

INFORMATION COLLECTION BUDGET

OF THE
UNITED STATES
GOVERNMENT



FISCAL YEAR 1998

OFFICE OF MANAGEMENT AND BUDGET
OFFICE OF INFORMATION AND REGULATORY AFFAIRS



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 29, 1998

THE DIRECTOR

The Honorable Newt Gingrich
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

As required by law, we are submitting to Congress the enclosed report, entitled Information Collection Budget of the United States Government Fiscal Year 1998, on the paperwork burden imposed by the Federal Government and ongoing efforts to reduce it. This document also includes a broad overview of the Federal Government's information collection policy, as set forth in the Paperwork Reduction Acts of 1980 and 1995, including a discussion of the Federal need for information, a history of the information collection review process, and the process by which the Office of Management and Budget has prepared this Information Collection Budget and for what purpose.

This report is required under the Paperwork Reduction of 1995, Section 3514 of Title 44, United States Code.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob J. Lew".

Jacob J. Lew
Acting Director

Enclosure

Identical Letter Sent to The President of the Senate



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

JUL 20 1998

The Honorable Fred Thompson
Chairman, Committee on
Governmental Affairs
United States Senate
Washington, D.C. 20510-6250

The Honorable John Glenn
United States Senate
Washington, D.C. 20510

The Honorable Dan Burton
Chairman, Committee on
Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515-6143

The Honorable Henry A. Waxman
U.S. House of Representatives
Washington, D.C. 20515

The Administration made good progress this past fiscal year in reducing the burden of government paperwork on the American people and has specific plans to reduce that burden further during this fiscal year. The progress is documented in this *Information Collection Budget of the United States Government, Fiscal Year 1998*.

For the entire Federal government excluding Treasury, this budget targets an aggregate reduction of 82.4 million annual burden hours (a 5.9% reduction) in FY 1998, following aggregate reductions of 75.1 million burden hours (a 5.1% reduction) in FY 1997 and 189.5 million burden hours (a 11.4% reduction) in FY 1996. Over the three-year period, FY 1995 to FY 1998, for the entire Federal government excluding Treasury, this budget targets a reduction of 347.0 million burden hours (a 20.8% reduction).

Since FY 1995, the Treasury Department has reduced the annual paperwork burden imposed on the public by more than 100 million hours through a variety of administrative changes and improvements related to the collection of taxes and other revenues. The overall Treasury burden has increased, however, because of new legislation (an increase of about 78 million burden hours) and because of adjustments arising from increased economic activity and growth in the economy (an increase of about 370 million hours). For example, an increased number of filings of the IRS U.S. Partnership Return of Income alone resulted in more than 225 million burden hours, and IRS anticipates that increased usage of the U.S. Tax Return for Estates and Trusts will add more than 77 million burden hours to that collection. Overall, from FY 1995 to FY 1998, Treasury anticipates an increase of 400.1 million burden hours (a 7.5% increase).

Under the Paperwork Reduction Act of 1995, the Office of Management and Budget (OMB) is responsible for developing an annual Information Collection Budget. To do so, OMB consults with each agency, seeks out the maximum practicable opportunity to reduce paperwork burden, and sets annual paperwork burden goals for each agency.

The FY 1998 targets set for each agency in Table 1 at page 30 of this *Information Collection Budget* are the result of this process. It is important to stress that OMB sets these goals with full awareness of the need of each agency to carry out its statutory and program responsibilities effectively. Obtaining accurate and timely information is key to the successful administration of government programs and services -- to apply for grant programs, to protect the environment, to provide a sound financial system, to enforce safety requirements, to assemble valid statistical data.

Moreover, many reporting and recordkeeping requirements are mandated by statute, and a great number of increases in this *Information Collection Budget* are required by new or recently implemented statutes. For example, this *Information Collection Budget*, particularly in Chapter IV, identifies 32 recently enacted statutes, affecting more than 60 information collections and recordkeeping requirements, under which agencies added more than 229 million annual burden hours (making increases of more than 266 million hours to individual collections; decreases of about 37 million hours).

The Paperwork Reduction Act of 1995 also directs the OMB Director to set an annual governmentwide goal for the reduction of information collection burdens -- 10% for FY 1996, 10% for FY 1997, and 5% for FY 1998. The aggregate of the individual agency goals set in this *Information Collection Budget* for the entire Federal government excluding Treasury total to a reduction of 11.4% for FY 1996, a reduction of 5.1% for FY 1997, and a reduction of 5.9% for FY 1998. The aggregate of these individual agency goals for the entire Federal government including Treasury total to a reduction of 2.4% for FY 1996, to an increase of 2.3% for FY 1997, and an increase of 1.0% for FY 1998.

I believe this *Information Collection Budget* demonstrates many practical and innovative ways in which Federal agencies are seeking to reduce burdens on the public, and provides the framework for future burden reduction efforts.

Sincerely,



Donald R. Arbuckle
*Acting Administrator
and Deputy Administrator
Office of Information
and Regulatory Affairs*

The Fiscal Year 1998 Information Collection Budget

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Introduction and Summary

In this report, the Fiscal Year 1998 Information Collection Budget of the United States Government, the Office of Management and Budget (OMB) describes the Federal Government's efforts to monitor and reduce the paperwork burden it imposes on the general public. This annual report is required by the Paperwork Reduction Act (PRA) and is part of a comprehensive effort to manage the collection of information by the Federal Government and reduce unnecessary Federal paperwork burdens. Under the PRA, OMB is charged with responsibility for overseeing efforts by each agency's Chief Information Officer (CIO) to weigh the burdens imposed by collections of information on the public against the usefulness — or practical utility — of the information received. OMB is also charged with responsibility for the development of an annual Information Collection Budget (ICB).

The development of the ICB is a process by which OMB, in consultation with each agency, sets "annual agency goals to reduce information collection burdens imposed on the public that represent the maximum practicable opportunity in each agency" and to improve agency management of the paperwork review process.¹ The annual ICB also describes each agency's accomplishments during the preceding fiscal year as well as planned initiatives for the current fiscal year to minimize paperwork burden. Finally, the ICB describes the Federal Government's progress toward the statutory burden reduction targets established by the PRA.

CIOs in each agency use the ICB to evaluate the totality of the agency's collection of information activities planned for the forthcoming year and assess information collection priorities as part of their agency's internal planning and control processes. OMB uses the ICB as a management tool and as an adjunct to its transaction-by-transaction review of agency requests for approval of each of their collections of information.

Information Collection as Part of Information Resources Management

It is important to stress in this introduction that this ICB presents only one part of a much larger agency responsibility. The PRA sets forth the basic responsibility of the CIOs to coordinate and oversee agencies' information resources management activities. This requires management of the entire life cycle of information, from the creation or collection of information, through its use, storage, and public dissemination, and ultimately, to its storage in permanent archives or disposal.

This report, however, describes only one aspect of the information resources management responsibilities of an agency's CIO — the responsibility to manage the agency's collection of information. It summarizes agency efforts to manage their information collections in FY 1997 and agency plans to manage their collection of information in FY 1998.

In economic terms, information is a scarce economic good. Like all goods, it has costs of production as well as benefits of use. Thus, it is the responsibility of the agency's CIO to balance the agency's need for a proposed data collection or other paperwork and the practical utility of the resulting information against the burden and costs imposed on respondents. This ICB is a means to help the agencies' CIOs better manage the agencies' information collections and help the public better understand agency efforts and

¹ 44 U.S.C. 3505(a).

successes in this regard.

Summary

Chapter 1 of this report describes why the Federal Government needs to collect information from the public in order to carry out its responsibilities carefully and effectively. The Federal need for information is genuine. Accordingly, before discussing the costs or burdens of the Federal collection of information, it is important to describe its benefits and the uses to which it is put.

Chapter 2 provides a historical perspective on the Information Collection Budget and the PRA. OMB's authority to manage the information collection activities of the Federal Government dates back to 1942 and the Federal Reports Act. This authority has changed significantly over the years. Most notably, however, are the changes in the Paperwork Reduction Act of 1995 which explicitly gave major responsibilities for information resources management to the agencies' CIO.

Chapter 3 explains the purpose and process behind the Information Collection Budget, its role in OMB's management of the information collection management process, and an overview of the budget itself. Tables 1 and 2, on pages 30 and 31, present the budget in summary form for the Federal Government as a whole and for each agency participating in this year's budget.

Chapter 4 examines each agency that participated in the ICB, describing its need for information, internal management of information collections, burden reduction efforts, and specific changes in information collection burden for FY 1997 and expected changes for FY 1998. It also lists statutory mandates that have affected or will affect information collection burden during these two years.

Chapter 1. The Federal Need for Information

The Federal Government provides the American people with an enormous array of protections and services. These include investing in education and training, strengthening health care, protecting the environment, providing a sound financial system, enforcing safety requirements, promoting useful research, and supporting the American armed forces. To carry out all of these responsibilities carefully and effectively, the Federal Government collects information — lots of information.

Much of this information is collected directly from the public — from individuals, both large and small businesses, educational and nonprofit institutions, Federal contractors, and State, local, and tribal governments. Some of these Federal information collections are voluntary, such as when visitors provide feedback on their experiences at a National Park. Other collections are mandatory, with noncompliance possibly subject to serious penalties. In these situations, the Federal Government may collect the information to help and protect people. Examples include the collection of statistical data to keep track of the occurrence of work-related injuries and illnesses and the collection of specific regulatory data to monitor whether drinking water is pure enough to drink or to assure that employers do not discriminate against potential employees on the basis of race, sex, or national origin. Some Federal information collections occur when a person applies for a benefit, such as student loan, housing subsidy, farm operating loan, or food stamps. The Federal Government may collect information to verify the appropriate collection of revenue required to implement its responsibilities, i.e., it collects data to determine if the correct amount of taxes, fees, and other revenue has been paid.

To help understand the Federal Government's collection of information and the full range of Federal responsibilities supported by its information collections from the public, it is helpful to categorize these collections based on their intended use: application for benefits, regulatory and compliance reporting, program management and evaluation, general purpose statistics, and research. The following sections discuss these categories in further detail.

Application for Benefits

In general, people know that the Federal Government collects information to permit it to provide benefits, but they may be less aware of the broad scope of benefits available. For example, many people are familiar with applications that they themselves fill out, such as applications for student loans. They are less familiar with the large number of questions that State and local governments, as well as the educational institutions themselves, answer in order to receive appropriate Federal assistance and research grants. In fact, "applications for benefits" constitute roughly 25 percent of the information collection activity of the Federal Government (excluding that conducted by the Treasury Department largely for purposes of tax and revenue collection and enforcement).

Social Welfare. The Federal Government collects a range of information in order to administer such programs as Food Stamps, Temporary Assistance for Needy Families (TANF), and the School Lunch program. Agencies within the Departments of Agriculture, Health and Human Services, Labor, and Veterans Affairs, and the Social Security Administration collect information to accurately determine the initial and continued eligibility of applicants and beneficiaries. As part of this process, agencies may collect information about an individual's income, resources, household status, education, employment

history, or marital status. For example, before receiving Food Stamps, an individual must show that his or her income is below a certain threshold and that it has not changed over time due to other circumstances (such as a new job or marriage). Information is collected from farmers to ensure that they are eligible for other Federal benefits such as payments under conservation programs.

Entitlements. The social “safety net” extends beyond the social welfare system. The Federal Government collects a constant flow of information from employers and employees to manage the Federal disability and retirement systems. For programs related to the health or disability status of individuals, agencies collect medical and health status information from individuals and physicians. For example, in order to qualify for Social Security disability benefits, a person demonstrates through the application process not only that he or she is disabled, but also that the disability will last 12 months and that it prevents the individual from obtaining any employment in his or her geographic area. The Federal Government also regulates the flow of specific and precise information between parties in order to administer the Medicare and Medicaid programs.

Overall, agencies collect information to ensure that the Government is paying benefits accurately to individuals that meet program income and categorical requirements. By enabling agencies to prevent fraud and abuse, information collection has the intangible value of increasing public confidence in the administration of the Government's benefit programs.

Grants and Loans. Another long-standing “safety net” for Americans is the variety of agricultural programs that provide farm operating credit, crop insurance, and rural business loans for farmers and rural residents. These programs provide help to farmers to manage the cyclical nature of agricultural production and to support rural development. The Government also makes grants to States so that, for example, they are able to provide loans to communities that need help cleaning up their drinking water and wastewater. These loans fund projects ranging from construction of wastewater and drinking water treatment facilities to cleanup of non-point source water pollution.

More basically, the Federal Government can not make grants and guarantee loans without information about who is applying for what and on what basis of need — information that comes from, among others, college students, farmers, homeowners, banks, housing authorities, small businesses, scientists, and educational institutions. For example, the Federal Government collects information to provide funding for Community Development Block Grants and collects information from schools about the number of children served school lunches.

Contracts. The process by which the Federal Government contracts for over \$200 billion in goods and services annually from the private sector also involves collecting a large amount of information. The contract solicitation and award process has firms respond to Government procurement requests with a broad range of data, including the descriptions and specifications of their products, proposed performance plans for the provision of services, and information regarding their costs and prices. After a contract is awarded, the contract performance and administration process often involves continuous interactions between the contractor and the agency.

Licenses and Permits. An “application for benefits” can also take the form of a request for a license or permit to do something that is regulated or otherwise prohibited. For example, the Federal Government collects information to permit the importation of any goods subject to a tariff, the marketing of prescription drugs and medical devices, the broadcast of radio or television programs or the transmission

of cable sports programs, and the issuance of patents or trademarks. For example, a manufacturer of a drug (including prescription drugs and those sold over-the-counter) or a device (such as a pacemaker or ultrasound equipment) first obtains approval from the Food and Drug Administration (FDA) before making its product available to the consumer or to medical establishments. Before approving the product, FDA obtains information from the manufacturer that demonstrates that the product is both safe and effective for its intended use. As another example, the Immigration and Naturalization Service (INS) obtains information from employers verifying employment eligibility before the State Department issues a visa or INS naturalizes an individual as a U.S. citizen.

