

**STATEMENT OF WAYNE G. GRANQUIST, ASSOCIATE DIRECTOR FOR
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MENT AND BUDGET; ACCOMPANIED BY JIM J. TOZZI, ASSISTANT
DIRECTOR FOR REGULATORY AND INFORMATION POLICY**

Mr. GRANQUIST. Thank you, Mr. Chairman.
I am accompanied by Jim Tozzi, who is Assistant Director for Regu-
latory and Information Policy at the OMB.

We appreciate this opportunity to testify on H.R. 6410, the Paperwork Reduction Act of 1980. This important piece of legislation addresses two significant problems: The burden imposed on the public by the Federal reporting and recordkeeping requirements; and the effective management of information by Federal departments and agencies.

For too long the Federal Government has imposed reporting and paperwork requirements on the public without considering the costs associated with those requirements.

Similarly, for over 100 years the Government has collected and managed information as though it were a free good. The time has come when we must recognize that there are costs associated with information—both to the provider and the user—and the impact of those costs on our economy is just as real and significant as the expenditures reported in the budget of the U.S. Government.

Reducing the paperwork burden imposed on the public by Federal agencies and improving the management of Federal information are two important goals of this administration. As President Carter said in his state of the Union message on January 24, 1980: "We will continue our successful efforts to cut paperwork and dismantle unnecessary Government regulations."

I believe the record clearly shows that we have made substantial progress toward achieving those goals. However, further progress will be difficult unless there are significant changes in the laws and authorities governing Federal information activities.

First, we must close the existing statutory loopholes which diminish our authority to review Federal paperwork activities. Currently almost 81 percent of the Federal paperwork burden is exempt from OMB review. Without the authority to review the reports and forms required by the independent regulatory commissions and associated with tax, education, and health manpower programs, there is little we can do to reduce the public burden imposed by these requirements.

Second, we must strengthen the Federal Reports Act by centralizing the oversight of Federal reporting requirements in a single organization. In addition, members of the public should not have to fill out reports and forms which have not been properly reviewed and cleared.

Finally, there should be a clearly identified focal point for overseeing Federal information activities and assuring the development of necessary Government-wide policies and procedures. Without the consolidation of Federal information policy responsibilities in a single organization, we will continue the disjointed and fragmented approach of the past.

The Paperwork Reduction Act of 1980 is important because it will accomplish these three objectives. I would like to briefly describe our accomplishments to date and how we will use H.R. 6410 to expand upon those efforts.

During the first 2 years of the Carter administration, we have reduced by almost 15 percent the reporting burden levied by Federal agencies subject to the President's paperwork reduction program.

We have implemented more than half of the 520 recommendations directed to the executive branch by the Commission on Federal Paperwork.

The most important accomplishment to date, however, is the issuance of Executive Order 12174 last November. For the first time,

agencies are required to prepare and submit a paperwork budget to the Office of Management and Budget. OMB will review these budgets and establish a paperwork allowance for each agency.

In addition, this order endorsed the concept of a Federal information locator system as a tool for eliminating unnecessary duplication in Federal information collection requests and directed OMB to initiate developments of such a system. We have now completed our tests of such a system and are preparing to move forward.

We have also taken steps to improve the management of Federal information. We have attacked this problem on two fronts.

First, we have worked to improve the management of the technology by which we process and maintain information. For example, early in this administration, the President consolidated Federal computer and telecommunications policy in OMB to provide the necessary organizational framework to develop effective and coherent policies for managing these converging technologies.

We have also significantly improved the processes by which we budget and plan for information technology. An important product of this initiative has been the publication of agency 5-year plans for major information technology acquisitions to provide the Congress, private industry, and other agencies better and earlier visibility of these plans.

We have developed and issued a Federal policy to insure that agencies adequately design and appropriately protect their automated information systems.

I am pleased to note that private industry and some State and foreign governments have requested copies of this policy for possible implementation in their own organizations. We have sponsored a number of conferences for senior managers to discuss the management of information technology and identify new opportunities for using technology effectively. We have revitalized and substantially increased funding for the Federal computer standards program.

Finally, we recently identified and publicized over 80 examples of how Federal agencies are using information technology to improve the delivery of public services and the management of Federal programs. These examples provide documented evidence of how technology is being used to save millions of dollars annually and recognizes those agencies who are using technology effectively.

There is a second important dimension to information management that we are also addressing: the management of information itself.

