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P 19 PAPERWORK REVIEW AND LIMITATION ACT OF 1976

GOVERNMENT DOCUMENTS

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HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT PROCEDURES

AND THE

SUBCOMMITTEE ON
REPORTS, ACCOUNTING AND MANAGEMENT

OF THE

COMMITTEE ON
GOVERNMENT OPERATIONS

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

S. 3076

TO IMPROVE CONGRESSIONAL OVERSIGHT OF THE RE-
PORTING AND PAPERWORK REQUIREMENTS OF FEDERAL
DEPARTMENTS AND AGENCIES

MAY 3, 1976

Printed for the use of the Committee on Government Operations



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1976

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PAPERWORK REVIEW AND LIMITATION ACT OF 1976

MONDAY, MAY 3, 1976

U.S. SENATE,
SUBCOMMITTEE ON OVERSIGHT PROCEDURES AND
SUBCOMMITTEE ON REPORTS, ACCOUNTING, AND MANAGEMENT
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The committee met at 10 a.m., pursuant to call, in room 3302, Dirksen Senate Office Building, Hon. Sam Nunn presiding.

Present: Senators Nunn, Metcalf, and Percy.

Also present: Vic Reinemer, staff director; Gerald Sturges, professional staff member; Jeanne A. McNaughton, chief clerk; James George, professional staff member, of the subcommittee on Reports, Accounting, and Management; W. P. Goodwin, Jr., chief counsel and staff director; Merriellou Howser, chief clerk; Rochelle Jones, professional staff member; and Gary S. Klein, counsel to the minority, of the Subcommittee on Oversight Procedures.

OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. Today the Subcommittee on Reports, Accounting and Management and the Subcommittee on Oversight Procedures of the Government Operations Committee, are opening hearings on S. 3076,¹ the Paperwork Review and Limitation Act of 1976.

This legislation is the outgrowth of oversight hearings held last October by Senator Metcalf and myself on efforts to reduce the Federal paperwork burden.

At that time we heard testimony from representatives of the Office of Management and Budget, the agency charged with the responsibility for reducing the amount and duplication of Federal paperwork, from representatives of the Department of Labor on their reporting requirements, and from representatives of the General Accounting Office on the performance of OMB and the Labor Department under the Federal Reports Act.

Those hearings revealed clearly that OMB has not fulfilled the mandate of the Federal Reports Act to insure that information needed by Federal agencies is collected at a minimum burden to business enterprises and at a minimum cost to Government.

Although the Federal Reports Act was originally enacted 30 years ago, the number of forms required by Government agencies continues to proliferate and the cost of complying with the reporting requirements continues to mount.

¹ See p. 69.

Congress contributes to the paperwork burden by passing statutes that lead to regulations which, in turn, lead to paperwork. The frequent vagueness of statutory language gives executive branch officials little precise guidance in issuing regulations. Consequently, the regulations these officials write sometimes are at odds with the intent of Congress.

S. 3076, which I introduced in March with Senator Roth, McIntyre, Huddleston, Chiles, Fannin, Taft, Hruska, Brock, Eastland, and Domenici as cosponsors, is an attempt to have Congress confront and assess the paperwork implications of the legislation that it enacts.

The Paperwork Review and Limitation Act of 1976 incorporates several provisions of a number of bills which are currently pending in Congress.

One of the most important provisions was introduced originally by Senator McIntyre, who will testify today in his capacity as cochairman of the Commission on Federal Paperwork.

This provision requires that each bill or resolution reported to the Senate or House of Representatives by congressional committees be accompanied by a Paperwork Impact Statement.

That is, the committees would be required to assess the paperwork implications of the bills they approve and send to the floor of the Senate and the House. Since they already are required to estimate the cost of proposed legislation, it is appropriate, I think, that they consider the paperwork implications which add to the cost of business in the private sector.

The Paperwork Impact Statements would contain estimates of the amount and character of information to be gathered as a result of proposed legislation. This would include whether such information already is being gathered by an agency, the number and nature of the forms that will be required and the cost of time which would be required of private business enterprises to comply with the reporting requirements.

S. 3076 is not a panacea. In fact, there are many, many statutes that Congress must pass or can improve upon to lighten the paperwork burden.

The Commission on Federal Paperwork, which was created by Congress to investigate the paperwork burden, has already made valuable recommendations and I am looking forward to its final report.

In the meantime, Congress can and should consider ways in which it can mitigate the Federal paperwork burden in the future by preventing needless and redundant information gathering on the part of the executive branch. S. 3076 is one such way.

I believe Senator Metcalf has an opening statement. Senator Metcalf is cochairman. We will be delighted to hear from you.

OPENING STATEMENT OF SENATOR METCALF

Senator METCALF. Thank you very much, Senator Nunn.

I want to congratulate you and congratulate Senator Percy for your continuous observation of efforts to alleviate the blizzard of

paperwork that we have in both the executive and in the legislative agencies.

I certainly concur with your view that the paperwork that we have in the Congress has contributed to many of the business burdens all over America. It was my predecessor, Senator James E. Murray, who, during World War II, observed that paperwork almost destroyed small business. And so he got the Federal Reports Act of 1942, to help control paperwork, on the books.

Out of that has grown some, at least some of the brakes that we put on paperwork.

So I am certainly in wholehearted accord with you in this problem of eliminating a lot of unnecessary burden, especially on small business.

I have a longer opening statement, Mr. Chairman. I am involved in a markup of the Timber Resource bill, which has some urgency as we view the Supreme Court decision on the Monongahela National Forest, and I hope that we can finish that today.

There is another Joint Committee with the Agriculture Committee. So I would ask that my complete statement be put in the record and that I be excused. However, I have one question to Mr. Hughes. I hope you, counsel, or someone would ask him that question.

Senator NUNN. I will be glad to ask it for you, Senator Metcalf. Your statement will be made a part of the record without objection. [The prepared statement of Senator Metcalf follows:]

PREPARED STATEMENT OF HON. LEE METCALF, A U.S. SENATOR FROM THE STATE OF MONTANA

I concur with Senator Nunn's view that Congress contributes to the paperwork burden because of the frequent vagueness of statutory language. We give the agencies general direction and let them work out the details by the regulation process.

I would add that Congressional committees have a spotty record of surveillance over agencies, committees or programs for which they are responsible. Experience under the Federal Advisory Committee Act, now three years old, shows that many committees disregard explicit provisions of that act regarding Congressional creation of new advisory committees.

So, realistically Congressional committees may not be able to fulfill on an annual basis some of the requirements of S. 3076.

These hearings correlate with activities of other Government Operations subcommittees. Later this month we will be marking up Senator Muskie's "Sunset" bill in the Intergovernmental Relations Subcommittee. That legislation would establish procedures for evaluation and abolition or reauthorization of agencies on a four-year cycle.

Perhaps we can get reporting requirements, which are dealt with in S. 3076, included in the "Sunset" timetables of the various agencies. Agency regulations could also be evaluated at the same time.

Reports and regulations are an integral part of an agency. Consideration of them as we evaluate the agencies or programs of which they are a part will be a giant step forward in program evaluation.

On this issue, as in the development of the Budget Control and Impoundment Act, Senator Nunn's vigor and leadership are shaping policy in an important area that has been too long neglected by both the Congress and the executive branch.

As chairman of the Reports, Accounting and Management Subcommittee—and as a member of the Senate Interior Committee—I am mindful of some of the gaps in the federal reporting system.

There are important areas where no agency collects information that we need to formulate public policy. Some agencies collect and publish inaccurate or misleading data.

Some information finally gets to us so late, or in such a form, that it is virtually useless to us.

I would have been more impressed with the President's call for a ten per cent reduction in reports if he had accompanied it with a goal of a ten per cent increase in the accuracy of the information collected, a ten per cent increase in agency follow-through with companies that do not submit needed information, or a ten per cent reduction in the time which agencies take to process the information they do collect.

A continuing problem is the failure of many agencies to include users of information, and small businessmen, among the advisory committees who review proposed agency reporting requirements. Perhaps we should prohibit OMB reliance on the Business Advisory Council on Federal Reports—BACFR (Backfire). We went into some of the biases of that group at our October hearing. OMB could establish in its stead a balanced Form Review Committee under the Federal Advisory Committee Act, which OMB administers. We must broaden the base of organizations which help the government decide which questions should be asked, and what reports should be abolished.

Senator NUNN. Senator Percy has been very active in this area and has a keen interest in trying to curb this problem that we are addressing this morning. Senator Percy?

Senator PERCY. Mr. Chairman, I would like to welcome our distinguished colleagues, Senator McIntyre, and express appreciation on behalf of the whole Congress for his taking on what I know to be a very, very heavy load that he carries.

It is a tremendous problem. I imagine the more that Senator McIntyre has gotten into it as cochairman of the Paperwork Commission, the more difficult he realizes it is. The solution to this problem would do a lot to help us get away from this anti-Washington feeling which is being reflected now in the Presidential campaign due to the inundation of paperwork, reportings, big brother attitude and everything we do. All we have to do is look at our own tax returns now.

Every year they seem to get more complicated and there is less ability of an individual to fill them out. Sometimes I even wonder whether the accountants that help fill them out really understand them and whether they all agree on them. That is just one of thousands of things.

I attended the U.S. Chamber meetings last year. Here is an organization that represents hundreds of thousands of small businesses and one of the biggest complaints is Government regulations and Government paperwork.

We have to have a positive attitude toward government. People have to respect government if they are going to be a part of it. The fact is that so many are turned off from it, voting for politicians that have nothing to do with Washington. It seems the less you have to do with and the less you know about Washington, the better chance you have got to come down here.

That attitude can be turned around if we can intelligently look at this problem.

I have not become cosponsor of S. 3076 simply because I wanted to hear the testimony on it. I wasn't positive that it was the best approach. As Senator Nunn very frankly said, he is not sure it is

the best approach, but I respect the fact he orbited something. He is trying something.

It gives us a point of reference from which you and the distinguished gentlemen here from OMB, and from the Comptroller General's office can help us.

This committee certainly will go to work on this problem in every way that we see fit and we look forward very much to hearing from you this morning.

Senator NUNN. Thank you very much, Senator Percy. I look forward to hearing from Senator McIntyre. I had the privilege of being in Atlanta about 2 weeks ago when the Paperwork Commission was meeting there. I think having hearings around the country, which your Commission is doing, is the best way to find out what the real problems are.

I know of no individual in the Senate and, as far as that goes, in Congress who has done as much in this area to try to get the ball rolling as Senator Tom McIntyre. He is the leader as far as I am concerned.

I helped him in every way possible, but I consider you, Senator McIntyre, to be the number one proponent of trying to curb paperwork. I am delighted you are here with your capable assistants this morning. We look forward to hearing from you.

TESTIMONY OF HON. THOMAS J. McINTYRE, A U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE, COCHAIRMAN, FEDERAL PAPERWORK COMMISSION, ACCOMPANIED BY WARREN BUHLER, DIRECTOR OF THE COMMISSION OF FEDERAL PAPERWORK, AND ERNEST EVANS, ASSISTANT DIRECTOR FOR ADVOCACY

Senator McINTYRE. Thank you, Mr. Chairman. Senator Percy, I welcome the opportunity to be here this morning to discuss the ever-increasing burden of Federal paperwork and what should be done about it. You will have to excuse me, I have a 17 page statement. I will redline it, whip through it as fast as I can.

Perhaps we will have some questions. I will try to keep you informed as we move along as to what page I am on.

Senator NUNN. You don't have to rush too much as far as we are concerned. I have read most of your statement already. I find it very interesting. So you take as much time as you need. We have got the time.

Senator McINTYRE. Thank you.

Accompanying me are Mr. Warren Buhler, sitting to my right, Director of the Commission on Federal Paperwork; on my left, Mr. Ernest Evans, Assistant Director for Advocacy.

In my role as Cochairman of the Commission on Federal Paperwork as well as Chairman of the Subcommittee on Government Regulation of the Select Committee on Small Business, I know from direct experience that our Nation's citizens—just as Senator Percy said—are being inundated with requests and demands for filing this form and that form.

They must comply with requirements to keep voluminous records in the event that some day, sometime, someone will look at them. It

seems they have to fill out paper after paper for almost any and all dealings with their own Government.

We are all familiar with the many "horror" stories about the paperwork burden. The magnitude of the paperwork problem surfaces when we realize that government agencies print about 10 billion sheets of paper a year to be completed by United States businesses—enough to fill more than 4 million cubic feet of space.

Federal, State, and local government paperwork and information gathering procedures average 10 forms for every man, woman, and child in the United States.

The cost of this paperwork avalanche is staggering. A \$40 billion chunk of the Nation's economy is spent annually on paperwork. It costs the U.S. Government approximately \$20 billion every year to print, process, and store the paperwork. It costs an estimated \$20 billion more for the public to fill out the forms and keep the records.

The Department of Agriculture alone spends \$150 million every year on forms, reports, and supporting systems. It has on hand 989,224 cubic feet of records. Last year their records alone filled 36,500 file drawers. The paperwork generated in 1 year by Washington alone would fill Yankee Stadium from the playing field to the top of the stands 51 times.

Businesses with 50 or less employees complete approximately 75 types of forms annually. A major oil company each year files 409 reports to 45 different Federal agencies, excluding tax reports.

A typical small business with a gross income under \$30,000 is required to file 53 tax forms each year. The State of Maryland refused a \$60,000 HEW grant for a consumer education program because costs of completing the required forms would have used up about 75 percent of the total grant.

The annual volume of daily logs filed by America's truckers, if placed end to end, would circle the earth twice or reach 46,085 miles into space. The trucker's daily log is considered by some to be the single most burdensome Federal reporting requirement on the public sector in terms of volume and filings, since the log must be completed daily for 15-minute intervals by approximately 500,000 truckers. The log is filled out every day, including Sundays, whether the trucker is driving or going to the ballgame.

A hospital in Tennessee reports that their administrative costs to satisfy Federal paperwork requirements adds \$4 a day to the cost of a hospital room. The list could go on and on. Daily, the staff at the Commission on Federal Paperwork is uncovering these and similar stories.

Now I would like to review for you what the Commission on Federal Paperwork is and what we are doing.

The Commission was created by Public Law 93-556, approved December 27, 1974. The legislation was the result of congressional concern that the Federal Reports Act of 1942 was not effective in limiting the Federal paperwork burden.

I was pleased to introduce S. 3911 which, along with a companion bill introduced by Congressman Frank Horton, led to the establishment of the Commission. Congressman Horton serves as chairman of the Commission on Federal Paperwork.

The Commission held its first official meeting in October 1975, and is to make its final report and recommendations to the Congress and the President in October 1977. I am attaching a list of the 14 Commissioners for the record.

The Commission has both short-range and long-range objectives. The Commission when it identifies an area lending itself to solution will encourage either appropriate legislative or executive action. It will also work to improve existing paperwork procedures with the agencies and in Congress.

For example, at the Commission's recommendation, Congress has already approved a revision of IRS employee wage reporting procedures which, when implemented, will result in an estimated \$250 million savings for employers, mostly small businesses, and another \$20 million reduction in Government recordkeeping costs.

As another example, a few weeks ago, Chairman Horton, Representative from New York, chairing the Commission and doing an outstanding job, Senator Bill Brock, Representative Tom Steed and I, introduced the Customs Paperwork Reduction Act of 1976. This bill will dramatically simplify procedures for small businessmen who wish to import small quantities of commercial goods and will make customs clearance much simpler and quicker for international travelers entering the United States. I hope that you, Mr. Chairman, and Senator Percy and hopefully Senator Metcalf will consider co-sponsoring this important bill and assist us in securing its passage.

The long-range objective of the Commission is to work to establish procedures to prevent future, uncontrolled growth of complex and redundant paperwork.

The Commission is operating in three basic ways. First; We are trying to learn what the problems really are with paperwork and red-tape through hearings, correspondence, and what we call paperwork impact studies. Second: We have launched study efforts to determine how we can reform programs to cut their paperwork requirements and processes by which paperwork requirements are developed and controlled.

Third; We are trying to enlist every Federal agency in these efforts to reduce paperwork, as well as State and local governments.

Nationwide meetings and hearings give the public an opportunity to voice complaints and to offer suggestions. Hearings have been held so far in Boston, San Francisco, Chicago, Nashville/Knoxville, Phoenix/Mesa, Atlanta, and here in Washington.

Hearings are planned for June 1 and 2 in Bloomington/Lafayette, Ind. On June 15 and 16, we will have hearings in Des Moines, Iowa; July 8 and 9, we will be in Oklahoma City; and on September 8 and 9, the hearings will take place in New York City.

Information provided to the Commissioners at the hearings is analyzed by the staff for the use of the study groups. Immediate problems are referred to our ombudsmen for action.

The Commission's ombudsmen deal with the problems and grievances of individuals that can be solved immediately. We have had several instances of that.

For instance, a letter came to the Commission—we get many—questioning the need to complete a Bureau of Mines form sent

annually to all mineral and stone quarriers, about 8,167 of them. The data which is obtained is used to compile the Bureau of Mine Mineral Yearbook.

The completion of the form is not mandatory and yet, there is no statement on the form to indicate the voluntary nature of the response. As a result of the ombudsman effort, the Bureau of Mines has indicated that it will, for the 1976 form, show on the face of the form that completion is entirely voluntary and we hope that we can reduce the coverage of this form by limiting its sample base.

The ombudsmen are also working on the driver's daily log, which was brought to the Commission's attention at the Chicago hearing. Our staff is now consulting with all interested parties including organized labor, Department of Transportation officials, public interest groups, and others to determine if the log can: (1) Be eliminated entirely without affecting DOT motor carrier safety programs; (2) be reduced in scope, applicability, and volume of log filings; or (3) be improved upon in the areas of format, filings, and management techniques.

Our impact studies groups will identify the segments of the society most seriously disadvantaged by paperwork and will evaluate the impact of paperwork on such groups as small business; large corporations; farmers; regulated industries; organized labor, State and local governments; plus individuals, consumers and beneficiaries.

The second area of the Commission's work lies in the area of more detailed studies. We have arranged our study groups into three broad areas: process, program and special research.

Basic to the final recommendations of the Commission is improving control procedures and streamlining the paperwork burden imposed by Government on the American public though still providing the Government with necessary and, where possible, better information.

The process studies staff is primarily concerned with these techniques and is undertaking a number of studies in these areas. One study is called "Value/Burden." It involves developing a series of questions about the nature and extent of information demands upon various publics, the concept of information as a resource, and the usefulness of information responses.

Another group is preparing a study called "Planning and Management of Information—Executive Branch." They have begun to examine the statutes, organizations and regulations which currently represent pieces of a potential information system. The approach will be to examine and assess how the executive branch can improve its management of information resources.

A study on Federal/State/local cooperation has also begun. This study group is assisting with paperwork reduction efforts within the State and local governments. In addition, they are working directly with State and local governments to assess the demands placed upon them by Federal regulations and paperwork requirements, and to standardize Federal procedures so they will be more responsive to the needs of State and local managers.

The privacy/confidentiality/access study is currently reviewing the Privacy Act and the Freedom of Information Act. This is an

attempt to provide a framework within which information gathering, storage and dissemination activities of the Privacy Protection Study Commission, the Domestic Council Committee on Privacy, and other governmental activities can be coordinated.

Probably the most interesting and intriguing study—from the legislative standpoint—is on the role of Congress. Let me digress a moment here to remind Senator Percy, the chairman and myself that the biggest culprit in paperwork is us. “We have met the enemy and the enemy is us.”

This study will analyze legislative process and procedures through which demands for information are either written into legislation or required directly by departments and agencies. In addition, this study intends to examine how Congress uses information which it demands. Also to be studied, Mr. Chairman, will be the desirability of having each committee of Congress file a paperwork impact statement relating to legislation they report.

I would like, at this time, to review various Programs Studies now underway.

INCOME SECURITY

The income security group will focus its efforts on high volume data collection processes affecting the aged, the disabled, welfare mothers, and the unemployed. During the next 3 months, the study group will develop background material for public hearings and a series of round-table discussions with program administrators at the Federal, State and local level.

These materials will trace information flows from the Federal level to the ultimate recipient, identify duplicative collection and data storage, and suggest issues to be explored further.

In addition, the study group will establish a working relationship with other paperwork reduction efforts such as the HEW national planning reform study and the single purpose application with automatic referral system—SPARRS—under development by six States in the mountain plains regions.

HEALTH

Federal expenditures pay 40 percent of the total national health bill, which is estimated at \$118.5 billion a year. Federally imposed paperwork associated with disbursing these funds is substantial and increasing. In studying this growing problem, the health study group will focus primarily on four broad programs selected because of their size and the extent to which they impact on State and local government, institutional and individual health care providers, and patients. These primary targets are: medicare, medicaid, specialty clinics and the National Center for Health Statistics.

Data on the extent and nature of Federal health information demands will be collected from State and local health administrators, providers and patients. Specific examples of unnecessary or duplicative requests within programs will be identified and recommendations made for their correction. In addition, the data will be analyzed to identify circumstances which alone or in combination tend to give rise to general paperwork burdens without reference to a specific program.

TAX

The plan of the tax study group is to research and report on the following three areas:

One: Conversion of the employee wage and tax statement known as the W-2 form to permit its use as a simple income tax return by millions of people in lieu of filing income tax return form 1040 or 1040A.

Two: Make current income tax forms and instructions easier to understand and work with.

Three: Explore the possibility of coordinating Federal, State and local tax reporting processes.

Preliminary work has started on each of these activities. I don't want to digress too much, Mr. Chairman, but one of the things that IRS has said to us is, please protect us from the statisticians. Some of the statisticians will be testifying before you before the day is out. GAO and OMB. Take a good look at them.

EDUCATION

Case studies will be made in those areas most promising for reduction of paperwork. Two such case studies have just been initiated.

The first study will examine newly combined data collection forms developed by the National Center for Education Statistics for the Higher Education General Information Survey. The second study will look at data collection requirements and ensuing paperwork burdens created by The Education for all the Handicapped Children Act of 1975—Public Law 94-142.

PROCUREMENT

The procurement study group will build on the work of the Office of Federal Procurement Policy in regard to the approximately 4,000 statutory provisions and massive set of regulations that govern Federal procurement. These regulatory and statutory requirements require substantial documentation, reporting and recordkeeping.

The procurement study group will utilize several approaches in analyzing procurement paperwork. These include:

One: Review of agency requirements imposed on a firm as part of the solicitation process;

Two: Review, on a case study basis, of certification and documentation requirements for agency clearance and review procedures in at least two major procuring agencies, in order to determine areas in which paperwork related procurement leadtime may be reduced; and,

Three: The examination of nonprocurement paperwork requirements imposed on a firm accepting a Government contract.

STATISTICS

The Federal paperwork burden is a heavy one, but no one knows exactly how heavy. The Commission is trying to find out. We do know that more than 5,600 repetitive Federal reports for public use are now cleared by OMB and GAO and given an official number so

that they can be sent out to the public. Another 660 single-time reports are also approved. This list of more than 6,000 reports does not include tax returns or the reports required by the supervisory banking agencies.

The Commission's statistical staff is now studying these long lists to see which reports are most burdensome, and where unnecessary paperwork can be eliminated. There is information on the average time estimates to be needed to fill out each report and the number of respondents to whom it will go.

The total man-hours required to fill out all these forms are astronomical. For the 5,050 reports from nonregulatory agencies alone, it adds up to over 145 million man-hours per year.

Now this isn't as bad as it sounds. Millions of individual reports are required for the operation of highly beneficial programs to help individuals—the social security system with its millions of applications for social security numbers and for benefits; the food stamp program; veterans' benefits; medical and hospital payments of various kinds, and so forth. Other reports are widely used for public policymaking and public information, such as the economic indicators.

Of the 100 report forms going to the largest number of respondents and requiring the largest total of man-hours, about half are applications for various types of Federal programs. Another one-third are for evaluation and management of ongoing Federal programs, and the balance are for statistics.

Statistical reports go to only 12 percent of the total number of respondents and require about 17 percent of total man-hours used in filling out Federal forms.

The Commission is digging into these reports, searching for programs in which paperwork can be cut without damage to essential public services. We are finding duplications, of course, and they are getting special attention. Our statistical staff is surveying statistical programs in some depth, especially in new and expanded program areas, such as OSHA, medical services, and so forth. It is also recommending the use of better statistical methods to cut the burden of administrative and management reports.

The basic objective of the Commission, in the statistical field, is to develop and recommend improved procedures and organization for Federal Government—both in the executive agencies and in the Congress—to keep paperwork at a reasonable minimum and at the same time, meet the growing need for accurate, high-quality, timely statistics for policymaking and public use and for the management of Federal programs.

Along with all of these studies—all of which will contain specific recommendations—not just statements of findings—the Commission staff is preparing a special study on the reporting burdens associated with the Occupational Safety and Health Administration—OSHA.

Another special study will examine the Equal Employment Opportunity—EEO programs and related affirmative action reporting. The EEO study group will be seeking ways to reduce the EEO reporting and recordkeeping burden without diminishing program effectiveness. It will be limited in its approach to eliminating duplicative information requirements.

Not yet decided by the Commissioners, but possible areas for other special research studies are those in the fields of housing, the Renegotiation Act, and Federal Trade Commission reporting requirements.

I would also like to describe another important areas of activity of the Commission.

On March 1, of this year, the President sent a letter to heads of agencies subject to OMB control under the Federal Reports Act. He directed them to reduce by at least 10 percent the number of reports collecting information from the public, and to work with the Paperwork Commission on a comprehensive program to reduce the reporting burden.

At the same time, the Commission launched a governmentwide program to reduce paperwork. We are focusing now on those agencies which do not clear forms or surveys through OMB. These include the independent regulatory agencies, the Internal Revenue Service, certain other Treasury Department agencies and several other independent agencies.

Mr Chairman, I would like to submit for the record a copy of our letter to those agencies and the suggested guidelines we have proposed to achieve our reduction goals.

In its final report, the Commission will make recommendations which go to the heart of the paperwork problem, based on the findings of the current work. Although I am a cosponsor of S. 3076 and previously introduced legislation—S. 200—covering much of the substance of S. 3076, I now believe that action on the bill at this time, would be premature. I am eager to see the results of the Commission study on the role of Congress and to review the findings of the other Commission studies so that we, in Congress, can fashion a comprehensive approach which gets to the root causes of the paperwork problem.

Though I am tentatively encouraged by the actions being taken by President Ford in attempting to cut the number of Federal forms by 10 percent by June 30, the Commission wants to go beyond to actually reduce the burden. We are hopeful that these combined efforts will begin to make a dent in this severe problem for so many Americans.

But we must be alert to the responsibility we in the Congress have in putting all of the pieces together in order to recommend meaningful legislation. I am sure that these hearings which you are now holding will provide additional insight as to when and how we should proceed.

I hope that you will forward any suggestions, ideas or problems which you find during these hearings which would assist the Commission in our efforts. We seek the support of this subcommittee and, in turn, offer our assistance and fullest cooperation.

Thank you.

If you have any questions that I or the staff can answer, I shall be happy to respond.

I regret that I was not present at the Paperwork Commission hearing in Atlanta, Ga. I commend you, Mr. Chairman, for your presence there and for your keen interest in this subject. Unfortu-

nately, though I had every intention of going, it came on top of 4 days of absence from the Senate. Mr. Warren Buhler, on my right, is the Commission staff director; he is very knowledgeable in this whole area.

He is trying to bring these study groups together, and can tell you of the problems we have encountered. On my left is Ernest Evans who has been with me in the paperwork battle from almost the beginning. I think it was Ernest that really got me going on it.

Thank you, Mr. Chairman.

Senator NUNN. Thank you very much, Senator McIntyre. I see in your statement that you are looking into the impact statement yourself and are making some recommendation on that. One of the provisions of this bill would require every committee that has jurisdiction over any department or agency to require a report from the agency at least once a year.

Really, it would require, I am sure, for an additional staff person on each committee of the House and Senate to really be responsible for giving direct oversight to paperwork so that the committees would know what it is that they have wrought.

I agree with you we have met the enemy and the enemy is us. I believe whatever they do in the executive branch, IRS or any area, the biggest problem comes from here on Capitol Hill. We are the ones who pass the laws that give sanction to this, whether we intend to or not.

My question is do we really need to wait for another year and a half until the Paperwork Commission makes a report to at least start a mechanism toward better oversight in our committees? It seems to me that that is almost a predictable part of the Commission report.

Senator McINTYRE. Let me answer that quickly in two ways. There is nothing wrong with oversight. Oversight needs to be spread through the whole Congress. But on this particular bill which I am familiar with, as you know, Mr. Chairman, our experience indicated that any committee, when it sends a report to the floor, would have great difficulty making an accurate estimate in view of the amendments that may be offered and in view of conference action.

I think the Commission feels that, as far as S. 3076 is concerned, we ought to hold it until we can come back and give you further information on how to best develop paperwork impact statements.

I would like Warren to add a little bit to this. He has looked over S. 3076.

Senator NUNN. I understand your position on the paperwork impact statement. The part of the bill I was directing in my question is whether we need to have some kind of a mandate before we get your full report for the committees to set up an oversight procedure to review, at least, annually the various agencies under their jurisdiction and to make a report to Congress. That would be the oversight role as opposed to the impact statement.

Senator McINTYRE. I misunderstood you. There would be no difficulty at all. As a matter of fact, several committees are waking up to this fact that some of these laws they passed, they ought to take a look and see what the bureaucracy has done with them. There is

nothing wrong with oversight. It ought to be mandated through every standing committee we have.

Senator NUNN. That is the feature of the bill I was really directing my question to.

Senator McINTYRE. I would like Warren to testify to the original thrust of the bill: that every time a report went to the floor on a bill, it would contain a paragraph or statement that said if you pass this, Mr. Congressman, Mr. Senator, you are going to create possibly 35 new forms, creating another 144 man-hours of work. So that as we pass these glorious bills like OSHA, we realize we are putting an awful load on the back of the public.

Senator NUNN. That is in this bill, too. There are three or four parts of this bill. Eventually I think we need that. I understand you would like to defer that.

Mr. BUHLER. Mr. Chairman, we have been looking at several options in the area of review. One would be to have each standing committee receive an annual report on agency paperwork and act upon it. There was some concern on our part that it may be too much to expect each committee to review all the paperwork of each agency within its jurisdiction every year; that maybe we ought to break it down so that there would be a phased review of all paperwork requirements within a committee's jurisdiction.

We also are giving some thought to the possibility of having the Appropriations Committee look at the costs imposed by agencies in requiring reports to the Government. There are several different options. We at this point are not prepared to say which one we believe on the basis of good, hard research is the best option for us to pursue.

I would say this, however: The Commission has directed the staff not to wait for a final report. Whenever we have sufficient evidence to make a recommendation, they want to hear from the staff. They want to act on it, and I can assure this committee that the Commission, if it follows past practices, will get back to you as soon as we have any recommendations that the Commission feels have had sufficient research to make and bring to your attention.

Senator NUNN. I know that there is no way you can complete all of your work this calendar year. That is obvious. You have taken on a big load. You have various breakdowns and so forth, but as far as the most fundamental part of the report, that is the congressional role and what Congress should do, I believe, we have got some momentum going now. I think the presidential races are increasing that momentum. I think there is an awful lot of conversation throughout the country about what should be done.

I would hate to have the report come a year from now when we may very well have momentum on something else. I think if we don't do something about this problem while there is momentum politically, that the chances of getting it done are very, very slim because there is going to be certainly some changing of the status quo. There will have to be. There will have to be some things that are considered radical now, at least.

So my question really is is there any possibility that we could get your recommendation, at least on the role of Congress and what Congress itself should do, within the next few months?

Senator McINTYRE. That would depend on how advanced the study is on the role of Congress.

Mr. BUHLER. We are really just getting started on the role of Congress study. It is a very difficult area. The environment changes constantly. We are trying to bring about changes and not just do studies. So I am not prepared to say at this point that we definitely could have recommendations within another 3 or 4 months.

I would like to have the opportunity, Mr. Chairman, to work with your staff on the development of a schedule for our activities so that as much as possible, we can come forth with recommendations that you might be interested in considering in this Congress, which would fit in with your legislative schedule.

Senator NUNN. Congress is much more likely to impose some burden on itself between now and November than it is after November. After November, Congress will continue to be willing to point the finger at OMB and IRS and so forth, but between now and November, Congress will be much more willing to point the finger inwardly.

That is my analysis. I think that, therefore, it is very important if we are going to really get something passed. Senator McIntyre knows, it is one thing to propose legislation, it is another thing to get a bill passed, particularly when the committee chairmen start coming out of the woodwork against whatever bill you have. Some will, some won't, but it does add a burden to the committees if we are going to get the job done.