Regulatory and Compliance Reporting

It is well known that the Federal Government collects information to verify compliance with Government requirements. People are most familiar with some version of the IRS Form 1040, used to calculate and declare personal income tax. From the point of view of a taxpayer, the annual preparation of a tax return is an annual paperwork burden. In total, the Treasury Department (specifically, the Internal Revenue Service (IRS), Customs Service, and the Bureau of Alcohol, Tobacco, and Firearms (ATF)) collects over \$1.6 trillion in individual and business income taxes, tariff duties, user fees, excise taxes, registration fees, license fees, and other assessments that fund the Federal programs that protect and support Americans. These agencies, particularly IRS, collect and have the public maintain information to determine if the correct amount of taxes, fees, and other revenue has been paid and to correct errors that have been identified. The Treasury Department is responsible for roughly 80% of all information collection and recordkeeping conducted or required by the Federal Government.

Tax forms are not the only type of regulatory and compliance reporting, however. Excluding Treasury Department information collections, regulatory and compliance reporting constitutes roughly 70% of the information collection activity of the Federal Government. The Federal Government collects information to verify compliance with Federal requirements by individuals, businesses, educational and nonprofit institutions, and State and local governments. The Federal Government also requires individuals, firms, and other entities to retain information or to disclose information to demonstrate compliance. This information is collected in different ways depending on the requirement.

Reporting. A wide variety of individuals, groups, and institutions (including State, local, and tribal governments) report information to the Federal Government to demonstrate compliance with Federal regulations. Federal agencies have found that such reporting can be less intrusive than having Federal inspectors on the spot. For example, businesses and institutions submit environmental reports concerning emissions of air pollutants from industrial facilities, vehicle and engine emissions from manufacturers, hazardous wastes from generators, transporters, and treatment and disposal facilities, oil and hazardous chemical spills from facilities, and constituent levels in drinking water from municipalities. Businesses and institutions describe health issues, such as exposure to toxic chemicals, and submit workplace reports, such as those describing the financial condition of labor unions. Drug manufacturers report incidents of adverse reactions or unexpected results from a patient's use of a drug they produce.

In another area, State child support agencies now keep track of new child support orders in a centralized State Registry and report the information to the Expanded Federal Parent Locator Service. Also, to help locate individuals who owe child support and help enforce child support orders across State lines, employers now report all new hires to the State Directory of New Hires. That information is in turn sent to the National Directory of New Hires, a national database of all newly hired individuals in America.

Other collections of information that help ensure basic standards may not be so well known. For example, nuclear power plants submit information documenting that operators are properly trained and medically qualified for duty. Accredited veterinarians submit health certification information. Meat packers, stockyards, and granaries submit information relating to their weighing systems. Surface coal mines provide information on exploration, development, and production plans. Transportation companies and employees provide information related to drug and alcohol testing. Airports and airlines provide information on security procedures. Banks provide information on their financial condition, performance, and activities to ensure a safe and sound banking system, enhance the functioning of financial markets, and protect consumers.

Recordkeeping. The Federal Government's effort to help and protect people includes monitoring regulatory compliance, which requires more than just having people answer questionnaires. The Federal Government also requires individuals and companies to retain information for a specified period of time (i.e., a recordkeeping requirement) so that inspectors or other officials can verify their compliance with Government requirements. For example, employers in some cases keep records of employees' medical histories. Airlines keep passenger lists of travelers on international flights. Meat and poultry processors keep records of process controls to prevent contamination by pathogens like *Salmonella* and ensure food safety.

Increasingly, Federal information collection activities have used technology to simplify the process of manually recording and storing data. For example, the Railroad Hours of Service regulations call for the collection, filing and storage of large amounts of information. This creates a problem for railroads continuing to use paper records. One of the largest railroads estimates that the storage of its hours of service records for a single year requires the space of a single file drawer a mile long (10 times taller than the Washington Monument). Since 1990, the Federal Railroad Administration has been working with railroads to implement electronic timekeeping. In some cases, railroads have had to convert to automated payroll and crew management systems as a prerequisite to electronic hours-of-service recordkeeping. Although only one of the twelve large railroads has completely converted, others are making progress towards the goal of "paperless" recordkeeping. This conversion to electronic records should permit a 60 percent reduction in current railroad recordkeeping burdens, and even larger savings will be produced by the elimination of hard copy storage.

In some cases, the recordkeeping requirement is less burdensome if fully electronic. An example is the 1997 Federal Aviation Administration rule that required upgrades on flight data recorders that were used on certain airplanes to be able to obtain information on a greater number of safety-related parameters. Due to the electronic collection and storage of this information, there are no annual reporting or recordkeeping burdens associated with this requirement. The information is retained for 25 hours and is then overwritten. In the event of an incident, the information is downloaded for use in the investigation by the National Transportation Safety Board. Electronic recordkeeping, however, does not come free. Over the first four years of implementing the new rule, the costs of acquiring, installing, and maintaining the devices will be an estimated \$55 million annually.

Third-Party Disclosure. The Federal Government's implementation of regulatory programs sometimes requires more than having people answer questionnaires or maintain records. The Federal Government also requires individuals and companies to report information to sources other than the Government, i.e. third parties. For example, there is third-party reporting to help tax administration, specifically the filing of the IRS Form W-4 by employees with employers. Employers use this information to determine the

correct amount of tax to withhold from their employees' wages.

In other cases, the Federal Government tries to ensure that people have the information they need to make better decisions, rather than regulating their behavior itself. For example, nutritional labeling on food products is also a form of third-party disclosure. In some cases, food companies are not required to submit information to the Federal Government; instead, they provide consumers with accurate nutrition information about the food they buy. This information helps consumers choose more healthy diets and offers an incentive to food companies to improve the nutritional value of their products. It is estimated that more than 300 billion food product containers now provide the "Nutrition Facts" panel, and national surveys indicate that the information is widely used by the public.

The Federal Government also has a wide variety of disclosure requirements that identify the source and content of products as well as information that tells customers how to care for them. Under the Fair Packaging and Labeling Act and the Textile Fiber Products Identification Act, the Federal Trade Commission (FTC) sets forth requirements for labeling commodities with respect to their identity, their manufacturer or distributor, and the quantity of contents or servings. In the case of clothing, the labeling includes fiber content and country of origin. Under its Care Labeling Rule, the FTC also establishes the information to be disclosed relating to how the material should be cleaned.

Similarly, the Federal Government requires information on potential environmental and health hazards to be disseminated to the public. This is sometimes referred to as community "right-to-know" information. An example is the Toxic Release Inventory (TRI). Under the TRI program, manufacturing facilities report annually on the quantities of toxic chemicals they release to the environment, and the Environmental Protection Agency (EPA) maintains the information in a national database that is publicly available over the Internet. In 1997, EPA promulgated a rule expanding the list of industries required to report this information to include mining, electric power generation, hazardous waste disposal, and chemical and petroleum distribution.

Some third-party disclosure requirements benefit specific segments of the population. For example, the Occupational Safety and Health Administration has employers inform employees about the nature of hazardous substances with which the worker comes into contact. This requirement takes the form of information distributed to employees about the possible hazards of a substance and can obligate employers to hold training sessions where the employee is advised on how to handle such material safely. Agricultural producers inform the farm laborers of pesticide applications on the fields they will be working and maintain records available in case of an emergency pesticide exposure to a laborer. Similarly, the Securities and Exchange Commission (SEC), the Federal Trade Commission (FTC), and the bank regulatory agencies assure that home buyers, everyday consumers, and investors are informed of the costs of their loans and the nature of the investment opportunities they are considering.

Another kind of disclosure occurs with programs in which Federal funds flow to States and then through the States to cities, towns, school districts, or other entities to provide services to individuals. Federal regulation, for example, requires States to collect information from school districts. This information may be reported to the Federal Government in aggregate form or retained by the State.

Program Management and Evaluation

The Federal Government collects information to help manage, evaluate, and plan Federal programs, including developing new program strategies, making decisions about program operations, and assessing

the efficiency or effectiveness of existing programs. This includes surveys and focus groups used to provide Federal agencies with objective feedback on program effectiveness, which helps satisfy their responsibilities under the Government Performance and Results Act.

Examples of such data collection include the use of voluntary customer satisfaction surveys by an agency to evaluate a variety of agency functions, such as the usefulness of information provided to members of the public by mail or through its Internet site, the experience of outside participants in the agency's permitting processes, the quality of customer service at its public docket locations, and the agency's performance in other interactions with the public. In other cases, such as programs designed to increase access to higher education for disadvantaged and minority students or finance job training programs, agencies require periodic performance reports from grant recipients to identify possible problems and measure the effectiveness of the programs. Major evaluations of the effectiveness of Federal programs often require agencies to collect information over a long period of time from persons benefitting from the program as well as equivalent groups that do not receive such benefits. The Federal Government also collects information from contractors and subcontractors to assure proper and fiscally sound contract management.

Information collections under the category "program management and evaluation" constitute roughly 3 percent of the information collection activity of the Federal Government (excluding those conducted by the Treasury Department).

General Purpose Statistics

While the most well-known and comprehensive Federal collection of statistical information may be the Decennial Census, there are many other such data collections. The Federal Government collects a wide variety of statistical information to carry out its responsibilities and give private entities a clearer picture of the United States. Data collected on changes in prices and unemployment are useful not only to Government decisionmakers, but to businesses and individuals as well. In addition, the Federal Government collects data on health and safety, natural resources, energy, and the environment, as well as social, demographic, and economic trends. Federal statistical data collections include surveys on: the occurrence of work-related injuries and illnesses; number, geographic distribution, and social and economic characteristics of the U.S. population; crime, criminal offenders, and victims of crime; educational attainment; censuses of agriculture, manufacturing, construction, service, and transportation industries; national income and wealth; and the labor force. The Federal Government also collects market information about agricultural production (such as wheat) to help inform markets and producers and to evaluate their impact on the economy and trade.

Data collections on "general purpose statistics" constitute about 1 percent of the information collection activity of the Federal Government (excluding that conducted by the Treasury Department).

Research

Collections of information involving research are those designed to test a hypothesis, permit conclusions to be drawn, and thereby develop or contribute to generalizable knowledge. For example, a four-year national study of charter schools will examine the impact of charter schools on student achievement, education reform, and an array of other issues. A study of school violence and its prevention is intended to increase understanding of school violence and violence prevention efforts, especially those efforts funded by the Federal Government. Surveys that combine farm costs and returns with farm cropping

practices help to answer questions about agricultural resource use and costs, farm sector financial conditions, and farm production practices, including Integrated Pest Management.

Information collections that fall under the category of “research” constitute substantially less than 1 percent of the information collection activity of the Federal Government (excluding that conducted by the Treasury Department).

Chapter 2. Historical Origins of the Information Collection Budget

As described in chapter 1, the Federal Government requires information to serve a wide variety of purposes. It is also important to understand the structure that the Federal Government has developed to oversee that collection of information.

Under the Paperwork Reduction Act, OMB must review and act on — generally approving or disapproving — all proposed collections of information conducted or sponsored by Executive branch agencies, including independent regulatory commissions. OMB has been approving or disapproving proposed agency information collections for over 55 years in accordance with the Paperwork Reduction Act and its predecessor statutes.

The Federal Reports Act

OMB² was first given the authority to approve Federal information collections in the Federal Reports Act (P.L. 77-831), signed into law by President Roosevelt on December 24, 1942. The rationale for enactment of the Federal Reports Act came with the declaration of World War II and the emergence of war agencies concerned with price control, rationing, and material and manpower allocation. As the Senate Small Business Committee later observed:

“With the advent of the war, vast quantities of additional facts were needed by the administrative agencies. Almost all the measures adapted to activate the war programs required paper work.

“The Government’s billions of dollars of war work could not have been accomplished without a tremendous increase in the number of forms. The allocation of materials and manpower, production control, price control, selective service, and many other policies all required the assembly and use of facts which would permit the executive agencies to carry out their duties. In the absence of adequate review and screening devices, business concerns and others were overwhelmed by paper work. It was almost a daily occurrence to receive some new request from Washington. Many of these requests to a greater or lesser degree duplicated each other and many of them showed no evidence of having been carefully considered” (S. Rpt 79-47, part 2).

The statement of purpose for the Federal Reports Act reflects these concerns:

“It is hereby declared to be the policy of the Congress that information which may be needed by the various Federal agencies should be obtained with a minimum burden upon business enterprises (especially small business enterprises) and other persons required to furnish such information, and a minimum cost to the Government, that all unnecessary duplication of efforts in obtaining such information through the use of reports, questionnaires, and other such methods should be eliminated as rapidly as practicable; and that information collected and tabulated by any Federal agency should insofar as is expedient be tabulated in a manner to maximize the usefulness of the information to other Federal agencies and the public.”

Responsibility for reviewing and approving agency collections of information was placed in OMB’s

² In 1970, the Bureau of the Budget was designated as OMB. E.O. 11541, July 1, 1970.

Division of Statistical Standards, which continued its work through the 1970's:

"The forms clearance responsibilities of [this Division] declined sharply after the end of World War II. The necessity for many questionnaires associated with the war effort from agencies such as the Office of Price Administration and the War Production Board was eliminated. This is illustrated by the fact that, in 1943, the first year after the Federal Reports Act was enacted, about 7,500 questionnaires were submitted for review. By the mid-1950s, the forms clearance volume had diminished to a level of 2,500 to 3,000 requests per year,

"After World War II [this Division] encouraged the agencies to establish internal clearance units to sift out unacceptable reporting proposals. * * * In the 1940s [this Division] was concerned with promoting greater use of sampling and other advanced statistical techniques to reduce costs and to improve the quality of data."