We have initiated action to improve access to information about ongoing Federal research by directing the Department of Commerce to develop and maintain a data base of such information.

As a result of the President's domestic policy review on industrial innovation, we have initiated action to improve U.S. access to foreign technical data and research.

Finally, we are now working to implement the recommendations of the President's privacy initiative. These efforts will strengthen Federal agency administration of the Privacy Act of 1974, and, with Congress concurrence, extend the principles of privacy protection to certain elements of the private sector.

The record clearly demonstrates this administration's continuing commitment to addressing these two important problems: The paperwork burden on the public and the management of Federal information.

At the same time, as we strive to reduce the reporting burden and improve the management of Federal information, we must recognize that the majority of information held by the Government has been collected or created for legitimate purposes consistent with the role of the Government in our society.

There is much we can and are doing to improve the processes by which we collect and manage information. However, in attempting to manage those processes, we must guard against going so far that we impede the accomplishment of governmental functions and missions.

Decisions about information must be made in the context of programmatic need. To be effective, Federal information policies should not—and cannot—be developed and implemented in isolation from the agency programs which require information.

Our greatest safeguard against this danger is to assure that competing interests and concerns are appropriately integrated and balanced. This is a difficult, but not an impossible, task.

Over the past 3 years we have made significant progress in improving the collection and management of information by the Federal Government. We have also learned two important lessons.

The first lesson we have learned is that further significant progress in improving Federal information activities will result only from joint executive and legislative action. We have used all the tools at our disposal to reduce the Federal reporting burden and improve the management of Federal information.

It is now up to the Congress to replenish our arsenal and provide us with additional tools for tackling these important problems.

We believe that legislation such as H.R. 6410 will accomplish that objective.

Second, we have become much more cognizant of the relationship between Federal regulations and the reporting burden imposed on the public. We estimate that over one-half of total Federal nontax reporting is based on the need to insure compliance with laws or regulations.

If we are to reduce that burden, we must establish a mechanism for managing the regulatory process. Executive Order 12044, which was signed by the President in March 1978, provides such a mechanism by establishing a framework for regulatory management which, with OMB oversight, has generated significant improvements in the processes by which we develop and implement regulations. [See app. F.]

In developing a unified approach to managing the burden imposed by Federal paperwork and regulations, we recognized that a realignment of existing policy oversight responsibilities was desirable.

As I mentioned a moment ago, the Government collects information to carry out its various missions and programs.

It became clear that improved management of the information already held by the Government is an integral part of our efforts to reduce the burden imposed on the public by Federal information requirements. To the extent we collect better information, and use it more efficiently, we can reduce the amount of information the public must provide.

To accomplish this goal requires an organization which has a Government-wide perspective and can objectively balance competing, and sometimes conflicting, interests—such as program and societal needs, burden on the public, privacy, and budget impact. We believe that the Office of Management and Budget is the one organization that can accomplish this task.

An additional advantage is that improving the management of Federal information is not a controversial issue. As career staff to the President, OMB can provide the objective analysis and policy oversight needed to improve the processes by which we collect and manage information.

Accordingly, we have established the position of Assistant Director for Regulatory and Information Policy, occupied by Mr. Tozzi. Mr. Tozzi, who will be assisted by a staff of approximately 45 people, is responsible for overseeing the regulatory, reports and information activities of the executive branch to assure that agencies collect only that information necessary for mission accomplishment and that we use and manage that information efficiently and effectively.

Each staff member has been assigned responsibility for a particular Federal agency and will work with that agency to improve their information management activities.

In addition, each staff member will share in the Assistant Director's responsibilities to develop Government-wide policies affecting regulatory, reports and information activities. This realignment of responsibilities will permit us to develop effective Government-wide policies and to assure appropriate implementation of those policies within each Federal agency.

A second benefit is that each Federal agency will now have a single point of contact within OMB for these closely related issues; no longer will agencies have to contact a number of different individuals for guidance.

While this new organization will assist in carrying out our current responsibilities, it will also permit us to effectively implement the objectives of legislation such as H.R. 6410.

Specifically, it is our intention to concentrate on the development of Government-wide policies and on the evaluation of agency performance in implementing those policies. This is the approach we have taken in implementing Executive Order 12044 and we have found it very effective.

Our paperwork budget is also based on the principle of delegation—we will establish a paperwork allowance within which agencies may determine their specific requirements. It is our intention to avoid processing the day-to-day transactions, such as report clearances, technology procurement requests, and individual regulations.