Senator McINTYRE. I will take it up with the staff and see if we can't expedite it. I agree with you, our feet are to the fire now, so we can get some action. But experience on the Commission already indicates that the problems are not simple and that every time you want to eliminate a form, you have to remember it has a value, too. So we have a value burden contest going on.

Senator NUNN. I would primarily like to get your recommendations just in that one area, this is the big area, I realize on what should the congressional oversight role be? If we could I would like to zero in on that one thing, get your recommendations on that because that is what this bill is aimed at.

It may be way off base in some respects but if we could zero in and pass something on that this year, I think the rest of these goals will, although they are complicated and complex and take a lot of study, fall into place a lot easier as a result.

Senator McINTYRE. I wish there were some way we could get every Senator and every Congressman as sensitive about paperwork, for instance, as I am. To that extent, I wrote a letter, I am sure it only reached the desks of a small portion of our colleagues, urging them as they sit here and consider these laws being passed, to start asking the question, "What kind of reporting orgy are we now embarking upon?"

I have a definite view. Senator Proxmire is going to be marking up a bill called retail credit reporting. I think this is the question: How much good is it going to do as against creating a burden?

Senator NUNN. Senator Proxmire is on record as favoring—as I recall it, he came over with his whole list of forms—paperwork

impact statements. You might ask the question what is going to be the impact of this bill because he has certainly testified he would favor such a statement.

Senator McINTYRE. I believe he is also principal sponsor of a bill that says every form will become obsolete 2 years after it is passed. It isn't that simple.

Senator NUNN. Senator Percy?

Senator PERCY. Senator McIntyre, I was intrigued by the trucker's daily log.

Senator McINTYRE. That is a peach, isn't it?

Senator PERCY. I see this is being worked on by the ombudsman, but could you describe for us what the form originally was conceived to accomplish? Why must they fill it out every 15 minutes? Why not have it, if it is good for truckers—and what is good for the goose is good for the gander—have it filled out by every taxi driver, every bus driver, and every automobile driver if it is a safety factor? Not many accidents, in proportion here, are caused by trucks or just by ordinary traffic. What was the original purpose of this form?

Senator McINTYRE. I have no deep background on this. I suspect those truckers you and I meet on the road, hightailing it at 2 or 3 o'clock in the morning have a great desire to get where they are going and get back.

Senator PERCY. He has to write a report to prove he is awake while driving? Is he to fill this out every 15 minutes?

Senator McINTYRE. No. The log would simply show to the National Highway Safety Board that no driver was at that wheel more than 10 hours consecutively. That is why he has a 15-minute reporting interval, he has to indicate what he is doing.

Senator PERCY. You say he has to fill this out when he is going to the ball game on Sunday. He fills it out 7 days a week, wherever he is?

Senator McINTYRE. If you want to go into an area where there are horror stories of all kinds—

Senator PERCY. You wouldn't require someone on parole to do that, much less a trucker. [Laughter.]

Senator PERCY. I am absolutely dumbfounded. This is the single most burdensome Federal reporting requirement on the public sector I can think of. You know, you would think with a stroke of a pen someone could eliminate something as ridiculous as that on the surface.

Senator McINTYRE. Before you did that, you would have to listen to why it is there. It isn't that somebody just dreamt this up. Some regulator or some lawmaker had an idea that it would assure the safety of the public. Whether it stands the test of time remains for you and I and other Congressmen and Senators to determine, through oversight, as the chairman says, to see how worthwhile these are.

Senator PERCY. I am interested enough to ask one of our staff members to check quickly on that to get a little more basis for moving on that one just as expeditiously as we can in the Government Operations Committee. That part of the operation of government seems to be ludicrous.

Senator McINTYRE. Staff advises me that they will have a recommendation on it very soon.

Senator PERCY. I would like to ask how the Commission on Paperwork operates? I see you have an attachment. You have a list of the Commission members. Do you meet regularly as a Commission? How frequently do you meet?

Senator McINTYRE. Formal meetings of the Commission, at least are once a month. Maybe Warren had better tell you that. We had one last Thursday and Friday.

Mr. BUHLER. Those were hearings. Actually, our hearing schedule keeps the Commission meeting once every 2 weeks or so now and we will continue to do so right on through the end of July, with hearings and with meetings. I think that is quite a commendation for the members of the Commission. As you know, they are all very responsible and very involved individuals. We have a very good turn out.

Senator PERCY. You say you have a good turn out. You have an outstanding board. They are all very, very busy people. Sometimes it is true, if you have got something to do, give it to a busy person; sometimes, also, the staff is sitting there alone.

Who are some of the Commission members that in your judgment really are active, are there at most of the meetings, give you attention and really, you feel, are carrying a large share of the load? I won't ask you the counterpart, who is not doing it. I would like to publicly commend those that are really giving you the kind of time necessary for this kind of an activity?

Senator McINTYRE. All in the public sector?

Senator PERCY. All of them.

Senator McINTYRE. I think, first of all, we have to commend Frank Horton, the Congressman from Rochester. He has chaired our group. It has been a headache staffing it. He is trying to do the very best of jobs.

We have had good attendance from all of our members. I wouldn't put any of them aside. Don Alexander of the IRS is over there arguing with OMB. It has been great to listen to them. Esther Peterson is here always; Elmer Staats, 100 percent; Tom Steed takes care of all of our money problems. We don't have to worry about that.

Bruce Fielding, with the National Federation of Independent Businesses, is a constant attendant, as is Mark Littler, who is a retired partner of Arthur Andersen and who is the vice-chairman.

These men are giving, I would say, when you consider the business in which they are involved, 100 percent of the needed time. As far as I am concerned, it becomes a fourth committee. It is a real burden to get there. I would say my attendance on those in-town meetings have been around 60, 75 percent; out of town, around 40 percent.

Senator PERCY. With respect to S. 3076, do you feel that the congressional oversight function mandated by S. 3076 is necessary at this time, given the work of the Paperwork Commission?

Senator McINTYRE. I would say it sort of duplicates, it is sort of redundant perhaps, but we need so much attention. We need the

attention of every Congressman, every Senator, every staff member on this problem that I would not say you are premature if you want to pass the thing. We may have some good amendments to it later on. When I was talking about premature, I was talking about simply the impact statement.

Senator NUNN. The main point Senator Percy is talking about is that we have two provisions which really get down to the heart of oversight. First, each agency under this bill would have to review its paperwork and report to Congress by the end of each fiscal year, with a compilation of what its paperwork requirements are.

Second, each committee that had any jurisdiction over any agency of Government, would have to review its paperwork programs annually. It is a review mechanism. There may be a lot of ways to strengthen or refine it. I would like very much, Warren, if you could direct your attention to those two aspects.

I would certainly defer to your judgment about waiting on these other matters; although I think some of them may end up being part of what you recommend. On the question of oversight by the agency itself and by Congress, which is a rather general proposition, I would like you to give us your views on that, at least get with our staff and let us know when you could give us your views.

Senator McINTYRE. We have no objection to the oversight provisions. My objection of being premature is on that portion of it that dealt with the impact statements; we feel that more learning on our part may enable us to accomplish this in a different manner.

They have a pretty good answer to you now when they say how can we tell at the time the bill leaves this committee how many forms it is going to entail when we don't know what the amendments or the conference will produce? We think there are ways of tackling this.

Senator PERCY. My concern arises from the fact that it might be difficult for Congress to accurately assess the paperwork burden of the bill until the implemented regulations have actually been drafted.

Therefore, unless legislation is drafted in such detail that regulations aren't necessary or each set of regulations is sent to Congress for review, it would be very difficult for a committee to make a worthwhile assessment.

Do you share this concern?

Senator McINTYRE. I share the concern, but I don't feel there is any reason, that we have to wait if you want to start with oversight and get that mandated through the Congress. Warren?

Mr. BUHLER. I would say, Senator Percy, there are two stages here, at least, where you ought to give attention to reporting requirements.

The first stage which the Chairman's bill addresses, is when Congress is considering legislative authority to collect information and impose requirements on the bureaucracy to come up with the information. The Congress does not seem to discipline itself as well as it might in these areas.

The second stage is when the regulations are actually proposed and adopted. The regulations stage is often the first time anyone has

an opportunity to sit down and think through what the legislation will mean in terms of paperwork requirements.

At the last Commission meeting the Commission did vote to recommend amendments to the Administrative Procedure Act, legislation which this committee is now considering.

Those recommendations said that the Congress should require that when regulations are proposed in the Federal Register they include a paperwork impact statement so that people can comment on whether or not the agency has figured out what the paperwork requirements of the regulations will be and whether or not they really are justified in terms of what is to be done, what is to be achieved.

So I think there are two different stages and if you don't deal with the impact at the statutory stage, you should give attention to it at the regulatory stage.

Senator McINTYRE. Let me add that we had some hearings on OSHA and on ERISA, which is the statute on pension reform. You remember it passed the Senate along with OSHA with an overwhelming majority. This is now held up as a horrible example of passing the most complicated piece of legislation, doing it with little contact with the Labor Department; then after passing it, turning it over to labor, who admitted that they didn't really have the expertise; they had to go out and find it.

I don't know the details, but labor had just 30 days or 60 days and came out with the most horrible form that scared the living daylights out of every little firm that had a pension plan, and is still causing trouble.

Senator NUNN. Do you think the date was set much too close to the passage of the bill and the bureaucracy didn't have time to come up with the meeting on the regulation?

Senator McINTYRE. One thing I am very high on now, subject to being knocked down, is that no legislation that is enacted in the Congress should go into effect any earlier than 6 months after signing, subject, however, to the right of the President, because of an emergency or something like that, to override. That would give the regulators a chance to sit down and really ask the questions intelligently and do it succinctly.

So I have my staff working on an administrative procedure amendment. It is over in the Commission, too.

Mr. EVANS. One point, Mr. Chairman, after the Commission held its hearings examining the processes that led to difficulties with ERISA, the Pension Reform Act, Commission ombudsmen went to the Department of Labor, Internal Revenue Service and, after Commission action, suggested that, for smaller pension plans with less than 100 participants, model plans be approved in advance by IRS and labor so that small businesses would be able to fill in the blanks and this would reduce the application requirements significantly.

We are very pleased to say that within 30 days the first model plan will come out from IRS. I think that is a significant achievement.

Senator McINTYRE. Last Friday morning—no, it was Thursday, we heard the story of Census wanting to know in what township

and county you lived. That was the second or third line on the IRS 1040 form. The response to this thing was fairly ridiculous. They had one block in there that the taxpayer would say I don't know. He just checked "I don't know." What good did that do anybody?

So the Commission hearings are uncovering some of the worst messes you ever saw in your life. I do want to reiterate, Mr. Chairman, it is all right to level your finger at the bureaucrats, but the responsibility rests with us. They are only carrying out some of the things we have asked them to do and have mandated them to do.

So we must always remember that we in the Congress are responsible too, when we point our finger at people.

Senator PERCY. Section 5 of the bill before us, on page 5, directs the OMB in consultation with the Comptroller General to undertake a study of the feasibility of requiring a single standard form for the collection of information by all Federal agencies.

I just wonder offhand how it would be possible to devise a single form for, let's say, a farmer's planting intention, percentage of income spent on rent by public housing tenants and an employee pension plan.

Is that at all feasible, that a single form be devised? Is it really practical from what we now know with Government reporting?

Senator McINTYRE. Senator Percy, I am not going to try to answer the question except off the top of my head. It is impossible. But let Warren talk about that.

Mr. BUHLER. There would definitely be problems trying to cover the information requirements of too many different types of programs. However, we have been intrigued with the overlap and similarity between collection forms of several different agencies. For instance, in the business area, you have a number of agencies which collect information on the financial status of business and the line of business that they are in.

It seems possible that we would be able to develop a single form to handle the similar purposes of the several different agencies.

There are questions as to whether or not it is useful to have one form or a number of forms. For instance, in the tax area, the 1040 is the standard long form which takes care, if you add schedules, of every taxpayer in the United States. Some use the 1040-A which is the shortened form.

We are looking into the possibility of developing a still simpler form. At some point, the number of forms you develop to handle individual situations becomes a complexity in and of itself.

So I think these issues have to be explored very thoroughly. A clear answer doesn't seem to be feasible at this point.

Senator PERCY. Mr. Hughes, in his forthcoming testimony, raises the point that annual review of forms might not allow needed flexibility.

Are you concerned also that an annual review might be too frequent? Would review possibly every 2 or 3 years provide a little more flexibility?

Senator McINTYRE. Interestingly, that is another little feature of this paperwork burden that I have picked up. I believe that during the ERISA hearings I said after a small businessman has reported

annually for 3 years, could we then ask every 5 years? Anything to relieve the reporting burden; any little dent we can make.

So, yes, that is a question. For instance, with IRS Form 941-A which is supposed to be one of the most horrendous forms for small business, we have managed to take that quarterly report and make it annual. That allows a saving of \$250 million to the small business people generally and to the public at large.

I would say that when we got over to the House, they put on a 2-year delay. They said this is fine, we agree with it, but it will not be effective until January 1, 1978.

So, yes, that is a good paperwork reduction principle. I am not sure I am being fair. But I do believe that testimony I heard before the select committee one time, I said, "Why do we have to report this quarterly? Why can't we make it annually?"

One of the first things that occurred to the witness was it would interfere with his workload.

"Just a minute," I said, "Interfere with your workload? You mean you might not need so many employees every quarter? We have enough work to keep everybody happy."

"If we did it annually we would have to let 20 or 30 people go."

That is probably stretching it a little bit. But that was generally the idea I got.

Senator PERCY. Finally, I draw on your extended experience in Congress as to whether or not it is best to have a committee make impact statements or whether some independent review might be desirable.

Is it feasible to have a committee make an analysis of its own impact, of its own piece of legislation? Are there psychological advantages to doing that, or would it be better to have an outside, independent group make such a study?

Senator McINTYRE. I would opt for the committee doing it itself. I think on banking, for instance, a year or two ago, we decided on an oversight subcommittee and we now have it.

I believe other committees of Congress have already moved into oversight. Now I am talking about the law, "Truth in Lending" what is it all about, how much good has it done? It may be that there would be cases in which the oversight would not be done properly, but I would rather go the Committee way first than have a separate group or a separate agency.

Senator PERCY. You think it may have a salutary effect if they see the impact that they are creating, and that they draw back and find some way to not require such reporting?

Senator McINTYRE. One thing that I thought of, but I am not up to it, I guess with the hours in the day, is to try to check every law, go down to the Senate at the last minute and say, "Mr. President, it is a fine law, but when you pass this in a few minutes—I would wait until there are at least 25 Senators there—you are going to create 100 man-hours of work for every businessman involved, you are going to create 62 forms and possibly 80. Go ahead and pass it, but at least you know what you are doing.

I felt that is asking a little bit too much from a lowly Senator from New Hampshire.

Senator PERCY. I would like to just in closing comment because Senator Nunn, I don't believe, was in the Senate at the time. In the emotion of the John Kennedy assassination— a great many things were done, among which was the registration of ammunition, shotgun ammunition. Everyone who bought shotgun shells had to fill out a form and the lines were rather long at the outset of hunting season, outside these little sporting goods stores. People filling out all of these forms.

A couple of years later, I chanced to see what happened to all of those forms. Millions and millions of them, they are all piled up over in the Treasury Department. No one ever looked at them because there was no sense in looking at them.

You could never trace a shotgun shell anyway. But somehow we had a feeling that by requiring passage of some law it would somehow safeguard and protect public officials from assassination.

We quickly repealed that. But that is one of the few times we have been able to catch something and see that the purpose for which it was intended was not being served and yet we might have been filling out these things for years, never remembering what it was all done for in the first instance. At least we got rid of them. So good luck to you.

There is hope. Certainly, I think the American public, the business community particularly, the small businessman, the farmer, and everyone else will be grateful to you when you finish your work and say you have been able to reduce this by not 10 percent, but 50 percent. I think we can probably achieve it.

Thank you.

Senator NUNN. Thank you. Just one closing thought.

I will ask our staff to get with you, Warren and Ernie, and with other members of your staff, to work with you closely so that as you come up with recommendations, we are able to go ahead and provide some legislative thrust.

I don't want to lose the momentum on this. I think we have something going, Senator McIntyre, with your efforts and others. I want to help in every way we can.

Senator McINTYRE. Thank you.

[Additional information supplied by Senator McIntyre follows:]

ATTACHMENT

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COMMISSION ON FEDERAL PAPERWORK
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 Tom Steed

April 2, 1976

Chairman of _____ Agency

Dear Mr. Chairman:

When Congress passed Public Law 93-556 creating the Commission on Federal Paperwork, it expressed its deep concern over the unprecedented paperwork burden which Federal reporting requirements have placed on State and local government and the public. The Congress affirmed its desire to minimize this burden, consistent with the need for timely information to set policy and to operate programs.

At the time President Ford signed the Act, he said, "We all share the opportunity and responsibility of reexamining our present policies and procedures, and recommending new ways to obtain more effectively the information the Government needs without unreasonably burdening the public." Subsequently, on March 1, 1976, the President sent a letter to heads of agencies subject to Office of Management and Budget (OMB) control under the Federal Reports Act of 1942 as revised. He directed them to take action by June 30 to reduce by at least 10 percent the number of reports collecting information from the public, and to undertake a continuing effort to reduce the reporting burden. He also requested cooperation with the Commission on Federal Paperwork.

The Commission, together with OMB and GAO, is formulating a government-wide attack on paperwork. We are aware of some of the steps you are taking to keep your agency's reporting requirements within reasonable bounds. However, we think you will agree that additional improvements can be made. To that end, as a part of our government-wide effort, we urge that you:

- indicate your agency's willingness to participate by naming a senior official, directly responsible to you, to establish and coordinate your own paperwork reduction program with us; and
- develop an Action Plan for an intensive effort of your own design, relying on your own resources, to reduce the paperwork burden.

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We would like your special effort to continue at least through the life of our Commission--that is, until October 1977. However, we hope results can be attained sooner so that your experiences and achievements can be studied for government-wide application and, ultimately, form a basis for some of our final recommendations.

An enclosure to this letter presents some suggestions for objectives and guidelines which we hope will be helpful to you in designing your Action Program. These include possible quantifiable objectives; procedural objectives to better define information needs, determine burdens imposed on respondents, and balance the value of the information relative to its costs; and various guidelines and initiatives that would help you achieve these objectives. As the government-wide program moves forward, we will refine and strengthen these initial suggestions and promote the exchange of ideas among all of the participating agencies.

Please let us know, as soon as possible, whom you have named to head your effort and to serve as liaison with us. Mr. Warren Buhler, our Director, and his staff will then be available to help with the development of your program, and to coordinate your activities with those of other agencies.

Our full Commission will hold a public meeting in Washington on April 30 to hear a staff report on government-wide actions and to discuss with agency heads their perspectives on paperwork reduction. Details on time and place of the meeting will be provided shortly.

We look forward to joining you in a successful program to reduce paperwork.

Sincerely,

Frank Horton
Chairman

Enclosure: Illustrative Paperwork Reduction Objectives
and Guidelines.

ILLUSTRATIVE PAPERWORK REDUCTION OBJECTIVES AND GUIDELINES

Note: This is an initial list of objectives and guidelines for agency paperwork reduction programs. Agencies should tailor these suggestions to their individual needs and will be asked to suggest improvements based upon their experiences over this next year.

I. Quantifiable Objectives

- A. Reports requested from State and local governments and the private sector:
 - 1. Decrease number of reports;
 - 2. Shorten man-hours required to complete reports;
 - 3. Reduce the number of copies of reports requested;
 - 4. Cut other respondent costs.
- B. Records required to be kept by State and local governments and the private sector:
 - 1. Reduce records holdings;
 - 2. Reduce record retention time;
 - 3. Reduce recordkeeping costs.
- C. Responsiveness objectives:
 - 1. Shorten response time for applications, claims, assistance, and inquiries;
 - 2. Reduce number of paperwork processing steps within the agency.

II. Procedural Objectives

- A. Defining agency information requirements more sharply:
 - 1. Improve mechanisms for reviewing reporting systems to better determine utility of information to program managers;
 - 2. Develop a timetable to reassess each reporting system of the agency;
 - 3. Improve mechanisms for actively involving respondents and users at an early stage in a continuing effort to determine if the information being collected is accurate and appropriate.

- B. Assessing the impact of respondent burden more carefully:
1. Establish or improve mechanisms to obtain from respondents information on the burdens (costs, loss of confidentiality, etc.) imposed by reporting and recordkeeping requests;
 2. Distinguish among respondent types by capability to provide information, and then design requests for information to meet these different capabilities;
 3. Establish or improve methods to involve respondents in periodic reassessments of the burdens imposed and to identify opportunities for lessening them;
 4. Establish or improve mechanisms within the agency to increase the visibility of the reporting burden and the sensitivity of senior management to reporting burdens.
- C. Improving judgments about the balance between expected information value and burden imposed:
1. Require clear description of the value of the information and the burden imposed for management review at the highest level of the agency;
 2. Require top-level consideration of alternative methods for obtaining information (e.g., certification, audit, use of another existing information source) with clear value/burden analyses attached to each;
 3. Establish regular reviews with appropriate officials in the Congress and in the Executive Office of the President to reconsider legislation in view of estimates of information value compared to burdens imposed, as well as the value of the program compared to its costs.

III. Implementation Guidelines and Initiatives

- A. Improving paperwork management and cutting agency costs:
1. Insure that a senior official has been assigned the overall responsibility for planning, coordinating, executing and evaluating the agency's information management program.

2. Insure that functions, authorities and responsibilities involved in the planning, management and control of paperwork management activities are clearly spelled out and understood.
3. Review the existing information management program to insure that it is comprehensive and not fragmented, and is able to consider the several different perspectives necessary to judge the desirability of particular information requests: e.g., policy review of value of information burden; management review of need for information; review alternative ways to collect, process, and store information; statistical review of collection techniques; better form design; etc.
4. Insure that appropriate mechanisms exist for considering available alternate sources of information already collected by Federal, State and local governments, as well as major private sector sources that might be utilized on a cost-effective basis.
5. Insure that appropriate mechanisms exist for considering alternate methods to satisfy new information requirements before data collection efforts are mounted de novo, including such alternatives as the use of staff visits, sample surveys, certifications of compliance, etc.
6. Develop, wherever feasible, and within cost-effective constraints, information systems capable of serving a broad spectrum of users in both the public and private sectors (taking into account the Privacy Act) instead of emphasizing single-purpose systems which serve a relatively narrow range of agency users and may therefore tend to overlap in content and purpose.
7. Insure maximum utilization of applicable criteria and standards prescribed by GSA in their various paperwork management programs, regulations and guidelines, such as the FPMR's dealing with Records Management and supplementary handbooks.
8. Establish or strengthen existing agency efforts to standardize common-use data element definitions and codes used in reporting systems, computer data bases, and library/information center bibliographic systems.

B. Strengthening statutes and rules:

1. Insure that agency implementation follows the intent, as well as the letter, of parent statutory and regulatory provisions -- particularly where it is clear that the Congress does not intend that enormous data collection efforts be mounted to satisfy relatively modest information needs or program goals.
2. Initiate discussions with the Congress to clarify the intent of legislation which appears to require excessive paperwork to operate programs.
3. Identify existing statutes and regulations which authorize the collection of information no longer required and take action to purge such obsolete or invalid requirements.
4. Generate legislative proposals to modify existing statutes which authorize the collection of information from the public to satisfy policy-making and decision-making needs which might be satisfied in a less burdensome manner (e.g., staff visits, audits, certifications, etc.).

C. Reducing the reporting burden:

1. Reduce reporting frequencies (e.g., more annual, fewer quarterly and monthly reports).
2. Reduce the number of respondents (e.g. thru sampling).
3. Reduce the number of copies of reports requested.
4. Simplify and streamline instructions and regulations so they are more easily understood by respondents and do not require the extensive use of supplementary financial or technical resources, particularly in cases where the respondents may be physically, financially or functionally handicapped.
5. Maximize the use of automated and microform reporting media in lieu of handwritten or typewritten hard copy when dealing with respondents having such capabilities, and when such use can be demonstrated to be cost-effective

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6. Maximize "as required" and "as of" reports in lieu of recurring/periodic reports, where feasible.
 7. Minimize narrative type responses and maximize coded data element responses wherever feasible.
 8. Eliminate or simplify questions which are burdensome and complex.
 9. Reduce the number of items of information on report forms.
 10. Reduce or eliminate reports where the accuracy and reliability of the data is suspect and the users do not trust the information; explore alternative, more reliable sources.
 11. Assure that voluntary reports are clearly so labeled.
 12. Insure adequate lead-time is given respondents so they are not obliged to recall retired files and records to assemble information.
 13. Sharpen and tailor the match between the complexity and expected cost of information requests and the capabilities and resources of respondents.
 14. Make clear to respondents the use of the information.
- D. Improving forms management:
1. Test forms on respondents to determine if better design is possible.
 2. Increase the use of Standard and Optional Forms and reduce correspondingly the use of agency forms to obtain better control over information requests.
 3. Increase the amount of pre-printed information in instances where preparation time can be reduced and form complexity reduced (e.g., return address, arithmetic symbols, special instructions).
 4. Avoid printing instructions on each copy of a form where a single set of instructions will suffice (e.g., include the instructions in the directive, not on every copy of the form).

- E. Using more efficient data collection processing and dissemination technologies to reduce the paperwork burden:
1. Maximize the use of modern, automated data collection, processing and transmission methods and media, (e.g., micrographics) in lieu of hard copy, where such methods can be demonstrated to be cost-effective and the respondents have such capabilities (where respondents are small in number and lack the resources, the mails may be more appropriate).
 2. Increase the number of standard report-generator ADP software packages where such capabilities exist, and correspondingly reduce the use of ad hoc methods.
 3. Increase the number of standard ADP information systems packages where such capabilities exist.
 4. Use the Federal Information Processing Standards; explore increasing the use of Federal standards in lieu of agency standards.
- F. Training and incentives:
1. Use the Incentives Award Program for rewarding creativity, innovativeness, and initiative in paperwork reduction suggestions.
 2. Organize training programs to alert agency personnel to: the burdens imposed on the public by agency paperwork; the opportunity for better utilizing modern information processing techniques; and the differences between essential information and that which is "nice to know."

Senator NUNN. Our next witness is Mr. Phillip S. Hughes, Assistant Comptroller General, General Accounting Office.

**TESTIMONY OF PHILLIP S. HUGHES, ASSISTANT COMPTROLLER
GENERAL, GENERAL ACCOUNTING OFFICE**

Mr. HUGHES. Mr. Chairman, I have a fairly brief statement. It says, I think, reasonably concisely what we would like to say. If you wish, I can read it for the record.

Senator NUNN. That will be fine.

Mr. HUGHES. I do appreciate this opportunity to present our views on S. 3076, a bill to improve congressional oversight of reports and paperwork requirements.

We support the basic intent of the bill to foster a greater awareness in the Congress of the reporting and recordkeeping burden on private business imposed by new legislation.

The root cause of increasing Federal paperwork is the continuing expansion of Federal responsibilities and consequent increased need for information. New agencies continue to be created and Congress grants them broad authority to collect information needed to carry out their assigned responsibilities.

The bill does not specifically address GAO's clearance responsibility. We are commenting on it in the light of our experience with regulatory agencies under section 3512 of the Federal Reports Act.

Our comments deal both with the bill and with related aspects of the Federal Reports Act and GAO's clearance responsibility.

Section 2 of the bill amends part 5 of the Legislative Reorganization Act of 1970 to require paperwork impact statements to be part of the report accompanying each bill or joint resolution reported out of committee.

It also requires annual reviews to be conducted by each House and Senate committee and reports to be filed thereon not later than February 15 of each year.

The reports are to cover the reporting requirements of agencies within their legislative jurisdiction showing the number of reporting forms issued and withdrawn.

We believe there is a need for increased congressional attention to reporting and recordkeeping requirements; however, our experience under the Federal Reports Act leads us to believe that there would be difficulty in applying this section of S. 3076. Most of the new reporting requirements we receive for clearance from independent Federal regulatory agencies grow out of regulatory powers given to these agencies.

Also, most of the more burdensome reporting requirements are the result of lengthy development processes requiring a great deal of planning and investigation by the sponsoring agency.

Thus, it would be very difficult for the Congress to estimate the number, complexity, and compliance burden of reports.

One of the major causes of the Federal paperwork burden is that many agencies have authority and responsibility to collect data in the same subject area. Energy information is a case in point. Different agencies are collecting energy data which is similar though not duplicative.

Also, duplicative data is collected at times when confidentiality agreements prevent sharing of data collected. In the energy area, we have suggested establishment of a focal point for energy data collection.

You may wish to include in your record a copy of recent testimony before the Senate Interior and Insular Affairs Committee dealing with this matter.

Senator NUNN. Whose testimony is that? Your testimony?

Mr. HUGHES. Yes, sir.

Senator NUNN. Can you furnish that to us?

Mr. HUGHES. Yes.

Senator NUNN. We will make that a part of the record.

[The information referred to and subsequently supplied follows:]

STATEMENT OF PHILLIP S. HUGHES, ASSISTANT COMPTROLLER GENERAL OF THE UNITED STATES BEFORE THE SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, MARCH 9, 1976

This Committee has had a long standing interest in improving the Federal Government's capability for collecting and analyzing energy data. Some 2 years ago, I testified before this Committee on a study prepared at the request of the Committee Chairman on "Actions Needed to Improve Federal Efforts in Collecting, Analyzing, and Reporting Energy Data" (B-178205, February 6, 1974.)

That study described Federal energy data efforts, identified and discussed problem areas which needed addressing if the Federal Government's capability for collecting and analyzing energy data was to be improved, discussed executive and legislative actions completed or underway to improve energy data collection and analysis, and proposed major improvements in Federal energy data collection and analysis.

Essentially, we concluded that legislation would be required to establish a comprehensive energy data system and that responsibility for development of that system should be placed where it will not be influenced by energy policy analysis and formulation. We questioned whether the Federal Energy Administration (FEA), as then envisioned, could fill that role because of the crisis nature of many of its programs, its limited life, and its responsibility for energy policy development. We also pointed out that a separate Executive Branch agency for energy information could provide a desirable separation between data gathering and analysis of data for policy development purposes.

Our most basic conclusion was that the Nation's energy problems would persist for years and that the best approach for the long term would be the establishment of a Department of Energy and Natural Resources having the scope and stability to deal with the complex and long-term energy issues. Within such a department, a separate organization could be given responsibility for energy data collection with statutory provisions to insure its objectivity and appropriate insulation from the policy operations. Nothing that has happened in the past 2 years has changed our views in this regard.

There have been many developments since February 1974 in energy data collection, but most of the basic problems we described still persist. At the time we completed our work for that study, no Federal agency was collecting energy data as such. Rather, agencies were collecting the data designed to fulfill their respective legislative mandates. During the last 2 years the volume of energy and energy-related data has grown tremendously. FEA was created and given a number of specific responsibilities in the energy data area. As time passes and its responsibilities increase, FEA looks less and less like a temporary organization.

Unfortunately, new energy data collection efforts for the most part have been piled on top of old efforts. Except for certain congressionally mandated FEA efforts, Federal agencies generally have continued to design information requests to fit their individual needs and efforts for improved coordination have yet to show much success.

To keep this statement brief, and yet to give the Committee as complete a picture as possible of the events of the last 2 years and their relationship to

the legislation it is now considering, we have prepared five attachments to our testimony.

Attachment I is a summary of GAO's February 1974 report.

Attachment II is a brief review of actions affecting energy data collection and analysis since February 1974.

Attachment III discusses the current status of the major energy data problems identified in the February 1974 report.

Attachment IV lists the principal recommendations relating to energy data in other GAO reports issued since February 1974. Most of these recommendations deal with the need for better resource and reserve information, particularly with regard to energy resources located on Federal lands.

Attachment V contains our specific comments on S. 1864, with the proposed amendment of February 26, 1976.

We would appreciate the attachments being placed in the record as attachments to this statement. Now, let me briefly highlight the key energy data actions of the last 2 years and give you our views on S. 1864 with the proposed amendment.

KEY ENERGY DATA ACTIONS OF LAST 2 YEARS

Over the last 2 years GAO has had the opportunity to view Federal energy data actions from two perspectives. First, from our vantage point as a reviewer of Government programs, we have been an interested and sometimes critical observer of Federal energy data collection efforts. Our testimony 2 years ago and our appearance today reflect this perspective. Second, the responsibility given us by section 409 of the Trans-Alaskan Pipeline Act (P.L. 93-153) regarding the information gathering activities of independent regulatory agencies makes us very much aware of the activities of some agencies which have been very active in energy data collection over the last 2 years, including FEA and the Federal Power Commission (FPC).