"At the end of the 1950s, ... the responsibilities of [the OMB Office of Statistical Standards, as the Division had been renamed] included ... [c]ontrol of data collection activities to achieve maximum efficiency and economy in the Government's statistical programs. * * * Throughout the 1960's, the Office of Statistical Standards continued to employ several ... devices [as instruments for coordinating statistical policy]. These included the traditional review of ... data requests under the Federal Reports Act"³

The Commission on Federal Paperwork

By the early 1970s, the Federal Government's growing need for information led to complaints from the public about paperwork burden. A legislative debate began on how to make the Federal Reports Act work more effectively and usefully to reduce burdens on respondents.⁴ In 1974, Congress passed P.L. 93-566 to establish the Commission on Federal Paperwork, stating as its concern that "Federal information reporting requirements have placed an unprecedented paperwork burden upon private citizens, recipients of Federal assistance, businesses, Governmental contractors, and State and local governments." Three years later, in October 1977, the Commission on Federal Paperwork concluded that the total costs of Federal paperwork were "more than \$100 billion a year, or about \$500 for each person in this country" — \$43 billion for the Federal Government; \$25 to \$32 billion for private industry; \$5 to 9 billion for State and local government; \$8.7 billion for individuals; \$350 million for farmers; and \$75 million for labor organizations.

Based on its findings, the Commission made a number of recommendations. Under the category of "Managing Information/Paperwork Resources," the Commission's first general recommendation was that "Executive agencies should establish comprehensive information plans that incorporate all the information needs and resources of the agency." Under the category of "Strengthening the [OMB Paperwork] Clearance Process," the Commission's general recommendations were:

³ Revolution in United States Government Statistics, 1926-1976, Department of Commerce, October 1978, pp. 151, 153, 155.

⁴ In 1968, P.L. 90-620 had codified the Federal Reports Act as Chapter 35 in Title 44 of the United States Code. In 1973, Chapter 35 was amended to provide that the General Accounting Office (GAO), rather than OMB, would review the collections of information proposed by the independent Federal regulatory agencies (P.L. 93-153, Sec. 409, adding a new Section 3512 to Title 44).

- “Congress should remove all exemptions from the clearance requirements of the Federal Reports Act.
- “Congress should consolidate the clearance function in a single place, but retain oversight of independent regulatory agency requests.
- “Agencies should assume responsibility for ‘clearing’ forms when they have sufficient expertise to do so and should operate under OMB guidance.”

The Commission specifically recommended, “an Executive order requiring all agencies — including those agencies now exempt from the Federal Reports Act — promptly to register their information gathering plans and programs with OMB.”⁵

The Information Collection Budget

President Carter took heed of the recommendations of the Commission on Federal Paperwork and moved to strengthen existing oversight of Federal paperwork. He did so by establishing a new procedure to permit more systematic executive review of regulatory and other paperwork requirements imposed by agencies. On November 30, 1979, he issued Executive Order 12174, “Paperwork,” requiring each agency to establish an annual information collection budget. As he explained in his Message to Congress explaining the new Order:

“The Executive Order ... establishes strong management tools for the Executive agencies. First of all, it creates a ‘paperwork budget.’ Each agency will submit an annual estimate of the number of hours required to fill out all of its forms. The Office of Management and Budget will then hold agencies to that total or order it cut. The process will be similar to the spending budget; it will give agencies incentives to set priorities and to eliminate or streamline burdensome forms.”⁶

Following up on this Executive Order, OMB issued a proposed regulation on January 11, 1980, to guide agency implementation of Executive Order 12174 (and provide additional detail on how to prepare the annual information collection budget).⁷ Five months later, on June 19, 1980, OMB issued Bulletin 80-11, “Fiscal Year 1981 Information Collection Budget Request,” which instructed Federal agencies on how to prepare paperwork budgets for FY 1981 and submit them to OMB “for review and possible modification and revision.”⁸

⁵ Final Summary Report, Commission on Federal Paperwork, pp. 6, 16, 18, 51.

⁶ 44 FR 69609, December 4, 1979. Section 1-104 of the Order states: “Each agency shall prepare an annual paperwork budget, i.e., an estimate of the total number of hours required to comply with requests for information. The budget should itemize each form used, describe its purpose and identify those affected by it. The Director of the Office of Management and Budget shall review and may modify each agency’s proposed budget. After the Director has approved an agency’s paperwork budget, it may be increased only by the Director upon request of the head of the agency.”

⁷ 45 FR 2586. OMB also sought, consistent with Executive Order 12174, to clarify the applicability of the Federal Reports Act to agency rulemaking. Proposed Section 1320.22(a) specifically provided “that provisions of regulation that involve information collections may not be issued as final or otherwise implemented” until they obtain OMB approval.

⁸ As recommended by the Commission and as provided in Executive Order 12174, this Bulletin applied to two of the agencies exempt from OMB review under the Federal Reports Act, the Department of the Treasury (including the Internal Revenue Service) and the Federal Energy Regulatory Commission, an independent regulatory agency.

- “Congress should remove all exemptions from the clearance requirements of the Federal Reports Act.
- “Congress should consolidate the clearance function in a single place, but retain oversight of independent regulatory agency requests.
- “Agencies should assume responsibility for ‘clearing’ forms when they have sufficient expertise to do so and should operate under OMB guidance.”

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The Paperwork Reduction Act of 1980

President Carter and OMB were not alone in taking heed of the 1977 recommendations of the Commission on Federal Paperwork. Six months after OMB issued its Bulletin instructing agencies how to prepare the 1981 Information Collection Budget, Congress passed and President Carter signed into law the Paperwork Reduction Act of 1980 (P.L. 96-511, the 1980 PRA), which took effect on April 1, 1981. The 1980 PRA strengthened OMB's paperwork oversight responsibilities in a number of ways.

First, as recommended by the Commission on Federal Paperwork, the 1980 PRA expanded the scope of OMB review. The 1980 PRA eliminated all of the original agency exemptions from the Federal Reports Act, making subject to OMB review the regulatory paperwork of the Internal Revenue Service, bank regulatory agencies, and independent regulatory commissions (subject to an override of an OMB disapproval by a majority vote of the commission members). It also restored the OMB Director as the single point of authority for approving or disapproving Federal collections of information from the public, superseding the clearance functions of the General Accounting Office and the Department of Health, Education, and Welfare. Congress specifically required that OMB review and approve the regulatory paperwork of Federal agencies,⁹ included recordkeeping requirements, and made clear that the Act applied to much more than statistical compilations of general public interest.

Second, the 1980 PRA suggested that the "top down" approach of the Federal Reports Act should be blended with a "bottoms up" approach stressing the responsibility of the Federal agencies themselves to oversee and manage their activities involving collection of information from the public. As stated in the report of the House Committee on Government Operations, "[the 1980 PRA] clarifies the agencies' responsibilities by requiring agencies to eliminate duplication, minimize burden, and develop plans for tabulating data before they request OMB approval of proposed information requirements" (H. Rpt. 96-835, p. 19). As explained in the report of the Senate Committee on Government Operations,

"[E]ach agency head is to appoint a highly ranking official who is to ensure that the agency carries out effectively its information activities. The Committee's intent is to establish an identifiable line of accountability for information management activities between the [OMB] Director and individual agencies and within agencies. Not only will this structure enable agencies to better manage their information resources, it enables Congress to pinpoint responsibility for information activities in any legislative oversight activities. For example, senior officials will be responsible for explaining how the related functions of information policy are integrated within an agency to manage information resources more efficiently and to minimize the information burden on the public" (S. Rpt. 96-930, p.6).

In other words, it became more explicit that it was each agency's responsibility to balance its need for a proposed data collection or other paperwork, and the practical utility of the information it might receive,¹⁰

⁹ 44 U.S.C. 3504(h) (1980 PRA). See remarks by Senator Edward Kennedy, 126 Cong. Rec. S14689 (November 19, 1980).

¹⁰ The 1980 PRA codified the concept of "practical utility" as a specific element in establishing agency need. 44 U.S.C. 3502(15) and 3508 (1980 PRA). This concept had been adopted by OMB in its February 10, 1976, Revision to Attachment A to OMB Circular No. A-40:

"Practical utility (as distinguished from potential utility) also includes the ability of the agency to use the information received. Particular care will be exercised by agencies to insure that, need for information

(continued...)

against the burden imposed on respondents and the costs involved.

Third, the 1980 PRA established opportunity for the public to make known its views concerning Federal data collection activities. Specifically, it required that agencies justify each proposed regulatory or other paperwork in writing and make their justification available for all to see. To facilitate this, the 1980 PRA required that agencies publish notices in the Federal Register when submitting a clearance request to OMB.

Fourth, the 1980 PRA codified the Information Collection Budget process begun by President Carter, requiring OMB to send Congress each year a report that included "an analysis by agency ... describing the estimated reporting hours required of persons" by Federal collections of information and "a summary of accomplishments and planned initiatives to reduce burdens" of these collections.¹¹ With this statutory authority, OMB developed, and continues to use, the Information Collection Budget as a tool for eliminating needless reporting requirements, cutting duplication, streamlining forms, and facilitating comprehensive executive review of agency information collection efforts.¹²

Publishing the Information Collection Budget

After the 1980 PRA was enacted, but before it took effect, OMB published the first "Information Collection Budget of the United States Government, Fiscal Year 1981." This 1981 Information Collection Budget (1981 ICB) called, in aggregate, for a 4% reduction in paperwork burden in FY 1981.

The OMB Director, in his January 13, 1981, memorandum to President Carter transmitting the 1981 ICB, pointed out that President Carter's Administration had established an unprecedented planning and budgeting approach to paperwork control that "treats all reporting and recordkeeping requirements imposed by the Federal Government as if they cause an expenditure of funds by the non-federal sector of our economy." As the 1981 ICB explained,

"The ICB represents the Federal Government's first attempt to establish a budgeting control process for non-fiscal resource allocations. Such allocations cover those Federal Government actions that play a significant role in the Federal fiscal budget. During periods of fiscal restraint Federal agencies rely more heavily on non-budget actions such as regulation and reporting requirements to accomplish their objectives. The ICB evolved from the concerns that Federal agencies have in the past considered the public's time in responding to Government requests for information to be a free commodity rather than a critical resource that should be managed, conserved and economized" (Introduction, p. 2).

On June 2, 1981, shortly after the Paperwork Reduction Act of 1980 took effect, the OMB Director issued Bulletin 81-20, "Fiscal Year 1982 Information Collection Budget Request." OMB issued the 1982 ICB in December 1981. This 1982 ICB called, in aggregate, for a 12.8% reduction in paperwork burden in FY 1982. As the OMB Director explained in his transmittal letter to the President, the purpose of the

¹⁰(...continued)

notwithstanding, there are no limitations in staff, in capability to process the information in a timely and useful fashion, or other constraints on the likely use of the information." (page 5)

¹¹ 44 U.S.C. 3514(a)(3) & (4) (1980 PRA). See S. Rpt. 96-930, p. 54.

¹² When President Reagan issued Executive Order 12291, he revoked Executive Order 12174. 46 FR 13193, 13198 (February 19, 1981), Sec. 10.

1982 ICB was “to limit the costs to individuals, private organizations, and State and local governments of filling out forms and records for the Federal Government.”

On September 8, 1982, OMB proposed a regulation designed to implement the 1980 PRA.¹³ The proposed rule contained a general requirement for an annual ICB.¹⁴ The preamble to this proposed rule explained the need for the ICB. It pointed out that OMB had a statutory obligation to inventory all collections of information and to set agency goals for reduction of burden, to “evaluate progress toward its statutory goals of paperwork burden reduction,” and “report to Congress on estimated burdens of collection of information by agency and by categories within agencies.” It also described the ICB as “a management tool” to help both OMB and the agencies — to enable OMB to carry out its statutory responsibilities and “facilitate each agency’s examination of its aggregate and comparative paperwork burdens upon the public.”¹⁵ The final OMB rule became effective on May 2, 1983.¹⁶

In 1986, Congress amended the 1980 PRA¹⁷ in a number of ways.¹⁸ In amending its implementing rule to reflect these 1986 amendments, OMB retained the requirement for an annual ICB.¹⁹

The Paperwork Reduction Act of 1995

In 1995, Congress amended the 1980 PRA in the Paperwork Reduction Act of 1995 (P.L. 104-13, the 1995 PRA). This revision of the Paperwork Reduction Act had a number of stated purposes, including:

- To clarify that the Act “applies to all Government-sponsored collections of information (including disclosure requirements), eliminating any confusion over the coverage of third-party paperwork

¹³ 47 FR 39515, 39516, September 8, 1982. This proposal sought to provide OMB oversight of paperwork “over the entirety of the federal paperwork burden, regardless of the particular form or mechanism by which it is imposed.” 47 FR 39519.

¹⁴ The 1980 PRA established Governmentwide paperwork burden reduction goals of 15% (from enactment through FY 1982), and 10% (for FY 1983). The annual ICBs set individual goals for each agency. The aggregate of the individual agency goals for FY 1981 was -4%; FY 1982, -12.8%; FY 1983, -8.4%; FY 1984, -6.5%; and FY 1985, -3.3%.

¹⁵ 47 FR 39521. Proposed 5 CFR 1320.10, 47 FR 39527.

¹⁶ 5 CFR 1320, 48 FR 13666 (March 31, 1983). This regulation — the first that OMB had issued to have agencies implement the paperwork clearance process — did much more than establish the annual ICB. 5 CFR 1320.10, 48 FR 13693. This regulation set forth the comprehensive scope of OMB review authority provided by the 1980 PRA, explicitly providing for OMB review of regulatory paperwork, labeling and disclosure requirements, agency audit guides, and requests for proposal or other procurement requirements.

¹⁷ The Paperwork Reduction Reauthorization Act of 1986, P.L. 99-500 (October 18, 1986) and P.L. 99-591 (October 30, 1986), section 101(m).

