencies to fully document burden estimates and burden reduction claims.

The Department will also verify FSQS requirements that are suspect. However, the "family of forms" concept does not follow recent OMB policy that clearance requests be grouped into "subjective" areas, e.g., clearing all reporting requirements associated with a set of regulations under one docket. We will comply with that recommendation should OMB approve.

The Department Clearance Office has been in contact with FSQS in their continuing review of the 1,100 locally produced forms. While their review continues, it is apparent that by far most of the reporting requirements are associated with existing approved reporting requirements or are not public reporting requirements, and that the number of reporting requirements imposed on the public outside of what has already been approved is minimal.

FSQS is currently in the process of carrying out an overall examination of the standards development and label approval functions. Some of the areas under examination are highlighted in this report. GAO indicates that there is duplication of effort in that the inspection manual requires the inspector in charge to make an annual report of obsolete labels while the regulations require that the establishment make the same report which, once received,

cannot be used on a timely basis. FSQS will amend the inspection manual to remove the duplicative reporting requirement. They will also be conducting a project to review the labels information system which, when completed, should result in recommendations for improved use of reports on a more timely basis.

Further efforts toward improving the labeling approval system were initiated last spring when preparations were begun to prepare and publish for public comment, in the Federal Register, a proposal establishing internal operating procedures for processing labeling approval applications. A complete and thorough impact analysis of this concept is being drafted in accordance with the President's Executive Order 12044 and the Secretary's Memorandum 1955. When finalized, this procedure for prior label approval will improve the operating practices of the Meat and Poultry Standards and Labeling Division and be more equitable to affected parties.

Chapter 4 - Packers and Stockyards Regulations

The Department is also concerned with eliminating duplicate reporting requirements imposed on slaughtering packers. The regulations falling under the jurisdiction of the Packers and Stockyards Act scheduled for revision and the notice inviting public comment will be published in the Federal Register, probably the week of December 10. All recommendations and revisions concerning the reporting and recordkeeping requirements will be assessed in light of removing overburdensome, low utility, and duplicative reporting and recordkeeping requirements. That review will also take a critical look at other existing reporting requirements on slaughtering packers.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

December 26, 1979

Mr. Allen R. Voss
Director, General Government Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Voss:

We have read with interest your draft report "Department of Agriculture: Actions Needed to Enhance Paperwork Management and Reduce Burden." We agree with the report's conclusion that the Department of Agriculture needs to correct a number of shortcomings in managing its paperwork policies and programs. However, the proposed remedies do not go far enough.

First of all it should be noted that OMB is already engaged in carrying out some of the report's recommendations. For example, the report recommends that OMB make no further delegation of clearance authority to USDA, pending correction of certain problems. OMB does not intend to delegate authority to any department until it has demonstrated a serious commitment to carrying out the provisions of the Federal Reports Act.

The report also recommended that OMB designate the Packers and Stockyards Administration as the focal agency for overseeing all Federal collections of slaughtering packer information. In August, OMB directed a comprehensive review of all of that agency's information requirements. At our suggestions, PSA agreed to review all its regulations and accompanying reporting requirements. Through this effort, issues such as redundancy, burden measurement, utility, and focal agency are being addressed.

Secondly, the problems which you identified with the information requirements of the Food Safety and Quality Service and Packers and Stockyards Administration are not unique. They are the product of a view that paperwork control is a sideline rather than a central management concern. Frequently, as is the case in the Department of Agriculture, reports management staff lack elementary tools, such as the necessary authority to modify or reject agency clearance requests.

In an effort to give agencies more of these basic paperwork management tools, on November 30, the President issued Executive Order 12174, "Paperwork." The Executive Order offers agencies a variety of new initiatives including paperwork budgets, sunset, and elimination of duplicative reporting requirements through government-wide indexing of information. To institute these measures, OMB Budget Circular A-40 is being revised and will soon be published as a proposed regulation.

Absent effective agency reports management procedures, which are monitored and checked by OMB, Federal paperwork burden cannot be held to a minimum. Other techniques such as improved burden measurement, checks for duplication and utility reviews by themselves will not provide effective control.