Eighteen energy-related bills have been enacted into law in the last 2 years. Five of those have specific mandates for energy data programs, ranging from a very specific requirement for the Department of the Interior to inventory U.S. geothermal resources, to the very broad requirement for FEA to act as a Federal energy information clearinghouse.

In general, the legislation gave FEA significant data collection responsibilities and established it as a focal point for Federal energy data. The legislation, however, did not give FEA any authority to influence the energy data collection efforts of other agencies. Thus, while FEA became a principal collector of energy data, its efforts were additive to the already existing as well as the new efforts of other agencies. Some statistics from the July 1975 edition of an FEA annual publication entitled "Energy Information in the Federal Government" indicate the magnitude of Federal energy data collection activity.

There are 261 separate Federal energy-related programs being administered by 44 Federal agencies and bureaus.

Four agencies (FEA, ERDA, National Science Foundation, and Bureau of Census) account for over one-third of all energy data-related programs.

The Federal Government operates 98 separate computerized data bases or major files containing some form of energy-related data.

A significant portion of the energy data activity originates with the Congress, either by legislative mandate or by urging agencies to expand their energy data bases. Congressional interest in U.S. oil and gas reserve information is one example.

At the time of the Arab oil embargo, there arose a significant credibility issue concerning industry-supplied U.S. oil and gas reserve data. Four Federal agencies have undertaken reserve studies dealing with oil, gas, or both. However, the credibility issue related to oil and gas reserves has not been resolved even though most of the data published differ by not more than 10 percent from industry figures, in the aggregate.

One of the reasons for this is the fact that the agencies conducting the studies did not make their respective data bases compatible with one another. Each agency professed to be unable to incorporate into its own study information developed by the other agencies because of legal constraints, tight reporting timeframes—both congressionally and self-imposed—different agency mandates, and difficulties in exchanging data between agencies.

The Federal agencies concerned have recognized the need to address problems of proliferation and the related problems of incompatibility, duplicative collection efforts, and respondent burden.

In April 1975, at the suggestion of FEA, GAO and the Office of Management and Budget (OMB) sponsored an Ad Hoc Committee on Energy Data, comprised of the major energy data agencies. The immediate result was a major cooperative effort by FEA and the Bureau of Mines in the Department of the Interior to combine their monthly petroleum refining reporting systems, thereby saving both the Government and the respondents substantial burden. The effort also made the information more manageable and useful.

As an outgrowth of this Committee, FEA in August 1975 called for the creation of a more formal "Federal Inter-Agency Council on Energy Information." Built around the membership of the Ad Hoc Committee, such a Council was formed and a charter was adopted in December 1975. An FEA representative chairs the Council and GAO attends Council meetings as an observer. The significance of the Council is that it goes beyond joint recognition of energy data problems to a commitment to engage in cooperative and corrective action. The challenge for this as well as for any other interagency council is the age-old problem of getting a number of Federal agencies, each with their own special interests, to act together.

Now I'd like to talk briefly about GAO's responsibility for clearing the information gathering requests of independent regulatory agencies. Since the beginning of 1974, GAO has reviewed over 100 forms submitted by regulatory agencies requesting energy information from the private sector. Over 80 of these forms are of a recurring nature, imposing a total annual burden estimated at 10 million hours and eliciting 1,300,000 annual responses. Almost 9 million hours of this burden, or 90 percent has been imposed by some 30 new forms approved since January 1974. I would caution you that these burden estimates are those furnished us by the collecting agency and they are probably low.

Although the total of 100 forms indicates a substantial amount of recent energy data collection activity, it does not include any energy data collection efforts initiated by such agencies as the Departments of Interior or Commerce. GAO's regulatory reports review authority extends only to independent regulatory agencies, including FEA. Current statistics on OMB clearance of energy-related forms over the past 2 years were not readily available, but indications are such activity has also been substantial. Moreover, FEA officials have indicated to us that the recently passed Energy Policy and Conservation Act will require FEA to undertake substantial new energy data collection efforts.

Our experience in conducting forms clearance reviews over the past 2 years has revealed basic problems in the area of burden determination and the identification and reduction of duplication.

Regarding the determination of burden, most Federal agencies appear to believe their need for the information overrides any burden on the respondents of providing that information. Further, agencies often put little thought into computing estimates of respondent burden and, as I suggested earlier, are inclined to underestimate it. With regard to duplication, we have found that: (1) the identification and reduction of duplication is a difficult task; and (2) generally speaking, agencies are not doing a very good job of it. As a result, the same respondents are repeatedly asked to provide similar—but not the same—data to various Government agencies.

We expect to issue a report to Congress in April 1976 discussing our experience to date in clearing the information requests of independent regulatory agencies.

GENERAL COMMENTS OF S. 1864

What can be done now to improve Federal energy data collection?

We continue to believe that the best long-term organizational approach to the solution of energy problems including energy data collection problems would be the establishment of a Department of Energy and Natural Resources. We believe a separate bureau for energy data collection could be insulated within such a department perhaps by enacting explicit statutory provisions insuring independence and objectivity.

Short of the establishment of a Department of Energy and Natural Resources, other organizational alternatives for improving Federal energy data collection which should be considered are:

Building on the capability already existing in FEA by expanding that agency's energy data role and assuring the independence and objectivity of its data collection activities.

Creating a separate agency for energy information either within the Executive Branch, or in the form envisioned by S. 1864.

FEA already has a legislative mandate to act as a focal point for energy data collection, although that mandate did not give FEA any authority to coordinate or streamline the energy data collection efforts of other agencies. FEA now is a principal Federal collector of energy data and has been instrumental in efforts to date to improve the coordination of energy data collection. With the new responsibilities given FEA under the Energy Policy and Conservation Act, it is likely that FEA's life will be extended indefinitely.

Questions still could be raised regarding FEA's ability to establish itself as a credible source of objective energy data in view of its responsibility for energy policy analysis and development. FEA's problem, however, is similar to the problem which would have to be faced if a Department of Energy and Natural Resources were created. Establishing a separate organizational unit for energy data collection within FEA and insulating it from energy policy analysis and development would be somewhat more difficult than in a Department of Energy and Natural Resources, but it should be possible. As with that department, Congress could enact explicit statutory provisions to insure the necessary independence of the data unit. Moreover, the new responsibility vested in GAO by the Energy Policy and Conservation Act, to verify energy data submitted to Federal agencies could help insure the integrity and credibility of energy data.

Whether FEA's responsibility increased or an independent agency is created the legislative action should provide the agency with adequate authority to coordinate, streamline, and raise the quality of energy data collection. This is particularly important with regard to duplicative reporting requirements and the respondent burden. S. 1864 does contain a number of provisions in that regard. While Attachment V provides our detailed comments on S. 1864, let me highlight two of them.

1. Section 103(f) would transfer the responsibility for energy forms clearance from OMB and GAO to the new agency. We question the desirability of involving a third agency in forms clearance. To transfer energy forms clearance responsibility to an energy agency could establish a precedent for transferring forms clearance responsibilities for other functional areas to a lead agency.

GAO has consistently taken the position that forms clearance is an Executive Branch function. OMB has overall responsibility for effective management of the Executive Branch, and is the logical choice for the forms clearance function.

Two courses of action regarding energy forms clearance responsibility are possible. One alternative would be to continue the existing energy forms clearance arrangements and require that all Federal agency requests for energy data be coordinated through the National Energy Information Administration (or FEA) prior to submission to the clearing agencies for approval. The alternative which we would prefer would be to transfer energy and other forms clearance responsibility presently vested in GAO to OMB with the added requirement that requests for energy data be coordinated through the Administration or FEA. This would centralize forms clearance responsibility and at the same time assure coordination of Federal agency requests for energy data.

2. Section 301 requires that the Department of the Interior annually survey all energy resources and reserves on Federal lands. Many of the energy data recommendations made by us over the last 2 years summarized in Attachment II go directly to that point.

We would suggest, however, that Section 301 be revised to require a one time study of energy resources on Federal lands and annual updating of recoverable reserves. Since recoverable reserves essentially represent that portion of resources which are economically recoverable, an annual resource survey would not seem necessary.

In summary, Mr. Chairman, the establishment of a Department of Energy and Natural Resources with an independent energy data collection component offers, in our opinion, the best organizational solution to energy problems, including energy data problems. As an interim step to creating such a depart-

ment, we believe that FEA could be strengthened to make it the agency responsible for Federal energy data efforts. Any strengthening of FEA can and should consider many of the provisions now included in S. 1864 with the proposed amendment. In any event, whatever course of action is taken, it is essential that we get on with the job of improving the Federal Government's energy data capabilities.

Attachment I

OVERVIEW OF GAO'S FEBRUARY 6, 1974, STUDY ON ENERGY DATA

In April 1973, the Chairman, Senate Interior and Insular Affairs requested GAO to make a study of energy information needs, including recommendations for improving efforts in collecting, analyzing and reporting energy data. On February 6, 1974, the results of that work was presented in testimony and GAO's study entitled "Actions Needed to Improve Federal Efforts in Collecting, Analyzing, and Reporting Energy Data" (B-178205) issued.

GAO's study addressed the magnitude of the then Federal energy data effort, identified and discussed several problem areas which must be addressed if the Federal Government's capability for collecting and analyzing energy data was to be improved, discussed the executive and legislative activity underway at that time to improve energy data collection and analysis, and arrived at certain conclusions regarding the need for improvement in Federal energy data collection and analysis.

MAGNITUDE OF FEDERAL ENERGY DATA EFFORT

In the course of its February 1974 study, GAO contacted 17 Federal agencies comprising 45 bureaus, offices, divisions, and administrations which were collectors or users of energy data. The principal collection agencies at that time were the Bureau of Mines and the Geological Survey in the Department of the Interior, the Federal Power Commission, the Atomic Energy Commission and the Department of Commerce. GAO found that a great deal of data being collected was to meet the needs of specific programs or agencies rather than as part of a systematic assembling of data.

PROBLEM AREAS

GAO's February 1974 study identified the following seven problem areas which needed to be addressed in an effort to improve the Federal Government's capability for collecting and analyzing energy data: voluntary vs. mandatory reporting of data, credibility of data, confidentiality of data, timely reporting of data, data definitions, adequacy and completeness of data, and analysis of data.

Attachment III briefly discusses the applicability of each of these problem areas to the current energy data situation.

CONCLUSIONS

GAO's February 1974 study concluded that major improvements were essential in collection and analysis of energy data. For the long run, the study pointed out that there was a need to establish a fully integrated comprehensive energy data system building, where possible, on existing data collection systems and programs. The energy information system envisioned by the study was one in which supervision and responsibility was centralized rather than the collection function. That study suggested that responsibility for developing the system be placed in an organization within the executive branch which could establish itself as a professional, objective, independent gatherer of energy information. To establish the comprehensive data system envisioned the study concluded that legislation would be required to

Require reporting of needed energy-related information.

Provide for certification of the accuracy of reported data and establish sanctions for nonreporting or incorrect reporting.

Provide for access to records and other supporting documentation by those collecting data so that programs of data verification can be established.

Provide for standardization of terms and definitions to insure reporting on a consistent basis.

Assure that needed data is available to Government agencies.

Provide for prompt and complete public disclosure, limiting confidential data to the minimum.

Provide assurance of independent reviews of energy data collection by giving GAO access to all reported data and to the records and supporting documentation of those reporting data.

More specifically, with respect to organization, the study concluded that primary responsibility for energy data collection should preferably be located where it is independent of policy development, administrative and analytical functions.

In that regard, the study pointed out that the Federal Energy Administration could encounter problems in establishing itself as a credible focal point for Federal energy data collection since it (1) would not have the time or manpower to develop a program for improvement of energy data collection due to the energy emergency, (2) would be deeply enmeshed in energy policy analysis adding to credibility questions, and (3) would have a limited life. In contrast, the study pointed out that the other legislative proposal then active to establish a new Bureau of Energy Information in the Department of Commerce could provide an objective, independent location for energy data primarily because a separation would exist between the principal gatherer and principal analyzer of data for energy policy purposes.

Because of the long-term nature of energy problems, the study concluded that the best long-term organizational approach would be the establishment of a Department of Energy and Natural Resources having the scope and stability to deal with the complex and long-term issues related to energy. Within the Department, a separate organization could be given responsibility for energy data collection with statutory provisions to insure its objectivity and appropriate insulation from the policy and operations of the Department.

Pending any organizational changes, the study concluded that a single reference source or directory for energy data be established to alleviate confusion and aid in long-range development of a more comprehensive system and stressed and need for a full-scale study of energy data user needs.

Attachment II

OVERVIEW OF ACTIONS AFFECTING FEDERAL ENERGY DATA COLLECTION AND ANALYSIS SINCE FEBRUARY 1974

Since the issuance of its February 1974 study, the General Accounting Office (GAO) has been able to view the development of energy data collection and analysis from two perspectives. First we have been an interested observer of efforts to improve Federal energy data collection. Second, we have had specific responsibility for clearing the forms used by independent regulatory agencies—which includes the Federal Energy Administration—to request data from the private sector.

At the time of our February 1974 study, no Federal agency was collecting energy data per se. Rather, agencies were collecting the variety of data which they believed were needed to fulfill their individual legislative mandates. With the increased attention on energy problems, the last two years has seen a tremendous growth in the collection of energy data. In general, new data collection efforts have been piled on top of old efforts. Federal agencies have continued to design information requests narrowly to fit their individual needs and efforts for improved coordination have yet to show much success.

The key actions GAO has observed from its perspectives are summarized below.

KEY ENERGY DATA ACTIONS SINCE 1974

Eighteen energy-related bills have been enacted into law since the start of 1974. Five of those have specific mandates for energy data programs, ranging from a very specific requirement for the Department of the Interior to inventory U.S. geothermal resources to the very broad requirement for FEA to act as a Federal energy information clearinghouse. Three of the five laws—the Federal Energy Administration Act of 1974 (P.L. 93-275), the Energy Supply and Environmental Coordination Act of 1974 (P.L. 93-319), and the Energy Policy and Conservation Act (P.L. 94-163)—have had major impacts on Federal energy data.

The Federal Energy Administration Act established FEA as the focal point for Federal energy affairs and specifically required that FEA establish a central clearinghouse for energy information. FEA established the National Energy Information Center (NEIC) to serve as such a clearinghouse. Currently staffed with 15 people, the primary functions of NEIC include: Development of special programs for the exchange of energy information with other Federal agencies, States, cities, and counties, identification and cataloging of existing energy data sources, reporting systems and data, retaining, storing, and cataloging of all FEA technical publications and reports, provision for the dissemination of energy information by such means as bibliographies, directories, and the development and use of automated data bases.

Establishment of NEIC has been FEA's prime effort to act as a focal point for energy data collection. As such, NEIC has made efforts toward two of the first steps called for in our February 1974 study—an inventory of existing Federal energy data collection efforts and development of a directory of energy data.

The Energy Supply and Environmental Coordination Act's principal impact on Federal energy information was to define a national data base for energy supplies and require FEA to collect data required to satisfy the needs of such a data base. Although the specific authority to collect and report this data expired in June of 1975, the authority was renewed by the Energy Policy and Conservation Act.

The Energy Policy and Conservation Act, the first major piece of comprehensive energy legislation, addressed matters to increase domestic energy supply and improve energy efficiency. This Act vested responsibility in GAO to verify energy data submitted to Federal agencies. Implementation by GAO of this new authority could help insure the integrity and credibility of energy data.

In spite of these legislative efforts, there continues to be a great deal of Federal agency activity in collecting, maintaining and disseminating energy information. For example, the new annual publication "Energy Information in the Federal Government" published by the NEIC reported that as of July 1975 there were 261 separate Federal Energy-related programs being administered by 44 Federal agencies and bureaus; four agencies which accounted for over one third of all energy data-related programs; 98 separate computerized data bases or major files which the Federal Government operates containing some form of energy-related data.

Much of this activity is totally new or much expanded versions of previously existing but smaller efforts. The events during and since the Arab oil embargo dramatically underscored the need for better information to guide both public and private decisionmaking and policy formulation in the energy area. As a result, there has been increased Federal agency activity and interest in energy data and, of course, a corresponding multiplicity of energy information programs.

A great deal of recent energy data activity has originated in the Congress—either directly via legislative mandate or indirectly by urging agencies to expand their energy data bases. An example of congressional interest in a specific area is the issue of U.S. oil and gas reserves.

At the time of the Arab oil embargo, there arose a significant credibility issue concerning industry-supplied U.S. oil and gas reserve data. In response, four Federal agencies have undertaken reserve studies. This in-depth coverage has not resolved the credibility issue, even though the Federal reserve data published to date differ by not more than ten percent from industry figures. A problem arising from the various Federal reserve studies is the fact that the agencies conducting the studies developed their own data bases in a manner such that they are not compatible with one another.

For instance, FEA conducted its reserve study by analyzing data obtained from all known operators of natural gas wells in the U.S. FPC canvassed 60 large owners of natural gas reserves on a retroactive basis. In addition, FPC is obtaining information annually from approximately 6,000 owners of natural gas reserves. The Geological Survey in the Department of the Interior, is determining reserves only on Federal leases. FEA's data is at the field level; FPC's at the State level; FPC's at the reservoir level and Geological Survey's at the field level. Also the definitions of "reserves" used by the respective studies, though similar, were not the same. The result of these different approaches is the lack of common and comparable data.

Due to such factors as legal constraints, tight reporting timeframes—both congressionally and self-imposed—different agency mandates, and difficulties in exchanging data between agencies, each agency professed to be unable to incorporate into its own study information developed by the other agencies. Problems created by this type of situation, as well as the need to address traditional problems of duplication have led to some cooperative actions by agencies.

FEDERAL INTER-AGENCY COUNCIL ON ENERGY INFORMATION

In April 1975, at the suggestion of FEA, GAO and the Office of Management and Budget sponsored an Ad Hoc Committee on Energy Data, comprised of the major energy data agencies. Almost immediately, there resulted a major cooperative effort by FEA and the Bureau of Mines in the Department of the Interior to combine their monthly petroleum refining reporting systems, thereby saving both the Government and the respondents substantial burden. More importantly, it made the information environment more manageable and useful.

In August 1975, FEA's NEIC called for the creation of a more formal "Federal Inter-Agency Council on Energy Information." Built around the membership of the Ad Hoc Committee, such a Council was formed and a charter was adopted in December 1975. (GAO participates in Council activities as an observer.) The significance of the Council is that it goes beyond joint recognition of energy data problems to a commitment to engage in cooperative and corrective action. The Council has identified three tasks to receive immediate priority:

- Establish a standards program for energy terminology and classification;
- Establish a registry of energy data collected by the Federal Government; identify redundancy and duplication;
- Analyze Federal Government energy data requirements; identify gaps in energy data collection and additional requirements.

PERSPECTIVE OF ENERGY INFORMATION FROM GAO REVIEWS OF INFORMATION-GATHERING PRACTICES OF INDEPENDENT FEDERAL REGULATORY AGENCIES

Section 409 of the Trans-Alaskan Pipeline Act (P.L. 93-153) which amended the Federal Reports Act of 1942, assigned to GAO certain review functions relating to the information-gathering activities of independent Federal regulatory agencies. One of the GAO's functions is to conduct clearance review of the information-collection plans and forms proposed by the regulatory agencies. The other function relates to reviews of regulatory agencies' information collection activities.

Forms clearance

A significant amount of our forms clearance work has involved agency requests for energy information since FEA, FPC, and the Nuclear Regulatory Commission all fall under GAO's jurisdiction. Since the beginning of 1974, GAO has reviewed over 100 forms submitted by regulatory agencies requesting energy information from the private sector. Over 80 of these forms are of a recurring nature while the remainder are non-recurring. The recurring forms impose a total burden¹ of ten million hours and elicit 1,300,000 annual responses. Almost 9 million hours of this burden, or 90 percent, however, has been imposed by the approximately 30 new forms which were approved since January 1974. (The remaining 50 information requests were reviewed for revisions or extensions of existing forms.)

Although these 100 forms indicate a substantial amount of recent energy data collection activity, they do not include any energy data collection efforts initiated by such agencies as the Departments of the Interior, or Commerce, since GAO's regulatory reports review authority extends only to regulatory agencies (including FEA). Current statistics on OMB clearance of energy-related forms over the past two years are not readily available but, indications are such activity has been substantial.

FEA and FPC are responsible for most of the energy forms approved by GAO. FPC has promulgated only seven new recurring forms, but two of them,

¹ All burden estimates contained in this attachment represent the agency estimates of the reporting burden on respondents.

both pertaining to natural gas reserves, were very extensive efforts requiring a total of 1,000,000 hours of burden on the respondents. FEA has imposed more than seven million man-hours of work with 24 new forms. Among FEA's most burdensome forms are those connected with its market shares reporting system and the petroleum allocation program. The first of these, the market shares system, consists of three non-recurring forms and four recurring (monthly) forms. These forms are all new. The non-recurring forms imposed a one-time burden of nearly 400,000 hours; the monthly forms impose an annual burden of more than 1 million hours on the oil industry. The petroleum allocation program necessitated the promulgation of many forms. GAO has reviewed approximately 10 of these forms which impose more than 3 million hours of annual burden. All but one of these forms is new. In addition, under the Energy Policy and Conservation Act, FEA is required to collect energy data in order to discharge its new program responsibilities. Indications are that this data collection activity will be quite substantial.

We currently are preparing two reports on independent Federal regulatory agencies' information gathering practices. One report addresses GAO's role under the Federal Reports Act and the performance of the regulatory agencies in carrying out their information gathering activities. Though our observations in this report concern information gathering in general, they are also applicable to energy data activities. The second report specifically addresses FEA's information-gathering practices. Both reports point out the need for improving Federal information-gathering activities, as discussed below.

Information-Gathering Practices

Based on our experience in conducting clearance reviews over the past two years, we have observed problems in the following two areas.

Burden determination.—Good management practices dictate that, when an agency develops an information-gathering proposal, the cost and other burden to the respondents of providing the information should be weighed against the expected benefits. We have found this is not done in most cases. Most agencies believe their need for the information overrides, *a priori*, the respondents' burden of providing that information. Further, agencies often put little thought into computing respondent burden and are, in any case, inclined to underestimate it.

Identification and reduction of duplication.—The identification and reduction of duplicate reporting of information within the Federal Government plays a key role in clearing the information-gathering proposals of the regulatory agencies. This is a very difficult task, particularly in the energy area. Many agencies are collecting energy data, but they, too often, are doing a poor job in coordinating their efforts. It is apparent that agencies are reluctant to seek out and use existing sources of collected data or to design data collections that would be useful to other agencies.

A contributing factor to this problem is that agencies, to facilitate the collection of information, often give pledges to hold the information confidential. Thus, information is not effectively exchanged. As a result, the same respondents are repeatedly asked to provide similar—but not quite the same—data to various Government agencies. While the respondents usually view this as unnecessary duplication, they are equally unwilling to have the data shared among agencies. The sponsoring agencies insist that, although the data being requested is similar to information already being provided, the similar data is either not available because of confidentiality restrictions or it is not precisely duplicative of information already available.

Review of Information-Gathering Practices of the Federal Energy Administration

This is the first of a number of reviews GAO is initiating evaluating the effectiveness of the management processes used by the agencies in developing their information-gathering requirements.

Burden determination.—We found that very little attention is given to developing reliable estimates and comparing such estimates with the anticipated benefits. Rather, FEA's prevalent attitude is that the need for the data outweighs any burden that may be incurred by a respondent in complying with the requirement. FEA plans to obtain actual compliance costs from respondents following submission of their reports which will be used during the devel-

opment of future reporting requirements so as to improve its burden estimates.

Identification and reduction of duplication.—FEA reporting clearance procedures require that the initiating office determine whether existing forms or other data sources can supply the required information. Included in this effort is the requirement that the proposed data-collection activity be compared with information possessed by FEA's National Energy Information Center. We noted, however, that FEA fluctuates in its application of those techniques.

Attachment III

DISCUSSION OF ENERGY DATA PROBLEM AREAS IDENTIFIED IN GAO'S FEBRUARY 1974 ENERGY DATA STUDY

GAO's February 1974 study identified seven problem areas which must be addressed if the Federal Government's capability for collecting and analyzing energy data was to be improved. Following is a brief discussion of the applicability of these problem areas to the current energy data situation.

VOLUNTARY VS. MANDATORY REPORTING OF DATA

The February 1974 study pointed out that most of the data collected by the Federal Government, with few exceptions, was being furnished voluntarily by private industry. The study pointed out that voluntary reporting of data does not provide the Federal Government with assurance that needed data will be available since under a voluntary system the Federal Government is dependent on the undefined cooperation of industry.

The Bureau of Mines in the Department of the Interior, continues to be the largest collector of energy data on a voluntary basis, collecting comprehensive information on the Nation's petroleum, natural gas, and coal industries. In recent months, however, the Bureau of Mines voluntary monthly petroleum refiner reporting system and FEA's mandatory petroleum system have been merged into one system. The Bureau of Mines while continuing to collect and report the same types of data it always has, is now collecting its petroleum data on a mandatory basis, using FEA's mandatory collection authority. FEA in turn has ceased its own monthly petroleum reporting system and is relying on the Bureau of Mines for its petroleum data needs.

Virtually all of the major new energy data collection efforts undertaken by Federal agencies since our earlier study were undertaken pursuant to legislative provisions requiring respondents to furnish the desired information. FEA, in particular, has extensive authority to obtain energy information on a mandatory reporting basis. Thus, from all appearances, mandatory reporting is not much of a problem at this time.

CREDIBILITY OF DATA

The February 1974 study identified credibility as perhaps the most important problem with energy data. As long as much of the reporting of data was on a voluntary basis and unverified, credibility continued to be an issue even though the data may be entirely valid. Greater provision for independent data verification was considered essential. A sound system of data verification should be supported by the requirement that, where possible, data furnished be certified as to its accuracy and provision made for appropriate sanctions if the reported data is proven inaccurate.

A major credibility issue noted in the earlier report concerned the reliance by the Federal Government on annual oil and gas reserve estimates compiled by the American Petroleum Institute (API) and the American Gas Association (AGA). Since that time, FEA, pursuant to law, conducted an independent appraisal of U.S. oil and gas reserves as of December 31, 1974, and arrived at reserve estimates substantially in agreement with the estimates developed by API and AGA. While FEA's study has lent credibility to the annual reserve figures compiled by API and AGA, the subsequent employment by API of a key FEA official involved with the reserve study shortly after the study's completion, has caused questions to be raised regarding the study's credibility.

GAO's earlier study pointed out in particular that a credibility problem exists with respect to data collected by the Federal Government on federally-

owned lands. The Government relied on leaseholders for information on energy reserves on Federal lands. The Department of the Interior has now stated its intention for fiscal year 1977 to develop an inventory of oil and gas reserves on Federal lands on the Outer Continental Shelf (OCS). In addition, Interior plans to develop a comprehensive oil and gas data bank containing both purchased and internally generated information including data on OCS oil and gas deposits.

The credibility and adequacy of energy information with respect to federally-owned lands, however, continues to be a problem. In reports issued subsequent to our earlier study, GAO has addressed this problem and made recommendations regarding the need for better information on energy resources on Federal lands prior to leasing decisions for Outer Continental Shelf oil and gas and coal. The reports and our recommendations are briefly summarized in Attachment IV.

Often times the credibility issue is exacerbated by several Federal agencies conducting energy studies of a similar nature. FEA, FPC, Geological Survey, and ETC have all conducted natural gas reserves studies, but each agency's data base is incompatible with the data collected by the others. While benefits can be derived from attacking problems from different perspectives, the existence of four "official" Government studies reporting different information without any data bridges between them adds to the proliferation of existing uncoordinated energy data and creates credibility problems for Federal energy data efforts.

The key to resolving questions of credibility continues to lie with the ability to independently verify the reported data. The recently enacted Energy Policy and Conservation Act provides GAO with authority to verify energy information submitted to Federal agencies. While FEA has authority to verify information it collects, its performance in this area has been erratic. GAO has issued several reports¹ on FEA's compliance and enforcement activities regarding petroleum pricing regulation pointing out significant problems in FEA's activities at all four levels of oil industry operations (producers, refiners, wholesalers and retailers).

In summary, credibility of energy data continues to be a problem, particularly in the important resources and reserves area.

CONFIDENTIALITY OF DATA

The February 1974 study pointed out that individual company data is held confidential, and that with limited exceptions, only aggregate data is reported by the Federal Government. Confidentiality of data is a major concern of industry. The central issue to be resolved with regard to confidentiality is the degree to which reported information can and should be made available to other Federal agencies having a need for the data and to the public. The study pointed out that indications were that the terms confidential and proprietary, at least as they relate to needed energy information, have been overused and that confidential data should be restricted to the absolute minimum.

Federal agencies seeking certain energy information from other Federal agencies which have collected the same data continue to be denied access by the collecting agency on the grounds of confidentiality. For example, indications are that FEA intends to independently canvas industry for energy consumption data, as part of its new responsibility under the Energy Policy and Conservation Act, because it has been denied access to the same data from the Bureau of the Census on the basis of confidentiality. Information FEA currently requires from private companies is generally obtained under a limited pledge of confidentiality rather than Census' absolute pledge. This means that

¹ Report to the Chairman, Subcommittee on Reorganization, Research and International Organizations, Senate Government Operations Committee on Problems in the Federal Energy Administration's Compliance and Enforcement Effort (B-178205, December 6, 1974).

Report to the Chairman, Senate Government Operations Committee on Staffing of FEA's Compliance and Enforcement Program (OSP-75-12, March 31, 1975).

Report to the Administrator, Federal Energy Administration on Survey of FEA's Enforcement to Audit Fuel Oil Suppliers of Major Utility Companies (OSP-76-2, July 15, 1975).

Report to the Chairman, Senate Government Operations Committee on Federal Energy Administration Efforts to Audit Domestic Crude Oil Producers (OSP-76-4, October 2, 1975).

FEA will release confidential company data, but only under very few circumstances. Census is prohibited by law (13 U.S.C. Sec. 9) from releasing information to other Federal agencies. With increasing concern over the proliferation of Government requests for energy information, a legislative change may be warranted which would allow Census to release data to another Federal agency when that agency would otherwise have to collect the information from industry under a mandatory reporting requirement.

GAO continues to believe that the terms confidential and proprietary, as related to energy information, have been overused and that steps should be taken to restrict confidential data to the absolute minimum. Our general view is that the burden of proof should be on those who argue that energy-related information is proprietary and should be withheld from the public. This view was expressed in testimony before joint hearings conducted by the Senate Interior and Commerce Committees on April 9, 1975, concerning Outer Continental Shelf (OCS) resource development in which we suggested some general rules which we believe were appropriate in any legislation dealing with the release of data collected in the process of exploring or leasing the OCS. These included making a distinction between raw and interpreted data and stating those instances when each types of data should be made available to the public.

TIMELY REPORTING OF DATA

The February 1974 study pointed out that the Federal Government lacked the apparatus for timely reporting of energy data. With few exceptions, energy data published by Federal agencies had time lags between the period of publication and the period for which the data is reported ranging from a month to a year. The study pointed out while there is a need for the data to be timely there is tradeoff which must be considered between timely data and verification.

Data needed for decisions which must be made on the basis of the most recent information available would be difficult to verify prior to timely submission, however, it would not preclude verification on an after-the-fact basis. The question to ask regarding timeliness is how much does the decision being made depend upon energy information that completely reflects the current energy situation.

Monthly petroleum product allocation decisions made during the Arab oil embargo obviously were dependent on very timely information. Part of FEA's response then was to institute a weekly petroleum reporting system. During 1975, however, FEA discontinued its weekly reporting system in favor of its ongoing monthly system. FEA determined that a weekly petroleum reporting system was not needed in the absence of an emergency situation such as an oil embargo. FEA can reinstitute its weekly system should conditions change.

Our earlier study stated that energy data was published by Federal agencies with time lags between the collection and reporting dates ranging from a month to a year. Conditions remain pretty much the same today. The absence of a current emergency tends to reduce plans for obtaining more timely information.

Tradeoffs will continue to be demanded between timeliness, accuracy, and completeness. Generally, timeliness can be improved upon only by some sacrifice of accuracy and completeness. Decisions regarding tradeoffs should be made only after a thorough analysis of the specific needs of the agencies using the data. Analyses should be made continually as agency needs will change. The arbitrary establishing of collection and reporting timeframes without an analysis of user needs serves only to increase the burden on both industry and Government without any understanding of corresponding benefits.

DATA DEFINITIONS

The February 1974 study pointed out that standardization of energy terms and adherence to established definitions are essential for uniformity in the collecting, analyzing, reporting, and interpreting energy statistics.