¹⁸ The 1986 amendments clarified the broad scope of the statute; increased the information the public was to receive in *Federal Register* notices concerning the OMB paperwork clearance process; and stressed the importance at the agencies of coordinated information resources management. Specifically, the 1986 amendment redefined “information collection request” in section 3502(11) (1980 PRA) to include a “collection of information requirement.”

The 1986 amendments also set Governmentwide paperwork burden reduction goals of 5% for FY 1986–1989. The annual ICBs set individual goals for each agency. The aggregate of the individual agency goals for FY 1986 was -3.11%; FY 1987, -1.73%; FY 1988, -3.51%; FY 1989, -0.75%; FY 1990, -0.93%; FY 1991, -0.13%; FY 1992, +0.65%; FY 1993, +0.27%; FY 1994, +0.54%; and FY 1995, +0.61%.

¹⁹ 5 CFR 1320.10, 53 FR 16618, 16627 (May 10, 1988).

burdens.”²⁰

- To “[r]eaffirm the fundamental purpose of the [1980 PRA] — to minimize the Federal paperwork burdens imposed on the public by Government.”
- To “[e]mphasize the fundamental responsibilities of each Federal agency to minimize paperwork burdens and foster paperwork reduction, by requiring a thorough review of each proposed collection of information for need and practical utility, the Act’s fundamental standards, agency planning to maximize the use of information already available within Government or already collected by the public, and improved opportunity for public comment on a proposed paperwork requirement.”
- To “[s]eek to reduce the paperwork burdens imposed on the public through better implementation of the annual Governmentwide paperwork reduction goal of 5 percent.”²¹

The legislation passed the House by a vote of 418-0, and the Senate by a vote of 99-0. President Clinton signed the 1995 PRA into law on May 22, 1995, stating, “[t]he Paperwork Reduction Act helps us to conquer a mountain of paperwork that is crushing our people and wasting a lot of time”

As to the paperwork clearance process, the 1995 PRA stressed the responsibility of the Federal agencies to manage Federal paperwork, specifically strengthening the “bottoms up” approach initiated in the 1980 PRA. The Chief Information Officer (CIO),²² an agency official independent of the agency’s program office initiating or sponsoring information collection activities, is specifically required to evaluate the need for the information, its estimated burden, the agency’s plans for management and use of the information, and whether each proposed collection meets the other requirements of the 1995 PRA.²³ The 1995 PRA also directed agencies to consult with the public on proposed collections of information and

²⁰ S. Rpt. 104-8, p. 1. In 1990, the Supreme Court had limited the reach of OMB’s paperwork clearance authority, ruling that OMB’s authority to review and disapprove agency information collection activities was limited to information collected by the agency, and did not extend to third-party information disclosure requirements. *Dole v. United States of America*, 49 U.S. 26 (1990). Five years later, Congress reversed that decision.

²¹ S. Rpt. 104-8, pp. 1-2. The bill reported by the Senate Committee on Governmental Affairs “set an annual Governmentwide goal ... of at least five percent” (amending section 3505). The bill reported by the House Committee on Government Reform and Oversight changed this annual burden reduction goal to “at least 10 percent” (H. Rpt. 104-37). The Conference Report split the difference, setting the annual Governmentwide goal at 10 percent for FY 1996 and FY 1997, and 5 percent for the next four fiscal years. The Conference Report noted, “that the Governmentwide paperwork reduction goal is calculated on the basis of a ‘baseline’ which is the aggregate paperwork burden imposed during the prior fiscal year. The conferees also note that individual agency goals negotiated with OIRA [the Office of Information and Regulatory Affairs in OMB] may differ depending on the agency’s potential to reduce the paperwork burden such agency imposes on the public. Goals negotiated with some agencies may substantially exceed the Governmentwide goal, which those negotiated with other agencies may be substantially less” (H. Rpt. 104-99, p. 32).

²² The “senior official” responsible for information resources management (see 44 U.S.C. 3506(a)(2)(A) and 44 U.S.C. 6(c) (1995 PRA)) was redesignated as “Chief Information Officer” in the Information Technology Management Reform Act of 1996, P.L. 104-106, section 5125(a). P.L. 104-106, section 5605(d) also amended 44 U.S.C. 3507(j)(2) (1995 PRA) to authorize emergency approvals of up to 180 days.

²³ 44 U.S.C. 3506(c) (1995 PRA). This responsibility of the CIO included a specific responsibility to consider, for small business, establishment of differing compliance or reporting requirements that take into account the resources available to respondents. 44 U.S.C. 3506(c)(3)(C) (1995 PRA).

certify to OMB that the required procedures have been followed.²⁴ The OMB implementing rule, consistent with the 1995 PRA,²⁵ continued the requirement for an annual ICB.²⁶

CIO Responsibilities to Clear Agency Paperwork with OMB

Specifically, the 1995 PRA requires that OMB approve each collection of information by a Federal agency before it can be implemented. Collections of information include (1) requests for information for transmission to the Government, such as application forms and written report forms, (2) recordkeeping requirements, and (3) third-party or public disclosure requirements. Many information collections, recordkeeping requirements, and third-party disclosure requirements are contained in or authorized by regulations as monitoring or enforcement tools, while others appear in written questionnaires and their accompanying instructions. An underlying goal of the 1995 PRA is to minimize the Federal paperwork burden on the public. At the same time, the 1995 PRA recognizes the importance of information to the successful completion of agency missions, and charges OMB with the responsibility of weighing the burdens of the collection on the public against the practical utility it will have for the agency.

In general terms, the CIO in each agency is required to plan for the development of new collections of information and the extension of ongoing collections of information well in advance of sending the proposal to OMB. Advance planning is necessary because agencies need to estimate potential burdens on respondents, seek public comment through 60-day notice in the Federal Register, and thereafter submit their clearance requests to OMB for review and approval. In a paperwork clearance request, the agency needs to demonstrate to OMB that the collection of information is the least burdensome way of obtaining information necessary for the proper performance of its functions, that the collection is not duplicative of others, and that the collection has practical utility. Additionally, the agency is required to certify that a proposed collection of information "reduces to the extent practicable and appropriate the burden" on respondents,²⁷ including, for small business, local government, and other small entities, the use of the techniques outlined in the Regulatory Flexibility Act.²⁸

To alert the public that OMB review has begun, agencies publish a notice in the Federal Register of the agency's submission to OMB of a request for approval and tell the public how to comment to OMB regarding the request. The public — during OMB's review and at any other time — is to have full opportunity to make its views known concerning any Federal data collection, both as to its perceived practical utility and the reporting burdens involved.

Under the 1995 PRA, OMB approval for an agency to use each data collection instrument can last a maximum of three years. Approval is evidenced by granting an OMB control number for the information collection instrument.

²⁴ 44 U.S.C. 3506(c)(2) and (3) (1995 PRA).

²⁵ The 1995 PRA set Governmentwide paperwork burden reduction goals of 10% for FY 1996 and FY 1997, and 5% for FY 1998–2001. The ICBs for FY 1996–1997 set individual goals for each agency. The aggregate of the individual agency goals for FY 1996 was -0.8%; and FY 1997, -1.8%.

²⁶ OMB proposed a comprehensive amendment to its regulation implementing the 1995 PRA on June 8, 1995, 60 FR 30438, and issued it in final on August 29, 1995, 60 FR 44978 (with a correction page published on September 5, 1995, (60 FR 46149)).

²⁷ 44 U.S.C. 3506(c)(3)(C).

²⁸ 5 U.S.C. chapter 6.

Chapter 3. Information Collection Report for FY 1997 and Information Collection Budget for FY 1998

The oversight structure outlined in chapter 2 contributes to ongoing controls under the Paperwork Reduction Act (PRA) on the burden imposed by Federal agencies. To achieve additional burden reduction, OMB asked agencies over a year ago to work toward accomplishing a 25 percent paperwork burden reduction Governmentwide by the end of FY 1998. This was largely a restatement of the annual goals set forth in the 1995 PRA (10% in FY 1996, 10% in FY 1997, and 5% in FY 1998). In addition, each year OMB sets agency-specific goals to reduce their paperwork burdens in the annual Information Collection Budget (ICB).

This FY 1998 ICB presents the significant paperwork burden changes from the FY 1997 base targeted for FY 1998, and identifies the change in burden hours that attaining these targeted goals would accomplish for the time period FY 1995 to FY 1998. Overall, as of September 30, 1997, the annual information collection burden on the public was estimated at just under 7 billion hours, a 0.2% reduction from FY 1995. Federal agencies estimate the annual information collection burden on the public as of September 30, 1998 will be just over 7 billion hours, a 0.8% increase from FY 1995. For a wide variety of reasons discussed below, the FY 1997 and FY 1998 burden levels are not much different from the burden imposed in FY 1995.

In chapter 1 of this report, we have described why Federal agencies collect information, how they collect information, and what their responsibilities are when they collect information. This chapter describes in general terms how much burden is imposed on the public that responds to these information collections. It also describes how and why the levels of burden are changing through time. We will briefly describe the reasons for the large-scale changes in the agency totals and show that there is a wide variety of factors that influence current and future information collection burdens. In some cases, serious burden reduction efforts are impeded by factors outside an agency's control. In the next chapter, we examine the information collection activity for each agency that participated in this year's ICB.

Burden Reduction Goals

While agency Chief Information Officers (CIOs) have committed to constructive information resources management, the aggregate of each agency's annual goal does not reach the cumulative 25% Governmentwide reduction goal stated in the 1995 PRA and requested by OMB in 1997. To understand why, it is necessary to understand what the 1995 PRA requires.

Governmentwide Burden Reduction Goals. The 1995 PRA directs the OMB Director to set an annual Governmentwide goal for the reduction of information collection burdens — 10% each for FY 1996 and FY 1997, and 5% each for FY 1998–2001. Consistent with the 1995 PRA, OMB addressed the statutory goal for FY 1996–1998 by issuing OMB Bulletin 97-03 (January 13, 1997), "Fiscal Year 1996 Information Streamlining Plan and Information Collection Budget," which stated:

"The ISP [Information Streamlining Plan prepared by the designated agencies] should include goals and timetables to achieve, by the end of FY 1998, a cumulative burden reduction of 25 percent from its FY 1995 year-end level, consistent with the Governmentwide burden reduction goals in the

Paperwork Reduction Act of 1995.”

“Maximum Practicable” Annual Agency Goals. To understand these statutorily set Governmentwide burden reduction goals, however, it is important to put them into context. The 1995 PRA itself establishes the procedure under which OMB and the agencies establish their annual paperwork burden reduction goals. Specifically, the 1995 PRA states that the OMB Director shall, “in consultation with agency heads, ... set annual agency goals to—

- (A) reduce information collection burdens imposed on the public that—
 - (i) represent the maximum practicable opportunity in each agency; and
 - (ii) are consistent with improving agency management of the process for the review of collections of information established under section 3506(c); and
- (B) improve information resources management in ways that increase the productivity, efficiency and effectiveness of Federal programs, including service delivery to the public.”²⁹

The 1995 Act directs the OMB Director to work with the agency CIO, who is responsible for the management of information resources within the agency, including the review of information collections.³⁰ Together, the Director and the CIO develop an annual agency goal to reduce information collection burdens on the public that “represent[s] the maximum practicable opportunity in each agency” and is consistent with the CIO’s actions to improve “agency management of the process for review of collections of information.” As part of this consultation, each CIO, in the agency’s annual submission to OMB, identifies the “maximum practicable” paperwork burden reduction consistent with the agency’s statutory and program missions and reviews how information collections and the information collection review process fit into the CIO’s information resources management strategy. Based on this information, the Director is able to set reasonable and achievable goals that are consistent with criteria set forth in this section of the PRA.

In effect, OMB works with the CIOs to meet their responsibilities under the Paperwork Reduction Act, which OMB describes in the annual Information Collection Budget. As OMB states in its regulation implementing the 1995 PRA, each agency “shall develop and submit to OMB ... an annual comprehensive budget for all collections of information from the public to be conducted in the succeeding twelve months.”³¹ Each year, through our efforts to prepare the ICB, we ask agencies to review their information collections, keeping in mind the statutory burden reduction goals and the Administration’s commitment to burden reduction.

The agencies have specific statutory and program responsibilities. Their individual collections of information are intended to serve those ends. Paperwork burden can be reduced only in ways consistent with an agency’s performance of its statutory and program responsibilities.³² The CIOs must balance these needs and respond to OMB’s request by committing to burden reductions that represent “the maximum practicable opportunity in each agency.” As part of OMB’s review of these submissions,

²⁹ 44 U.S.C. 3505.

³⁰ Each agency’s CIO is to “head an office responsible for ... reduction of information collection burdens on the public” and review each collection of information prior to submission for OMB review. 44 U.S.C. 3506(a)(3).

³¹ 5 CFR 1320.17

³² If an information collection that an agency submits for OMB review meets the practical utility, burden, and other PRA criteria for approval, OMB does not have the authority under the 1995 PRA to disapprove the collection of information simply because an approval would cause the agency to exceed the agency’s paperwork burden reduction goal stated in the ICB.

OMB works with agencies to expand those opportunities. OMB then sets each agency's annual paperwork burden goal and publishes the goals in the annual ICB. As a result, the aggregate of the agencies' annual goals — the "maximum practicable" reduction given each agency's programmatic and statutory responsibilities — may not, and as a general matter has not, totaled to the Governmentwide goal.³³

The Annual Information Collection Budget

Development of the Information Collection Budget. The annual ICB provides a mechanism for measuring and managing the burdens of the Federal information collections imposed on individuals, businesses, and State, local, and tribal governments. As a management tool, it plays an important role in the development of effective and efficient Federal information collections.