I would like to make several additional points about the report:

- The report demonstrates the positive effects of paperwork management audits which will be systematically initiated under the Executive Order. Such audits are useful in calling the attention of top agency managers to paperwork concerns. The Administrator of FSQS has now assigned resources to a systematic review of the agency's total information requirements. This review has engaged both program and administrative staff in the joint identification of issues and problems. The agency has developed a specific plan to correct deficiencies. Similar results have been obtained from OMB audits with the general effect of reducing burden and improving agency reports management programs.
- Some of the recommendations addressed to USDA and comments on various issues involve OMB responsibilities. For example, the proposal for indexing FSQS information requirements should not be undertaken outside the larger effort to establish a Federal Information Locator System. USDA is playing a major role as a working group leader in this project.
- The report also calls for improved practical utility guidelines and definition of unnecessary duplication. Those matters are addressed in the revised A-40 or through OMB review of the agency paperwork management plans it requires.

We too were concerned over your finding of 1100 alleged violations of the Federal Reports Act. Accordingly, we have required USDA to develop a plan for resolution of the problem. By December 31, FSQS will submit all appropriate materials to OMB for Reports Act review. Our preliminary information on the alleged violations indicates that the number of violations is substantially less than 1100. Nevertheless, it is evident that a serious problem exists within USDA that deserves prompt attention and correction. I can assure you that appropriate action will be taken to correct these violations.

Sincerely,



Wayne G. Granquist
Associate Director for
Management and Regulatory Policy

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January 22, 1979

The Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
441 G Street
Washington, D. C. 20548

Dear General Staats:

In a letter to you dated September 14, 1978, while I was Vice Chairman of the Joint Economic Committee, I requested that the General Accounting Office undertake a study of the federal paperwork burden on American businesses to determine whether or not the federal agencies imposing this burden are accurately measuring the number of hours businesses must spend filling out government forms and completing paperwork requirements. This is a very important problem since the various federal agencies, by their own estimates, make businesses spend more than 69 million hours annually on reporting and record-keeping tasks cleared under the Federal Reports Act, as well as some 200 to 250 million more hours on tax forms. If the burden of paperwork is not computed accurately by federal agencies, the Office of Management and Budget or the GAO, then we have no way of determining the true cost of federal paperwork or of balancing the costs and benefits. The burden of federal paperwork has now reached such a staggering level that it must be brought under control, and soon, before it wrings the last drop of entrepreneurship and productivity from America's businesses.

The concerns of the Joint Economic Committee would be addressed most effectively if the General Accounting Office were to review selected paperwork clearance packages that impose a significant burden on businesses, and prepare an in-depth evaluation of each clearance.

The studies should look at both burden and use of reporting and recordkeeping requirements, keeping in mind such questions as: Are the burden estimates made by the agencies reasonably reliable indicators of the true burden? Do the agencies use

The Honorable Elmer B. Staats
January 22, 1979
Page Two (2)

these figures to manage or limit the paperwork burden on businesses? Do they make good use of the reports, or are the reports simply collected and filed away? Are any reporting requirements duplicative? Are any simply ridiculous? Are the requirements consistent with the intent of laws passed by Congress?

The clearance packages should be selected from such areas as agriculture, transportation, environmental protection, pensions and taxes. A separate report to the Committee at the completion of each study would give the Committee the broadest scope of information for evaluating the burden and usefulness of federal paperwork requirements.

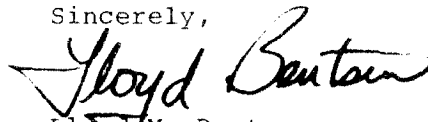
In each report, I would also appreciate having your legislative recommendations for cutting unnecessary paperwork costs, eliminating unnecessary reporting requirements, or improving the usefulness of the data collected.

If your studies show that the departments and agencies are using inadequate procedures for estimating the burden of federal paperwork, would you please prepare a final report to the Committee discussing the overall problems associated with estimating burden and what, if anything, can be done to insure that the government begins developing reasonable burden estimates.

I understand that you have already begun to take a close look at the paperwork imposed on the meat industry by the Department of Agriculture and that you are forming a panel of industry experts to help you evaluate some of the most burdensome reporting and recordkeeping requirements. This is an excellent area for a pilot study and I look forward to having your findings and recommendations.

I appreciate the excellent assistance you and your staff have provided to me in this area already and I look forward to your reports on specific reporting and recordkeeping requirements.

Sincerely,



Lloyd M. Bentsen
Chairman

(009560)



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