It remains an important function for Federal agencies collecting and reporting energy information to clearly define the terms and figures being reported. Such disclosures will minimize confusion and possible distortion by readers of the reports and those who use the information in further analysis.

The Federal Inter-Agency Council on Energy Information, as discussed on page 2, of Attachment II, recognizes the importance of data definitions and plans to establish a standards program for energy terminology and classification. This could be a very important program if successful, as agencies have tended to define terms used according to their often narrowly perceived needs for the data, without considering definitions used by other agencies. Federal interagency councils have not always been successful, however, in getting a number of agencies, each with different interests, to act in concert.

ADEQUACY AND COMPLETENESS

The February 1974 study identified certain areas where needed information was not available and called for a full-scale user needs study to be conducted as soon as possible to determine more precisely the national data needs for short-term and long-term energy planning and decisionmaking.

Efforts both by the Congress and Federal agencies to improve on the adequacy and completeness of energy information can best be described as ad hoc.

Congress, in a number of instances has mandated that FEA collect oil and gas reserves information and petroleum market shares information. Several agencies have instituted major information gathering programs using their general legislative authority, among them FPC's and FTC's collections of natural gas reserve data. Also, FEA is collecting extensive data on petroleum industry operations in conjunction with its petroleum allocation and price control authority.

The fact that "more" energy information is currently being collected does not necessarily mean that we have a "better" understanding of the U.S. energy picture. Agency data collection efforts are usually very narrowly focused to satisfy perceived agency mandates or needs, without attempting to utilize or build on data collection efforts of other agencies. Thus we have FEA, FTC, Geological Survey and FPC each developing separate and uncoordinated data bases on natural gas reserves.

Improved coordination between agencies on energy information matters is desperately needed. There needs to be a focal point for analyzing all Federal energy information from the standpoint of identifying gaps and eliminating duplication and evaluating whether an agency's need for specific information justifies the cost, both to the Government and the respondent, of obtaining it.

ANALYSIS OF DATA

The February 1974 study pointed out that the myriad of programs and activities comprising the Federal energy effort evolved over the years without benefit of a formal national policy, and therefore without centralized direction or control. The most crucial need is for analyses of energy data from the perspective of identified energy problems, other than from the vastly different perspective of individual agencies and programs.

FEA has emerged as the Federal agency most heavily involved in the continuing analysis of energy information. FEA has access to over 40 energy policy assessment and forecasting models which were either developed or acquired by FEA. FPC is involved in the continuing analysis of natural gas issues as part of its regulatory responsibility. Because energy is a topical issue, other agencies traditionally not energy-oriented have conducted energy studies. FTC is currently collecting and analyzing ownership information on natural gas reserves in its study of competition in the natural gas industry.

FEA and FPC have encountered credibility problems in some of their studies since these agencies have also taken positions on the issues being analyzed. Critics have accused the agencies of bias in their analyses and of manipulating the data presented to fit the agencies' preconceived positions.

It is extremely important that agencies involved in both analyzing data and advocating specific policies make a distinction as to where the factual presentation and analysis ends and the interpretation of those facts begins. Such a distinction enables the person examining the agency's position to clearly identify the assumptions and interpretations made in arriving at the position. Thus, it should be possible to argue about specific assumptions made without having to challenge the veracity of the underlying factual data presented. Entire reports are often subjected to criticism, factual data included, because of objections over the manner in which conclusions are drawn. It is important

for agencies, such as FPC, that both collects natural gas data and takes positions such as advocating natural gas deregulation, to distinguish between these two roles so as not to subject its data collection function to unwarranted criticism.

Attachment IV

LISTING OF PRINCIPAL ENERGY DATA-RELATED RECOMMENDATIONS IN GAO
REPORTS ISSUED SINCE FEBRUARY 1974

Report to the Congress on "Outer Continental Shelf Oil and Gas Development—Improvements Needed in Determining Where to Lease and at What Dollar Value" (RED-75-359, June 30, 1975).

This report concerns improvements needed in determining where to lease Outer Continental Shelf oil and gas and at what dollar value. The report points out that the effectiveness of Shelf tract selection and valuation has been seriously hindered by inadequate data and analysis. GAO recommended that the Secretary of the Interior:

Direct a geological exploration program which would provide for the development and implementation of a systematic plan for appraising Shelf oil and gas resources, including selective stratigraphic test drilling in Shelf areas, before leasing and which would insure implementation of planned exploration through federally financed activities. Data produced through federally financed activities should be made available to the public as soon as practicable.

Direct a geophysical exploration program which would provide for the development and implementation of a systematic plan for appraising Shelf oil and gas resources and insure implementation of planned exploration through federally financed activities. Data produced through wholly financed activities should be made available to the public as soon as practicable.

Issue prelease geological exploration permits under which exploratory work could be done and financed by industrial groups with Government approval. All geotechnical data, including interpreted data, should be available to the Government. The raw and processed data should be made available to the public at large at a time certain when determined by the Secretary of the Interior that it would not be detrimental to the competitive position of the permittees. A clear distinction should be made among raw, processed, and interpreted data, to avoid disputes at some later date as to which specific data should be made available for public inspection.

Issue prelease geophysical exploration permits under which exploratory work could be done and financed by industrial groups with Government approval. All geotechnical data, including interpreted data, should be available to the Government. The raw and processed data should be made available to the public at large at a time certain when determined by the Secretary of the Interior that it would not be detrimental to the competitive position of the permittees.

Issue Paper to the Congress on "The Liquid Metal Fast Breeder Reactor; Promises and Uncertainties" (OSP-76-1, July 31, 1975)

This was the sixth GAO study issued since December 1974 concerning the Federal program to develop Liquid Metal Fast Breeder Reactor (LMFBR) for use in electrical power generating plants. This study addresses the LMFBR's economic, environmental and social implications.

Several recommendations were made to resolve existing uncertainties in the program, including the need to obtain adequate information on domestic uranium resources at current and anticipated prices. With regard to uranium resource data, GAO recommended that:

ERDA expedite the work and final report of its National Uranium Resource Evaluation Program currently scheduled for completion in 1980.

The Congress explore with ERDA, the Geological Survey, and the Federal Energy Administration the feasibility of establishing a program to thoroughly appraise the U.S. uranium resource based by having the Federal Government conduct or sponsor extensive exploratory drilling, including such program and funding authorizations as may be needed.

Report to Congressman Pierre S. duPont on "Need for the Federal Power Commission to Evaluate the Effectiveness of the Natural Gas Curtailment Policy" (RED-76-18, September 19, 1975).

This report deals with the need for the Federal Power Commission to obtain information necessary to evaluate the effectiveness of its natural gas curtailment policy. GAO recommended that:

The FPC Chairman report to the Congress on the results of the FPC-FEA coordinated effort to obtain the natural gas curtailment data needed to evaluate the effectiveness of FPC's curtailment policy. The report should comment on the adequacy of the data and on additional actions needed to obtain the data.

If the desired results are not obtained or if FPC finds the mechanism too cumbersome, the FPC Chairman seek legislative revisions to the Natural Gas Act to expand FPC's authority to obtain information on (1) natural gas sales by intrastate pipeline and distributing companies and (2) the end use of the gas by ultimate consumers who purchase the gas from interstate and intrastate pipeline and distributing companies.

Draft Report to the Congress on "Impact of Federal Coal Resources on Meeting National Coal Production Goals Uncertain"

This report addressed actions needed to be taken by the Secretary of the Interior to provide a sound basis for policy decision and insure effective implementation of a coal leasing program.

On February 16, 1976, GAO testified before the Subcommittee on Minerals, Materials, and Fuels, Senate Interior and Insular Affairs Committee on the draft report's tentative findings and recommendations. Several recommendations have been made to the Secretary of the Interior including that he:

Require lessees and permittees holding preference rights to furnish information on (1) reserve holdings, (2) production plans, (3) reasons and justifications for nonproduction, and the need, if any, for additional Federal coal reserves.

Develop a systematic coal drilling program which would provide data for appraising coal resources and insure planned and coordinated drilling through federally financed activities. Data produced through wholly financed Government activities should be made available to the public.

Have the Director, Geological Survey acquire from lessees, and other appropriate sources, the economic and cost data it needs to value coal areas.

Issue special use permits for coal exploration under which exploratory work could be done and financed by the private sector with Government approval. Prior to start of drilling, permittees should be required to allow other interested parties to share in the drilling costs and results. All geotechnical data including interpreted data, should be available to the Government.

Attachment V

SPECIFIC COMMENTS ON S. 1864—ENERGY INFORMATION ACT—WITH
FEBRUARY 26, 1975, PROPOSED AMENDMENT

S. 1864, as amended, would establish a National Energy Information System and authorize the Department of the Interior to undertake a survey of U.S. energy resources on public lands, including Federal mineral rights on private lands and submerged lands of the Outer Continental Shelf. The principal purposes of the bill are to create a new independent Federal agency to collect, analyze, and disseminate energy information, coordinate and consolidate existing Federal energy data efforts, establish standards for disseminating energy information and authorize a Federal program to systematically assess U.S. energy resources.

We continue to believe that the best long-term organizational approach to the solution of energy problems including energy data collection problems would be the establishment of a Department of Energy and Natural Resources. We believe a separate bureau for energy data collection could be insulated within such a department, perhaps by enacting explicit statutory provisions insuring independence and objectivity.

Short of the establishment of a Department of Energy and Natural Resources, other organizational alternatives for improving Federal energy data collection activities.

Building on the capability already existing FEA by expanding that agency's energy data role and assuring the independence and objectivity of its data collection activities.

Creating a separate agency for energy information either in the form envisioned by S. 1864, or within the Executive Branch.

FEA already has a legislative mandate to act as a focal point for energy data collection, although that mandate did not give FEA any authority to influence the energy data collection efforts of other agencies. FEA now is a principal Federal collector of energy data and has been instrumental in efforts to date to improve the coordination of energy data collection. With the new responsibilities given FEA under the Energy Policy and Conservation Act, it is likely that FEA's life will be extended indefinitely.

Questions still could be raised regarding FEA's ability to establish itself as a credible source of objective energy data in view of its responsibility for energy policy analysis and development. FEA's problem, however, is similar to the problem which would have to be faced if a Department of Energy and Natural Resources were created. Establishing a separate organizational unit for energy data collection within FEA and insulating it from energy policy analysis and development would be somewhat more difficult than in a Department of Energy and Natural Resources, but it should be possible. As with that department, Congress could enact explicit statutory provisions to insure the necessary independence of the data unit. Moreover, the new responsibility vested in GAO by the Energy Policy and Conservation Act, to verify energy data submitted to Federal agencies could help insure the integrity and credibility of energy data.

Whether an independent agency is created or FEA's responsibility increased, the legislative action should provide the agency with adequate authority to coordinate, streamline, and raise the quality of energy data collection. This is particularly important with regard to duplicative reporting requirements and the respondent burden. S. 1864 does contain a number of provisions in that regard.

Our specific comments on S. 1864 follow :

1. Section 101(c) which applies to retirement and survivorship benefits of the Administrator should be changed to indicate that survivorship benefits are provided for in 31 U.S.C. 43b rather than 31 U.S.C. 43. Accordingly, the phrase "31 U.S.C. 43b relating to" should be inserted before the word "survivorship" and the words "these sections" substituted for the words "this section".

2. Section 101(d) (9) refers to any functions which the Administrator of the Federal Energy Administration may exercise under paragraph 5(a) (9) of the Federal Administration Act (P.L. 93-275). The specific functions of the Administrator of the Federal Energy Administration with regard to energy data collection and analysis appear in section 5(b) (9) of the Act.

3. Section 103(e) exempts the President from transferring energy information collection activities of other Federal agencies to the Administrator of the National Energy Information Administration where such activities are essential to law enforcement or otherwise essential to special investigations by the Departments of Treasury, and Justice and the Federal Trade Commission or compliance and enforcement investigations of other independent regulatory agencies. To preclude any misinterpretation, we believe that "special investigations" and "compliance and enforcement investigations" should be defined in the bill. It would appear that the key to such definitions should relate to data collection from a limited number of respondents and not be a broad data collection effort. Compliance and enforcement investigations especially need to be defined, since FEA—which is considered an independent regulatory agency under the Federal Reports Act—collects extensive information in carrying out compliance and enforcement activities regarding petroleum pricing regulation.

4. Section 103(f) would transfer present energy forms clearance responsibility of the Office of Management and Budget (OMB) and the General Accounting Office (GAO) to the Administrator. Presently, OMB is responsible for review and approval of all Federal agency requests for information with the exception of review and approval of requests for information by independent regulatory agencies (including the Federal Energy Administration) which, under 44 U.S.C. 3512, is vested in GAO. While this section would result in centralizing the review and approval of Federal agency requests for energy information, overall, it would result in having three Federal agencies responsible for review and approval of agency requests for information.

GAO has consistently taken the position that forms clearance is an Executive Branch function. We concluded that OMB in view of its overall responsi-

bility for effective management of the Executive Branch, represents the logical choice for the forms clearance function.

Two courses of action regarding energy forms clearance responsibility are possible. One alternative would be to continue the existing energy forms clearance arrangements and require that all Federal agency requests for energy data be coordinated through the National Energy Information Administration (or FEA) prior to submission to the clearing agencies for approval. The alternative which we would prefer would be to transfer energy and other forms clearance responsibility presently vested in GAO to OMB with the added requirement that requests for energy data be coordinated through the Administration or FEA prior to approval by OMB. In addition, the requesting agency should be charged with the responsibility for adequately resolving any questions raised by the Administration or FEA. This would centralize forms clearance responsibility and at the same time assure coordination of Federal agency requests for energy data.

5. Section 202(a) (3) sets forth the conditions under which the Congress can request and disclose any energy information in the possession of the Administration. Section 202(c) states, however, that energy information to which public access is restricted shall be available to committees of Congress upon request by the Chairman. It would appear that Section 202(c) should be amended to refer to the procedure outlined in Section 202(a) (3) as follows: The phrase "upon request by the chairman" be deleted and the phrase "in accord with the procedure described in paragraph (a) (3) of this section" substituted.

6. Section 204(b) (2) (A) states that the Administrator shall not have access to energy information in the possession of any Federal agency which disclosure to another Federal agency is expressly prohibited by law. Section 204(c) states that in such a case, the Administrator shall obtain the information directly from the original source and notify the source the reason for the separate request. With current concern over the proliferation of Government requests for information, some legislative change appears warranted which would allow Federal agencies authority to release data to other agencies. We believe that such change should extend, however, the same disclosure requirements to the receiving agency as exists with respect to the collecting agency.

7. Section 301 requires that the Department of the Interior annually survey all energy resources on public lands. Energy reserve estimates rather than resource estimates have traditionally been made annually by industry and other groups, while the more complex and costly resource studies have been undertaken primarily by Federal agencies on a less regular basis. We believe that there is merit to conducting a one-time energy resource study, but energy reserves rather than resources be annually surveyed. We have reported on several occasions since our earlier study on having the Federal Government conduct continuing assessments of energy reserves on public lands. These reports along with the related recommendations are contained in Attachment IV.

As a final comment we believe there needs to be some consideration given to the timeframes imposed in the bill for mandated activities. In view of the administrative and technical complexities of simultaneously building a major Federal organization and implementing numerous, varied and far-reaching programs, the requirements and constraints appear to be too stringent. We believe that some greater allowance in time frames specified need to be made for staff-building, complexity of the mandated activities, and for the interaction of a variety of dependent efforts.

The Federal Energy Administration's first year under very similar conditions provides first-hand expert testimony to the validity of this concern. The following two examples illustrate the potential time reporting problems.

Section 103(c) (3) requires the Administrator to submit a plan to the Congress and the President within 9 months of enactment for consolidating Federal energy information activities. Section 103(c) (2) requires each Federal agency collecting energy information to report to the Administrator within 6 months of enactment on their energy information activities. If these agencies take the full 6 months to report then the Administrator is left with only 3 months to prepare a consolidation plan. We believe that this is not adequate time to prepare a quality plan especially when the staff to prepare such a plan must be hired and assimilated at the same time.

Sections 203(b) and 203(c) require the Administrator to promulgate a reporting scheme for major energy producing and consuming companies and

after consultation with the Securities and Exchange Commission to develop accounting practices to be used in such reporting. Since the report required under these sections is to be ready for use in the first full calendar year after enactment, the effort to design and implement would have to commence immediately. Such an effort, however, would be critically dependent on at least a firm feel for the consolidation plan prepared under Section 103(c)(3) and on the list of categories of energy information required to be provided by Federal agencies to the Administrator under Section 204(b)(1). The consolidation plan and information categories however will not be available for 6 to 9 months.

Mr. HUGHES. Section 4 of the bill amends section 5 of the Federal Reports Act to require that before agencies subject to the act can conduct or sponsor information collections they must submit their plans and forms to the Director of the Office of Management and Budget, and he must give his approval.

Section 4 also requires that when approvals are granted, they be granted for periods no longer than 1 year. Section 4 further requires that certain information must be printed on the reporting form indicating (a) that clearance had been obtained (b) the expiration date, and (c) the fact that a report need not be filed if it was received after the expiration date.

In addition, each agency would be required to report every calendar year to OMB, the Senate and the House of Representatives listing all active forms, all forms approved during the past year and all forms withdrawn during the past year.

While we believe there is merit in requiring periodic approval of forms, we do not believe approvals should be limited uniformly to 1 year. Under present laws, we limit our approvals to 3 years for repetitive collections.

The Office of Management and Budget limits its approvals to 5 years. That is not to say, Mr. Chairman, that we in all cases approve forms for 3 years. Sometimes we do it for 1 year, but we have that degree of flexibility.

Some flexibility is desirable in report approval, and a uniform limitation of 1 year seems to us unwarrantedly restrictive. Accordingly, we recommend that approvals be required no less frequently than every 3 years. This should fulfill the intent of the amendment—a periodic appraisal of reporting requirements.

The requirement that forms contain the approval information, expiration date, and the statement on filing forms with past expiration dates is appropriate and useful. We now require independent regulatory agencies to print clearance information and expiration dates on all forms except application forms.

OMB follows the same general practice, particularly with respect to single time forms. Application forms are exempt from having the expiration dates printed on them because we have found these forms seldom change and usually receive a wide distribution to enable potential applicants to easily obtain the forms.

We also endorse the requirement that agencies file annual reports with OMB, and both Houses of Congress. We believe that these reports will increase agency and congressional awareness of the reporting and record keeping burdens being placed on private business and individuals by the Federal Government.

Section 5 of the bill requires the director of OMB, in consultation with the Comptroller General, to undertake a study of the feasibility

ity of requiring a single standard form for the collection of information by all Federal agencies. A report of the results of the study are to be sent to the Congress not later than 1 year after the date of enactment.

If our understanding of the objective of this section is correct—simplification and standardization of the forms themselves—we believe the present provision is impractical and should be modified to provide for exploration of greater standardization of forms, definitions of terms, and classifications used in reporting.

Senator NUNN. The idea is, as we said, to study the possibility of one form. We might end up with 600 instead of 6,000.

Mr. HUGHES. It is possible.

Senator NUNN. Your interpretation is correct. It is an overall effort to see if we can't come up with fewer forms and more standardized information.

Mr. HUGHES. I should emphasize we think a great deal can be done with respect to standardization of identifying information, of arrangements of identifying information so that people can approach forms with more assurance and more understanding.

There also is a vast amount of work to be done, should be done with respect to definition of terms and standardization of classification.

Some of the more controversial work that we have done was with respect to the so-called line of business questionnaire of the Federal Trade Commission. There was a great deal of publicity about it.

In my judgment, two areas where the controversy over this form could have been reduced substantially, and where the value of the form could have been substantially increased was by working on certain basic definitions, what constitutes a line of business, for example, for the purposes of the Federal Trade Commission.

Also, the manner of allocating joint costs that don't drop neatly into one of the lines of business is another area where it seems to us some standard concepts and, if you will, arbitrary rules, which everybody would understand would have been very helpful.

Now I would like to comment more specifically on our clearance responsibilities under the Federal Reports Act. On November 16, 1973, the Congress assigned to GAO certain functions relating to the information gathering activities of independent Federal regulatory agencies.

Specifically, GAO is required to conduct advance clearance reviews of new information collection plans and forms proposed by regulatory agencies prior to their use. In essence, the 1973 change to the Federal Reports Act gave the independent Federal regulatory agencies more leeway than other Federal agencies to collect the information they need. Obviously, this was done at the risk of increasing the paperwork burden on the public.

We will soon be issuing a report to the Congress on our experience under the Federal Reports Act with the information gathering practices of some of the regulatory agencies. While we have had some success in reducing the regulatory agencies' paperwork requirements below what they otherwise would have been, we believe the law should be clarified and the procedures it supports strengthened.

In brief, we have observed:

Poor performance by some of the regulatory agencies in developing and executing their information gathering efforts;

Poor coordination and cooperation between the agencies and their respondents;

Ambiguities in GAO's clearance responsibility and authority, and Inadequate attention in legislation to the paperwork burden imposed by the Federal Government.

Our report will recommend that the regulatory agencies assume more responsibility for reducing burdensome and duplicative reporting requirements.

We are also recommending that the Congress change GAO's responsibilities under the Federal Reports Act.

We continue to believe that the clearance of regulatory reports involves GAO in the day-to-day performance of executive branch activities in a manner inconsistent with GAO's responsibilities for overseeing and monitoring executive branch activities.

In our judgment, the entire clearance function should rest with one executive agency, preferably OMB. We also recommend that the Congress clarify and strengthen the role of whatever agency is responsible for clearance of regulatory reports to enable it to function more effectively.

Our report will also discuss options open to the Congress with respect to the clearance of the regulatory agencies' information requests. They range from tighter controls, which GAO endorses, to the extreme of exempting the regulatory agencies from the Federal Reports Act.

The option to be selected, of course, depends on the balance desired between paperwork control and regulatory agency independence. We urge that, whatever the option selected, the law be clear as to the respective options of the regulatory and clearance agencies.

This concludes my presentation. I will be glad to answer any questions you may have to the best of my ability.

Senator NUNN. Thank you, Mr. Hughes. Although the bill does not specifically assign new responsibilities to GAO, how much do you think your work load will be increased if the committees are called on to do annual reviews?

In other words, do you feel that the committees will call on GAO for assistance?

Mr. HUGHES. I think our expectation would be that we would have additional workload from that source. The amount of it of course is somewhere speculative. We regard that kind of workload as most appropriate for us. It is the kind of work we have done, believe we do well, generally speaking and should continue to do.

As my testimony has indicated, we think the legislative branch in general, including ourselves, ought to pay more attention to paperwork requirements.

Senator NUNN. So even though it might increase your workload some, you do favor that annual review?

Mr. HUGHES. Yes.

Senator NUNN. Do you think the committees are capable of doing this with existing staffs? I know that is a broad question. Do you

think they may have to assign one person to handle this responsibility?

Mr. HUGHES. That involves the standard question of priorities, Mr. Chairman. They obviously aren't going to do it with the present staff unless they reassign staff, juggle their priorities, so to speak, so as to have present staff attending to this new responsibility.

That is a possibility. The more likely answer is some expansion of staff and perhaps some reassignment of priorities.

Senator NUNN. Let me ask one question for Senator Metcalf here. This is a question he left addressed to you, Mr. Hughes. I quote him:

I have often alleged that there is somebody over in the legislative counsel's office who always includes in draft legislation boiler plate language to establish another advisory committee. I am beginning to think there is somebody down at GAO with boiler plate language and erroneous language about the nature of the independent regulatory commissions.

When Senator Nunn and I held our joint hearings last fall, your Mr. Lowe indicated that those commissions are part of the executive branch and now you are saying in the third paragraph of page 6 that—

this is Senator Metcalf quoting your statement—

the clearance of regulatory reports involve GAO in the day-to-day performance of the executive branch activities, do we have to take the time to go through why these regulatory agencies are not part of the executive branch or would you want to amend your statement?

Mr. HUGHES. I don't believe those are the only two choices, Mr. Chairman. Senator Metcalf, Mr. Reinemer, and I have discussed this area before. I would call attention to the fact that my statement refers to involving GAO in the day-to-day performance of executive branch activities and does not attempt to allocate the regulatory agencies, per se.

My perception of the Government is that reports collection and control is basically an executive function. The location of the regulatory agencies is a matter of considerable debate and discussion and I don't think I can settle that here.

As a matter of fact, I am somewhat leery of commenting on that in the light of some of the recent Supreme Court actions, particularly with respect to the Federal Elections Commission. The point that I was trying to make in my testimony is that report collection is an administrative act, an executive act, if you will, that the GAO responsibility to the Congress is an oversight and monitoring responsibility.

If we are put into the business of doing, it becomes difficult for us to monitor our own actions. It seems to us wise to separate those two functions.

With respect to the law itself—the Alaska pipeline bill rider—it seems to us that there are several aspects of the thing; first, if we are to be monitors, and agents of the Congress, in overseeing executive branch reports clearance and control, it is better for us not to be in the business of reports clearance and control.

Second, it seems to us that two agencies in that business is one too many. The regulatory agencies collect much the same kind of information that the nonregulatory agencies collect. The Department of Interior, for example, in the energy area.

The reports control agencies—ourselves, and OMB—therefore have a coordination job of our own to do because executive agencies collecting data similar to the regulatory agencies data go to OMB for their clearance and there is a task of coordinating the coordinators which seems to us undesirable.

Finally, with respect to our functions, we regard the law as somewhat weak. At least, if the purpose is control, it is weak. Also, we think it is unclear with respect to the division of labor and responsibility as between ourselves and the regulatory agencies.

That lack of clarity stems from the fact that while we have a review and limited control responsibility with respect to unnecessary duplication and burden, the law states that the final decision with respect to the need for the information rests with the regulatory agency.

The reconciliation of need and burden is a very difficult question. As a consequence, we have been engaged in litigation on the point where need and burden meet and whether we are adequately fulfilling our responsibilities or perhaps overdoing our responsibilities for review and control.

Senator NUNN. Thank you.

Senator Percy?

Senator PERCY. Mr. Hughes, just a few unrelated comments. Since I have talked with you or Mr. Staats, I have seen a report on the Radio Free Europe and Radio Free Liberty study that has been made by GAO.

Certainly that is consistent with my own thinking. We can save millions of dollars by moving the location of that operation. I want you to know I will certainly follow up on that right away.

I also happen to agree with you on page 5 when you say that under the Federal Reports Act, the clearance of regulatory reports by GAO does get you into the day-by-day operations of the executive branch.

I think we have to be extraordinarily careful in the Congress or any arm of the Congress that we do not assume and take unto ourselves the work of the executive branch of Government. That is certainly duplicative.

Would it be out line, however, and away from your central responsibilities if occasionally you had oversight over OMB as to how they were performing their own control in this area, whether they were fulfilling the function that they were directed to fulfill in this regard?

Mr. HUGHES. No. We think that is entirely appropriate, Senator Percy. We attempted to deal with that sort of situation and problem in the report that we submitted with regard to the Department of Labor functions and review and control of those functions by OMB.

Senator PERCY. You make a very good point about duplicative information as collected by various agencies such as energy data. I do hope that we will focus particularly on this area of duplicative effort. I just requested the Congressional Research Office to undertake a study on the whole approach that we make to the energy problem—the scores of agencies in the executive branch of Government involved in energy now. There has to be a tremendous amount

of duplication there just as the study we are making in the Committee on Committees will show how we have duplication in our own Congressional Oversight and Congressional Legislative Committees in the field of energy. We have a great many committees in both Houses and the Senate working in this particular area.

We must be duplicating, spinning our wheels and giving a lack of focus on the problem when we do that.

Mr. HUGHES. I can assure you, Senator, that situation does exist in the regulatory reports area. During the period of our responsibility, we have experienced a net increase of about 50 reports in the regulatory area over this time, most of those being energy related reports.

Senator PERCY. My only question, finally, is the importance that you would place upon a committee impact statement. Since the committee would not be able to take into account all the amendments that might be adopted on the floor, the conference has not yet been held and the regulations have not yet been issued even once a law has been put into effect, would the Committee be able to give a clear picture of the paperwork impact?

Mr. HUGHES. The short answer to your question, I think Senator, is no, for yet additional reasons. But that is not to say that some effort should not be made to appraise the requirements. I think the thing that concerns us is that that effort should not be misdirected and should not attempt to be too precise.

We have found, for example, again referring to the line of business questionnaire, that even after the form is designed and the regulations developed, and so on, the requesting agency, in this case the Federal Trade Commission, and the respondents are several orders of magnitude apart in terms of their own appraisal of the burden.

The important thing it seems to me is not to try to nail down to the last man-hour the reporting requirements and the burden imposed, but rather to get increased attention both in the Congress and in the regulatory agencies to the fact that there are tremendous burdens growing out of reporting.

Senator PERCY. Thank you very much indeed, for your help today.

Senator NUNN. Just one observation on that last question. I have some reservations about the overall impact statement at this time as I said to Senator McIntyre. I am sure this has been as well thought out as it needs to be.

But my reservation doesn't relate to the lack of the ability to forecast what the amendments may be or what the conference report may be. If you use that line of reasoning, the committee couldn't come out with a report on even the substance of the legislation, because nobody knows what is going to happen to it later. I do agree that although we may want to wait on this impact statement requirement, because of the Paperwork Commission, the main beneficial result would be to require that the committee go through this kind of mental exercise.

If the committee itself cannot anticipate what forms and what kind of requirements may be necessary under the law, it may lead to the argument about whether the law needs to be passed.

I think many, many times committees could not begin to tell us what the results of the legislation is going to be. That is one of the

faults that we have. If they are required to at least go through the mental exercise of trying to anticipate what it is they are about to require of the American public, I think it would slow down the process and result in more carefully thought out legislation.

I do agree, though, that it would be impossible to impose on them, for instance, the drawing up of the form. This legislation does not anticipate that. It does anticipate that they would be able to say there would be a likelihood of having six or seven different forms requiring various information.

That would be a general analysis rather than a detailed analysis. I don't think they could do a detailed analysis. I do believe that they could be expected to and at some point are going to have to be required to do a general analysis.

Senator NUNN. Our next witness is Mr. Fernando Oaxaca, Associate Director for Management and Budget, Office of Management and Budget.

I believe you have some other people with you this morning, too. You may bring them up.

Mr. OAXACA. This is Mr. Roye Lowry, the Office of Management and Budget Clearance Officer.

Senator NUNN. We have met you before. We are delighted to have you both here.

**TESTIMONY OF FERNANDO OAXACA, ASSOCIATE DIRECTOR FOR
MANAGEMENT AND BUDGET, OMB, ACCOMPANIED BY ROYE
LOWRY, OMB CLEARANCE OFFICER**

Mr. OAXACA. As a matter of fact, this team sat here in front of you before.

Thank you very much, Mr. Chairman, for the opportunity to offer some ideas this morning. I wanted to also communicate our gratitude from Mr. Lynn. As you know, he is deep in the middle of the spring reviews. He would have come himself, but just couldn't get away. We appreciate your patience and forbearance in accepting my testimony.

Perhaps I should not read our statement. It is a relatively short one. I thought maybe to save time I might just go over some of the key points that we made and see if that is adequate and then offer myself for any questions you might have.

Senator NUNN. That will be fine. Your statement will appear at the conclusion of your testimony.

Mr. OAXACA. I think in general what we tried to communicate in the statement is that we can applaud the general notion and the general purpose of the bill. However, one of the things that we had some question about was how deeply we should comment on those aspects of section 2 that really have to do with the way the Congress would do business in this area of great concern.

But nevertheless, we at least chose to give you some ideas and some notions, about what we saw as potential problems. As you know we do generate some legislative ideas in the executive branch. Thus section 2 would impinge on us, in that sense, at the time that we might propose legislation coming from the executive branch.

So it did stimulate us to think about the problem. I think the matter of the impact statement is perhaps the key thing here. We had a question as to just what this impact statement would mean once the bill might pass the Congress and be signed, what kind of an obligation that might leave on the implementing agencies in terms of what the statement included. Would it preclude additional information gathering because it was not envisioned in the record on the bill?

Would it tend to inhibit either agency management or others who would be involved in implementing the program. Would the agencies say, "This is what came out of the legislative review and, therefore, we are sort of constrained to not go any further in terms of data collection." That was one of the concerns that we had with respect to the effect on the executive branch. Also, I think Mr. Hughes and you were obviously discussing the question of how much detail is really feasible at that point in the legislative process.

In listening to your discussion with Mr. Hughes about it, obviously you seem to think that we are not talking about getting down to the very nuts and bolts level, but that there could be some kind of generalized identification of the major aspects of the burden—

Senator NUNN. That is right.