Developing an ICB is a process that requires balancing the burden on the public of supplying information and the practical utility of that information in furthering the program needs of the Federal agency seeking it. Based upon the prior year's experience and the best estimates of "burden hours" imposed by each form, survey, and other information collection, each agency submits to OMB a proposed budget of total burden hours for the new fiscal year, together with a description of changes in existing information collections that are necessary to meet its needs. In addition, agencies report on paperwork management initiatives, which are designed to improve the collection, use, and dissemination of information over time. OMB reviews agency submissions and consults with CIOs to develop final budget targets that minimize paperwork burden, consistent with the program needs and uses of the collected information. OMB publishes these final budget targets and justifications in the ICB. The final budget targets for FY 1998 are listed in table 1 on page 30. Chapter 4 includes detailed justifications for each agency's budget.

As part of the development of the ICB, the total inventory of agency information collections is examined and adjusted at the end of each fiscal year to determine the agency's actual imposition of paperwork burden hours for that period. Each agency's final, adjusted paperwork burden inventory is then used as the "base" for preparing its ICB for the following fiscal year. The ICB process enables both agencies and OMB to target paperwork reduction strategies more effectively, to manage the reviews of individual information collection proposals better, and to assess the effect of information resources management initiatives on the paperwork burden borne by the public more accurately.

Information Collection "Burden Hours." The aggregate paperwork burden presented in table 1 on page 30 is stated in terms of annual "burden hours." While the process of developing the ICB started in 1981, the estimates of paperwork burden hours on which it is based started many years earlier (see chapter 2). Agency estimates of paperwork burden hours are prepared separately for each collection of information at the time the agency submits each individual collection for OMB review and approval. Traditionally, the hour burden measured has included the time spent reading and understanding a request for information as well as the time spent developing, compiling, recording, reviewing, and providing the information. Agencies generally do not use the same burden estimation techniques.

³³ The Conference Report for the Paperwork Reduction Act of 1995 noted "that the Governmentwide paperwork reduction goal is calculated on the basis of a 'baseline' which is the aggregate paperwork burden imposed during the prior fiscal year. The conferees also note that individual agency goals negotiated with OIRA [the Office of Information and Regulatory Affairs in OMB] may differ depending on the agency's potential to reduce the paperwork burden such agency imposes on the public. Goals negotiated with some agencies may substantially exceed the Governmentwide goal, which those negotiated with other agencies may be substantially less" (H. Rpt. 104-99, p. 32).

Burden hours are a significant metric in information resources management for judging changes in paperwork burdens and evaluating the reasons for these changes. Despite each agency's unique experience with estimating reporting burden hours, these estimates have proven to be useful in measuring the direction and rate of change in the amount of paperwork over time. The annual development of the ICB is built upon that historical experience and established record.

Estimating Reporting Burden. The 1995 PRA amended the statutory definition of "burden." This new definition of burden was "expanded with a more detailed list of descriptive examples of actions that constitute burden imposed by collections of information."³⁴ Consistent with the 1995 PRA, the OMB implementing regulation defines "burden" as the "total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency, including:

- (i) reviewing instructions;
- (ii) developing, acquiring, installing, and utilizing technology and systems for the purpose of collecting, validating, and verifying information;
- (iii) developing, acquiring, installing, and utilizing technology and systems for the purpose of processing and maintaining information;
- (iv) developing, acquiring, installing, and utilizing technology and systems for the purpose of disclosing and providing information;
- (v) adjusting the existing ways to comply with any previously applicable instructions and requirements;
- (vi) training personnel to be able to respond to a collection of information;
- (vii) searching data sources;
- (viii) completing and reviewing the collection of information; and
- (ix) transmitting, and otherwise disclosing the information."³⁵

This definition of "burden" includes more than just the time (the "burden hours") it takes a respondent to fill out a form. The burden of a regulatory recordkeeping requirement is more readily estimated in terms of the dollar cost (e.g., for the space and equipment needed for storage) than time. Similarly, the burden of a third-party disclosure (e.g., the table describing the nutritional content of packaged foods on food containers) is also more readily estimated in terms of cost.

Reflecting these concerns, in October 1995, OMB amended the form that agencies use to transmit their paperwork clearance package. Previously, agencies were to indicate the annual estimated burden hours for each proposed collection of information. The new form added OMB space for the "annual reporting and recordkeeping cost burden" of the information collection. Given that agencies have had relatively little experience providing this data on a routine basis and that some agencies are providing this data more than others, relative comparisons across time and agencies are not yet instructive. Nonetheless, as of July 1998, the costs identified by the agencies for the OMB inventory of all approved collections of information was \$74,737,385 for "startup costs" and \$484,899,416 for "annual costs" — a total of \$559,636,014.³⁶ These dollar costs are estimates of paperwork burdens that are in addition to the annual

³⁴ H. Rpt. 104-37, p. 35.

³⁵ 5 CFR 1320.3(b)(1); see, 44 U.S.C. 3502(2).

³⁶ Agencies that have provided OMB with total annual cost estimates of reporting and recordkeeping burden (in addition to annual hour burden estimates) of over \$1 million are (in millions): Commerce, \$67; Education, \$15; HHS, \$137; Labor, \$4; Transportation, \$16; EPA, \$15; NASA, \$13; OMB, \$2; SBA, \$234; FAR, \$13; FCC, \$4;

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(continued...)

“hour” burdens described in the table of aggregate paperwork burden presented below.

In February 1997, OMB released for agency comment a preliminary draft of “The Paperwork Reduction Act of 1995: Implementing Guidance.” This draft included a section discussing paperwork “burden” and how to estimate the costs and hours associated with various aspects of “burden.” Based on the comments that OMB received and its experience in evaluating agency burden estimates over the past years, OMB is preparing more detailed guidance for the agencies to use in estimating paperwork burden. As the ICB has traditionally been stated in terms of burden hours and OMB began its inventory of dollar costs only in October 1995, the FY 1998 ICB does not include agency estimates of dollar costs in table 1. Future ICBs will reflect the addition of dollar cost estimates after OMB issues its more detailed guidance for estimating paperwork burden.

Under any specific methodology, to understand how an agency calculates burden hours for a collection, it is most useful to think of what happens from the time a new collection is introduced. In determining how much time and resources are devoted to addressing information collections, staff from the agency CIO offices typically consult agency program officers who are responsible for managing the information. Understanding a given program is essential to estimating how many individuals or entities must respond to an information request relating to that program. The agency then uses its knowledge of the program to consider how much time a respondent would need to respond to the information request. For large or important collections, the agency may consult in advance with respondents about time requirements as well. Multiplying the amount of time per respondent by the number of respondents and the number of times the information is to be submitted annually gives the annual total for the burden hours imposed by a given collection.

Once agencies make this initial estimate, they subject their accuracy to several reviews. An agency first includes the estimate as part of its 60-day initial public comment period required under the 1995 PRA. Any comments received are considered in refining the estimate that is submitted for OMB review. OMB analysts who review information collection policies also provide feedback on the agency's estimate, and the OMB review is accompanied by a second public comment period; the agency may make revisions at this stage as well.³⁷

After OMB approves a collection with an associated burden hour estimate, the agency continues to solicit respondent's views on the accuracy of this estimate; for every collection, the agency is required to identify the burden and seek further comment. If the agency wants to renew the OMB approval for its collection, it must demonstrate to OMB its outreach to respondents to seek their view on the collection and on the burden estimate, and the process starts anew.

³⁶(...continued)

FERC, \$11; NCUA, \$4; NRC, \$8; and SEC, \$13.

³⁷ For collections contained in proposed regulations, these two public comment periods are combined into one of between 30 and 60 days.

IRS Burden Estimation Methodology

The Internal Revenue Service's current taxpayer burden estimation methodology was developed by Arthur D. Little, Inc. (ADL) to comply with the Paperwork Reduction Act (PRA) of 1980. IRS' estimates of taxpayer burden are calculated using a set of mathematical equations that were developed from regression analysis of 1984 survey data on the amount of time that taxpayers spend performing activities that are necessary to meet tax filing requirements. These activities, which correspond to the PRA's definition of burden (44 U.S.C. 3502(2)) are (1) recordkeeping, (2) learning about tax law, (3) preparing tax forms, and (4) copying, assembling, and sending tax forms to IRS. A burden equation for each activity takes into account basic characteristics of tax forms and instructions, form and line usage by taxpayers, and characteristics of the taxpayer populations using the forms. The model relies on different burden equations for individual and business taxpayers.

The ADL model, which was first used by IRS in 1988, significantly improved IRS' ability to measure taxpayer burden. With the ADL methodology, IRS is able to estimate the total hours individual and business taxpayers spend completing tax-related paperwork — from record collection to mailing a completed tax return to IRS — that is necessary to comply with Federal tax requirements. Because the model provides a cost-effective approach for updating annual paperwork burdens, IRS is also able to estimate the burden impact of changes in reporting requirements and taxpayer filing habits. Nonetheless, the ADL has a number of shortcomings:

- **Burden is measured in hours, not dollars:** This makes it difficult for IRS to assess tradeoffs between taxpayer compliance burden and the IRS budget and tax revenue, which are counted in dollars.
- **Only "tax form" burden is measured:** Because it was developed to measure the paperwork burden of tax forms subject to the PRA, ADL fails to measure the taxpayer burden resulting from post-filing and customer service activities (e.g., audits, notices, collections, refunds, and phone calls) or electronic filing methods (e.g., TeleFile and *e-file*).

- **Outdated estimates:** Although the ADL model permits IRS to update burden estimates, the 1984 survey data used to construct the model may no longer be relevant. Moreover, given the extensive changes to the tax code and the increased use of computers and tax preparation software since the introduction of the ADL model, its underlying assumptions may be less valid than 10 years ago.
- **Possible methodological errors:** The ADL model relies on questionable technical assumptions. For example, it assumes that adding lines to tax forms always increases burden when, in fact, new lines often make filling out forms easier for taxpayers. Assessments by Joel Slemrod of the University of Michigan and the United States General Accounting Office have also questioned the accuracy of the ADL model's burden estimates.

IRS is currently making preparations to contract with outside experts to develop a new burden estimation model that reflects changes in taxpayer filing methods (e.g., electronic filing and the use of tax preparation software) and is capable of (1) measuring burden in dollars, not hours (making it possible, eventually, to compare revenue received with burden imposed), (2) categorizing burden not only in terms of individual forms but also more generally in terms of IRS programs, tax code provisions, and changes in tax administration and policy, and (3) measuring post-filing burden.

OMB supports the development of such a model because it will produce more accurate and comprehensive estimates of compliance burden and, more importantly, provide IRS and Treasury with a tool to reduce burden in the future. Specifically, the new model would enhance IRS' current measurement of "customer satisfaction," and it would provide policymakers with better information on the potential benefits resulting from proposed changes in the way IRS administers the tax code and proposals to simplify the tax code itself. Putting in place a new burden model is thus a critical element of IRS' long-term strategy to minimize taxpayer compliance burden and meet the goals of the PRA.

Factors Which Affect Agency Estimates of Paperwork Burden

The changes in information collection burden between FY 1995 and FY 1998 reflect a variety of influences. These include factors over which agencies have control as well as those beyond their control. Before presenting the paperwork burden numbers, it is necessary to describe generally these factors.

Agency estimates of aggregate paperwork burden estimates are affected by changes in the burden of information collections. In broad terms, agencies can change the burden incurred by respondents in four ways: (1) changing the frequency of reporting or length of recordkeeping; (2) changing the number or class of respondents; (3) changing the amount of information required; and (4) changing the amount of effort — e.g., original research, searching for data, compilation of data — needed to understand and answer the question.

1. *Changing the frequency of reporting or length of recordkeeping:* Agencies often require people to submit information on a regular basis, i.e., whenever a particular activity occurs, every year, four times a year, etc. In some cases, the agency has the discretion to change this. For example, the Environmental Protection Agency (EPA) reduced the burden imposed on the nation's hazardous waste generators by requiring reports for certain shipments only with the first shipment to a facility instead of with every single shipment. The Treasury Department also made such a change when the IRS raised the threshold over which businesses are required to report travel, gift, and entertainment expenses from \$25 to \$75, significantly reducing the number of expenses businesses will need to track for tax purposes. Sometimes, however, an agency must require more frequent reporting to counter allegations of waste, fraud, and abuse. For example, the Department of Housing and Urban Development increased the reporting requirement for the *Community Development Block Grant* program from annually to quarterly in order to monitor better the use of Federal funds.
2. *Changing the number or class of respondents:* Agencies generally direct mandatory requirements toward, or make benefits available to, an entire class of respondents. Some agencies have the discretion to change the number of respondents required or eligible to respond to a collection by changing the coverage of the program itself. For example, the Office of Personnel Management (OPM) sends a form to widows, widowers, and former spouses of Federal employees to check whether they are eligible for benefits. OPM reduced the burden of this collection by requiring it to be completed only by those survivors who had remarried rather than every such survivor. The Treasury Department achieved such a reduction by encouraging more people to file electronically through the TeleFile system. Although this shifted burden from one collection to another, it reduced the overall burdens on taxpayers by shifting them to an easier collection. On the other hand, some agencies expand existing programs to cover more respondents. For example, EPA increased the number of respondents under section 313 of the Emergency Planning and Community Right-to-Know Act (commonly known as the Toxic Release Inventory), increasing the burden on a new class of respondents and increasing the total burden of the collection.
3. *Changing the amount of information required:* An agency can sometimes eliminate individual questions from existing collections without compromising the integrity of the collection. In extreme cases, entire collections can be eliminated when programs are ended. One of the best examples of this kind of reduction is the Department of Agriculture's reinvention of the Single Family Housing program, in which the agency completely rewrote the regulations, consolidating 18 forms into one. Another example is the improvements made to the *Automated Alternative Inspection System* by the

Information Collection Burden of Air Travel Security and Notification Requirements

As a result of recent aviation disasters, a White House Commission on Aviation Safety and Security was formed on August 22, 1996. The Commission reported to President Clinton on February 12, 1997, with numerous recommendations designed to improve aviation safety and security, both domestically and internationally. The Commission also recommended measures to improve assistance to the families of the victims of aviation disasters.