A transaction-oriented workload would require a substantial increase in workload and diminish our ability to focus on the development and implementation of Government-wide policies.

For this reason, we intend to delegate the responsibility for such transactions to the agencies themselves with our oversight and evaluation. Our efforts to date indicate that this approach can be successful.

Although we intend to delegate operating responsibility, we will not delegate our oversight responsibility. We will establish guidelines to assist agencies in carrying out their responsibilities and selectively monitor agency performance to assure that they are adequately implementing the policies and procedures we have established.

We believe this is the optimum approach for implementing all the provisions of H.R. 6410.

Earlier I mentioned three things that are necessary if we are going to further reduce the Federal paperwork burden on the public and improve the management of Federal information. We must close the

loopholes in our authority to oversee Federal paperwork activities; we must strengthen the Federal Reports Act; and, finally, we must clearly establish a single organization, OMB, to provide overall coordination and direction in the development of Federal information policies and procedures.

We must also have congressional endorsement of the Federal information locator system to assure the success of that effort.

We support those provisions of H.R. 6410 that will accomplish these objectives. We do, however, have some reservations.

First, we believe that those provisions of the bill which assign statistical policy and oversight functions to OMB should be deleted. We believe that the uniqueness of statistical activities, which are highly developed, disciplined, and technical, requires a special expertise with independent policy oversight and coordination responsibilities.

While OMB must and does work closely with those responsible for statistical policy, they should have sufficient independence to address the unique needs of the statistical community.

Second, we believe that those provisions of H.R. 6410 which task OMB to audit or inspect agency information management activities should be substantially modified. Under the Budget and Accounting Procedures Act of 1921, and other existing statutes, we already have sufficient authority to review agency activities. We believe that OMB's role should be to establish policy, oversee its implementation and evaluate its effectiveness.

While we intend to conduct management evaluations and monitor program performance, we do not believe that OMB should be an audit agency. Such a mission would require a significant increase in resources and would divert critical attention from our oversight and policy development responsibilities.

Most important, we believe that an audit or inspection responsibility would place us in an undesirable, adversarial relationship with the executive departments and agencies.

If we are to develop and implement successful information policies, we must have a trustworthy working relationship with the agencies. We believe that audits and inspections should be performed by other organizations, such as GAO, audit agencies, or inspectors general.

Third, we believe it is unnecessary and inappropriate to legislatively mandate an Office of Federal Information Policy within OMB headed by an administrator. It is unnecessary because, as I have mentioned, we have recently realigned our policy oversight responsibilities in a fashion which will permit us to accomplish all the objectives of H.R. 6410.

However, to establish an independent office headed by an administrator would isolate these functions from other OMB responsibilities, prevent the balancing of competing interests, and result in information policies which inhibit, rather than support, the accomplishment of Government missions.

The development of Federal information policies should be an integral part of the OMB mission. Assigning this responsibility to an independent entity which is legislatively mandated would preclude this integration.

We also believe it is inappropriate for legislation to dictate how and where the President and Director must delegate certain responsibilities.

While we agree with the need for these functions, we must have the flexibility and authority to organize these functions in the manner we believe will best permit us to carry out our responsibilities.

Another concern is that H.R. 6410 does not clearly describe the relationship between OMB, as the central authority for Federal information policies, and other executive branch agencies with related responsibilities.

A number of agencies who reviewed the legislation commented that H.R. 6410 appears to establish that OMB will have oversight and policy responsibility over all other agencies, such as Commerce—computer standards and telecommunications policy; GSA—information technology acquisitions and records management; DOD—national security information and telecommunications standards, which have information policy responsibilities.

We recommend that this relationship be clarified.

Finally, a number of agencies indicated that it was unclear as to what responsibilities are intended to be assigned to the information manager in each agency. For example, within the large agencies such as DOD, it would be extremely difficult, if not impossible, to assign responsibility for all information management activities to one individual or organization.

The intent of the drafters of H.R. 6410 should be clarified on this issue.

Those are our major comments on H.R. 6410. We are preparing a letter with additional comments and requested changes which we would like to submit for the record in a few days.

Mr. BROOKS. Without objection, so ordered.

[See app. B-3.]

Mr. GRANQUIST. In closing, I would like to say that we believe that H.R. 6410 is a significant and far-reaching piece of legislation which will provide us with some badly needed tools to improve the management of Federal information. While there are some parts of H.R. 6410 we would like to see changed, we are pleased with the overall direction. For that reason we strongly support the bill.