Mr. OAXACA [continuing]. At that time the burden particulars would not be available in detail just by the fact that the bill is still going through the process.

I think those were our major concerns with respect to the impact statement portion of the bill.

With regard to the effect on the Office of Management and Budget, examining the annual renewal concept and looking at a change in terminology from the present Federal Reports Act, the Federal Reports Act uses the phrase "does not disapprove" as opposed to the proposed word "approve" in clearing public reports, I don't know whether this was just the way the language of the proposed bill came out or whether there was some thinking on the part of the writers of the bill that they wanted to change the role in any way of OMB in using the phrase "does not disapprove."

As we say in our statement, to "approve" data collection to us implies more intensive involvement in what specifics are involved in making a decision to collect data in a certain way.

In our normal process when we review packages from an agency or from whomever is going to collect information, we recognize that there are any number of ways that an agency might choose to solve its management problem or its evaluation problem, whatever the reason there might be for collecting data and, rather than trying to tell the agency how to do it, what we focus on is to insure that there is no duplication in this particular request versus already ongoing collection activities, to insure that there is going to be useful data collected, that the form is efficient in the sense of not having undue burden implied in it, a large number of considerations rather than telling the agency precisely how to collect information.

Maybe mistakenly, we read changing to "approved" in the language of the bill as implying that maybe you chose to suggest a

slightly different role for OMB. That was the purpose of our comments.

Senator NUNN. I think that you are correct. I think the intention is to get OMB much more involved. I think your testimony points out very clearly the need. If there is that much difference between what you view the word approve to mean and the present law, that reinforces my opinion that OMB does need to get more involved. I don't think you have to tell the Interior Department how to go about collecting their data, but I do think you have to approve the form in the sense that if there is somebody already collecting the same kind of information, you would have some affirmative responsibilities to point this out and to reject these forms.

Of course, the GAO report issued about OMB's present review capabilities pointed out very clearly that GAO was a long way from being satisfied with your precision. I have to say frankly I am an awful lot—well, I am far from satisfied with the way it is operating now. Perhaps this word does need to be approved, if it is going to get OMB more intimately involved with giving supervision throughout the Executive Branch of Government which is what I felt your role was. If you are not doing it, nobody is going to do it.

Mr. OAXACA. I hope I haven't misled you, Senator. This is not a disavowal of our supervisory and implementation responsibilities under the act. It relates to OMB making management decisions for the agency in terms of how they might implement a particular data collection plan from all the other options that they might have. That is the primary concern.

Senator NUNN. If one of their options is going to place a bigger burden on the American public than another option they might come up with, I think you have some duty to tell them that.

Mr. OAXACA. We do that in great detail. You may wish to examine our dockets. We continually have new forms submitted. After review, the records of our review will be an inch thick. Our review also includes the proposed sampling plans.

Senator NUNN. When you get through, you don't think you have approved that form?

Mr. OAXACA. Under the law, we "do not disapprove."

Senator NUNN. You hand it to them. You say I have not disapproved this.

Mr. OAXACA. That is right.

Senator PERCY. Mr. Chairman, if I could just reinforce your view, I recall the legislation to authorize the Office of Management and Budget. Sitting in Hugh Scott's office with George Shultz, we talked about whether it should be called the Bureau of the Budget. I took the very strong position, reinforced by my colleagues at the time, that we wanted that word "management" in there.

We didn't want just budget review. We wanted every agency and every department in the executive branch of Government to know that they were going to be held accountable to a group of professionals that would be able to help them with their management problem. Mismanagement of the executive branch was one of the main concerns we had.

We wanted OMB to have power. We wanted you really to be looked upon as those s.o.b.'s downtown through whom agencies must

clear and get approval on a lot of things. They can have internal arguments. They can go up through the ranks and go right to the President and get you reversed. They have got that power. But we felt the President ought to have a very, very strong arm. I am just saying that in general terms to reinforce the expectations of Congress and I don't want you to ever underestimate the power you had as intended by Congress. I want that for the record.

I am not applying it just in this particular case, but as a general principle to reinforce what Senator Nunn has said.

Mr. OAXACA. Senator Percy, I might note that I am sure you are familiar with the paperwork reduction program that the President has kicked off in the last few months. As a matter of fact, we brought some copies of the most current issue of the Statistical Reporter. Because of the data in this issue, I am sure our reputation among the agencies as a less than pleasant organization has been greatly enhanced in the last couple of months.

I thought I would leave some copies of this publication for the record. We include in this issue of the Statistical Reporter a box score of how every agency in the Government that we have surveillance over is doing. We are now tracking them monthly as to the number of forms that are in existence, the number that has been reduced month by month. This Presidential program for which I am the lead in the executive branch has already begun to show some results.

We have reduced the reports inventory, just through the end of March, by 150 forms. We don't have the final computer printout for the month of April, but we are sure there is going to be another reduction from that, from the grand total. We started out with about 5,160 forms. We have set an initial target for the first of July of a 10 percent reduction.

That is only an initial part of the total program to reduce the Federal reporting burden, governmentwide.

Believe me, sir, this is a major effort. We have explicit in the President's letter, instructions to each cabinet officer and agency head that they are personally responsible for reducing burden and the number of forms. We have met—I personally have briefed something like 400 people in the executive branch from undersecretary level on down on what we are trying to do with this program.

All the particulars are in this issue of the Statistical Reporter. We take this charge very seriously. We are trying to do something that has not been done before.

In addition to that, of course, we are working very closely with the Commission on Federal Paperwork, with the GAO, and with Mr. Horton and his staff. I think we have a concerted effort to attack this problem. I didn't mean to imply otherwise by bringing up this almost semantic issue. I was merely trying to get clarification on the intent of changing the language in this bill from that now in the Federal Reports Act.

Senator NUNN. I think the intent is that we want OMB to get a lot more involved. I think that is exactly what the President of the United States has told you, too. I think there is a real reluctance on the part of OMB to give this the kind of attention it deserves. You

have testified before me at least two or three times and until the President issued his order to cut 10 percent, I could detect no real movement at all.

In fact, on every proposal made by a congressional committee, OMB spends most of the time just building a case against it. I am not saying there isn't a case against a good bit of this. All of us are searching for the best way. But if your testimony six or eight months ago when you appeared before this committee is basically correct, there is no way you can cut 10 percent of the forms by July 1 which you now say you are going to do. What caused the great change? I am delighted it happened.

Why does OMB have to have a direct order from the President on national television to do its job?

Mr. OAXACA. I think it has helped to focus the efforts in the agencies themselves.

Senator NUNN. You mean you don't have the power to do that without the President?

Mr. OAXACA. No, sir. I am not saying that at all. I am saying that that helps to sensitize cabinet officers and agency heads to these specific concerns as an overall executive branch problem. It has been of help to us. I think that the last time that I was here, we were already participating with the Commission on Federal Paperwork. I think I told you of some plans we had going at that time.

I think at that time I was asked either by you or Senator Metacalf if we had any really revolutionary ideas on how to work this problem which we all know is of many, many years duration. I said at that time that we didn't have any cataclysmic ideas but that we were going to try to come up with some things.

Senator NUNN. You are saying now you do think you will be able to meet the 10 percent cutback by July 1, 1976?

Mr. OAXACA. That is our intent, sir.

Senator NUNN. You said there are how many forms all together?

Mr. OAXACA. From what we've got roughly at this point, it would involve a total reduction of 516 forms.

Senator NUNN. Assuming there are no add-ons.

Mr. OAXACA. We are allowing for the add-ons, Senator. That is why the job is so tough.

Senator NUNN. You are talking about a net reduction of 516?

Mr. OAXACA. Yes, down to 4,000 and some odd. It is 516 subtracted from 5,163. I forget the exact number. We have made significant progress. We are about 35 to 40 percent of the way through.

Senator NUNN. What is your next step after that 10 percent reduction? What do you think is possible after that?

Mr. OAXACA. Let me describe some of the other things we have done. We are not going to change our basic guidelines which are included in the Statistical Reporter and which I would like to appear in the record.

For instance, any agency that brings us a new form for clearance has to present to us a form that they are giving up, that they are going to offer as a sacrificial lamb, if you will. Any agency that comes in with an old form for renewal; again, will have to bring us one that they are eliminating from their inventory. We don't intend

to relax those guidelines until we get a personal certification from the secretary or the agency head that they now are at their lowest minimum number of forms.

To justify not going below this minimum, they would have to really hurt their programs, or perhaps be prevented from meeting a requirement of the law. A large percentage of these forms are required by the law of the program itself. Not all of these forms are just arbitrary requirements of the agency. They are part of the legislation on a particular program.

So eventually, you will hit an irreducible minimum unless you change laws. We are at the same time conducting hearings, quite a few more hearings than we have ever had before, where we are bringing in the agency people who require the data and the respondents to the particular forms and trying to reduce the burden that way by making forms simpler, to eliminate information that is nice to know, but is not essential to the operation of the program. We are getting into this sort of thing more and more, trying to bring the questioner and the respondent together to negotiate what is the minimum requirement so that you can still have good program management and evaluation with minimum burden.

Senator NUNN. Would you consider it also part of your duty to point out changes in the law that could be made without any kind of permanent damage to a program.

Mr. OAXACA. Absolutely, sir. We are doing quite a bit of that. But frankly, for that we are using more of the mechanism of the Commission on Federal Paperwork. We are feeding them ideas where they can be reviewed by their staff and where there are congressional members on the Commission and where some of these initiatives can be looked upon by both branches, by both the executive and the legislative.

Senator NUNN. When did the President give his order about a 10 percent reduction?

Mr. OAXACA. I guess formally, the actual order that went out to the agencies, that letter, went out on the first of March, but we began to count as of October of last year when he first went strongly public with his desire.

Senator NUNN. You are counting everything from October on as reduction?

Mr. OAXACA. Yes, sir.

Senator NUNN. Is that being cleared with the President?

Mr. OAXACA. Yes, sir. He signed the letter.

Senator NUNN. Have you added any additional personnel since then in OMB?

Mr. OAXACA. Yes, sir. We added roughly the equivalent of about 2½ people to the process.

Senator NUNN. When did you do that?

Mr. OAXACA. The last couple of months, I guess. We also added more horsepower to the job in a more subtle sense by greater use of budget review people and the rest of OMB by involving them a lot more in the review of forms because we want to be sure that we have the input from the program side of the OMB as well.

Senator PERCY. Mr. Oaxaca, have you been able to determine who is the enemy in this case? What proportion of all the paperwork is

mandated by legislative requirements and what proportion, roughly speaking, is self-initiated by the executive branch?

Mr. LOWRY. We have, if I may answer that, Senator Percy, tried to categorize reports as those that are legislatively mandated or necessary to implement specific requirements of law as opposed to those that only authorized for purposes of carrying out a program. It is very difficult in many cases to make this distinction but our rough estimates are that legislatively required reports account for about 50 to 60 percent of the number of reports in the OMB inventory and about 60 to 70 percent of the man hour burden.

Senator PERCY. Required by law?

Mr. LOWRY. Yes, reports required or stipulated by law or necessary to administer specific provisions of law such as benefits eligibility criteria.

Senator PERCY. Some 60-70 percent?

Mr. LOWRY. Yes, 60-70 percent in burden terms, and 50-60 percent of the number of reports; I don't know what the burden would be in terms of the number of forms in the inventory.

Mr. OAXACA. Part of the problem, for instance, is that there are some programs where the law says there shall be an evaluation. It doesn't get into whether you use one form or 20 forms to perform a program evaluation, but the law requires that an evaluative activity take place. The agency in implementing that part of the law begins an evaluative research program which generates forms, data collection and associated burden.

I don't know whether you can categorize that specifically as "forms required by law." This is why we get a little mushy, frankly, in the answer.

Senator PERCY. I have been concerned about the new approach by Congress on the foreign aid bill in that Congress might be usurping the responsibilities of the executive branch and really getting into the executive branch business. Yet, we have an oversight function that we must perform.

What do you feel is the appropriate division of labor between Congress and OMB in monitoring the paperwork burden?

Mr. OAXACA. I think you hit on a very key word, which is oversight. I think that you look upon us as having an oversight responsibility in our own way, in management terms. I think we view the committees and subcommittees in the Congress as having a comparable responsibility and certainly the power, the ability to review programs.

I don't know whether I can split it up in percentages, but I think, for instance, if each oversight committee, at least once a year when they bring their agency people in front of them, were to shake them down on how the programs are doing, on the quality of their programs, if they ask questions about what they are doing to control forms, to control paperwork, and on another subject we testified on here not too long ago in front of you, on advisory committees; if the people in Congress who are watching the agencies and the particular programmatic activities would just ask these questions automatically and make sure that the agency people understood that there is a concern from both ends of Pennsylvania Avenue about all these kinds

of things, I think we would see a more effective control of these matters as opposed to relying on legislation or a numbers game.

I think it is a matter of sensitizing people, both in the Congress and in the executive branch, that these are management matters of great importance that create unnecessary costs and certainly a lot of anxiety and concern about the quality of Government on the part of the American people and on the part of the taxpayer.

Senator PERCY. Are you satisfied that a review of forms every 5 years would be adequate? Mr. Hughes has indicated every 3 years. Five years is a pretty long period of time.

Mr. OAXACA. I think, frankly, it is dangerous to set one particular period for all forms. We review a lot of forms annually. We review a lot of forms when they come up for renewal on a greater frequency than 3 years or 5 years. On the other hand, there are certain kinds of forms, like customs declaration forms, certain application forms where you really have a long-term applicability.

The data on those forms has been really scrubbed down and is just the very bare essentials to allow someone to perform a certain function. Those can probably tolerate a much longer review period. I just don't think that you can have a simple general rule that really makes sense. I think there are a lot of things that ought to be looked at more often.

We have a lot of forms that we call one-time forms. They are noted in this scorekeeping here where someone has a specific evaluation or a one-shot review of a program and for those, we often only give them clearance for less than a year. It is a one-time thing and we don't want that to creep back into the system unless the agency has a very overwhelming need.

Senator PERCY. Finally, you stated at the end of your testimony, which is a strong statement, that the legislation has a potential for increasing the reporting burden and that it has a substantial potential for increasing citizen discontent with the efficiency and responsiveness of their Government as it would appear to foster an increase in internal paper within the Federal Government as well as lead to a larger Government bureaucracy.

That is a pretty strong statement. Do you want to expand on it a little bit more?

Mr. OAXACA. I think you can understand that we were commenting in terms of the language of the bill as is proposed now. Certainly, it would require, if we buy this notion of a greater responsibility implicit in OMB, an increase in the size of the OMB.

Senator NUNN. Let me point out something right there. Your bureaucracy in terms of paperwork review, according to the GAO a year ago, consisted of having one guy sit down there and review forms. If he didn't happen to remember what it was he reviewed, last week or last month, that was the end of the paperwork review. Your bureaucracy, with the millions of people we have working with the Government, consisted of approximately one person trying to carry out a legislative mandate.

When you come here and say we are going to increase your bureaucracy by requiring you to affirmatively approve something instead of disapprove it, which is at best a matter of semantics, I

find this an incredible statement. I don't agree with everything in the bill myself, but I really find your posture on this bill to be not only disillusioning, but incredible.

I think OMB is, by all imagination, doing a poor job. Maybe it is improving and I hope so, but to come here and say it is going to increase your bureaucracy when you have one fellow down there with no real aid of computers, no real memory bank, really nothing to do the job, and that was as recent as a year ago, to me, I find it preposterous.

Certainly, you have to increase the number of people working on it, if you are going to bring relief to the businessman. There is no way you can have one guy supervise the Federal agencies.

Mr. OAXACA. That just isn't the way it works. We do have a computerized system.

Senator NUNN. What about the GAO report? They are the ones that said so.

Mr. LOWRY. I believe we responded to the GAO report. The GAO report made 14 recommendations. Of those 14 recommendations, four were already accepted policy in OMB. There were three that were accepted in principle; we felt the objectives could be achieved by a somewhat different means than was proposed. Six of the recommendations were not accepted. One of them was not responded to in the absence of any background discussion whatever. This GAO report to which so much reference is made is a very disturbing document.

Senator NUNN. It certainly is.

Mr. LOWRY. It is a disturbing document not in what it reveals, but in what it does not reveal in terms of real, solid work. When the GAO takes a single occurrence from 18 years ago and tries to build out of that a damaging kind of presentation of OMB's current review function, I hardly think that that is worth as much credibility as it seems to get.

When GAO takes a number of other cases from years back and pays no attention to what has happened in the time since those occasions, I take it that that is really not a great job. When GAO takes things and refers to duplication and makes a big issue out of duplication, comes up with a definition that even GAO itself will not use and does not use, I take it that that is not a very good report.

I really think this report needs to be investigated and I think that OMB's response need to be investigated. If someone still believes that GAO report is an accurate presentation and description of how the OMB works, I will be very surprised.

Senator NUNN. I think that is a good point. I think we ought to get GAO to look at it again, but it just seems to me, when you spend half your statement trying to distinguish between the word "approved" and the words "not disapproved." I think that tells us an awful lot about what is going on down in the bureaucracy of OMB.

You have got a defense mechanism built in. You know people all around the country are screaming about these forms. You know Congress is upset about it. You know the President of the United States is upset about it. Yet, you spend half of your statement trying to distinguish between the word "approved" and "disapproved."

I really find OMB's—not necessarily what you are doing, we will have to be updated on that—but I find your attitude toward this overall problem to be far from satisfactory. I will be frank with you, I don't find your criticisms to be constructive in the least. I find them to be only negative. I think the negative point of view is certainly proper.

Anything that is wrong with this legislation will need to be pointed out, but I find very little positive coming out of the Office of Management and Budget about the paperwork burden. Perhaps if there is something that develops, as it develops under the President's order, you can point that out.

I would like to say, though, I was here in 1974 when President Ford got on television and issued an order that we have economic impact statements accompanying new proposed rules and regulations. About 7 months later, I had OMB and some other agencies here and there hadn't been one single economic impact statement issued. So I conclude that even the President of the United States cannot force compliance throughout the bureaucracy.

I wonder what the Office of Management and Budget's function is if it is not to really take some affirmative and imaginative approaches to these problems which all of us know exist. So far, I haven't seen it.

Mr. OAXACA. Mr. Nunn, I guess there are a couple of things I would like to again reiterate. The reason we brought up this matter of "approve", "does not disapprove," was for clarification as to what was intended in the language of the bill.

As to what is going on in OMB, our files are open, our offices are open, anyone from your staff who would like to come over and see what is really happening today, let them come over with the GAO report and let them look at what we are doing.

Let us take some time, not here in this hearing, but in detail with your staff so they can see what is happening, what effort we have going under the President's Reports Reduction program, our cooperative activity with GAO and the rest of the members of the Commission on Federal Paperwork. I think such review might give you perhaps a somewhat different view of what we are trying to do.

We have much more than one guy; we have several people. We have occasional participation by people in other parts of OMB. We have a very powerful reporting reduction program going on involving hundreds of people in the agencies. This is a story that we would like to reveal and to tell. It is available. We really have a strong, concerted and ongoing effort.

The results are yet to be seen, but I can just assure you, Mr. Nunn, that we are really up to something right now that we think is going to have a real payoff; maybe not in the next 30 days, but certainly there is going to be something positive. There already has been an impact. There is going to be more. We are not going to rely only on the set of guidelines that are attached to the President's letter on how we are trying to implement this overall burden reduction program.

Senator PERCY. I think that concluding statement is a desirable one. We certainly are not implying that you are not doing anything.

My final question would be should we be doing more to relieve this terrible burden as a means of alleviating the feeling we are getting from the country, that people are being snowed under with paperwork and that government bureaucracy is getting too complex, bigger and bigger? This is one of the feelings people have, the anti-Washington feeling. Is this something we really ought to be doing something about and does OMB have a real responsibility in this regard to work with us?

Mr. OAXACA. I guess, Senator Percy, you ask: "Should we be doing more?" I think perhaps that is a very appropriate question to ask maybe in the next 6 months or a year. We have 90-some odd people in the Commission on Federal Paperwork, attacking area by area, agency by agency. We have our own program going on where we involve hundreds of people in the agencies. They are all hard at work. There isn't a more concerned group of people on the subject than these I just alluded to.

I think that if after a number of months go by and we don't see some results, then, sure—maybe we ought to look at some other approaches, some stronger efforts. But all I can tell you is that right now, with all sincerity, we have a very extensive effort going on. I personally cannot think of anything else we could be doing right now.

Senator PERCY. Does your area of management and operations cover regulatory reform? Do you have responsibility for that under the President?

Mr. OAXACA. Mr. Lynn has chosen to put that effort under the Associate Director for Economics and General Government. His people are working very closely with the Domestic Council and Mr. Schulte, former Undersecretary of the Treasury is the head of that effort for the President. We get involved in an ancillary fashion. But the regulatory reform effort itself is in that shop in OMB.

Senator PERCY. If you could tell Mr. Lynn when you go back we are sorry not to have seen him today, but fully understand his involvement. The action-forcing mechanism on regulatory reform that Senator Byrd of West Virginia and I worked out in the so-called Percy-Byrd bill, I know is being very actively reviewed by the administration.

I met with him several times on it. That is really what we would like to see in the paperwork problem. We just built in this mechanism in the bill as we did in the budget reform bill. We know Congress won't move unless forced to. So in budget reform we built in a forcing mechanism. We are taking that whole technique now and putting it in the regulatory reform. We hope in a 5-year period to cover all agencies. Let us accept your invitation and invite you back in 6 months and just see how much has been done.

We hope you will be part of that action, that forcing mechanism on the paperwork end, together with the Paperwork Commission. We will certainly look forward to having you back to see if we can't make some real progress on this activity.

Mr. OAXACA. I might note that on April 8, the President called in the heads of the regulatory agencies which, as you know, are treated differently under the Federal Reports Act than the agencies we are

responsible for, and proceeded to give them very strong encouragement on the paperwork issue because, as you know, those two things are so intertwined. Regulations lead to paper. The response seemed to be very good from the Federal Trade Commission, SEC, all the various regulatory agencies. So the President is working both sides of that paperwork problem.

Senator NUNN. One other question on this economic impact statement. What has happened on that?

Mr. OAXACA. I personally am not involved with that aspect of the OMB activity. But I can tell you from what I observe at staff meetings and what goes on during the budget review process, that it is very carefully and strongly policed and driven by Mr. Lynn personally in every piece of legislation that is reviewed by OMB, in driving the agencies to produce those impact statements at the appropriate time and although from what I understand, there were some rocky periods at the beginning of that effort, it is now pretty much of an accepted standard process.

Senator NUNN. Does it apply to the new rules and regulations that are being issued by the executive branch?

Mr. OAXACA. Not really. If you are talking about every time the new regulations, as CETA changes regulations, is there an economic impact statement on that? To the best of my knowledge, that is not the case.

Senator NUNN. I thought the President's statement did include that. Was he speaking strictly of new legislation?

Mr. OAXACA. If it is from the regulatory agencies and there is something, for instance, in the energy field that generates regulations that have economic impact, that is indeed the case, yes. That does take place. If it has to do with regulations for program management or program implementation, it may or may not, depending on whether there is an impact.

Senator NUNN. Thank you very much for your testimony.

[The prepared statement of Mr. Oaxaca follows:]

PREPARED STATEMENT OF FERNANDO OAXACA, ASSOCIATE DIRECTOR FOR
MANAGEMENT AND OPERATIONS, OFFICE OF MANAGEMENT AND BUDGET

Mr. Chairman: I am here today to respond to your invitation to the Director of the Office of Management and Budget to testify on S. 3076, cited as "The Paperwork Review and Limitation Act of 1976." I am appearing on behalf of the Director who has been committed extensively to our spring budget review during this period.

Section 2 of the bill revises the Legislative Reorganization Act to require that a paperwork impact statement accompany each bill or joint resolution reported out by a House or Senate committee. The paperwork impact statement is to be made in substantial detail. While the objective is worthy, I am rather doubtful that it would be possible to report reliably the details required by the proposed amendment. If such a provision were to be adopted, I believe that it would be very important that the Congressional intent as to the quality, purpose and degree of utilization by committees of the reported data be spelled out. Otherwise, the provision could operate to inhibit administrative flexibility and initiative in implementing legislation passed by Congress.

Section 2 would also amend the Legislative Reorganization Act to require each committee of the House or Senate to conduct a thorough review of reporting requirements of agencies within its legislative jurisdiction, "including the number and character of reporting forms issued and withdrawn by departments and agencies during the year" and to report to its respective house by

February 15. Since the information from which the committees are to be working is to be furnished "not later than the end of the year," each committee will have not longer than six weeks to conduct its thorough review. Some committees may be able to do so; others may not because the work load will not be evenly distributed. In either event, it is going to be a very tough task to accomplish.

Section 4 amends the Federal Reports Act in a number of important respects.

It significantly changes the character of the Federal Reports Act and the role of the Director by requiring the Director to approve proposed data collection and forms and plans used in the collection rather than requiring him not to disapprove the collection. There is a world of difference in these two formulations.

OMB does not interpret the present provision of law to mean that every detail of every report for which clearance is requested must be conceived, prepared, presented and carried out exactly as OMB itself would do it if it were collecting the information itself. We interpret our present responsibilities as to review proposed data collections in the light of the Act's purposes and the duties of the Director as set forth in 44 U.S.C. 3503.

The proposed language change gives the Director a new responsibility. It states that he must approve the data collection. He becomes responsible for the data collection and the agency, in a sense, becomes his agent in performing the collection. To perform this task would require OMB to add significantly to staff; it would be an unhealthy centralization of administrative authority divorced from program responsibility; and could promote confusion, conflicts of purpose and management ambiguity.

Section 4 significantly changes the Federal Reports Act by requiring that no report be cleared for a period of greater than one year and by providing that no agency may require the submission of any report on which the Director's approval has expired. Present practice is to judge each case on its merits with no data collection being permitted for a period of more than five years. The provisions would double the review work load of the OMB; it would encourage recalcitrant respondents to hold off filing reports until after approval has expired; it could halt completely important public activities for lack of a needed form.

Section 5 calls upon the Director of the Office of Management and Budget to join with the Comptroller General "to study the feasibility of requiring a single standard form for the collection of all Federal agencies." This Committee, through its long familiarity with reporting problems is aware of the many and complex needs for information by the Federal Government. On the face of it, there would seem to be little purpose in putting such varying matters as the information needed to apply for a radio or TV station, an EPA pollution monitoring report, an agricultural crop or livestock survey, and an individual's application for a social security card on the same form.

If I were to make a paperwork impact statement on this proposed legislation, I would say that there are interesting notions in it which attack part of the root causes of the reporting burden on the public, i.e., the legislative process but, on the other hand, it has a strong potential for increasing reporting burden; that it has a substantial potential for increasing citizen discontent with the efficiency and responsiveness of their government; and it would appear to foster increased internal paperwork within the government as well as lead to larger government bureaucracy.

[Whereupon, at 12:05 p.m., the subcommittee recessed, to reconvene subject to the call of the Chair.]

APPENDIX

94TH CONGRESS
2^D SESSION**S. 3076**

IN THE SENATE OF THE UNITED STATES

MARCH 4, 1976

Mr. NUNN (for himself, Mr. ROTH, Mr. MCINTYRE, Mr. HUDDLESTON, Mr. CHILES, Mr. FANNIN, Mr. TAFT, Mr. HRUSKA, and Mr. BROCK) introduced the following bill; which was read twice and referred to the Committee on Government Operations

A BILL

To improve congressional oversight of the reporting and paperwork requirements of Federal departments and agencies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as "The Paperwork Review and
4 Limitation Act of 1976".

5 SEC. 2. Part 5 of the Legislative Reorganization Act
6 of 1970 is amended by adding at the end thereof the follow-
7 ing new sections:

8 "PAPERWORK IMPACT STATEMENTS

9 "SEC. 254. (a) The report accompanying each bill or
10 joint resolution of a public character reported by any com-

1 mittee of the Senate or the House of Representatives (other
2 than the Committee on Appropriations of either House) shall
3 contain a 'Paperwork Impact Statement' which shall esti-
4 mate or assess—

5 “(1) the amount and character of the information
6 that will be required of private individuals and businesses
7 in order to carry out the provisions of the bill or joint
8 resolution,

9 “(2) whether such information already is being
10 gathered by and is available from other departments or
11 agencies of the Government,

12 “(3) the number and nature of the forms that will
13 be required for the purpose of gathering the information,
14 and the number of reports which would be required to be
15 made, and the records which would be required to be
16 kept, by private business enterprises as a result of en-
17 actment of the bill or joint resolution, and

18 “(4) the cost or time which would be required of
19 private business enterprises, especially small business
20 enterprises, in making such reports and keeping such
21 records.

22 “(b) It shall not be in order in either the Senate or the
23 House of Representatives to consider any such bill or joint
24 resolution if such bill or joint resolution was reported in the
25 Senate or the House, as the case may be, after the effective

1 date of this section and the report of that committee of the
2 Senate or House which reported such bill or joint resolution
3 does not comply with the provisions of subsection (a)
4 of this section.

5 “(c) For the purposes of this section, the members of
6 the Joint Committee on Atomic Energy who are Members
7 of the Senate shall be deemed to be a committee of the
8 Senate, and the members of such committee who are Mem-
9 bers of the House of Representatives shall be deemed to be
10 a committee of the House.

11 “COMMITTEE REVIEW OF PAPERWORK

12 “SEC. 255. At least once every calendar year each com-
13 mittee of the Senate and the House of Representatives shall
14 conduct a thorough review of, and report to its respective
15 House of Congress on, the reporting requirements of the
16 departments and agencies within its legislative jurisdiction,
17 including the number and character of reporting forms issued
18 and withdrawn by such departments and agencies during the
19 year. The reports required by this section shall be filed not
20 later than February 15 of each year.”

21 SEC. 3. The table of contents of the Legislative Re-
22 organization Act of 1970 is amended by adding at the end
23 of part 5 of title II thereof the following new item:

“Sec. 254. Paperwork impact statements.

“Sec. 255. Committee review of paperwork.”

1 SEC. 4. Section 5 of the Federal Reports Act, as amended
2 (44 U.S.C. 3509), is amended to read as follows:

3 "SEC. 5. (a) A Federal agency may not conduct or
4 sponsor the collection of information upon identical items
5 from ten or more persons, other than Federal employees,
6 unless, in advance of adoption or revision of any plans or
7 forms to be used in the collection—

8 "(1) the agency has submitted to the Director of
9 the Office of Management and Budget the plans or forms,
10 together with copies of pertinent regulations and of other
11 related materials as the Director has specified; and

12 "(2) the Director of the Office of Management and
13 Budget has approved the proposed collection of informa-
14 tion and the plans or forms to be used therein.

15 "(b) No approval by the Director for the collection of
16 information shall extend beyond the period of one calendar
17 year.

18 "(c) No agency subject to the provisions of this section
19 shall require the submission of any reporting form by a pri-
20 vate individual, group, organization, or business enterprise
21 if the approval by the Director has expired.

22 "(d) Each reporting form used pursuant to this section
23 shall have printed thereon in clearly legible and conspicuous
24 type the following information:

25 "(1) the fact that the form has been approved by

1 the Director of the Office of Management and Budget,
2 “(2) the date on which such approval expires, and
3 “(3) the fact that the form need not be submitted
4 by the respondent if the period of approval has expired
5 at the time of its receipt by the respondent.

6 “(e) Not later than the end of every calendar year
7 each Federal agency subject to the provisions of this sec-
8 tion shall submit to the Director, and to the Senate and the
9 House of Representatives, a list of all forms which are ap-
10 proved and in use by such agency, all forms which have
11 been approved for use by such agency during the calendar
12 year, and all forms which have been withdrawn by such
13 agency during the calendar year.”.

14 SEC. 5. The Director of the Office of Management and
15 Budget shall, in consultation with the Comptroller General,
16 undertake a study of the feasibility of requiring a single
17 standard form for the collection of information by all Federal
18 agencies. The Director shall report the results of the study,
19 along with any recommendations that may result therefrom,
20 to the Senate and the House of Representatives not later
21 than one year after the date of enactment of this Act,

U.S. SENATE,
 COMMITTEE ON COMMERCE,
 Washington, D.C., May 3, 1976.

HON. ABRAHAM RIBICOFF,
 Chairman, Committee on Government Operations,
 Washington, D.C.

DEAR MR. CHAIRMAN: You have requested my views on "The Paperwork Review and Limitation Act of 1976" (S. 3076). While the objectives of this legislation—the elimination of duplicative and unnecessary paperwork—is certainly one which we all share, I do not believe that this legislation will accomplish that end and that its provisions are ill suited to cure the evil to which they are directed.