These improved measures will have significant information collection impacts, beginning during FY 1998 and carrying over into future years. Initiatives for which new rules and implementation schedules have been announced include:

- *Aircraft and Airport Security* (OMB numbers 2120-0075, 2120-0098 and pending). The Commission believed that one of the most effective steps to improve the security of travelers would be to ensure that controlled areas at airports, as well as aircraft, be better protected from unauthorized access and intrusion. Accordingly, FAA has proposed upgrades aircraft and airport security procedures. Revisions of 14 CFR parts 107 (airport security) and 108 (aircraft security) are raising the current burdens associated with these security regulations about tenfold — from about 75,000 burden hours to well over one million annual hours. Some of the increase would be associated with unusual one-time burdens. For example, at some airports, FAA would define two levels of secured areas within which access is controlled or where entrants must be escorted. Associated with the redesignation of “critical” secured areas, FAA has proposed requiring new identification media affecting almost 1.5 million employees, resulting in one-time burden hour increases of over 750,000 hours. The program

would also require additional annual reporting and recordkeeping amounting to over 400,000 hours.

- Additional security countermeasures are being tested or are in the process of being upgraded. Initiatives that have been put in place or which are expected in the near future, and that will increase DOT's information collection burden include: profiling of passengers; expanded passenger bag/match for check-ins; more employee background investigations, including fingerprinting; and new vulnerability assessments at airports.
- *International Passenger Manifest* (OMB number 2105-0534). Both as a result of the 1990 Aviation Security Improvement Act (P.L. 101-604) and the 1996 Aviation Disaster Family Assistance Act (P.L. 104-264), accompanied by recommendations from the Commission, DOT issued a final rule in February, 1998, to require the air carrier industry to collect information from travelers to establish a passenger manifest to improve passenger identification in the case of aviation disasters. This collection will result in an estimated 1.1 million burden hour increase for DOT when the rule becomes effective in October 1998. The increased burden results mainly from requirements to collect emergency contact and telephone numbers (voluntarily) from passengers on international flights. This will result in more effective notification of families in the wake of aviation disasters. DOT has also been considering a requirement for a domestic manifest requirement that would result in substantial additional burdens. DOT will, however, evaluate its experience with the international requirement before proceeding further with rulemaking to establish a domestic requirement.

Immigration and Naturalization Service (INS) which decreased the number of questions asked and increased the amount of information provided by INS personnel. However, new programs often require new collections. For example, the Department of Transportation, in response to recommendations from the Commission on Aviation Safety and Security, increased the amount of information required from airports and airlines (see box on “Information Collection Burden of Air Travel Security and Notification Requirements”).

4. *Changing the amount of effort needed to understand and respond:* Agency requests for information can require significant amounts of work just to understand the requirements and gather the information necessary to respond. Agencies can reduce burden by simplifying the collection, providing additional assistance to respondents, or making it easier to respond. A simple example is the Department of Commerce's changes to the *Quarterly Financial Reports*, a principal economic indicator. Commerce redesigned three of the collection's four forms to match industry accounting and financial statement standards which reduced the amount of work necessary to complete the forms. Other agencies make collections easier by allowing the use of information technology. For example, the Department of Education has allowed student lenders and the Department of Transportation has allowed railroads to eliminate paper records in favor of electronic records. Sometimes, however, an agency imposes a more complicated burden to improve the quality of information provided to the public. The Securities and Exchange Commission (SEC) changed the responsibilities of mutual fund managers by requiring that each fund's prospectus, which describes the fund for potential investors and is regularly distributed to the public, be written in "plain English." This change imposed a significant burden on the industry in the first year because it required reports which had been used for many years with only minor updates to be completely rewritten.

Each of these changes was well within the discretion of the agency and was made in the course of its usual regulatory activities. However, such changes are often difficult to carry out because agency discretion is limited. For example, requirements in regulations can be changed only through existing administrative processes that may take years. Furthermore, reporting and recordkeeping requirements may be mandated by statute. A prime example of this complexity is the Internal Revenue Code, which is set in law. Other examples are the Employee Retirement Income Security Act, the Higher Education Act, and the Real Estate Settlement and Procedures Act, all of which mandate specific information collections.

In addition, a great number of increases in information collection burden are required by new or recently implemented statutes. For example, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed many aspects of the Federal Government's social welfare programs (see box on page 26, "The Impact of Welfare Reform on Information Collection Requirements"), and increased the information collection requirements for several agencies. These changes were, in some cases, specifically written into the statute, and many others were required to fulfill the intent of the law.

One of the major activities that has affected information collection over the last few years has been the shift to electronic filing and recordkeeping. As the private sector moves to paperless transactions and offices, the Federal Government is also moving in this direction to improve its use and management of information resources. While some information collections may not be good candidates for electronic techniques, many are. For example, the IRS' introduction of the TeleFile system yielded immediate benefits to the public because it relies on existing and widespread technology, the telephone, and completely eliminated any need for those respondents to read tax tables or crunch numbers. It also reduced IRS' cost of processing these returns and the time it takes to deliver tax refunds.

More generally, agencies with major electronic information collection programs have found that automated information collections allow them to meet program objectives more efficiently and effectively. Electronic data interchange (EDI) and related standards for the electronic exchange of information will ease transmission and processing of routine business transaction information such as invoices, purchase orders, price information, bills of lading, health insurance claims, and other common commercial documents. Information technology holds similar promise for the routine filing of regulatory

The Impact of Welfare Reform on Information Collection Requirements

On August 22, 1996, Congress passed sweeping welfare reform change in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), P.L. 104-193. This law made dramatic changes to many of the social welfare benefit programs administered by the Departments of Health and Human Services, Agriculture, Justice, and the Social Security Administration. With a wide range of effects on beneficiaries, State agencies, employers, and other administering agencies, the Act created new programs, instituted new centralized databases, added reporting requirements, and imposed restrictions on eligibility for income support, nutrition, disability, and other benefits. As a consequence, the paperwork burdens on States, grantees, and program beneficiaries have changed significantly. To meet these challenges, Federal and State agencies are actively modifying their information collections, systems, and strategies to implement the provisions in PRWORA, resulting in a net increase in burden of close to 10 million hours for FY 1997 and FY 1998.

The centerpiece of the Act created the new Temporary Assistance for Needy Families (TANF) program, replacing the old Aid to Families with Dependent Children (AFDC) program. While States are relieved of all former paperwork burdens, the new law requires States to collect detailed information on each individual served in TANF and report it on a quarterly basis to HHS' Administration for Children and Families (ACF). The data will be used to evaluate outcomes for the program and monitor the Act's work participation and time limit requirements on beneficiaries. ACF has issued an Interim TANF Data Report that directly reflects the paperwork requirements in the law with an estimated burden on States of 97,000 hours. ACF has since proposed additional recordkeeping and reporting requirements and received extensive comment on the proposed collections, for which the burden estimates will likely be increased in the final rule.

The provisions in the law designed to improve child support collections contain the most wide-ranging impacts on the largest number of individuals. The law creates the *National Directory of New Hires* (NDNH) (OMB No. 0970-0166), which is a national

database of most newly hired individuals in America. As mandated by law, employers are now required to report the name, address, and Social Security number of new employees within 20 days of the date of hire. This data flows first to State Directories of New Hires, who in turn report to the National Directory. The annual burden increase on employers and States totals close to 2 million hours.

In addition to the national database of new hires, PRWORA also created a national database of all child support orders called the new *Federal Case Registry*. State child support agencies are required to report new child support orders to the Expanded Federal Parent Locator Service (FPLS). The FPLS matches the Federal Case Registry data with the data in the NDNH to identify the location of parents who owe child support. The total burden increase on States is 2 million hours a year.

The law also placed a number of new restrictions on the eligibility of legal immigrants for many Federal benefit programs, including Medicaid, TANF, Food Stamps, and Supplemental Security Income. As a result, these programs may need to establish new reporting requirements to determine the citizenship or alien status of applicants. Partly as a consequence of these changes in the law, the Immigration and Naturalization Service had an increase of 2.3 million hours due to increased applications for citizenship (OMB No. 1115-0009).

PRWORA imposed a new means test in the Child and Adult Food Care Program, creating a two-tiered program with significant new recordkeeping and reporting requirements on beneficiaries, day care providers, and State grantees. This increased burden by over 3 million hours (OMB No. 0584-0055).

Finally, PRWORA revised the definition of disability for children applying for Title XVI disability benefits. As a result, the Social Security Administration created a new form to guide disability adjudicators through the new sequential evaluation process for determining childhood disability. The burden increase on beneficiaries totaled 355,000 hours (OMB No. 0960-0568).

information, such as tariffs, customs declarations, license applications, tax information, and environmental reports.

However, not all such initiatives yield burden reductions in the short-term because of the up-front costs borne by respondents to obtain new information systems or to change the established ways of complying with regulations. For example, the SEC did not implement EDGAR (the Electronic Data Gathering, Analysis, and Retrieval System) to reduce the burden of submitting information to SEC but rather to reduce the SEC's burden of processing the forms and to improve public dissemination of the information collected. In many cases, the required forms did not change, just the means of submission. Thus the overall burdens on respondents were unchanged. While this goal was certainly worthwhile, it did not immediately reduce information collection burden. In fact, in the short run, it increased burden as companies had to learn a new process and purchase or modify computer systems. Only after the system has been in place and companies are able to adapt their behavior to take advantage of the unique nature of electronic reporting will the information collection burden of these requirements drop. Even though electronic methods of collection may not significantly reduce paperwork burden, they clearly reduce errors, facilitate validation, and provide increased convenience and more timely receipt of benefits.

Some changes in an agency's reporting burden arise from adjustments (reestimates of the burden imposed that do not reflect any substantive change in the collection of information itself). While a number of agencies have, in the last year, reestimated the burden of existing collections downward, in other cases, agencies made major upward readjustments in calculating the burden of their programs. In some cases, these burden readjustments were large enough to require adjustments in the FY 1995 baseline to permit a realistic year-to-year comparison regarding paperwork burden reduction. These baseline adjustments, which have been made only in exceptional cases, are detailed in appendix B. In addition, agencies have continued to make similar upward adjustments which, in some cases, contribute to higher percentage growth figures than would have otherwise resulted from any real growth in agency programs.

These continuing efforts to more accurately document the burden imposed by agencies are strongly encouraged, but such reestimates can affect the apparent increase or decrease in an agency's paperwork burden over time. In addition, as documented in appendix A, a further distorting effect in making comparisons between years is the large number of expirations and reinstatements which occurred during FY 1997 and previous years.

There are other factors that tend to increase paperwork burden but that are outside the control of the Federal agency. These include economic growth, natural disasters, and demographic trends. These factors can change the number of participants in a program, which while not creating new burdens, nonetheless increases the reporting burden of the entire program.

1. *Economic Growth.* A notable source of increased paperwork burden beyond the control of a Federal agency is growth in the national economy. For example, much of the Government's program responsibilities are keyed to transactions in the economy. During periods of economic prosperity, policy makers expect the number of people working to increase, causing an increase in the number of IRS Forms W-2 sent from businesses to employees, an increase in the number of people filing income tax returns, more disclosures and disclaimers related to pension funds, and a drop in the number of people filing for Food Stamps and unemployment relief. When people invest their additional earnings, there is an increase in the number of disclosures, disclaimers and IRS Forms 1099 going from brokers to investors, and there may be an increase in the number of filings with the

SEC as more companies offer securities on the market. As the number of businesses grows, the number of applications to the Small Business Administration (SBA) for loans increases, the number of respondents to Occupation Safety and Health Administration (OSHA) reporting requirements increases, and the number of businesses reporting to the IRS to pay corporate taxes increases. If people travel abroad more, there is an increase in the number of passport applications when they get ready to leave and an increase in declarations to the Customs Service when they return.

2. *Natural Disasters.* Natural disasters are a second factor outside the control of Federal agencies that can increase information collection burden. In the immediate aftermath of a major flood, for example, the Federal Emergency Management Agency offers assistance to residents and businesses at the beginning the rebuilding process. This aid often requires some exchange of information. In the longer term, SBA and the Department of Agriculture have assistance programs specifically for businesses and farmers in devastated areas. So in years with several major natural disasters, the information collection burden of these programs will increase, even though there were no changes in the programs themselves.
3. *Demographic Trends.* A third factor which can increase burden is the population, which has been increasing at a rate of approximately 0.9% annually. As the number of people and households in the country rises, the burden imposed by the Decennial Census and income taxes increases, simply because there are more people to count or who are required to file income taxes. Thus, since population has increased by 2.7% between FY 1995 and FY 1998, all else being the same, there should be a corresponding increase in the information collection burden of the personal income tax system. And as the demographics of the country change with the aging of the Baby Boom generation, shifts in information collection activity will follow. Over the next few decades, as the percentage of the population over 65 years of age grows from around 13% today to almost 20% in 2020, the burden of collections from agencies like the Social Security Administration and the Health Care Financing Administration (which administers Medicare and Medicaid) will rise dramatically.

Information Collection Burdens for FY 1997 and FY 1998

In FY 1997, the Federal Government imposed 6.99 billion hours of information collection burden on the public. This figure is only slightly lower than the baseline figure for FY 1995 of 7.00 billion hours. It is also an increase of 2.3% over the FY 1996 level of 6.83 billion hours. In FY 1998, information collection burden is expected to increase to 7.05 billion hours, representing a 0.8% increase over the FY 1995 levels.

Approximately 80% of this burden is imposed by the Department of the Treasury (including all Federal tax and revenue reporting and recordkeeping imposed by the Internal Revenue Service and the Customs Service). Burden reduction at Treasury is complicated by a variety of factors, including several new statutory requirements and the existing tax code. While efforts to improve the tax collection system through increased use of information technology have been successful, they are small compared with the additional complexity to the tax code imposed by the Taxpayer Relief Act of 1997 alone. For example, the reporting of capital gains was complicated by the need to report different holding periods and apply different capital gains tax rates.