That concludes my opening statement. We would be pleased to answer questions.

Thank you.

Mr. BROOKS. Thank you very much for an affirmative statement and a strong statement.

The Comptroller General, Mr. Staats, clearly favored transferring statistical policy functions from the Department of Commerce to OMB as provided by the bill. He sees a particular close relationship between statistical policy and the Federal Reports Act objectives for controlling paperwork burdens.

Is there not a direct relationship between statistical policy and the information management functions which would suggest that they all be placed in one organization?

Mr. GRANQUIST. There is a close relationship between the objectives of the Federal Reports Act, paperwork reduction, and statistical policy. We do not believe, however, that this close relationship suggests the need to locate all these elements within OMB.

We are working on, and we have already in place, a set of procedures to allow review of statistical forms by the statistical office now in Commerce, pursuant to guidelines issued by OMB.

Mr. BROOKS. You objected to the provisions in H.R. 6410 which requires OMB to insure that audits of agency information management activities are conducted. Your primary reason for objection apparently is that you do not believe OMB should be in an adversary relationship with the executive agencies.

Is it possible to exercise the central management responsibilities provided for in H.R. 6410 without creating some adversary relationships with the agencies?

Mr. GRANQUIST. Mr. Chairman, having gone through several budget cycles, I am aware that there is always some adversarial relationship between OMB and the agencies. The point I would like to make is how serious the adversarial relationship has to be.

I want to focus the attention of the committee on the particular portion of the bill I referred to in my testimony. We are most concerned with the provisions that require OMB, with GSA's assistance, to inspect agencies and to report thereon to congressional committees.

That is a role we believe is best played by the inspectors general, by audit agencies, or by the GAO. For OMB, even with GSA's assistance, to conduct hands-on kinds of inspections, and then report thereon to the Congress and others would, in our view, put the Director in an unnecessarily adversarial position with the agency heads and place us in the relatively untenable position of serving two masters, the President and the congressional committee.

That is the reason for our concern with that particular provision of the bill.

Mr. BROOKS. The only delegation of authority by OMB to the agencies provided by H.R. 6410 is for reports clearance. What steps will the OMB take to insure that these delegations are effectively carried out by the agencies?

Mr. GRANQUIST. It is our intention to establish Government-wide guidelines that describe those actions that an agency has to take, and to make sure they have the personnel and expertise to carry out these responsibilities.

The guidelines would also identify the procedures, like review and certification, that the agency must implement as part of the reports clearance process.

The easiest way for me to describe what we intend to do is to use the words "earned autonomy." This is a term used and developed by the President's ADP reorganization project. The concept was endorsed in the testimony of the Comptroller General before this subcommittee on February 7. The agency has to earn its autonomy. It can be taken away if it does not carry through on its obligations.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman.

First of all, let me congratulate the President for taking a personal interest in paperwork reduction and for issuing Executive Order 12174 last November in an effort to cut down paperwork imposed on the public by Federal agencies.

Also, I want to congratulate OMB for the January 11 proposed regulation designed to control Federal paperwork and its burden. I am glad to see that on this important issue the President, OMB, and this committee are all working in the same direction.

I would also add, following the delivery of the final report of the Commission of Federal Paperwork in October 1977, to President Carter, I talked first to Bert Lance, who was then the OMB Director.

He was strongly in favor of carrying out the recommendation of the Paperwork Commission and for cutting down on paperwork. The President personally indicated his support for that objective. Subsequent to that date, with the appointment of Jim McIntyre, who succeeded Bert Lance as the OMB Director, has indicated his strong commitment. As a matter of fact, just this week I was at a dinner at the White House. I saw Mr. McIntyre. Again, he emphasized his strong commitment to the reduction of the paperwork burden.

I want to give this administration very high marks in trying to do something about this paperwork burden.

I know that we are all concerned about it. I know that everytime I go back to my district, I get besieged by people talking about "strangulation by regulation."

Most of that strangulation is manifested in the paperwork burden. I have had people tell me in my district that they have to go out of business because they cannot comply with all the Federal paperwork requirements. I have had some tell me that to try to answer questions that are sent to them from the U.S. Department of Commerce, it would cost them \$10,000 just to hire the staff necessary to get the information. They have said that they would rather go to jail than answer the questions. Answering the questions would force them out of business.