The amendment to the Legislative Reorganization Act of 1970 requiring the preparation of a "Paperwork Impact Statement" to accompany each Committee Report on new legislation is an impractical requirement. It seems to me that it would be virtually impossible for a congressional committee to anticipate the level of paperwork created by a general regulatory scheme such as the Federal Trade Commission Act, the Food Drug and Cosmetic Act, or the Magnuson-Moss Warranty-FTC Improvements Act. Thus, with a statutory prohibition against considering legislation with such a "Paperwork Impact Statement", it would either be impossible for Congress to ever again address itself to legislation providing for a general regulatory scheme or the paperwork impact statement would be nothing more than an inaccurate guess at the amount, scope, and cost of the paperwork burden created by the legislation.

Additionally, with the creation of the Commission on Paperwork, it would seem that this legislation is ill-timed. It would stand to reason that the Congress should defer taking action with respect to the so called paperwork burden until the congressionally mandated study by the Commission has been completed and recommendations submitted to Congress.

Sincerely yours,

WARREN G. MAGNUSON,
 Chairman.

U.S. SENATE,
 COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES,
 Washington, D.C., May 3, 1976.

HON. ABRAHAM RIBICOFF,
 Chairman, Committee on Government Operations,
 U.S. Senate, Washington, D.C.

DEAR ABE: I am submitting, for the Committee, comments on S. 3076 in response to your April 5, 1976 request. The objective of this legislation, reduction of Government reporting requirements, is a matter of longstanding interest to me personally as well as to my colleagues on the Committee. My only concern, a concern that underlies these comments, is that we do not substitute paperwork and reporting requirements, and the costs and inefficiencies associated therewith, at one level while attempting to reduce them at another.

There are two points in "Section 254, subsection (a)" that should be addressed during consideration of this bill. First, this Committee has jurisdiction over and annually processes an authorization bill for the National Aeronautics and Space Administration, and NASA, in carrying out its programs predominantly through contracts, imposes reporting requirements on private individuals and businesses acting as NASA contractors. These requirements involve financial, schedule, quality, subcontract, employment and other data essential to sound contract and program management. Since this data is recognized as essential to the conduct of the agency's responsibilities, we do not see the benefit accruing from the cost and effort involved in complying with subparagraphs (1) through (4) with respect to the NASA authorization bill. Furthermore, the Committee would not want to place itself in the position of prescribing how the agency should carry out its management responsibilities, part of which entails establishing an information system responsive to its needs. Therefore, the question is raised as to whether this Section is intended to apply to a NASA-type situation. If so, the Committee does not believe the requirement is appropriate or that it would result in paperwork or other cost savings.

Second, there appears to be a problem of definition in "Section 254(a)," i.e., how do you define "the amount" of information required by subparagraph (1) and the "nature of the forms" required by subparagraph 3. These definitions should be clarified and amplified, as necessary, through hearings on the bill. Finally, your Committee, again possibly through hearings, should assess the cost and the paperwork involved in obtaining the data required by each Committee in order to report a bill in compliance with subparagraphs (1) through (4).

The objective of "Section 255" appears to be sound, however, we question the annual review requirement and suggest that a review every two or three years might well be as effective and would significantly reduce the manpower necessary to conduct the review. In any event, the conduct of a "thorough review" implies a significant staff workload and your Committee might want to consider having the General Accounting Office survey each agency's reporting requirements concurrently with its ongoing reviews of an agency's activities with a subsequent report to the Senate (or House) Committee with legislative jurisdiction. That Committee in turn would be responsible for reviewing and assessing the reporting requirements, and changes thereto, and taking such action as indicated to assure that the reporting requirements are held to an absolute minimum.

We have no comment on Section 3 of the bill.

The Committee has no specific comment on Section 4. However, nothing in this section should preclude obtaining the information necessary for the agency to manage responsibly its programs involving the expenditure of Government funds. The one-year limitation in "Section 5, subsection (b)" may be inconsistent with the foregoing if applied to a multi-year program.

No comments are offered on Section 5. It is suggested that the views of the Director of the Office of Management and Budget and the Comptroller General should prevail on this proposal.

Sincerely,

FRANK E. MOSS,
Chairman.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION,
Washington, D.C., May 5, 1976.

HON. ABRAHAM RIBICOFF,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Thank you for your letter of April 5, 1976, requesting this agency's comments on S. 3076, "The Paperwork Review and Limitation Act of 1976.

The Equal Employment Opportunity Commission will not be affected by these amendments to The Federal Reports Act, 44 U.S.C. 3501 et seq. Under the provisions of Section 409 of P.L. 93-153, the collection of information by this Commission is reviewed by the General Accounting Office since it has been determined that we are an "independent Federal regulatory agency" as defined in 44 U.S.C. 3502.

The Commission would like to note, however, that the requirements of Section 4 of S. 3076, if applied to this Commission, would create substantially more paperwork than is now necessitated. The provisions of Section 4 would require annual approval of all forms and an annual report of all information forms used or withdrawn. Under the mandate of Section 709(c) of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000e-8(c), the Commission is to require reports, as are reasonable or necessary, from every employer, employment agency and labor organization subject to Title VII. To comply with this mandate the Commission has developed six information forms to be completed by different entities. Currently, GAO has granted this Commission a three year approval for the information forms now used, provided that no changes are made in the forms. Annual approval and annual reports would only serve to increase paperwork and limit the resources of this Commission for carrying out the other mandates of Title VII of the Civil Rights Act of 1964, as amended.

We appreciate the opportunity to comment on this piece of legislation, and hope that these comments will be of assistance to you.

Sincerely,

ETHEL BENT WALSH,
Vice Chairman.

STATEMENT OF HON. RICHARD S. SCHWEIKER, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, I am pleased to have this opportunity to testify in favor of legislation to combat the avalanche of government paperwork and permit Congress to actively oversee federal report requirements.

As you know, the Federal Paperwork Commission has found that U.S. government demands for information drain an estimated \$40 billion per year from the national economy. Preparation of forms has become a major burden on U.S. business, and on the average citizen as well.

In 1942, Congress passed the Federal Reports Act in an effort to limit the plethora of red tape which had accompanied the contemporary expansion of the national government's role. Although this measure has been updated since 1942, it has been ineffective for a number of reasons. For example, the Internal Revenue Service, which generates 35% of all federal paperwork, was exempted from review. And the review process itself has seldom amounted to anything more than a 'rubber-stamp' of decisions of the agencies it was supposed to oversee.

Congress created the Federal Paperwork Commission in 1974 in another attempt to deal with this problem. Unfortunately, however, the Commission's final report and recommendations won't be issued until the fall of 1977. I don't think we should or can wait that long—we already know enough about the paperwork problem to start solving it.

S. 3076 is a commendable first step in the effort to control the pyramiding of federal informational demands. The paperwork impact statements required by S. 3076 would do much to make Congressional Committees aware of the economic implications of new reporting requirements, and the stipulated annual Congressional reviews of existing forms would serve to educate us to the impact of current demands for information. Additionally, the mandated study on standardization of forms could yield valuable information on how to make government report demands more comprehensible to those who must complete the forms.

But I think we can do still more to control and simplify report requirements. S. 3382, the Federal Reports Act Amendments of 1976, which I introduced May 5, will require General Accounting Office approval of all new forms prepared by federal agencies, including the Internal Revenue Service, for use by any person outside of the national government. In effect, GAO will act as the agent of the Congress to ensure that government agencies do not exceed their statutory mandate in requiring unnecessary or extraneous information from the American people. GAO will approve a form only if:

1. It requires information essential to implement the legislation passed by Congress to which the form relates, without demanding extraneous information;

2. It can be easily understood;

3. It does not require excessive time or money to complete, considering the resources of the persons to whom it applies and the value of the information sought;

4. It does not unnecessarily duplicate information already available through another federal agency.

Additionally, those forms intended for use by persons or groups which do not ordinarily have the full time assistance of lawyers, accountants, or other professionals must be susceptible to completion without such assistance.

In the event GAO rejects a form, on any of these grounds, it will then be returned to the originating agency with a written list of deficiencies, and those Congressional committees having jurisdiction over that agency will be advised by GAO of its action. This provision will give the Committees of Congress a clear indication of any agency attempt to exceed its authority, triggering prompt oversight.

Given the Office of Management and Budget's history of near-automatic approval of agency-submitted forms, I believe a GAO review will result in more critical, less permissive oversight of form issuance. Moreover, GAO scrutiny under the guidelines of S. 3382 will, for the first time, give Congress the information needed to make rational judgments about reporting requirements, since S. 3382 will require the application by GAO of an objective cost-benefit standard.

Finally, S. 3382 sets a criterion of comprehensibility and simplicity which is particularly important for forms the average citizen will be completing without professional help.

Mr. Chairman, we must seek to assure that only those forms absolutely essential to the efficient operation of our federal government are required of the American public. I know GAO is deeply concerned about the paperwork problem, and will have very definite views about how to solve it. I believe we should utilize fully the expertise of GAO, the Paperwork Commission, and the other experts in this field, but I also believe we must move now to meet this challenge.

I submit for the record a recent article from the Philadelphia Inquirer documenting the impact of the flood of forms on the American public at large and on the business and government sectors of our society in particular.

[From the Philadelphia Inquirer, May 3, 1976]

NEW FEDERAL PANEL IS ANTI-PAPER TIGER

(By William Vance)

Washington—Over-the-road truckers are required by the federal government to fill out logs accounting for every 15 minutes of every working day.

The logs are filed daily with their employers who are required to store them for a year in case a federal inspector wants to see if a driver has been spending too much time behind the wheel.

There are about 1.5 million drivers. There are only 125 inspectors. Most of the logs, which cost the trucking industry \$1.6 million a year in postage alone, remain unread.

This is but one example of a swirling blizzard of federal paperwork that now costs taxpayers and consumers an estimated \$40 billion a year.

Among other examples:

The State of Maryland recently turned down a \$60,000 grant from the Department of Health, Education and Welfare after determining that it would cost about \$45,000 to complete all the federal forms required to get the money.

A Tennessee hospital official reported that the administrative costs to satisfying federal paperwork demands now add \$4 a day to the charge for a hospital room.

A major oil company annually files 409 reports to 45 different federal agencies—many of them duplicative—in addition to its federal tax returns. The cost of doing this shows up as an unitemized part of your bill at the gas pump.

Businesses with 50 or fewer employees commonly fill out and return to Washington 75 different types of federal forms during a year. A typical small business with a gross income under \$30,000 has to file 53 tax forms each year. That takes time and money, and it is reflected in the prices you pay for a company's products or services.

Individuals who file federal income tax forms 1040 and 1040A (there are 84 million who do) were confronted with far more complex returns and instructions this year. About 43 percent of taxpayers paid someone to help prepare those returns.

Long-suffering citizens who have silently asked "why?" when confronted with such puzzling and often infuriating stacks of government paper may be in line for some help. A fledgling federal commission is now asking the same question out loud.

It is known as the Commission on Federal Paperwork, a name that calls up visions of yet another bureaucratic boondoggle but actually describes a serious and monumental task.

The 14-member bipartisan commission, representing business, government, labor and consumer interests, set up shop last October. It will self-destruct in October 1977, before it has a chance to become rooted in the bureaucracy.

Its mission: Wed out unduly burdensome and redundant federal paperwork and find ways to keep government forms from proliferating apace with government in the future.

That is a tall order in a bureaucracy that thrives on paper, and has a seemingly unquenchable thirst for information.

If the commission does its job well, and if Congress goes along with its recommendations, there will be less paper to shuffle. That means fewer

paper-shufflers, and the prospect strikes fear in the hearts of at least some bureaucrats in every agency in the federal alphabet.

Despite such built-in resistance and the commission's own embarrassing start (because of a printer's error, the paperwork people wound up sending two letters and two information sheets to every member of Congress), the notion that paper really is dispensable is slowly catching on.

President Ford, concerned mainly about the burden on small businesses, called last month for a 10 percent reduction by June 30, in the number of federal reports "which collect information from the public." James Lynn, director of the Office of Management and Budget (OMB), who also serves on the paperwork commission, has issued guidelines to departments and agencies. By last week, the White House claimed a 5 percent cut in federal forms.

Roughly 20 agencies and boards, including all independent regulatory agencies, are exempted from the guidelines. But even some of them are reacting to prodding by the paperwork commission. For example:

The Civil Aeronautics Board, according to Ray Kurlander, director of the bureau of accounts and statistics, has scrapped 14,000 air freight schedules that used to be filed annually, and has moved from quarterly to annual reporting by air freight forwarders. "We're taking a harder look at all new reporting requirements," said Kurlander, "to make sure they're necessary for the needs of the board and not just things that are nice to know."

The Securities and Exchange Commission, (SEC), which already has trimmed paper storage costs by \$8,000 a year, has adopted a uniform report for broker-dealers replacing a half-dozen forms previously required. SEC officials say planned changes in disclosure rules should cut certain periodic reports from corporations by 44 percent.

The Federal Power Commission is trimming from 50 to 15 the number of forms it requires regulated industries to complete.

The paperwork commission has pushed one major reporting reform through Congress and has others pending. Effective in 1978, employee wage reports to the Internal Revenue Service will become annual, instead of quarterly.

Rep. Frank Horton (R., N.Y.), chairman of the commission, said the change will eliminate 24 million papers of government forms, will save the government \$20 million a year and save employers, particularly small businessmen, \$250 million a year.

Even the Federal Highway Administration, which devised the logs requiring truckers to say, in 15-minute segments whether they were on duty, off duty or driving, is considering a consolidation to cut down on the amount of paper involved.

Sources at the paperwork commission say the highway administration plan would reduce the paper flow, which is good, but not the reporting burden, which is bad. "We're not in a position to quarrel with them at this point," said one commission staffer. "We're taking everything we can get, gratefully."

IRS Commissioner Donald Alexander, who also sits on the paperwork commission, confessed last week that the personal income tax form "is the greatest paperwork burden in the country today."

Paperwork May 3.
Hearing Record

ABRAHAM HIRSCOFF, CONN., CHAIRMAN
JOHN L. MCCLELLAN, ARIZ.
HENRY H. JACKSON, WASH.
EDMUND S. MUSKIE, MAINE
LEE METCALF, MONT.
JAMES H. ALLEN, ALA.
LAWTON CHILES, FLA.
SAM NUNN, GA.
JOHN GLENN, OHIO

RICHARD A. WESMAN
CHIEF COUNSEL AND STAFF DIRECTOR

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LAWTON CHILES, FLA.

W. P. GOODWIN, JR.
CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON
GOVERNMENT OPERATIONS
SUBCOMMITTEE ON OVERSIGHT PROCEDURES
(202) 224-4551

(PURSUANT TO SEC. 4, S. RES. 141, 94TH CONGRESS)

WASHINGTON, D.C. 20510

May 20, 1976

Mr. Jerry Heller
President
Irwin Manufacturing Company
U.S. 129 North
Ocilla, Georgia 31774

Dear Jerry:

Thank you for your recent letter and for enclosing the latest forms sent to you by the Federal Trade Commission and the Department of Commerce.

The Government Operations Subcommittee on Oversight Procedures, of which I am chairman, has recently completed a day of hearings on the burden of federal paperwork. I would like to include your correspondence and a copy of the forms in the subcommittee hearing record of May 3 as an example of the increasing amount of paperwork required of the small businessman.

I appreciate your taking the time to send this information to me and look forward to hearing from you.

Sincerely,

Sam Nunn

PLANTS:
U. S. 129 NORTH
OCILLA, GA. 31774
ENIGMA, GA.

PHONE: 912/468-7491



Ocilla, Georgia 31774

May 10, 1976

Senator Sam Nunn
United States Senate
Washington, D. C. 20510

Dear Senator Nunn:

With further reference to our conversation with your office recently and your reply of April 30, 1976, I am attaching hereto the latest forms received from the Federal Trade Commission.

Also attached are forms received today from United States Department of Commerce (Bureau of the Census).

Please return these forms to me when you have looked them over.

Yours very truly,

Jerry Heller,
President

JH/gp

enc.

Del.

FEDERAL TRADE COMMISSION
DIVISION OF FINANCIAL STATISTICS
WASHINGTON, D.C. 20580

IN REPLY REFER TO

Attention of the President

Gentlemen:

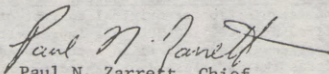
The Federal Trade Commission Quarterly Financial Report is the most comprehensive current financial data compilation prepared within Government and requires the optimum rate of response to insure its validity and comparability. Your corporation, as one of over 10,000 respondents, is required to file mandatory quarterly reports within 25 days after your quarterly close. At present, we have not received your current report and consider your corporation delinquent.

We understand that some problems in preparation might occur; nevertheless, it is incumbent upon you to contact the Commission in order to discuss these problems and arrange for an extension. In this manner we will be aware of your attempt to report, be able to indicate a reporting date which falls within our time frame, and postpone possible legal action under Section 6B of the Federal Trade Commission Act.

As a reminder - this mandatory report does not require audited figures; therefore, estimates may be used where necessary. Furthermore, our staff of accountants is available to assist you in classifying line items as well as clarifying our reporting rules which are printed on the reverse side of this letter.

Please file your report immediately or contact me at 202-523-3752. I trust that your future reports will be more timely.

Sincerely,


Paul N. Zarrett, Chief
Accounting Operations Branch

PLEASE RETAIN THESE INSTRUCTIONS FOR FUTURE REPORTING

INSTRUCTIONS
for FTC Form MG
and FTC Form TR

FEDERAL TRADE COMMISSION
DIVISION OF FINANCIAL STATISTICS
WASHINGTON, D.C. 20580

Form approved.
O.M.B. No. 56-R0004.

INSTRUCTIONS -- PLEASE READ BEFORE COMPLETING THIS REPORT

(For purposes of this report, DOMESTIC operations refer only to those located within the 50 States and the District of Columbia; e.g., an export to another country or a U.S. possession is a domestic operation, while manufacturing in another country is a foreign operation.)

RULES FOR CONSOLIDATION

CONSOLIDATE THE DOMESTIC OPERATIONS of every corporation which is taxable under the U.S. Internal Revenue Code and is owned more than 50 percent by your corporation and its majority-owned corporations, and CONSOLIDATE every DISC (Domestic International Sales Corporation) which is owned more than 50 percent by your corporation and its majority-owned corporations, EXCEPT

DO NOT CONSOLIDATE:

- . Foreign entities, either corporate or non-corporate;
- . Foreign branch operations (see instruction below);
- . Domestic corporations primarily engaged in foreign operations; and
- . Domestic corporations primarily engaged in banking, finance, or insurance (as defined in major groups 60 through 63 and in group 672 of the Standard Industrial Classification Manual, 1972 edition).

CONSOLIDATION IS OPTIONAL for any domestic corporation required to file quarterly financial statements with the Interstate Commerce Commission, Civil Aeronautics Board, Federal Communications Commission, or Federal Power Commission. If you do consolidate any of these corporations in this Federal Trade Commission report, you are required to submit with this report a copy of the corresponding quarterly financial statements filed with the respective regulatory agencies.

REPORTING OF NON-CONSOLIDATED DOMESTIC AND FOREIGN OPERATIONS

FOREIGN BRANCHES. Report the net income (or loss) of foreign branches in item 9 and the equity in foreign branches in item 27.

NON-CONSOLIDATED ENTITIES (FOREIGN OR DOMESTIC). If you use the EQUITY METHOD of accounting, report in item 9 your equity in earnings (or losses) of all non-consolidated domestic and foreign entities and investments; report the investment in these entities in item 27. If you do NOT use the equity method of accounting, report the dividends received in item 6; the investment in item 27.

SPECIAL INSTRUCTIONS FOR SELECTED ITEMS

21b. Federal agency securities. INCLUDE: debentures and participation certificates of all Federal agencies and Federally-sponsored agencies including GNMA, CCC, Exim-bank, FHA, TVA, Department of Defense, Banks for Co-ops, FICB, FHLB, FHLMC, FLB, FNMA, and Postal Service; and notes insured by Farmers Home Administration, GNMA, or other agencies.

24. Inventories. Report book value of all inventories. INCLUDE: finished products; work-in-process; and materials, supplies, fuels, etc. EXCLUDE: land, buildings, and other real estate and securities held for resale; these should be reported in item 25.

26a. Depreciable and amortizable fixed assets, including construction in progress. Report gross value (acquisition or original cost or other basis) of all depreciable and amortizable fixed assets. INCLUDE: all improvements and new construction in progress but not yet completed; all fixed assets owned by your company and its consolidated entities that are leased or rented to others; capitalized exploration and development costs of mineral properties.

26b. Land and mineral rights. Report gross value (acquisition or original cost or other basis) of all land, except land held for resale. INCLUDE: timber and mineral rights except capitalized exploration and development costs of mineral properties.

FTC Form MG- 1/76
(3-74)

FEDERAL TRADE COMMISSION APPROVED BY GAO *X.X.X.X.X.X.X.X.X.X.*
DIVISION OF FINANCIAL STATISTICS B-180229 (R0353) *X.X.X.X.X.X.X.X.X.X.*
WASHINGTON, D.C. 20580 EXPIRES 3-31-79

THIS REPORT IS REQUIRED BY LAW (15 U.S.C. 46). It will be used only in combination with reports from other corporations to estimate national totals. It will be received in and afforded confidential status and will not be available for use in any Commission adjudication or in connection with any investigation for the purpose of initiating adjudicative proceedings except as they relate to legal action for failure of a corporation to submit a timely and acceptable report.

WITHIN 25 DAYS after the end of the period for which this report is requested, complete and return one copy in the enclosed envelope. Timely transmittal is required to meet rigid deadlines for publishing the results of this survey. No exception can be made.

(Please correct if name or address has changed)

IRWIN MANUFACTURING CORP.
HWY. 129 NORTH
OCILLA, GA. 31774

23317308
175

(In all correspondence, refer to number at right of address)

THIS REPORT IS FOR YOUR 3-MONTH PERIOD

If your annual closing date is in —

March, June, September, or December

February, May, August, or November

January, April, July, or October

You should report for —

your 3-month period* which ended in

your 3-month period* which ended in

your 3-month period* which ended in

MARCH

FEBRUARY

JANUARY

*Companies on a 13-period year should submit a 16-week report for the third quarter of their fiscal year and 12-week reports for the other quarters.

CONSOLIDATE the domestic operations of those majority-owned corporations that are specified in the enclosed Instructions and Rules for Consolidation, DO NOT CONSOLIDATE those explicitly excluded. (Please read the enclosed Instructions before completing this report.)

AUDITED FIGURES ARE NOT REQUIRED. Estimates may be used wherever necessary.

REPORT ALL DOLLAR FIGURES IN THOUSANDS.

1. The person to contact regarding this report is

(Print name, title, area code and office telephone number)

2. This corporation's annual closing date is _____
(Month and day)

and it currently reports income and payroll taxes under Employer Identification Number(s) _____

3. This corporation (check one):

is active,

discontinued business on _____

(Date)

4. This corporation (check one):

is not owned more than 50 percent by another corporation.

is owned more than 50 percent by _____

(Name and mailing address of parent corporation)

5. This corporation (check one):

does not own more than 50 percent of any other corporation.

directly or indirectly owns more than 50 percent of _____ corporations

consolidated in this report and _____ corporations not consolidated

in this report. (Explain in space at right any change from previous report, including name, State where incorporated, date of incorporation, and Employer Identification Number(s) of each majority-owned corporation involved. Reconcile the number of corporations not consolidated indicating the specific broad category involved, i.e., foreign corporation; banking, finance or insurance; or reporter to regulatory agency. See Instructions.)

RETURN THIS COPY TO THE FEDERAL TRADE COMMISSION

PLEASE READ INSTRUCTIONS BEFORE COMPLETING THIS REPORT

AUDITED FIGURES ARE NOT REQUIRED. Estimates may be used wherever necessary.

SCHEDULE A. Statement of income and retained earnings for your 3-MONTH PERIOD from 19... to 19... inclusive.

REPORT ALL DOLLAR FIGURES IN THOUSANDS

Table with 2 columns: Description of items (1-19) and Amount in thousands. Includes items like Sales, Depreciation, Income taxes, and Retained earnings.

SCHEDULE B. Balance sheet as of 19... (The same as ending date of Schedule A above.)

Assets

Table with 2 columns: Description of assets (20a-28) and Amount in thousands. Includes Cash, U.S. Treasury securities, Federal agency securities, and Total assets.

Liabilities and Stockholders' Equity

Table with 2 columns: Description of liabilities and equity (29-38) and Amount in thousands. Includes Short-term loans, Advances, Income taxes, and Total liabilities and stockholders' equity.

① List and explain, below or on a separate sheet, the principal debits and credits reflected during the quarter in items 6, 7, 12, 13, and 18.
② If a tax provision is not shown in item 10a, explain briefly (e.g., "tax carry forward," "1120S," etc.).
③ Progress payments and billings, U.S. Government and other, should not be deducted from items 23b, 24, and 25, and should be included in items 30 and 34.

Item

Table with 2 columns: Item description and Amount in thousands.

NC-X1-L3 (1975)



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of the Census
 Washington, D.C. 20233

OFFICE OF THE DIRECTOR

In reply refer to:
 BUREAU OF THE CENSUS
 1201 EAST TENTH STREET
 JEFFERSONVILLE, INDIANA 47130

Dear Friend:

In today's rapidly changing world, timely information on the status of the economy is vitally important. The Bureau of the Census is now updating its file of all organizations and establishments which are engaged in any form of economic activity, social services, or professional services. The **1975 Report of Organization** and the **1975 Annual Survey of Manufactures** which are enclosed continue the previous annual reports which measure this Nation's economic activity.

We ask your cooperation in completing and returning both report forms within 30 days. If book records are not yet available, reasonable estimates are acceptable for the statistical purposes of these two surveys. Descriptions of the enclosed forms (NC-X1A and MA-100) are on the reverse side of this letter.

Responses to these surveys are required by law (Title 13, United States Code, Sections 181, 224, and 225). Section 9 of the same law assures that your reports to the Bureau of the Census are confidential. They may be seen only by sworn Census employees and may be used only for statistical purposes. The second copies of the report forms may be retained for your files. The law also provides that copies retained in your files are immune from legal process.

Your participation in the Bureau of the Census' statistical program is appreciated. If you have any questions regarding the enclosed 1975 Report of Organization (Form NC-X1A), or the enclosed 1975 Annual Survey of Manufactures (Form MA-100), please contact the appropriate division shown below. Members of my staff will be happy to answer any questions regarding the report forms.

Sincerely,

VINCENT P. BARABBA
 Director
 Bureau of the Census

Enclosures

Name of survey	Division to contact	Telephone	
		Area code	Number
1975 Report of Organization	Economic Surveys	301	763-7090
1975 Annual Survey of Manufactures	Industry	301	763-7304 or 763-2510



▶ 1975 ANNUAL SURVEY OF MANUFACTURES ESTABLISHMENT REPORT (MA-100)

A separate MA-100 report form is enclosed for each of your manufacturing establishments. The MA-100 forms may contain imprinted figures which were reported for each establishment in 1974. Please complete the 1975 column and review the 1974 entries. You may notice that some of the figures on this form have been changed from those reported for 1974. When such changes occur, they result from the application of a computer program whereby each report is reviewed for reasonable relationships among related data items and for agreement of totals with detail. The results of this computer editing are reviewed by analysts, and erroneous computer changes of significant size are corrected prior to tabulation. Please explain any corrections that you make to the 1974 figures in the "Remarks" section.

For those establishments that are new to the Annual Survey of Manufactures for 1975, we have printed in item 11 of the report form, product classes that are based on the industry classification of the establishment. Please refer to Part III of the instruction booklet (MA-100-R1) for additional classes of products that you produce.

The MA-100-R1 instruction booklet which you received last year is applicable to the 1975 report. If you should need additional copies of the instruction booklet, use the enclosed order form.

If any of your establishments operated for only part of 1975, the MA-100 report should cover that portion of the year that the plant was in operation. Give the reason for the part-year report in item 13 or in the "Remarks" section.

End-of-year inventory data and assets data should be entered for 1974 as well as 1975 in items 6 and 7 of the MA-100 report. Report assets in terms of original cost and not depreciated or replacement cost. For all other items, only 1975 data are requested. Also note that item 12 of the MA-100 report requests figures on purchased fuels during 1975. A more detailed explanation appears in the instruction booklet.

NOTICE - Form MA-153, "Listing of Additional Manufacturing Establishments," has been eliminated from the Annual Survey of Manufactures beginning with 1975.

▶ 1975 REPORT OF ORGANIZATION (NC-X1A)

Listed on the enclosed NC-X1A form, "1975 Report of Organization," are the Employer Identification Numbers and establishments owned or controlled by your organization and its subsidiaries, as now shown in our records. Please refer to the enclosed NC-X1A instruction booklet before completing the report. Review the prelisted information on the report form and MAKE ANY NECESSARY ADDITIONS OR REVISIONS to bring it up to date. Also, please review the item 5A pages, and on item 5B list the establishments which were not prelisted on item 5A. Item 5B should also be used to report plants under construction. It is not necessary for you to report in item 5A for manufacturing establishments covered by an MA-100 report form.

NOTICE - After using item 5B pages to report additional establishments, including manufacturing plants, please return them within 20 days of receipt so that additional MA-100 report forms can be mailed if necessary. A preaddressed envelope is enclosed for your convenience.

DEFINITIONS AND INSTRUCTIONS FOR NC-XIA

1975 REPORT OF ORGANIZATION

Please read the Definitions and Instructions before completing Form NC-X1A.

	Page	
▶ PART I – DEFINITIONS		
Census File Number	2	
Employer Identification Number	2	
Company or Firm	2	
Subsidiary	2	
Establishment	2	
Central Administrative Office (CAO)	2	
Auxiliary Establishment	2	
Number of Employees for the Pay Period Including March 12, 1975	2	
Nonestablishment Employees	3	
Payroll	3	
▶ PART II – INSTRUCTIONS FOR FILLING OUT REPORT FORM		
Item 1 Certification	3	
Item 2 Company Ownership or Control	3	
Item 3 Foreign Affiliates	3	
Item 4 Employer Identification Numbers of Your Company and Its Subsidiaries and Their 1975 Employment	3-4	
Item 5 Establishments of Your Company and Its Subsidiaries and Their 1975 Employment and Payroll	4	
▶ PART III – SPECIAL INSTRUCTIONS FOR SELECTED INDUSTRIES AND/OR ACTIVITIES		
<i>If your company is engaged in any of the industries or activities listed below, please read the special instructions applicable to those activities before completing item 5A or 5B for each establishment.</i>		
Construction (general contractors, operative builders, special trade contractors, and land subdividers)	5	
Oil and Gas Field Operations	6	
Manufacturing	6	
Transportation and Public Utilities	6	
Wholesale, Retail, and Selected Services	7-8	
Wholesale	Commission agent/broker Merchant wholesaler	
Retail	Liquor stores (Government operated reported by agency or officials) Appliance sales by public utility companies Department or concessions Leased service stations	Contract food operators Mail order sales Vending machine operations Direct selling operations (House-to-house) New car dealers
Selected Services	Automotive rental and leasing Building cleaning and maintenance Guard service Laundries	Dry cleaners Photofinishing firms Engineering (Consulting and design) Liaison or customer contact office
Banking	8	
Medical, Legal, Educational, Social Services	8	

▶ PART I – DEFINITIONS

Census File Number

A Census File Number has been assigned to your company and appears in the upper right-hand corner of each page of items 1-4A, 4A Continued, and 5A. Always refer to the complete number in any correspondence with the Bureau of the Census in order to expedite a reply. Also, be sure to fill in the Census File Number in the upper right-hand corner of the pages used for any entries in items 4B and 5B.

Employer Identification Number

The nine-digit taxpayer identification number assigned by the Internal Revenue Service and used by all business firms and other legal entities to file Federal employment tax returns such as forms 941, 943, or CT-1 and Federal income returns such as forms 1065, 1120, 1120S, and 990 series.

Company or Firm

A legal entity such as a sole proprietorship, partnership, corporation, cooperative, investment trust, a branch of a foreign entity, etc., including both profit and nonprofit organizations.

Subsidiary

A company which is owned or controlled by another firm or company. Subsidiaries include firms in which your company owns more than fifty percent of the outstanding voting stock, as well as firms in which your company has the power to direct or cause the direction of the management and policies.

Establishment

A general definition of an establishment is a single physical location where business is conducted or where services or industrial operations are performed. (For example: a factory, mill, store, hotel, movie theater, mine, farm, administrative office.) Where distinctly separate activities are performed at a single physical location, each activity should be treated as a separate establishment if the employment in each is significant and if separate reports can be prepared on the number of employees and their total payroll.