Outside of Treasury, the Federal Government has achieved a significant level of paperwork burden reduction. Between FY 1995 and FY 1997, information collection burden for the agencies (except Treasury) dropped by 15.9%. Between FY 1997 and FY 1998, OMB has set goals with the agency CIOs

aggregating to an additional 5.9% reduction, resulting in a three-year reduction of 20.8%.

Table 1 (on page 30) summarizes the information collection burden imposed by the Federal Government and by each agency. This table lists all Federal agencies that impose over 1 million hours of annual paperwork burden a year. The first three columns provide the sum total of the annual burden hours for the agency's information collections as estimated by the agency, approved by OMB, and listed in OMB's paperwork inventory as of the last day of the fiscal year. For example, the "FY 1995 Total Hour Burden" was the aggregate burden of the paperwork approved as of September 30, 1995, and the "FY 1997 Total Hour Burden" was the burden approved by OMB as of September 30, 1997.³⁸ The fourth column shows the "maximum practicable" agency goal for annual burden hours set by OMB in consultation with the agencies' CIOs for September 30, 1998. The last two columns report the percentage change for FY 1997 burden hours and FY 1998 goals against the Administration's baseline for an across-the-board 25% reduction from FY 1995. The totals listed for FY 1998 for the Federal Government as a whole and for the various subtotals represent the sums of the "maximum practicable" agency goals set by OMB in consultation with the agencies' CIOs.

Table 2 (on page 31) shows the information collection burdens as year-to-year percentage changes. The first column shows the percentage changes from September 30, 1995, to September 30, 1996. The second column shows the percentage changes from September 30, 1996, to September 30, 1997. The third column shows the "maximum practicable" percentage change from September 30, 1997, as set by OMB in consultation with the agencies' CIOs, for September 30, 1998. The targets set in the 1995 PRA would appear in the table as -10% in the first column, -10% in the second column, and -5% in the third column. The last column, the target percentage change between FY 1995 and FY 1998, is the same as the last column in table 1. Again, the percentages listed for FY 1998 for the Federal Government as a whole and for the various subtotals represent the sums of the "maximum practicable" agency goals set by OMB in consultation with the agencies' CIOs.

As indicated in table 1, overall, the CIOs for the Cabinet agencies (excluding Treasury) reported a 20.6% reduction in estimated paperwork burden between FY 1995 and FY 1997. The greatest reductions for this time period were reported by the Departments of Veterans Affairs (-44.0%), Agriculture (-35.7%), Defense (-32.7%), and Education (-24.0%), and the greatest increase was reported by Interior (24.7%). The CIOs for the non-Cabinet agencies reported a 7.1% reduction in estimated paperwork burden between FY 1995 and FY 1997. The greatest reductions for this time period were reported by SBA (-36.6%), SEC (-22.2%), and OPM (-12.7%), and the greatest increases were reported by the Federal Energy Regulatory Commission (FERC) (45.7%) and the Federal Communications Commission (FCC) (22.8%). The aggregate burden reduction from FY 1995 to FY 1997 for the entire Government, excluding Treasury, was 15.9%.

As indicated in this table, achievement of the "maximum practicable" agency goals for FY 1998, as set by OMB in consultation with the CIOs of the Cabinet Departments (other than Treasury), would result in an overall reduction of 19.2% in estimated paperwork burden from FY 1995 levels. The agencies with the largest reduction goals are Agriculture (-44.9%), Defense (-42.8%), and HUD (-42.0%), and the greatest increases are estimated by Commerce (69.5%), Interior (21.6%), and Transportation (14.7%).

³⁸ The baseline for each fiscal year reflects all the changes in estimated burden made during that fiscal year to each of the approved information collections, regardless of whether the burden change occurred because of a substantive change to the reporting, recordkeeping, or disclosure requirements; because of an uncontrolled change in the number of participants in the program; or because of a burden estimate adjustment.

Table 1: Total Information Collection Burden by Agency, FY 1995–FY1998

	FY 1995 Total Hour Burden	FY 1996 Total Hour Burden	FY 1997 Total Hour Burden	Target FY 1998 Total Hour Burden	Percent Change FY1995 - FY1997	Percent Change FY1995 - FY1998
Government Totals	7,000,445,148	6,832,522,908	6,986,691,040	7,053,550,004	-0.2%	0.8%
Totals, excluding Treasury	1,669,147,115	1,479,677,478	1,404,569,837	1,322,121,004	-15.9%	-20.8%
Departments:						
Agriculture	131,001,022	112,220,159	84,290,439	72,222,326	-35.7%	-44.9%
Commerce	8,239,828	7,960,779	8,210,119	13,964,821	-0.4%	69.5%
Defense	205,847,538	152,490,315	138,511,139	117,780,556	-32.7%	-42.8%
Education	57,554,905	49,111,300	43,725,057	42,000,000	-24.0%	-27.0%
Energy	5,594,251	4,656,053	4,478,981	4,134,489	-19.9%	-26.1%
HHS	152,615,502	137,540,947	137,008,078	165,519,768	-10.2%	8.5%
HUD	33,769,554	37,245,148	32,210,600	19,578,392	-4.6%	-42.0%
Interior	4,165,429	4,357,370	5,194,780	5,066,736	24.7%	21.6%
Justice	36,670,323	36,162,128	37,380,162	38,013,968	1.9%	3.7%
Labor	266,447,906	241,077,975	216,810,705	200,440,121	-18.6%	-24.8%
State*	29,975,412	30,310,108	30,557,876	30,561,626	1.9%	2.0%
Transportation*	135,313,100	110,457,922	111,375,978	155,152,900	-17.7%	14.7%
Treasury	5,331,298,033	5,352,845,430	5,582,121,203	5,731,429,000	4.7%	7.5%
Veterans Affairs	11,133,887	8,597,536	6,230,103	6,544,183	-44.0%	-41.2%
Subtotal	6,409,626,690	6,285,033,170	6,438,105,220	6,602,408,886	0.4%	3.0%
Subtotal, excluding Treasury	1,078,328,657	932,187,740	855,984,017	870,979,886	-20.6%	-19.2%
Agencies:						
EPA*	108,605,101	113,193,982	115,671,113	114,400,000	6.5%	5.3%
FAR	22,146,676	23,445,460	24,523,313	18,832,161	10.7%	-15.0%
FCC	22,644,046	23,879,914	27,805,236	28,018,751	22.8%	23.7%
FDIC	8,502,121	8,633,570	8,536,375	7,710,173	0.4%	-9.3%
FEMA	5,175,501	4,802,083	5,061,582	5,131,751	-2.2%	-0.8%
FERC	3,593,280	5,157,268	5,233,893	4,076,191	45.7%	13.4%
FTC	146,149,460	146,148,091	146,161,341	133,735,041	0.0%	-8.5%
NASA	9,561,494	9,228,714	9,087,758	7,542,455	-5.0%	-21.1%
NSF	5,691,560	5,760,203	5,794,805	5,750,461	1.8%	1.0%
NRC	8,726,244	9,942,882	10,271,588	10,286,440	17.7%	17.9%
OPM	1,038,719	933,086	907,069	900,000	-12.7%	-13.4%
SEC	191,527,284	142,105,083	148,933,539	74,034,575	-22.2%	-61.3%
SBA	2,355,150	2,288,365	1,492,925	2,869,150	-36.6%	21.8%
SSA	25,307,594	25,679,475	24,783,842	23,532,528	-2.1%	-7.0%
Other	29,794,228	26,291,562	14,321,441	14,321,441	-51.9%	--
Subtotal	590,818,458	547,489,738	548,585,820	451,141,118	-7.1%	-23.6%

* These agencies totals are adjusted to more accurately reflect their information collection activities. For more details, see Appendix B

The CIOs for the non-Cabinet agencies would achieve a total 23.6% reduction in estimated paperwork burden from FY 1995 levels for FY 1998 if they meet their "maximum practicable" goals. The greatest reductions for this time period are targeted by SEC (-61.3%), National Aeronautics and Space Administration (NASA) (-21.1%), and the Federal Acquisition Regulations (-15.0%), and the greatest

Table 2: Percentage Change in Information Collection Burden by Agency, FY 1995–FY 1998

	Percentage Change FY1995 - FY1996	Percentage Change FY1996 - FY1997	Target Percentage Change FY1997 - FY1998	Target Percentage Change FY1995 - FY1998
Government Totals	-2.4%	2.3%	1.0%	0.8%
Totals, excluding Treasury	-11.4%	-5.1%	-5.9%	-20.8%
Departments:				
Agriculture	-14.3%	-24.9%	-14.3%	-44.9%
Commerce	-3.4%	3.1%	70.1%	69.5%
Defense	-25.9%	-9.2%	-15.0%	-42.8%
Education	-14.7%	-11.0%	-3.9%	-27.0%
Energy	-16.8%	-3.8%	-7.7%	-26.1%
HHS	-9.9%	-0.4%	20.8%	8.5%
HUD	10.3%	-13.5%	-39.2%	-42.0%
Interior	4.6%	19.2%	-2.5%	21.6%
Justice	-1.4%	3.4%	1.7%	3.7%
Labor	-9.5%	-10.1%	-7.6%	-24.8%
State	1.1%	0.8%	0.0%	2.0%
Transportation	-18.4%	0.8%	39.3%	14.7%
Treasury	0.4%	4.3%	2.7%	7.5%
Veterans Affairs	-22.8%	-27.5%	5.0%	-41.2%
Subtotal	-1.9%	2.4%	2.6%	3.0%
Agencies:				
EPA	4.2%	2.2%	-1.1%	5.3%
FAR	5.9%	4.6%	-23.2%	-15.0%
FCC	5.5%	16.4%	0.8%	23.7%
FDIC	1.5%	-1.1%	-9.7%	-9.3%
FEMA	-7.2%	5.4%	1.4%	-0.8%
FERC	43.5%	1.5%	-22.1%	13.4%
FTC	0.0%	0.0%	-8.5%	-8.5%
NASA	-3.5%	-1.5%	-17.0%	-21.1%
NSF	1.2%	0.6%	-0.8%	1.0%
NRC	13.9%	3.3%	0.1%	17.9%
OPM	-10.2%	-2.8%	-0.8%	-13.4%
SEC	-25.8%	4.8%	-50.3%	-61.3%
SBA	-2.8%	-34.8%	92.2%	21.8%
SSA	1.5%	-3.5%	-5.0%	-7.0%
Other	-11.8%	-45.5%	--	-51.9%
Subtotal	-7.3%	0.2%	-17.8%	-23.6%

increases are expected by SBA (21.8%), Nuclear Regulatory Commission (NRC) (17.9%), and FERC (13.4%).

The reasons for these changes vary widely. In FY 1997, the Department of Labor (DOL) imposed the largest information collection burden after the Department of the Treasury. DOL has reduced its reported burden by almost 19% since FY 1995. While a majority of that burden reduction has been as a result of reexamining burden estimates, there have been some real burden reduction successes, mostly through increases in the use of electronic reporting and through multi-agency streamlining efforts.

SEC imposed approximately 149 million hours of burden on the public in FY 1997. Although the SEC has achieved some real burden reductions over FY 1995 to FY 1998, the two major burden reductions, which cut SEC's burden by 60%, are administrative changes that do not reflect substantive changes to the burden imposed on the private sector.

The next largest burden in FY 1997 was imposed by the Federal Trade Commission (FTC) with about 146 million hours. FTC has made no appreciable burden reduction since FY 1995, mostly because of the limited discretion the Commission has to eliminate information requirements. Most of the FTC's information requirements are imposed by other agencies, as in the case of consumer credit

disclosure rules promulgated by the Federal Reserve Board, or they result from specific statutory mandates requiring specific disclosures or the labeling and marking of products. FTC anticipates an 8.5% reduction from FY 1995 to FY 1998 by revising its estimates of the burden of a 1994 rule for which the initial start-up costs of meeting the disclosure requirements are no longer being incurred.

The Department of Defense (DoD) imposed close to 139 million hours of burden in FY 1997. DoD has been extremely successful in its burden reduction efforts, mostly through a combination of changes in its procurement systems and a drop in the number of contracts bid.

The Department of Health and Human Services (HHS) imposed 137 million hours of burden in FY 1997. HHS's burden has fluctuated significantly since FY 1995, partially because of a large number of expirations. HHS also continues to submit new collections which cover third-party disclosure that have

Information Collection Burden of Health Insurance Reforms

The Health Insurance Portability and Accountability Act of 1996 (HIPAA), P.L. 104-191, was enacted on August 21, 1996. One of HIPAA's objectives is to improve the portability and continuity of health insurance coverage in the group and individual insurance markets, and of employment-based group health plan coverage. HIPAA's statutory and regulatory provisions are designed to improve the availability and portability of health coverage by:

- Limiting exclusions for preexisting medical conditions;
- Providing credit for prior health coverage through a process of transmitting certificates of prior coverage to a new plan or issuer;
- Providing new rights that allow individuals to enroll for health coverage when they lose other health coverage or have a new dependent;
- Prohibiting discrimination in enrollment and premiums against employees and their employers and renewability of health insurance coverage in both the small and large group markets; and
- Preserving the states' traditional role in regulating health insurance, including state flexibility to provide greater protections.

The Departments of Health and Human Services, Labor, and the Treasury are implementing these objectives through interim final regulations, including information collection and disclosure requirements, published in the Spring of 1997. HHS estimates that

the group market requirements will contribute 3.6 million burden hours in FY 1997, 5.8 million hours in FY 1998, and 5.9 million hours in FY 1999. The individual market requirements will result in increases of 586,000 burden hours in FY 1997 and 3 million hours each in FY 1998 and FY 1999. The Department of Labor and Department of the Treasury group market burdens are 956,000 burden hours for FY 1997, 1.6 million hours for FY 1998, and 1.6 million hours for FY 1999.