It is important, therefore, that we look at this paperwork burden. It is a kind of quiet activity; we see just the tip of the iceberg. Underneath there exists what we in 1977 called the \$100 billion burden that is imposed on small business and the Government with regard to the paperwork.

I understand that in discussing this bill with our committee staff over the last several months, OMB has resisted the idea of setting information policy for the entire Government.

Have you changed your mind on that? Or, do you feel that performing this function is inappropriate so far as OMB is concerned?

Mr. GRANQUIST. Mr. Horton, first of all let me thank you for your opening remarks. We appreciate those compliments very much.

Second, with respect to your question, let me say this. I would not characterize our position as resisting the setting of information policy. The bill, as we have discussed it with committee staff over the last several months, has changed from time to time and has been substantially improved.

Our concern has not been with setting policy. We have been concerned that we do not take on operational responsibilities at the same time that we are taking on policy responsibilities.

Mr. HORTON. I do not think the bill should be construed as directing you to take on operational responsibilities. At least, I do not feel that the bill is designed to require you to carry out the policies or assume the burden of oversight.

Mr. GRANQUIST. If the record clarifies that point, then that would be very helpful to us in understanding what our responsibilities are when the legislation becomes law.

Mr. HORTON. In answer to the question Mr. Brooks asked earlier, you did make some comment with regard to this area.

Mr. GRANQUIST. Yes.

Mr. HORTON. I just wanted to make certain that you understand how I personally feel about it. Even though the operational aspects are delegated to agencies, I think OMB has a responsibility to make certain that those operational aspects are being carried out.

That is the oversight responsibility, as I see it. Maybe there is some confusion. Maybe we are a little bit ambiguous in the language of the bill. Maybe we can work something out. Maybe your staff can work with our staff to clarify that, or maybe we can put something in report language so we are clear on that.

However, I think we ought to make certain that OMB has that responsibility of oversight. That is an active responsibility. It is not a passive one.

I am not talking about this administration. I do not know what the next administration will be like, or how it will react to this problem. Maybe they will feel that once a few things have been accomplished, then we do not have to worry about it.

What I think what we have to do here is to design a system that will make certain that OMB not have the operational burden, but that OMB will have some responsibility in making certain that the agencies are doing what they are supposed to do in attempting to reduce paperwork.

Mr. GRANQUIST. Your comments have been very helpful in clarifying the intent of the committee.

We would be pleased to work with the staff and work this out.

Mr. HORTON. Thank you.

Another point is this. A key part of H.R. 6410, insofar as reducing the paperwork burden on the public is concerned, is the revision of the Federal Reports Act of 1942, which deals with the clearance of information collection requests proposed by Federal agencies.

Do you have any problems with this part of the bill?

Mr. GRANQUIST. No.

Mr. HORTON. I think this is a very important part. If we do not have something like it, I think we are going to continue to have this problem of paperwork.

Let me turn to another area. I understand OMB has had an opportunity to see a copy of the draft of the proposed report from the General Accounting Office.

I have not had a chance to read the report. I certainly will do that. I do not think we ought to go into any detail at this particular point.

However, the thing that bothers me is this. The title is, "The Followup Program for Federal Paperwork Commission Recommendations Is In Trouble." I hope that is not right, but the GAO is usually pretty accurate. The Comptroller General was a member of the Commission. He indicated that GAO was going to direct some of its effort to making sure that the recommendations were followed up.

The Commission, when it made its recommendations, expected, based on the legislation which was enacted, that OMB would carry out its responsibility in following up on them.

I do not know whether you want to make any comment about this or not at this time, but I do think it is important to have your comments, or OMB's comments, with regard to what is being claimed in this GAO report. I do not want to go in detail, because frankly I have not had an opportunity to read the report. We just got it yesterday afternoon.

Mr. GRANQUIST. I have not read the report. I would be pleased to submit some information for the record responding to the concerns that the report raises.

I would suggest one additional point.

The legislation, H.R. 6410, extends by 2 years the time for implementing and overseeing the implementation of the CFP recommendations. That is language we suggested and proposed. We support it. We believe those are important recommendations. Sixty percent have been implemented thus far, and 67 percent have been acted on. That is good; but it is not good enough.

We have 2 more years in the legislation to follow through on that goal. We want to do the best job we possibly can.

Mr. HORTON. That is helpful.

Mr. BROOKS. Very well.

Without objection, so ordered.

[The material follows:]