For firms engaged in agriculture, construction, transportation, communication, electric, gas and sanitary services, and similar types of physically dispersed activities, it is not necessary to list separately each individual "site," "project," "field," "network," "line," or "system." Instead, report for permanent main or branch offices, terminals, stations, etc., which are either (a) directly responsible for supervising such activities, or (b) the base from which personnel operate to carry out these activities.

If possible, the establishment location should coincide with the place of employment of its personnel.

Central Administrative Office (CAO)

An establishment primarily engaged in management and general administrative functions (including accounting, purchasing, engineering, legal, financial, and other similar activities) performed centrally for other establishments of the same company. CAO's are generally described as:

Central offices	Purchasing offices
Executive offices	Regional offices
Head offices	Field offices
Corporate offices	Data processing offices
Home offices	Management offices
General offices	Accounting offices
District offices	Public relations offices

Do not consider a manufacturers' sales branch as a CAO. See description under Part III – Special Instructions for Manufacturing.

Auxiliary Establishment

An establishment primarily engaged in performing supporting services for other establishments of the same company, rather than for the general public or for other business firms. The following are examples of auxiliary units:

- Research development or testing laboratories providing services to your own or affiliated company
- Storage facilities for storing merchandise for the company's own use
- Trading stamp redemption centers
- Milk receiving stations
- Showrooms in which sales do not take place
- Field engineering support activities
- News collection, editorial, or advertising sales activities operated for the publishing establishments of the same company
- Central garages for storage and maintenance of the company's own vehicles
- Central repair shops for the company's own machinery and equipment

Do not consider a manufacturers' sales branch as an auxiliary. See description under manufacturing instructions.

Grain and other farm products buying offices are not considered auxiliaries but rather as wholesale establishments.

Number of Employees for the Pay Period Including March 12, 1975

All full-time and part-time employees on the payroll during the March 12 pay period. Include as employees all persons on paid sick leave, paid holidays, and paid vacations; include salaried officers and executives of incorporated firms. This definition is the same as the definition used for item 3 of Treasury form 941, Employers Quarterly Federal Tax Return.

PART I - DEFINITIONS . . . (Continued)

"Nonestablishment" Employees

Personnel who do not primarily work at a single establishment, such as traveling salesmen, technicians, engineers, etc., should be reported as a separate *establishment*, using the address of the location out of which they are paid. Personnel on ships at sea should also be reported as a separate *establishment*, using the address of the location out of which they are paid.

Payroll

Report the gross earnings paid in calendar year to employees prior to such deductions as employees' Social Security contributions, withholding taxes, group insurance premiums, union dues, and savings bonds. Include in gross earnings all wages, salaries, commissions, dismissal pay, paid bonuses, vacation and sick leave pay, and the cash equivalent of compensation paid in kind. Include salaries of officers and executives of incorporated firms; exclude payments to proprietors or partners of unincorporated firms.

▶ PART II - INSTRUCTIONS FOR FILLING OUT REPORT FORM

▶ **Item 1 - Certification**

Complete the certification as indicated.

▶ **Item 2 - Company Ownership or Control**

Complete item 2a if another domestic company owns more than 50 percent of the voting stock of your company or if another domestic company has the power to direct or cause the direction of your management and policies. Enter the name, home office address, and EI number of the owning or controlling company, and mark (X) the box which indicates the percentage of voting stock that it owns.

Complete item 2b if a foreign entity (company, individual, government, etc.) owns 10 percent or more of the voting stock of or an equivalent interest in your company. Enter the name and home office address of the owning entity, and mark (X) the box which indicates the percentage of voting stock that it owns.

▶ **Item 3 - Foreign Affiliates**

Mark (X) the box which indicates whether your company owns ten percent or more of the voting stock or other equity rights of a foreign business enterprise (including an unincorporated branch, partnership, or ownership of real estate).

▶ **Item 4 - Employer Identification Numbers of Your Company and Its Subsidiaries, and Their 1975 Employment**

This item should include a list of all Employer Identification (EI) Numbers currently used by your company and its domestic and foreign subsidiaries to report either Federal employment taxes (IRS forms 941, 943, or CT-1) or income returns (IRS forms 1065, 1120, 1120S, or 990 series).

If your company or any of its subsidiaries uses different EI numbers in reporting employment and income, be sure there is a separate entry for each such number in either item 4A or 4b.

Item 4A - Listing of Employer Identification Numbers of Your Company and Its Subsidiaries

All EI numbers (based on Census records) have been prelisted in numeric sequence. Their associated names are also prelisted where available.

Column (a) - For each EI number which is currently used, correct any errors or omissions in the prelisted name.

Column (b) - For each EI number listed in column (a), enter the employment for the pay period which includes March 12, 1975. The employment for an EI number should equal the sum of employees reported for individual establishments with the same EI number in item 5A and 5B. If there are any differences in these totals, please explain in column (e).

Column (c) - Mark (X) in the appropriate box to indicate whether the EI number was used to report Federal employment taxes on IRS forms 941, 943, or CT-1 during 1975. If the EI number is not used to file these IRS forms, column (b) should be zero.

Column (d) - For each EI number, mark (X) in the box which best describes the status of the company at the end of 1975. See box codes and special instructions below.

Codes and Special Instructions for Column (d)

1 - **Active** EI number is used for reporting either Federal employment taxes (IRS forms 941, 943, or CT-1) or Federal income returns (IRS forms 1065, 1120, 1120S, and 990 series.)

2 - **Inactive** EI number is not used for reporting either Federal employment taxes or Federal income returns.

3 - **Sold** Enter the date of sale, purchaser's name and address in column (e), Remarks.

8 - **No longer in use**

4 - **Other** Explain status in column (e), Remarks

Item 4B - Your Listing of Additional Employer Identification Numbers

Column (a) - List separately each EI number not prelisted in item 4A that is currently used by your company or its subsidiaries. Also enter the name and address of the subsidiary.

Column (b) - For each EI number, enter the employment for the pay period which includes March 12, 1975. The employment for an EI number should equal the sum of employees reported for individual establishments with the same EI number in item 5A and 5B.

Column (c) - Indicate whether the EI number was used to report Federal employment taxes during 1975; if not, column (b) should be zero.

PART II - INSTRUCTIONS FOR FILLING OUT REPORT FORM... (Continued)

Column (d) - Mark (X) the box which describes the reason for adding the EI number to the list. If you transferred operations from one EI number of your company and its subsidiaries to another EI number, mark (X) box "7" and enter the former EI number. If you add a firm that was acquired through the purchase of stock, assets, etc., mark (X) box "5" and report the date of purchase and the former owner's name and address. Also report this information for any subsidiary listed in item 4B that was specifically set up by your company to take over the operations of an acquired company, even though the acquired company was dissolved or liquidated.

- **Item 5 - Establishments of Your Company and Its Subsidiaries, and Their 1975 Employment and Payroll**
This item should include an up-to-date list of all establishments of your company and its subsidiaries as identified in items 4A and 4B. If more than one EI number is assigned to an establishment, report both the EI numbers which are used to report income and employment for each such establishment in the spaces provided in item 5A and 5B. Identify income EI numbers with "I" and employment EI numbers with an "E". Be sure there is at least one establishment in item 5A or 5B for each active EI number listed in item 4A or 4B. Foreign locations should be listed in item 5A and 5B only if they have employees covered on form 941.

Item 5A - Listing of Establishments

Review each prelisted establishment. For your convenience in locating prelisted establishments, they are grouped in the following sequence: Employer Identification Number, major activity, and geographic location.

Column (a) - For each establishment still in operation, correct any errors or omissions in the prelisted name, address, and EI number. Make sure that the address represents the actual physical location, not a mailing address. If you assign a store or plant number to each of your establishments, please enter this number in the space provided. The major activity description in column (a) is based on information previously reported to the Bureau of the Census.

- Column (b) - For each establishment, enter -
- Employment for the pay period which includes March 12, 1975.
 - Payroll for 1st quarter of 1975 before deductions
 - Total annual payroll for 1975 before deductions

Column (c) - For each establishment, mark (X) the box which best describes the status of the establishment at the end of 1975. For establishments no longer in business, mark (X) box "2," "3," or "4" in column (c) to explain. If operations previously reported under a prelisted EI number are now included under another EI number of your company, do not report these changes as a "sale" but correct the EI number in column (a). If you ceased operations at a location and then sold the building, report these cases as "closed," mark (X) box "3," and give the date of closing.

Item 5B - Your Listing of Additional Establishments

List separately all establishments of your company and its subsidiaries not prelisted in item 5A that are now in operation, under construction, or were in operation at any time during 1975.

Column (a) - Provide the EI number, name, and address of the physical location of each added establishment. If you have assigned a store or plant number to any of these locations, also enter this in the space provided. In all cases, be sure to provide complete address information including the number and street, city, State and ZIP code.

- Complete question (e) for acquired establishments. If this establishment is acquired, enter the date of purchase, name, and address of former owner.
- Complete question (f) if the establishment is not yet in operation, enter date you expect it to begin operation and the expected employment when fully operational.

Column (b) - Report the number of employees on the establishment payroll for the pay period including March 12, 1975. If the location had no employees during the pay period, enter zero. Report first quarter establishment payroll and annual payroll before deductions.

EXAMPLE - For reporting if figure is \$1,125,628.28

Millions (000)	Thousands (000)	Dollars (000)
1	126	

Column (c) - Mark (X) one box which best describes the major activity during 1975. Mark Auxiliary for any establishment primarily engaged in performing supporting services for your own or affiliated company rather than your customers or clients. Mark Central Administrative Office (CAO) for an establishment primarily engaged in management and general administrative functions performed centrally for other establishments of your company.

Column (d) - Describe the principal products mined or made, kinds of retail or wholesale business, types of services performed, or kind of construction work done. Describe the major activity of the establishment as indicated. If there is a major activity already described in item 5A on the report form which matches the activity of an establishment to be added in item 5B, use this description in column (d) of item 5B.

► PART III – SPECIAL INSTRUCTIONS FOR SELECTED INDUSTRIES AND/OR ACTIVITIES

CONSTRUCTION

► What is a construction establishment?

For the purposes of this report, a *construction establishment* is defined as a relatively permanent office, or other place of business, at which or from which the usual business activities related to construction are conducted. (With the exceptions indicated below, a relatively permanent office is one established for the management of more than a single project or job and which is expected to be maintained on a continuing basis.) Such *establishment* activities include (but are not limited to) estimating, bidding, scheduling, purchasing, supervision, and operation of the actual construction work being conducted at one or more construction sites.

Each construction project or site, therefore, should not be considered a construction establishment. Instead, list as establishments only those relatively permanent construction or branch offices directly responsible for work at these sites.

Two exceptions to the above general rule are:

1. In the case of a joint venture, consider as a separate establishment each joint venture in which your firm expects to participate as a sponsor in 1975. Please identify each joint venture separately.
2. To the extent that a separate legal entity is set up to carry out a given project or part of a project, then each such legal entity should be considered a separate establishment.

► Establishments with "mixed" activities

If an establishment is engaged in one or more distinctly different lines of economic activity (wholesale or retail trade, service, manufacturing, architectural or engineering work, real estate, insurance, etc.) and also carries on construction activities from the same place of business, be sure that such a location is listed also as a construction establishment, provided separate records are maintained or substantially accurate estimates can be prepared for the construction activity. If separate records are not available and estimates cannot be made, then list the establishment only once but describe in detail the combined activity.

List as construction those establishments which are primarily engaged in the sales and installation of such items as plumbing, heating, and central air-conditioning supplies and equipment; lumber and building materials; paint, glass and wallpaper; and electrical and wiring supplies for construction purposes – if all or the major portion of their sales are limited to the above items and such sales include installation.

► What is construction?

Construction is composed of two broad categories of activities –

1. New construction is defined to include the complete, original erection of structures and essential service

facilities as well as additions and alterations. Additions and alterations include such construction as the addition of a wing, a story or stories, conversion of space to other uses where structural changes are involved, or the initial installation of integral building services equipment in existing structures (e.g., elevators, escalators or central air-conditioning systems).

2. Maintenance and repairs relates to the restoration of existing buildings or other structures or their related service facilities, including replacement of integral parts. Repainting, repapering, reroofing, redredging, railroad maintenance-of-way, and street and highway patching and minor resurfacing are included.

Construction does not include the building of mobile structures, such as trailers, mobile homes, floating drydocks, and ships. Also excluded from construction are oil and gas well drilling, the digging and shoring of mines (shaftsinking, tunneling, stripping overburden, and strip mining), and oil and gas field contract services (such as erection, repairing and dismantling of oil derricks or other oil production equipment, grading, and the building of foundations at well locations). Work which is an integral part of farming operations (such as plowing, terracing, and the digging of drainage ditches) is also excluded from construction.

Construction covers the erection, maintenance and repair of immobile structures (together with service facilities which become integral parts of structures and are essential to their use); the physical development of land; and demolition of existing structures.

Structures are defined broadly to include – in addition to buildings – such works as highways and streets, dams, silos and water towers; electric light and power transmission and distribution lines; petroleum and gas pipelines and distribution lines; radio, television, and radar towers; water supply lines and sewers; and all similar work which is built into or affixed to the land.

Construction also covers those types of service facilities which, when installed, become an integral part of the structure and are necessary to the use of the structure. These include such components as plumbing, heating and ventilation, central air-conditioning, electrical facilities, and elevators and escalators.

The erection of *processing equipment* in certain industries, where such equipment is largely fabricated on the site, is defined as construction. (For example, the towers, vats, and related piping at chemical plants and petroleum refineries, or the blast furnace complex at steel plants.)

Changes to structures involving exterior or interior walls, such as the erection of partitions in a loft building to convert it to offices or the remodeling of a store front, are considered construction.

Clearing and development of the site is a part of construction.

PART III - SPECIAL INSTRUCTIONS . . . (Continued)

OPERATION OF OIL OR GAS FIELD PROPERTIES OR
OIL OR GAS FIELD SERVICES ON A CONTRACT BASIS

► Companies operating oil or gas field properties

An oil or gas field *establishment*, is defined as representing all oil or gas field properties operated by the company and oil and gas field services performed for others in one State (excluding offshore). For offshore operations, the *establishment* represents operations adjacent to one State.

In our listing of your establishments (item 5A) we have printed a separate establishment record for each State (or offshore location) in which your company reported operations in 1974.

If, during 1975, you operated any oil and gas field properties in a State (or offshore location) not already listed, please enter the State (or offshore location) in your listing of additional establishments (item 5B). If the acquired property was previously owned by another company, complete part (e) for that property. For new locations report the approximate date operations began or will begin in the space provided in part (f).

► Companies providing services on a contract basis but not operating properties

Companies may consider their entire service operations in one State (excluding offshore) as one establishment. For offshore operations, the *establishment* represents operations adjacent to one State. This includes such oil and gas field services as exploration; drilling oil, gas, dry, and service wells for others; building and repairing derricks and other oil production equipment; installation of lease tanks; excavation and grading for preparation of well sites; digging slush pits; well surveying; running, cutting, and pulling casing, tubing, and rods; cementing wells; shooting wells; perforating well casing; acidizing, fracturing, and chemically treating wells; cleaning out, bailing, and swabbing wells; installing production equipment; and contract pumping and maintenance. For other mining industries it includes such services as exploration work; prospect, test, and other drilling; sinking mine shafts and tunnels; stripping overburden; and strip and auger mining not for own account.

MANUFACTURING

Report separately each manufacturers' sales branch operated by a manufacturing company which maintains inventories of merchandise sold and is primarily engaged in selling merchandise manufactured by the company to retailers, commercial, institutional, or professional users, or to other wholesalers. If engaged in wholesaling not only merchandise produced by your company but also

merchandise manufactured by others, it is considered to be a manufacturers' sales branch if most of its sales are of the company's own manufacture. If over 50 percent of annual sales are derived from products manufactured by other companies, report as wholesale outlet. Also report separately for sales offices, i.e., selling offices which do not maintain inventories.

TRANSPORTATION AND PUBLIC UTILITIES

► Motor Carriers and Public Warehouses

Motor carriers and public warehouses with two or more buildings or locations operated as a unit in the same county, where all of these locations are used for same general type of motor carrier or warehousing activity, should not be considered separate *establishments*.

► Public Utilities - If an establishment of a public utility company also engages in retail appliance sales at the same location, treat as two separate establishments by giving: (1) the number of employees engaged in public utility operations, and (2) the number of employees engaged in retail appliance sales.

If book figures are not available please estimate based on your March 12 payroll.

PART III - SPECIAL INSTRUCTIONS . . . (Continued)

WHOLESALE, RETAIL, AND SELECTED SERVICES

Companies that issue franchises should list only those outlets using the company owned EI numbers. This excludes all operator owned outlets; these should be reported by the owner or operator under his EI number.

► Wholesale

1. **Commission agent/broker** - Report as commission agent/broker if you are primarily engaged in selling (or buying) merchandise on an agency basis for others (not primarily for your own account).

2. **Merchant wholesaler** - Report as merchant wholesalers those who take title to the goods they sell (include wholesale merchants or jobbers, industrial distributors, voluntary group wholesalers, exporters, importers, cash-and-carry wholesalers, drop shippers, wagon distributors, retailer cooperative warehouses, terminal elevators, and cooperative buying associations, farm assemblers, petroleum bulk plants, and terminals not operated by refineries).

► Retail

1. **Government operated liquor stores and warehouses** - Report each location engaged in the wholesale or retail sale of beer, wine, and liquor, operated by States, counties, or cities, or by agencies of such governmental units.

2. **Retail appliance outlets** - If any establishment of a public utility company also engages in retail appliance sales at the same location, report as two separate establishments by giving: (1) the number of employees primarily in public utility operations; and (2) the number of employees engaged in retail appliance sales.

If book figures are not available please estimate based on your March 12 payroll.

3. **Department or concessions** - List as a separate location (including specific street address) those retail or service outlets operated by your firm as a department of a retail or service establishment, such as shoe departments or beauty salons in department stores, meat or bakery departments in grocery stores, or millinery departments in clothing stores. Include in the establishment name that it is a leased operation such as "Apex shoe-leased department."

4. **Leased or commission basis gasoline service stations** - Gasoline service stations leased by an oil company (or other owner) to an independent operator should always be reported by the operator of the business. Stations operated under a commission arrangement should be reported by the firm (either major oil company or station operator) which has responsibility with the Internal Revenue Service for withholding taxes for the employees of the service stations.

5. **Contract food operators** - Each contract location operated during any part of 1975 should be reported as a separate establishment. Report employment and payroll for each individual location. If book records are not readily available, carefully prepared estimates are acceptable and may be based on the employment and payroll proportions existing in the March 12 pay period.

6. **Mail order sales** - Catalog order stores, including telephone order offices, and mail order houses servicing these locations should be reported as separate establishments. Employment and payroll of catalog order desks located in retail stores should be included in the data for the store in which they are located.

7. **Vending machine operations** - Individual vending machine outlets should not be reported as separate establishments. Report associated employment and payroll with the service location from which they operate. Delete any preprinted locations that represent individual vending.

8. **Direct selling operations (House-to-house)** - House-to-house sales employees should not be reported separately but included with the employment and payroll of the branch office with which they are affiliated.

9. **New car dealers** - New car dealers which operate used car lots or automobile repair facilities at locations different from that of the new car showroom should not consider these as separate establishments. Employment and payroll for such locations should be included with the new car outlet. Used car lots or automobile repair shops operated by subsidiaries (or under a different employer identification number than new car dealership) should each be reported as a separate establishment.

► Selected Services

1. **Automotive rental and leasing** - Separate automotive rental sites (for example, airport locations) in the same county, for which a common fleet is maintained, should not be considered separate establishments. Employment and payroll for such locations should be included with the controlling main or branch location. If book figures for each location are not available, please estimate based on your March 12 payroll figures.

2. **Guard and building cleaning and maintenance services** - Businesses which supply services on customers' locations should not consider the customers' locations as separate establishments. Employment and payroll for these locations should be included with the main or branch office from which the work is supervised.

PART III - SPECIAL INSTRUCTIONS . . . (Continued)

WHOLESALE, RETAIL AND SELECTED SERVICES - Continued

3. Laundry or dry cleaning - Branch locations for distribution of finished work only, operated by laundries and dry cleaners (including industrial, linen and diaper supply), should not be considered separate establishments. Employment and payroll for such locations should be included with the plant in which the work is done. Distribution locations operated by subsidiaries (or under different Employer Identification Number than plant) should each be reported as a separate establishment.

4. Photofinishing - Branch locations (service outlets) for the pickup and delivery of film should not be considered separate establishments. Employment and payroll for such locations should be included with the photofinishing laboratories in which the work is done. Such locations

operated by subsidiaries (or different Employer Identification Number than plant) should each be reported as a separate establishment.

5. Engineering (Consulting and design) - Temporary or field offices of engineering firms should not be considered as separate establishments. Employment and payroll for such locations should be included with the controlling main or branch location.

6. Liaison or customer (client) contact office - Liaison or similar offices maintained by law firms, advertising agencies, or other business or professional service firms, to maintain contact with customers or clients should not be considered as separate establishments. Employment and payroll for such locations should be included with the locations where the service is primarily performed.

BANKING

Employer Identification Numbers assigned to trust funds or estates which are administered by the bank and reported on the IRS Form 1041, U.S. Fiduciary Income Tax Return, should not be listed in Item 4. Only the Employer Identification Numbers used to report either Federal employment

taxes (IRS Form 941) or income (IRS Forms 1065, 1120, and 990) should be listed in Item 4.

Main and branch locations should be reported as separate establishments.

MEDICAL, LEGAL, EDUCATIONAL, SOCIAL SERVICES

▶ Medical

Part-time offices maintained to contact patients should not be considered as separate establishments. List only the offices where the service is primarily performed and include the employment and payroll for the part-time offices.

▶ Legal

Liaison or similar offices maintained by law firms to maintain contact with clients should not be considered as separate establishments. Employment and payroll for such locations should be included with the locations where the service is primarily performed.

▶ Educational

Do not include students in the employment totals unless they are actually employed (full or part-time) and included in the payroll totals. Identify as separate establishments those installations which are not physically contiguous. If separate book figures are not available for individual establishments, please use your best estimates.

▶ Social

Part-time locations maintained to contact recipients or contributors should not be considered as separate establishments. List only the locations where the service is primarily performed and include the employment and payroll of the part-time locations. If separate book figures are not available for individual establishments, please use your best estimates.

MA-100-F2
(1975)



U.S. DEPARTMENT OF COMMERCE
Social and Economic Statistics Administration
BUREAU OF THE CENSUS
Jeffersonville, Indiana 47130

NOTICE

The reporting instructions for the 1975 Annual Survey of Manufactures are contained in the Instruction Manual (MA-100-R1) mailed with the 1974 Annual Survey of Manufactures. If you do not have last year's copy or need additional copies, please complete and return the address label below to:

Bureau of the Census
1201 East Tenth Street
Jeffersonville, Indiana 47130

ORDER FORM AND MAILING LABEL

- Please send _____ copies of the 1975 Annual Survey of Manufactures Instruction Manual, MA-100-R1.
- **NOTE:** Fill in below your company's Census File Number, the name of your company, the name of the person requesting materials, the company's street address, city, State, and ZIP code.

U.S. DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS
Jeffersonville, Indiana 47130

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND
FEES PAID
U.S. DEPARTMENT
OF COMMERCE
COM-202



FIRST CLASS

Census File Number: _____

Company Name: _____

Attention: _____

Street Address: _____

City, State, ZIP Code: _____

MA-100-F1(1975)



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of the Census
Washington, D.C. 20233

Supplemental Instructions for Reporting on Form MA-100

Item 3C -- First Quarter Payroll

This item has been added to Form MA-100 beginning with 1975 instead of reporting this figure on Form NC-XI, "Report of Company Organization."

Report gross earnings paid during the first quarter (January-March) to employees prior to such deductions as employee's Social Security contributions, withholding taxes, group insurance premiums, union dues, and savings bonds. Include in gross earnings all wages, salaries, commissions, dismissal pay, paid bonuses, vacation and sick leave pay, and the cash equivalent of compensation paid in kind. Include salaries of officers and executives of incorporated firms if these persons are considered part of the plant; exclude payments to proprietors or partners.

Item 7 -- Gross Value of Depreciable Assets

In processing the 1974 data reported for this item, we have found that some companies are not following the instructions included in the instruction booklet that was sent last year. Therefore, we would like to emphasize the following points (which are included on Page 7 of the Instruction Booklet).

1. The gross value of depreciable assets (buildings and equipment) should be the original cost of depreciable assets for which depreciation or amortization reserves are maintained.
2. The gross value of depreciable assets at the end of 1975 should equal the gross value of assets at the end of 1974 plus capital expenditures made during 1975 (reported in Item 9), less retirements during the year. If this calculation yields large differences, please explain in the "remarks" section of Form MA-100.

Item 11 -- Comparability with the Current Industrial Reports Series

If your company also completes any of our Current Industrial Report (CIR) series, please review the instruction manual or survey instructions for each CIR to determine the comparability between the CIR data and the related product data reported in Item 11 of the Annual Survey of Manufactures (ASM). If comparability between the CIR item codes and ASM product classes is indicated in the CIR booklet then the value figures reported on the two surveys should be the same. If you have questions or want a complete list showing the comparability between



the ASM product classes and CIR item codes, you may telephone us on Area Code 301, 763-7304 or 763-2510, or write to Bureau of the Census, Industry Division, Washington, D. C. 20233.

Item 16 -- Inventory Valuation

1. Report the percentages of the inventories shown in Item 6 valued by each method of cost determination at the end of 1974 and 1975.
2. If you value your inventories at the lower of cost or market, you should report in Item 16 as follows:
 - a. If cost is lower than market, enter the appropriate percentage(s) for the applicable cost method such as first-in, first-out, last-in, first-out, etc.
 - b. If market is lower than cost, enter the appropriate percentage in Item 16, line 6, and specify "Market, lower than cost."
 - c. If market is always used, enter the appropriate percentage in Item 16, line 6, and specify "Market is always used."

EX 3 - FTC
Heller, Jerry

April 30, 1976

Mr. Jerry Heller
President of Erwin Manufacturing Co.
P.O. Box 507
Ocilla, Georgia 31774

Dear Jerry:

Thank you for contacting my office recently regarding FTC form MG 4. I appreciate your taking the time to share your views with me.

As a member of the Senate Select Committee on Small Business, I realize that one of the chief obstacles facing our struggling small businessman today is the crushing weight of federal regulations and their accompanying paperwork. I have long feared that the federal bureaucracy is determined either to regulate small businesses out of business or smother them in paperwork. The bureaucracy must be made more responsible in its regulatory procedures, and I have therefore recently introduced the Regulatory Limitation Act of 1975. This bill would permit either House of Congress to disapprove proposed federal regulations before they go into effect. Not only will this help restore the power of Congress to disapprove unwise and unnecessary regulations, but it will also allow our citizens to bring these regulations to the attention of their Senators and Representatives so that Congress will be able to prevent their implementation.

I realize that such proposed legislation is of little help to you in your present difficulties involving the Federal Trade Commission. I have accordingly contacted the FTC, asking that they provide me with a complete report on their use of form MG 4 as it applies to Erwin Manufacturing Company. As soon as I have their response, I will be sure to let you know.

If I may be of any further assistance in this matter, please let me know.

Sincerely,



Sam Nunn

LS/jb

EX 3 - FTC
Dixon, Paul R.

April 30, 1976

The Honorable Calvin J. Collier
Chairman, Federal Trade Commission
Pennsylvania Avenue at Sixth Street
Washington, D.C. 20580

Dear Mr. Chairman:

I have been contacted by Mr. Jerry Heller, President of Erwin Manufacturing Company, P.O. Box 507, Ocilla, Georgia 31774. Mr. Heller is concerned with the report requirements of the Federal Trade Commission, and specifically the use of form MG 4 as it applies to his company.

In order to be of all possible assistance to my constituent, I would appreciate a report on the use of this form and its application to Mr. Heller's company.

Your attention to this matter is most appreciated.

Sincerely,

Sam Nunn

LS/jb

March 16, 1976

MEMO TO: Leigh Snell
FROM: Richard Ray

The Senator has received a telephone call from Jerry Heller, President of Erwin Manufacturing Company, P. O. Box 507, Ocilla, Georgia 31774.

Mr. Heller is upset because the FTC has recently notified him that he had to fill out an FTC form MG 4 (39 questions) each quarter. Mr. Heller says that he filled out one form with the help of his auditors for the price of \$250.00 and that/^{it}is a ridiculous procedure which does not apply to his business.

What do you think about asking the FTC to review his case and send one of their staff people over to talk to you and me with a copy of this form?

Please discuss.



RBR/mwc

KAISER ALUMINUM,
Washington, D.C., April 30, 1976.

HON. SAM NUNN,
Chairman, Subcommittee on Oversight Procedures, Committee on Government
Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR NUNN: Thank you for your kind invitation of March 8 for Kaiser Aluminum to submit a statement for the record of the hearings on S. 3076 being held by the Subcommittees on Oversight Procedures and on Reports, Accounting and Management. We are pleased to accept the invitation and are enclosing several copies of our statement.

Your assistance in having the enclosed statement made part of the record of these hearings will be greatly appreciated.

Sincerely,

THOMAS K. SINGER,
Vice President and General Manager.

Enclosure.

STATEMENT ON S. 3076, THE PAPERWORK REVIEW AND LIMITATION ACT OF
1976 BY KAISER ALUMINUM & CHEMICAL CORP.

Kaiser Aluminum & Chemical Corporation appreciates this opportunity to comment on S. 3076. We are a diversified, international company, headquartered in Oakland, California, with operations in 30 states and 25 countries, employing 23,000 employees at our over 120 facilities. In our operations, we have become increasingly concerned with the tremendous and growing burden of federal, state, and local governmental paperwork, and are eager to encourage efforts to alleviate this problem.

Please understand that we are not addressing ourselves to the merits of federal, state, or local programs which have inspired this flood of paperwork. Rather, the issue which concerns us is:

Whether the volume of paperwork required is really necessary to meet the objectives of the programs and the departments which administer them.

We believe S. 3076 addresses this question in a constructive way. Section 254, requiring a paperwork impact statement to accompany each bill, is the first step in determining if the information provided is worth the cost to prepare it. Section 255, requiring an annual review of paperwork, would be extremely helpful in identifying ongoing reports which are no longer useful. With the implementation of this section, currently-used forms would be reviewed, possibly for the first time. After such a review, data would be available to determine if an agency's request for information from business is necessary. We support both of these approaches to solving the paperwork problem.

In addressing this problem, Kaiser Aluminum & Chemical Corporation has been working with the Federal Commission on Paperwork, beginning with our presentation before that Commission during their San Francisco field meeting in November of last year. At that time, we took a look at the situation in terms of our own business, and our findings—to put it mildly—were astounding. We found reports required by the federal government from our corporate headquarters alone entailed the filing of over 10,000 separate filings annually.

As part of our review of the government paperwork reporting burden, we made a special survey of 56 financial reports prepared from information submitted to our corporate accounting staff. These reports required 231 separate filings and we estimated that over 5,000 hours were necessary to complete them. That's about three days for each filing. If we were to assume this was the average time per filing on the over 10,000 separate filings required from our corporate headquarters, it would indicate that over 100 person years are required annually to comply with these federal paperwork requirements.

Obviously, the costs to the nation's industry quickly become staggering when our experience is multiplied by all the other corporations, both large and small, in the U.S. This cost is obviously one that must be largely passed on to the consumer, along with the cost incurred by the government entity concerned with receiving, consolidating and reviewing these reports.

During our presentation to the Federal Commission on Paperwork, we made several recommendations which are pertinent to this bill and are being suggested here as amendments to S. 3076:

1. Industry should have some means of questioning whether the data being requested, whether on a voluntary or involuntary basis, is really required. We have such a procedure in our company to scrutinize reports required by our various departments. We suggested an independent agency be given the power to review such requests from industry and challenge the government entity requiring the paperwork where appropriate. In this regard, such agency should be required to hold hearings as a mandatory part of its review procedures. Further, this agency could act as an appeals board to allow industry an opportunity to challenge reports which prove to be overly burdensome. S. 3076 partially responds to this recommendation, but could go further to establish the means by which industry, as well as other affected parties, could have input under Section 255.

2. A special advisory committee representing industry should be formed to study how the government could better establish control of forms, systems and paperwork. The best experts in this area are employees of the very corporations that are complaining about the paperwork. We recommend the bill include a provision for such a special advisory committee.

3. One agency should be designated to collect data for all agencies and thus act as a funnel charged with the responsibility of standardizing requests and crosschecking to ensure that the information is not already available. This agency, which would maintain the data base, would also verify that the agency requesting the data has the need and authority for access to the data.