The Departments conscientiously have minimized these burdens by developing model forms and disclosures that may be used by plans and employers and have phased in particular reporting requirements that would have been exceptionally costly and disruptive to the private health market in the near term.

The three agencies expect that these increased burdens will be offset by longer term, societal benefits of:

- greater continuity of coverage;
- improved access to health care and related enhancements in health and productivity;
- improved stability and efficiency in insurance health care markets;
- eased movement from public assistance to work; and
- gains in job mobility that are favorable to individual careers and to U.S. competitiveness.

been in place for some time but were only covered under the PRA starting in 1995. HHS will also be implementing a series of new statutes, including the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Health Insurance Portability and Accountability Act of 1996, which will increase burden significantly. For these reasons, HHS is expected to impose approximately 8.5% more burden in FY 1998 than in FY 1995.

EPA, with almost 116 million hours in FY 1997, has increased its information collection burden by 6.5% since FY 1995 and is expected to reduce information collection burden by 1.1% in FY 1998. EPA has streamlined some of its existing collections, but these reductions have not offset growth in the agency's burden from new collections, including the expansion of the Toxic Release Inventory program.

The last agency (aside from Treasury) with over 100 million hours in burden for FY 1997 is the Department of Transportation (DOT), with over 111 million hours. A majority of DOT's burden change through FY 1997 has been due to the inadvertent expiration of ongoing collections. As this problem is remedied and additional requirements are being implemented to meet the its transportation safety

responsibilities (see box on page 24, “The Information Collection Burden of Air Travel Security and Notification Requirements”), DOT will increase its information collection burden to over 155 million hours, an increase of almost 15% from FY 1995 to FY 1998.

In the agencies imposing under 100 million hours, there are some notable changes.

- The Department of Agriculture has made significant reductions through reinvention of the Food Stamp programs and School Lunch and Breakfast programs, carried out by the Food and Nutrition Service. Smaller, yet equally important, is the reduction due to reinvention of the Rural Housing Service’s Single Family Housing Program.
- The Department of Commerce will increase burden over the FY 1995 baseline by almost 70% as it performs the Economic Census, a once-every-five-year survey of economic activity in the United States, during FY 1998.
- The Department of Education has met and exceeded the statutory goals through a series of wide-ranging initiatives, including increased and improved use of information technology to eliminate duplicative reporting and speed grant and loan application processes.
- FCC continues to implement the Telecommunications Act of 1996, from which a large majority of its FY 1995–1998 23.7% increase in information collection burden is derived.

The next chapter looks in depth at each agency that participated in this year’s Information Collection Budget, looking at each agency’s need for information, the internal mechanism by which it complies with its responsibilities under the 1995 PRA, and its burden reduction activities for FY 1997, FY 1998, and beyond.

Chapter 4. Information Collection Budgets for Individual Agencies

Under the Paperwork Reduction Act of 1995 (PRA), the Chief Information Officer (CIO) of each agency is responsible for establishing an internal system to manage information resources, including information collections, and for setting information collection burden reduction goals with OMB. Previous chapters have focused on the Federal government as a whole, using examples from individual agencies to illustrate the broad range of information collection activities and burden reduction efforts. Any discussion of the information collection activities of the Federal government, however, is incomplete without discussing each agency in depth.

This chapter examines each agency that participated in this year's information collection budget (all Federal agencies imposing a burden greater than one million hours in FY 1995). Each discussion begins with a summary table of the agency's information collection burden. For example, such a table for the entire Federal government, excluding Treasury, would present the following information.

	Burden Hours	Annual Percentage Change*	Percentage Change from FY 1995
Actual FY 1997	1,404,569,837	- 5.1%	- 15.9%
Target FY 1998**	1,322,121,004	- 5.9%	- 20.8%

This table shows that the FY 1997 burden was down 5.1% from the FY 1996 level and is down 15.9% from FY 1995. For FY 1998, burden is expected to be down 5.9% from FY 1997 and 20.8% below FY 1995.

Then, for each agency, we describe the reasons the agency must collect information from the public, the internal mechanisms the agency uses to meet its obligations under the PRA, a broad picture of the agency's burden reduction activities, and significant changes to individual collections during the past fiscal year and the current fiscal year. Finally, where applicable, we describe changes to the agency's information collection activities that have been required by recent changes to statute.

* "Annual Percentage Change" represents the percent change from the previous year burden total.

** "Target FY 1998" represents the annual agency goals set by OMB, in consultation with the agency, as required by the PRA.

Department of Agriculture

	Burden Hours	Annual Percentage Change	Percentage Change from FY 1995
Actual FY 1997	84,290,439	-24.9%	-35.7%
Target FY 1998	72,222,326	-14.3%	-44.9%

Need for Collection of Information

The Department of Agriculture (USDA) is a multi-mission agency involved in a wide range of activities. Information collections are an integral part of USDA's regulation of a variety of industries and activities to protect U.S. food production and the public health, including, for example, the meat and poultry industries, grain storehouses, animal care facilities, and importers of food products. Information collections help USDA to identify recipients and to distribute benefits for programs like Food Stamps and rural development. Recipients of USDA contracts or assistance submit collections to verify adherence to program requirements, such as in conservation programs or forestry programs. USDA also collects information to facilitate commodity transactions through the broad dissemination of information on production and supply and to fulfill statutory requirements for a periodic Census of Agriculture. Research programs, for example, on pesticide or tillage use, enhance the general welfare by establishing best practices and improving the development of USDA policies.

Internal Management of Information Collection

Prior to FY 1998, USDA's compliance with the PRA was inconsistent, and burden reduction efforts were generally limited in scope, because of the lack of an active central information collection authority. For example, the Customer Service Initiative, an effort to consolidate the information collection activities of the agency, was dominated by one subagency, the Farm Service Agency. However, the Office of the Chief Information Officer (OCIO) has appointed a new staff to manage the department's information collection requests. This staff oversees each subagency's clearance process. OMB is encouraged by the performance of the OCIO since this staff transition, especially that the OCIO appears to have sufficient program independence to review requests objectively and is actively improving communication between the paperwork clearance officer and the program staff. OMB will continue to work with the OCIO to improve compliance and understanding of the PRA through training and individual transactions.

Burden Reduction Efforts and Goals

USDA has exceeded its overall paperwork burden reduction goals. A 36% reduction from the FY 1995 baseline was achieved by the end of FY 1997, and an additional 14% reduction is projected for FY 1998. Some of these changes are due to program streamlining, such as electronic filing or elimination of required paperwork, while others are due to changes in the number of program participants or recalculations of the estimated paperwork burden.

- *Electronic Initiatives.* USDA has relied on information technology improvements to reduce the information collection burden on the public. Food and Nutrition Service (FNS), which leads USDA in this area, expected a reduction of almost 1.6 million burden hours through the use of information technology. The Foreign Agricultural Service (FAS) and the Animal and Plant Health Inspection

Service (APHIS) are also expected to reduce burden with new technology as well, by about 2,300 hours and 1,600 hours respectively. FAS allows use of e-mail to make requested amendments to marketing plans under the Market Access Program and will make available to all Market Access Program participants an electronic means of submitting reimbursement claims via the Internet. A pilot program for this latter initiative commenced in November, 1997. APHIS also plans to use information technology to collect information on prohibited imports and health certification information from accredited veterinarians and to process and collect information related to user fees.

- *Role in Disaster Relief Efforts.* USDA's burden reduction efforts are greatly affected by the role the agency plays in disaster relief, providing agricultural producers insurance against, and assistance after, natural and manmade disasters and providing benefits in cases of severe conditions. The distribution of benefits invariably requires some information to be collected from the recipients. For example, about 120,000 hours of paperwork burden (OMB No. 0560-0179) were generated in FY 1997 because of Livestock Indemnity Program benefits extended in the aftermath of flooding.
- *Initiatives Beyond FY 1998.* In the longer term, USDA has initiated a number of burden reduction efforts that are not expected to be complete until after FY 1998. For example, FSA's Farm Loan Program (FLP) has begun a business process reengineering project to simplify and streamline the FLP. Under this program, FSA offers direct and guaranteed farm ownership and operating loan programs to farmers who are temporarily unable to obtain private, commercial credit. The current phase of the project, begun in February 1998 and lasting 24 months, includes reengineering FLP business processes and documents associated with FLP guaranteed loan-making and servicing; direct loan-making and servicing; and related activities such as appraisals. The number of FLP forms is eventually expected to be reduced by at least 25 percent.

Significant Changes in Information Collection Burden During FY 1997

Decreases

- *Food Stamp Forms: Periodic Reporting, Notice of Late/Incomplete Report* (OMB No. 0584-0064). FNS reports large decreases (almost 17 million hours) from a reduced number of Food Stamp Program participants under this collection in FY 1997. In FY 1998, a further reduction of more than 7.5 million hours is expected as legal aliens are dropped from the Food Stamp Program stemming from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). Based on available monthly data, FCS estimates that in FY 1998 the number of respondents participating in the Food Stamp Program (retailers, wholesalers, and banks) will decline by more than 29,000.
- *Food Stamp Program Identification Cards — 7 CFR 274.10(a)* (OMB No. 0584-0124). FNS' use of information technology reduces the paperwork burden in this program by 1.5 million hours. This was achieved by use of the Electronic Benefits Transfer (EBT) which does not require presentation of a valid Government issued identification card.
- *Rural Housing Loan Policies, Procedures, and Authorizations* (OMB No. 0575-0059), *Analyzing Credit Needs and Graduation of Borrowers* (0575-0093). The Rural Housing Service (RHS) reduced burden by merging several collections in its Single Family Housing (SFH) Program. More than 1

million hours were reduced for OMB No. 0575-0059, while close to 90,000 hours were reduced for OMB No. 0575-0093. Overall in FY 1997, RHS developed one consolidated regulation and eliminated 18 outdated regulations used in the program. The Agency reduced coverage in the Code of Federal Regulations (CFR) for the direct single-family housing program by 90% and reduced information collection hours and collection costs by 11% and about 20%, respectively.

Building on this success, RHS has undertaken reinvention of the Multi-Family Housing (MFH) Program and its regulations, which are more voluminous and involve more burden hours than the SFH program. Existing MFH regulations involve about 2.4 million hours of information collection, mostly involving verification of tenants' income to determine eligibility for federal rental subsidies. Through streamlining, consolidation of information collection, and automated electronic transmittal of tenant information (which eliminates the need for paper forms), RHS projects a minimum 25% reduction in burden hours in FY 1999.

Significant Changes in Information Collection Burden During FY 1998

Decreases

- *FS Redemption Certificate* (OMB No. 0584-0085). A reduction of about 100,000 hours is expected with this collection in FY 1998 due to the use of EBT and the decreasing number of retailers who accept paper food coupons for redemption.
- *Noninsured Crop Disaster Assistance Program* (OMB No. 0560-0175). FSA estimates that the FY 1998 reporting burden for this collection will drop by more than 5.5 million hours. The number of respondents will be reduced to more closely reflect the number of field inspections and payment applications. Also, the number of reports filed per person and the average time to respond for the crop appraisal will be reduced to more accurately reflect use with noninsured crops. Further, the burden of a new report will be recalculated based on more accurate figures.
- *Multiple Peril Crop Insurance* (OMB No. 0563-0053). The Risk Management Agency (RMA) reviewed all programs and associated collections and developed a consolidated information collection package. RMA estimates that such consolidation will reduce paperwork burden in FY 1998 by about 1 million hours under OMB No. 0563-0053.
- *National Inspection and Weighing System under the U.S. Grain Standards Act and the Agricultural Marketing Act* (OMB No. 0580-0013). In FY 1998, the Grain Inspection, Packers and Stockyards Administration (GIPSA) projects a decrease of almost 1 million hours as part of its review of collection burden associated with its regulations. Most of this decrease comes from this collection. A reduction of about 450,000 hours is projected from plans to allow one request for GIPSA services for multiple shipments; plans to make a program for domestic grain inspection certificates voluntary; plans to eliminate surrender of (invalid) certificates; and a formal test for dividers (equipment used in sampling) requirements. Almost an equal reduction is expected from changes in workload based on market changes, the number of requests for services received, reduced number of official agencies, and the interpretation of burden.

Increases

- *1997 Census of Agriculture* (OMB No. 0535-0226). A significant increase is expected for the National Agricultural Statistics Service (NASS) in FY 1998 as the responsibility for the *Census of Agriculture* is transferred from the Department of Commerce. This transfer was authorized by the Census of Agriculture Act of 1997 (P.L. 105-113). The Census of Agriculture, conducted every five years, is the most thorough source of data about the structure and activities of U.S. agricultural production and includes as a farm every place from which \$1,000 or more of agricultural products were produced and sold or normally would have been sold during the census year. It is the major source of uniform, comprehensive data on agricultural production and operator characteristics for each county, state, and the Nation. It is used by Federal policy makers in drafting legislation to help deal with agricultural problems, and State and local governments use the data for planning rural development, agricultural research, and extension programs. The private sector (farm cooperatives, commodity and trade associations, and agribusinesses) use the data for a variety of purposes.

Under the Census collection (OMB No. 0535-0226), almost 3.6 million producers will be contacted, with the expected number of responses being about 2.9 million. Average expected time burden per respondent is estimated to be less than half an hour. Total expected burden is more than 1.3 million hours.

Recent Statutes That Affect Information Collection Activities

- Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). This major statute made legal aliens ineligible for food stamps. This will reduce the FY 1998 information collection burden of the Food Stamp Program by 7.5 million hours. (For more information about the affects of this statute on information collection activities, see the box on page 26, "The Impact of Welfare Reform on Information Collection Requirements.")
- Census of Agriculture Act of 1997 (P.L. 105-113). This statute transferred responsibility for the Census of Agriculture, conducted once every five years, from the Department of Commerce to USDA. This shift will increase USDA's burden by more than 1.3 million in FY 1998.