4. The requesting agency should indicate on any given form its purpose, how the output is going to be used, and whether the reporting requirement is mandatory or voluntary. This would provide industry with a guide as to why the questions are asked and where the answers can be found when the government completes its survey.

5. Users of reports should be surveyed once a year to determine if the information still has value to them. Section 255 should be expanded to include this recommendation.

6. Limits should be placed on the amount of time reports have to be retained. There should also be some provisions for microfilming reports which have to be kept for long periods of time. Some laws now insist that the actual original document be retained, and when we consider hundreds of plants and thousands of people are involved—that's an expensive requirement.

At this time, we also would like to go on record in favor of S. 2132, requiring periodic review of all government forms; and S. 998, a record management bill concerning internal government record-keeping.

We will be happy to provide the Subcommittees on Oversight Procedures and on Reports, Accounting and Management of the Senate Committee on Government Operations any additional information they may require during their consideration of S. 3076 and related legislation.

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA,
Washington, D.C., May 5, 1976.

Senator SAM NUNN,
Chairman, Subcommittee on Oversight Procedures, Committee on Government Operations, U.S. Senate, Washington, D.C.

Senator LEE METCALF,
Chairman, Subcommittee on Reports, Accounting and Management, Committee on Government Operations, U.S. Senate, Washington, D.C.

Subject: S. 3076—Paperwork Review and Limitation Act of 1976

DEAR SENATORS: This association represents 8400 general contractors engaged in all aspects of contract construction. Our member firms perform approximately 80% of the annual contract construction volume in the United States. They employ approximately 5 million workers of which about 3.5 million are employed directly on job sites.

The overwhelming majority of our member firms qualify as "small business" under the current federal definitions, but we address the subject of this legislation on behalf of all our members, not just those that are small business firms.

The proposed legislation would do three things, and we see great merit in each of the objectives, with only minor reservations.

First, the legislation would require a Paperwork Impact Statement in the report of each bill or joint resolution of a public nature except for appropriation bills.

As Senator Nunn said in presenting this bill to the Senate, it "is aimed at correcting one of the chief causes of the federal paperwork burden—the Congress itself". We must agree that the Congress is indeed one of the chief creators of federal paperwork, and we cannot commend too strongly recognition by the Congress that its own house must be set in order as part of any meaningful program to reduce the paperwork burden. We regard the Paperwork Impact Statement requirement as only a first step, but an essential step, in reducing the Congressional generation of federal paperwork. It is unlikely, we believe that committees of the Congress will be able to foresee accurately the full scope of documentation which will be imposed by an executive agency on the basis of legislation. However, we believe that a concerted effort at such predictions on the part of Congress will force attention to the paperwork potential in legislation. Further, and perhaps more importantly, those predictions will tend to produce a more meaningful dialogue during oversight proceedings by enabling the Congress to weigh executive agency implementation against Congressional intent. On both counts, we view the proposed Paperwork Impact Statement requirement as a highly beneficial step in the paperwork reduction process.

Secondly, the bill would require Congressional review of reporting requirements of the departments and agencies within their jurisdictions and reports thereon at least once every year. This requirement would seem to lead inevitably to the kind of follow up alluded to above in which the Congress would be able to discuss actual paperwork generated in terms of paperwork anticipated at the time legislation was passed. By placing this requirement in the committee with oversight jurisdiction the Congress would provide to those committees the tools to carry on productive dialogue with the executive departments and agencies, and the Congress would virtually command itself to be concerned with the resulting paperwork as well as the anticipated paperwork.

Our sole reservation on this aspect of the legislation is that the requirement to perform this review annually may add more to the burdens of the Congress than you will be able to handle effectively. Perhaps this review should be done every 18 months or even once every Congress rather than every year.

Thirdly, the bill would place a one year limitation on Office of Management and Budget approval of forms from the executive departments and agencies. This, too, is a clearly desirable objective but, again, we are inclined to question the frequency of the approval requirement. There are some federal reporting requirements which are clearly necessary on a repetitive basis where the renewed approval would probably be a pro forma review. It would conserve staff resources (and federal expense) at OMB to make provision for very simple reapproval in cases where the need is clear. Examples of this that come readily to mind are such forms as the Employers W-2 and other such documents related to the Internal Revenue Service.

We understand there may be some reluctance to act on this legislation until the Commission on Federal Paperwork has completed its work. We share the hope and belief that CFP will propose a variety of effective measures, including legislation. However, it seems most unlikely that CFP would find this legislation counter-productive. Should the Commission add further recommendations, as we hope will be the case, so much the better that a first step has already been taken.

To summarize, we heartily endorse S. 3076 with only the reservation that the Congress and the Executive Branch should not be directed to greater zeal in reviewing federal paperwork than they are capable of handling with present staff. The paperwork burden has taken many years to reach its present proportions, and it would be unrealistic to expect to wipe it out in one sudden swoop. Our association has been among those most concerned with the federal paperwork burden. However, we are aware that some of the burden is quite necessary and sweeping abolition of federal reporting requirements could be equally disastrous.

We appreciate the opportunity of providing you with our views, and ask that this statement be made part of the hearing record.

Sincerely,

JAMES M. SPROUSE,
Executive Vice President.

United States Senate

GALE W. MC GEE, WYO., CHAIRMAN
 JENNINGS RANDOLPH, W. VA. HIRSH L. FONG, HAWAII
 QUENTIN M. BURDICK, N. DAK. TED STEVENS, ALASKA
 ERNEST F. HOLLINGS, S.C. HENRY BELLMON, OKLA.
 FRANK E. MOSE, UTAH
 PATRICK J. LEAHY, VT.

COMMITTEE ON
 POST OFFICE AND CIVIL SERVICE
 WASHINGTON, D.C. 20510

May 19, 1976

The Honorable Abraham Ribicoff
 United States Senate
 Washington, D. C. 20510

Dear Abe:

Thank you for your letter of April 5 on behalf of the Government Operations Committee requesting the views of the Committee on Post Office and Civil Service regarding S. 3076, a bill to improve the Congressional oversight of reporting and paperwork requirements of federal departments and agencies.

Probably no group of agencies is quite so prodigious in the generation of forms as are those within the federal statistical community. The oversight responsibility of this Committee for the federal statistical system must, then, demand our attention to the paperwork burden. I think, however, legislation of this sort is premature in view of the existence of the Commission on Federal Paperwork. As I recall Public Law 93-556, the Commission was granted two years in which to make its study and recommendations to the Congress. I hope that we could have the Commission's report in hand before fixing a final course in our program to reduce federal paperwork and reporting requirements.

Addressing the specifics of S. 3076, I urge the Committee to consider whether the procedures prescribed in the bill are actually feasible or desirable. Obviously the objectives of the bill are desirable, but there is a strong serving of irony in any measure that proposes reports on reports. The federal agencies can be expected to be self-serving in their reports. Unless actual scrutiny and analysis by the committees of Congress can be guaranteed, these reports will serve no other purpose than to increase federal paperwork.

With respect to section 4 of S. 3076, the Committee asks that the extension of federal reports should also include the Internal Revenue Service (which is a major source of statistical data for the Federal Government) as well as the regulatory agencies. It is our

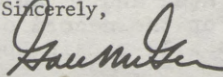
The Honorable Abraham Ribicoff
May 19, 1976
Page 2

understanding that these agencies are not presently included under the Federal Reports Act. I believe the Government Operations Committee might wish to consider the merit of continuing this exemption.

Finally, I would like to speak to the bill's provision that would grant the Office of Management and Budget oversight for the development of forms. In terms of statistics, few duties are more important to the quality and integrity of information as the power to dictate the form and nature of questions to be asked. To be effective, such questions must be the product of coordination and cooperation. The Bureau of the Census, for example, has made a sincere effort over the last several years to involve Congress, the public, and the users of its statistical data in the formulation of census schedules. For my part, I believe this is a good approach to ensure that whatever reporting requirements the American people must endure ultimately serve the collective good of the Nation. I am doubtful that the investiture of such authority in the Office of Management and Budget could equally serve this purpose.

The Committee on Post Office and Civil Service would welcome any further requests for comment or other inquiries regarding legislation to reduce the reporting and paperwork requirements of the Federal Government.

Sincerely,



GALE McGEE, Chairman

GM:av

May 14, 1976

Mr. Philip S. Hughes
Assistant Comptroller General
General Accounting Office
Washington, D.C. 20548

Dear Mr. Hughes:

I want to thank you for your very helpful testimony on S. 3076, the Paperwork Review and Limitation Act of 1976, at our hearing on May 3.

Shortly after your testimony, Mr. Fernando Oaxaca and Mr. Roy Lowry appeared on behalf of the Office of Management and Budget. During their testimony we discussed last year's GAO case study on the performance of OMB and the Labor Department under the Federal Reports Act. Mr. Lowry was critical of the case study's findings and recommendations. I am enclosing a transcript of his remarks.

I think it may be appropriate for GAO to respond to Mr. Lowry's comments, and I would very much like to have your response for the record of our hearing on S. 3076. The record will remain open until June 3, 1976.

In addition, I would appreciate it if GAO would continue to monitor the activities of OMB in carrying out its responsibilities under the Federal Reports Act. It has become apparent to me that OMB will improve its performance only if continually overseen by Congress and GAO. I intend to call OMB witnesses at six-month intervals to check on their progress. Accordingly, I would appreciate having a report from GAO no later

than November 1, 1976, assessing the status and progress at OMB in this area.

Sincerely,

Sam Nunn

Enclosure

WPG/mh

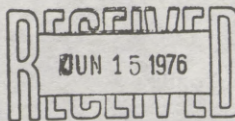


ASSISTANT COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

June 14, 1976

B-158552

SUBCOMMITTEE ON



The Honorable Sam Nunn, Chairman
Subcommittee on Oversight Procedures
Committee on Government Operations
United States Senate

OVSIGHT PROCEDURES

Dear Mr. Chairman:

We appreciate the opportunity to respond to comments by Mr. Roye Lowry, Office of Management and Budget Clearance Officer, during your Subcommittee's hearings on S.3076. The comments concerned GAO's "Case Study of Department of Labor and Office of Management and Budget Activities under the Federal Reports Act."

In general, Mr. Lowry expressed the view that our report was based on isolated and out-of-date evidence and that, in general, the report was based on work of inadequate depth and scope. We have been unable to specifically identify examples used by Mr. Lowry but offer the following more general comments.

Our report was based on a review of approximately one-third of the Department of Labor's forms, and we discussed a large number of these forms in our report. Our findings, conclusions, and recommendations were based on this large scale review, and not on the approval of one specific form, or a few forms, as indicated by Mr. Lowry during his testimony.

We were critical of OMB's evaluations of the Department of Labor's needs for information and of OMB's lack of effort to eliminate unnecessary duplication. Although actions taken on some of the forms cited as examples in our report took place several years ago, as Mr. Lowry indicated, all forms were in use by the Department of Labor at the time of our review.

With regard to duplication in reporting, one of the primary purposes of the Federal Reports Act is to give OMB the responsibility for insuring that unnecessary collection of duplicate information is eliminated. We found that OMB did not have a working definition for "duplication" so we developed our own broad definition for use in our case study. In essence, we defined duplication as existing where programs or agencies (1) collected the same or similar data elements, regardless of the manner in which the information is detailed or summarized; or (2) collected information which could serve the same

B-158552

purpose. Our definition was used as a starting point for identifying potential cases of unnecessary duplication where forms could be abolished, simplified, or consolidated. We suggested that a broad definition would also be useful to the OMB reviewers as a guideline for identifying similar potential cases. Our definition was broad in order to identify as many potential cases as possible. We stated in the report that:

"The definition should not be used to automatically preclude an agency from obtaining information but should be a starting point for judging individual cases. In cases where duplication is deemed to exist by OMB, we believe OMB should get the agency personnel together, as envisioned under section 3(b) of the act, to see if a single form could serve the information needs of the groups."

Our report cited a number of examples of forms which we believed could be abolished, simplified, or consolidated. These examples were cited to show potential for minimizing respondents' burden and costs and minimizing the Government's cost by eliminating unnecessary duplication. For example, we found that the Department of Labor required respondents to manipulate similar data and report this data on separate forms so it would be in the format desired by the agency users. We believe this constitutes duplication and violates the policy of the Federal Reports Act that information which is collected be tabulated to maximize its usefulness to the collecting agency.

Our major findings and conclusions were supported by a report on OMB's clearance process entitled "Small Business Reporting Burden" by Peat, Marwick, Mitchell and Company under contract with OMB. Both reports included comments on:

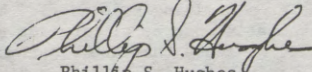
- weaknesses in OMB's evaluation of agency need for information, particularly for form revisions and no-change extensions;
- weaknesses in OMB's effort to identify duplication and maximize the sharing of information within and between agencies;
- OMB's reliance on the memories and recollections of its reviewers to eliminate unnecessary duplication;
- the need for printing assigned expiration dates on OMB approved forms;
- the current heavy OMB reliance on respondents to identify alleged act violations;

B-158552

- the need to improve OMB's guidelines for the agencies and to strengthen the role and responsibility of the agencies;
- the need for the agencies to clearly define the responsibilities of forms clearance personnel; and
- the need for the agencies to improve the coordination of their information collection activities.

In summary, we believe our report was based on an adequate study base. While alternative definitions of duplication are obviously possible, we believe our definition was suitable as criteria for a case study. We will soon be contacting your staff to discuss the request for us to report no later than November 1, 1976, assessing OMB's status and progress in controlling paperwork.

Sincerely yours,



Phillip S. Hughes
Assistant Comptroller General

STUDENT FINANCIAL AID: TRUE COSTS!

by

William T. Haywood
Vice President for Business & Finance
Mercer University

Excerpted From a Paper Prepared for
Presentation at Student Financial
Aid Workshops

Winter, 1976

Sponsored by:

National Association of College and
University Business Officers
and
National Association of Student Financial
Aid Administrators

STUDENT FINANCIAL AID: TRUE COSTS!

by
William T. Haywood

In a time of cost consciousness, we in higher education are being called upon to identify true costs. Much effort is being expended to break down educational cost to its lowest common denominator - productivity of units of learning. As is true in all cost configurations, there are hidden costs which generally escape the light of day. This paper will attempt to explore some of the hidden costs to higher education through the high budget item: Student Financial Aid. There is a dollar concern very aptly expressed by Bill Jellema, who, in researching for his book, "From Red to Black," found that among institutions operating at a deficit there was a distinct correlation between the size of the annual deficit and the institution's appropriations for student financial aid. There is a philosophical concern in this cost formula resulting from government intervention.

Fortunately, there exist among the leadership of higher educational institutions those who continue to resist by every possible means the threatened destruction of the diversity of higher education. The battle was assured in the late 1950's, when for the first time governmental assistance became available to a broad spectrum of college students. Rules and regulations detailing the administration of the National Defense Student Loan Program appropriately treated all colleges alike, whether public, private, or sectarian.

The inclination to assimilate higher educational institutions continued unabated as additional student financial aid programs were developed in the sixties. The impetus was given unprecedented emphasis in the late sixties and early seventies, when campus riots and disruptions unfortunately required invoking both Federal and state police action to save many campuses from destruction. Congressional Acts, court rulings, and executive orders dealing with all forms of discrimination - racial, ethnic, sex, religious and nationality - added fuel to the fire. The coverage of colleges under existing Federal legislation, such as the Wage and Hour Law and other social programs, contributed significantly to the trend. The problem, now financially measurable, has proven to be so burdensome that many who formerly hesitated to speak, out of fear of institutional sanctions, and others who support diversity in higher education, have begun openly to challenge the trend. Public awareness and avowed interest have aroused some of the politicians, jarred some bureaucrats, and elicited the support of high elected and appointed officials.

The writer believes that governmental support of students afforded the first continuing opportunities for governmental intervention in our institutions. Observations over a period of 25 years as an educational administrator in public, private and church-related higher educational institutions affirm this posture. The case can be well stated and documented, and constitutes the burden of a portion of this paper.

Until the late 1950's and Sputnik, there was little national concern over higher educational institutions and their functions. Higher education was generally the province of middle and upper class Americans and the

well-to-do. True, a representative group of youngsters from poverty level and otherwise economically deprived backgrounds made it into the higher educational system largely through a scattering of junior colleges and state teachers' colleges. A few were afforded higher educational opportunities by locally supported four-year church colleges where, typically, low faculty salaries constituted the first form of student financial aid. There was limited availability of higher educational opportunities for the mass of American youth.

The launching of Sputnik, and the sudden realization that the nation's defense was in jeopardy should the Communist world conquer outer space, shocked the United States as nothing before in its history. The sinking of the Lusitania, which catapulted America into World War I, was a distant happening far across the sea. Almost the same may be said of Pearl Harbor, 3,000 miles from American shores. Many recall that as a nation we did not react to Pearl Harbor with fear of destruction of our national life, but with anger that such a crime would be perpetrated upon us. Sputnik was different. The nation's reaction was one of fear, and from that fear grew a determination to catch up.

It was the consensus of national political leadership that the only way America could catch up with Russia in the Sputnik era was through the mass production of college educated citizens. Science and education became preeminent! Thus, the first national effort to subsidize college students without reference to any forms of repayment for services rendered (i. e., the G. I. Bill of World War II) evolved and reflected the national

concern in its title: the National Defense Education Act, the emphasis of which was the National Defense Student Loan Program.

While the regulations for NDSL were extensive in their published form, they were written in such fashion that the college had broad administrative discretion. Accountability was required, and for many years it was astutely practiced by the great majority of colleges. In recent years, there is documented evidence that many colleges have become careless in their administration of federally sponsored student aid programs, especially in collections, and all colleges are beginning to suffer from the sins of the few. However simple those initial regulations were, they provided the first entrée of the Federal bureaucracy into the internal management and decision making of both public and private higher educational institutions.

We now face an emergence of similar problems in many states which have developed state financial aid programs for college students. Most of us have observed the recent rapid growth of public higher education. This movement started simply with a limited number of public universities and specialty institutions, regionally located teachers' colleges and a few scattered junior colleges. The pressures on enrollments increased in the sixties, and teachers' colleges were converted into comprehensive four-year colleges, junior colleges into four-year single purpose institutions, some of the comprehensive four-year colleges established graduate and professional programs, and the community college concept developed as a replacement for the upgraded junior colleges.

As the public sector was changing, the private colleges and universities, which until as late as 1950 enrolled more than half of the students in American higher education, were beginning to suffer from enrollment decline through a combination of competing low-cost public institutions and the need for constantly higher tuition rates in the private institutions. Many states fortunately recognized the economic value of the private institutions and the need of diversity in higher education guaranteed by the presence of private institutions. State student financial aid programs were established primarily to relieve the pressures on the growing enrollment in public institutions, and secondarily to assist an endangered valuable educational resource. The latter recognition gave rise to financial support to the private colleges both by the indirect route of student assistance, and in some states by direct appropriations to the private institutions.

Now many state governments, supported strongly by the prestigious Carnegie Commission reports, suggest that public institutions increase tuition levels to a point where they bear some direct equalization with the tuition charged in private higher educational institutions. While this is welcomed by private institutions because of its stabilizing effect on their enrollments, public institutions may cry foul as there will surely be a recognizable outflow of students from the public sector to the private. Neither of those concerns is as important as is the concern that such an equalization ultimately will involve increased state control of both public and private higher educational institutions, and thus contribute to the further homogeneity of the two sectors of higher education.

The regulations surrounding the administration of the whole gamut of student financial aid programs in higher education have resulted not only in administrative interference which destroys diversity, but they have also critically impacted other areas of the postsecondary academic experience. As was pointed out earlier, accessibility to higher educational opportunities is one of the great advantages of government aid to students, but it can become a real disadvantage when government changes its goals.

Frequently we are inclined to think of financial aid programs only in terms of the funds available to undergraduate students, perhaps because undergraduates constitute such a large proportion of total enrollment. Government, however, strongly influences the accessibility of professional education, especially in the allied health fields, through its programs of financial assistance to students, unrestricted capitation grants to institutions, and direct support of basic research. The trauma of American medical schools in the late sixties was a direct result of the sudden and dramatic reduction of almost unlimited government sponsored research during the preceding 15 years. Colleges had overextended themselves in research and support facilities, had employed many basic research scientists and tenured an over-abundance of them, and had established unbalanced reliance on the sponsored research dollar and its overhead contribution to general operating revenue. It required only one national administration's sudden change of interest to other goals to traumatize the colleges by dramatic reduction of research support. Major universities slipped quickly from black to red, and many private ones entered the public domain. Others merged or ceased to operate.

A succeeding administration created a more pronounced trauma by adding to the change of policy a system of impoundments which were resolved only through court and legislative action long after the damage was done and some institutions had foundered. A new federal law concept of budget rescissions and Congressional approval has emerged, with the result that the executive's wings have been substantially clipped. We are terrorized annually by the lethargy of the Congress to give adequate notice of funding levels for financial aid. In May of 1969, we were traumatized by the veto of the financial aid appropriations legislation, and it was mid-summer before financial aid packages could be completed. Unfortunately, some colleges' response resulted in a dramatic decrease in freshman class enrollment, which followed through the succeeding three years with disastrous results. Higher education must speak vigorously against efforts to reduce its appropriate contribution to the forward advance of our national destiny.

If there remain those who would challenge the premise of this paper that the use of student financial aid funds creates opportunity for bureaucratic inroads into the internal management of colleges and universities, we can look to some examples which are current, alive and kicking.

Because of some very unfortunate and difficult situations surrounding the administration of the Guaranteed Student Loan Program, the traditional higher education institutions are now suffering from new regulations which were not thoughtfully drawn. It was a mistake when the term "postsecondary education" was broadened from its popular and historical definition to encompass every form of education and vocational training beyond the high school. Until that definition was so broadened, it was generally concluded

that there were approximately 3,000 postsecondary educational institutions in the country. As higher educational institutions, they were evaluated, recognized, accredited and certified by appropriate regional and professional accrediting associations, each of which in turn was recognized by the National Commission on Accreditation. All accrediting procedures were voluntary and were accomplished through peer review.

It is a recognized obligation of the professional educators to be involved directly in the accreditation process at minimum cost to the institution. In the Southern Association region, for example, a typical evaluation visit to a campus for either accreditation or reaffirmation is typically two and one-half days in length. Weeks prior to the visit, the members of the committee are furnished with voluminous materials about the institution to be visited. Upon the committee member's return to his home campus and following the submission of his written report, he is paid the magnificent sum of \$50 for his labors. Can one imagine the cost once accreditation is fully bureaucratized?

Our present system has worked well, so well in fact that accreditation by regional accrediting associations has received the broad support of the American people, and has resulted in the almost total nonexistence of unaccredited higher educational institutions because of their public rejection.

Unfortunately, governmental bureaucrats are dissatisfied with a system which has worked well but which appropriately has excluded them from direct participation in the accrediting process. They sought more power to control certification than that already bestowed on the United States Commissioner

of Education, who, under federal law, has the authority to recognize unaccredited institutions for certain federal programs and funding. Three or four years ago, the bureaucracy set forth to create centralized federal accreditation. Government control over the purse strings of student financial aid has enabled the bureaucracy to accomplish much of their goal, despite the valiant resistance of some higher educational administrators, whose battle has resulted in the retention of some semblance of our former autonomy in the accreditation process.

As recently as November, 1975, The Chronicle of Higher Education reported in an article about scandal and mismanagement of Guaranteed Loan programs, that HEW will propose necessary steps to develop stricter regulations setting out the conditions under which institutions can be limited, suspended or terminated from participation in the Guaranteed Student Loan Program. An unidentified source in HEW was quoted as saying: "We will probably propose more rules later to expand and cover all student aid programs." The accrediting problem is indicated in the same article by the response of HEW when asked why they allowed schools to participate while their accreditation status is under review. The response of an HEW spokesman was: "to insure due process. A school may have been treated unfairly by the accrediting body, and we don't want to cut it out until we have reviewed the situation." That statement may be seen as an unwarranted attack on the professionalism of responsible educators.

The Council on Postsecondary Accreditation, the resulting organization, embraces perhaps 30,000 postsecondary institutions of all types, forms and shapes, and there are those who believe that it may ultimately be nearer 100,000 institutions. Many question the ability of such a monstrous organization to serve adequately so diverse a clientele, and more than a few educators fear it falling into the control of unfriendly hands.

This has been a necessarily circuitous route to bring us to the present point, which cites the problems confronting institutions of higher education now included in the expanded definition of postsecondary institutions. Many of the problems with advertising, bankruptcy, closing of programs, failure to perform in placement, and unfair refund practices may be laid directly upon the doorsteps of non-higher educational postsecondary institutions operated for a profit and traditional institutions which derive a disproportionate amount of their operating income from federally funded student aid monies.

There is no violation of consumer rights in traditional higher educational institutions, where the charge to the consumer covers only a very small portion of the full cost of delivering the educational product. Yet traditional colleges and universities were incorporated into operative Federal regulations by an unknowing and ill-informed bureaucracy. The results burden all of postsecondary education with uniform rules of procedure. Traditional old-line universities, predominantly liberal arts and non-vocational in orientation, have for decades produced primarily pre-professional graduates and school teachers, never requiring a placement service other than a limited one for

education graduates. Under the existing rules and regulations as now interpreted, such institutions must establish the same kind of placement service as the local secretarial training school and the schools of cosmetology and auto mechanics. The same regulation would result in uniform refund policies. The ultimate penalty for non-compliance is the loss of Guaranteed Student Loan funds in the college, a real threat in many institutions where a substantial proportion of students participate in the program. HEW, under pressure from Congress, and one suspects from an understanding new Secretary, has announced a reconsideration of its earlier pronouncements.

Governmental intervention takes many forms. Perhaps the most distasteful are those which take the form of bureaucratic intervention. Bureaucrats are not the elected representatives of the people, and those below the appointive level are protected in their employment by Civil Service rules. Experience indicates that the desk-bound career bureaucrat is largely unresponsive, although there are notable exceptions. The danger in the present context is the faceless, frustrated subprofessional who has a yen to wield power over those whom he never encounters. Perhaps some bureaucrats enjoy power vicariously by bestowing it upon top elected and appointive leaders who never sought such power at the outset. We are now witnessing a real battle between the HEW establishment and the agency's appointed administrators. It appears that the latter insist on less power and control, while the former insists on more. This is evidenced by a

recently issued HEW second draft of proposed legislation revising the requirements of colleges for eligibility of Federal funds. HEW officials have held public meetings on the proposals after college representatives complained directly to the Secretary. This indicates the responsiveness of that office which has been so noticeably absent since 1966.

In a recent speech warning of the tendency of government to prescribe everything from Washington, President Kingman Brewster of Yale said higher education needs support from the Federal Government, but stressed that it must come without strings. He listed "four self-denying ordinances or mandates to govern federal support of higher education":

1. "Wherever possible it is better to let the market allocate the subsidy. Subsidize the students and allow them to take the bounty to the place which best suits their interest and their talent."
2. "Wherever direct grants are required for facilities or for the operation of expensive scientific equipment, let their allocation be done by a panel drawn from the academic or scientific peerage, so that the academic merits rather than political log-rolling will determine who gets what."
3. "Do not attach strings or conditions or requirements to federal grants for the purpose of regulating local behavior which could not, under the Constitution, be regulated directly by an exercise of the federal administrative or criminal law."
4. "Remember that the role of government in higher education is that of investor, not a purchaser of manpower."

Another force now encountered on a regular basis is that of the courts. The judiciary involvement does not present the same kind of difficulty, but this does not recuse concurrence with a recent article in U. S. News and World Report questioning whether the judiciary has indeed overstepped its bounds of authority. Court decisions, like bureaucratic regulations, deserve the critical eye about which we were warned by Mr. Justice Brandeis:

"Experience should teach us to be most on our guard to protect liberty when the government's purposes are beneficent. The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning but without understanding."

In the past decade, decisions of the courts have influenced several areas of higher educational administration. One of the most serious has been the effect on admissions decisions. Colleges are now required by court interpretation of the law to base admissions decisions on racial, ethnic, sex, age and economic conditions of all applicants. If a logical balance cannot be found among applicants, concerted efforts are made to seek out new applications to obtain balance.

Court decisions also affect institutional programs and development. Many institutions have foundered because the institutional size was not viable enough to comply with court dicta on program developments. Court decisions have had a deleterious effect on the professional morale of both teachers and administrators. Increasing numbers of professional educators are leaving the field because they no longer derive the same sense of personal satisfaction, despite more economically attractive prospects. The nation thus loses a valuable asset which is not readily replaced!

Court interpretations and court orders are producing the same detracting effect on public interest in higher education and on that of the benefactors of both public and private higher education, as they have had on the public school systems over the past two decades. Like our nation's experience with secondary schools, as the colleges appear more and more to be operated by the courts, the public loses interest.

A problem constantly confronting colleges is the effect of policy changes of governments in their support of students. The area of student support presents more immediate and lasting dangers than shifts in policy on the support of institutions, sponsored programs, libraries, developing programs, and a plethora of other government-supported programs. Students are the customers of higher education, and if their financial base is dramatically changed, there is an immediate and direct corollary effect on enrollment in the colleges. We must be concerned that state and federal agencies by changes in policy exercise too much influence on the enrollments in our colleges.

Some believe that we may witness in the near term, as we recover from our recent economic displacements, a shifting of higher education funding support. Tuition will increase at a more rapid rate, thus shifting the burden of student support from the institutions to students and their parents, both in the public and private sectors. The taxpayer has already revolted and is unwilling readily to increase his outlay in the support of public higher education. The recent marked increases in tuition in public

institutions are an indication of the shifting of the burden from the taxpayers to the students and their parents. With an increasing college population and the return to the classroom of taxpaying adults and senior citizens, a diminution of tax support shifts the burden of rising tuition costs to a larger vocal and voting group of taxpayers. We may ultimately witness a revolt on their part, which may reverse the system and result in total support from public resources and free higher education to all who desire it. The role then of private higher education institutions is clouded, and many will die, thus further diminishing the influence of a significant element of diversity in higher education.

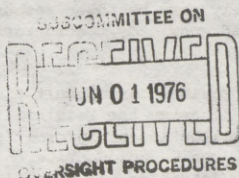
As it is bootless to attempt to gauge accurately true costs in the production of a credit hour, intangibles are present in assessing the true costs of student financial aid. It is not necessary that we attach dollar values to the intangibles, only that we recognize their existence. To borrow further from President Brewster's University of Oregon Centennial Exercise address, and to paraphrase him: It is time to reaffirm that merely because the national government is the national banker for education, it does not follow that the government should make every educational institution an instrument of the Washington political bureaucracy.



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

May 25, 1976

Honorable Abraham Ribicoff
Chairman, Committee on
Government Operations
United States Senate
Washington, D. C. 20510



Dear Mr. Chairman:

This will reply to your April 5, 1976, request for a report on S. 3076, a bill "To improve congressional oversight of the reporting and paperwork requirements of Federal departments and agencies."

This Department is opposed to enactment of this bill. However, we could agree with the idea of requiring a "Paperwork Impact Statement" for each bill such as would be required in Section 2.

The bill would require a thorough review at least once each year by the committees of Congress of the reporting requirements of agencies and departments under their respective legislative jurisdictions, such review to include the number and character of reporting forms used by the agencies and departments during the year. In addition, the bill would amend the Federal Reports Act to require the approval of the Director of OMB for any proposed collection of information, and further, to restrict such approval to a time period no longer than one year. This Department's objections to the proposed bill relate principally to these provisions.

First, about 95 percent of the public-use reports and reporting systems of this Department, representing about 95 percent of the man-hours reporting burden, currently receive approval for three years use, and in some cases for five years. Most of these public-use reports and reporting systems are regulations for recordkeeping or retention, applications or accountings for Federal benefits, or forms needed for the Department's regulatory programs. Most of these forms or reporting systems are subject to on-going review and many are revised or modified more often than every three or five years, at which time they are again subject to Departmental and OMB clearance. This Department is opposed to imposition of mandatory yearly reviews by Congress and OMB, because a more frequent review would be almost totally unproductive in reducing public reporting burdens and would add substantial costs to the operations of the Federal agencies, Congress and OMB. Secondly, relative to the requirement for approval of each public reporting requirement by the Director of OMB, the Federal Reports Act currently requires that the Director state that "he does not disapprove the proposed collection of information." This Department opposes such an amendment to the Federal Reports Act because the bulk of Federal reporting

Honorable Abraham Ribicoff

2

requirements are imposed directly or indirectly by Congress and vesting this additional responsibility in the Director of OMB might require him to be given substantially more manpower resources, and might also prove to be an overly detailed, unwieldy concentration of responsibility and authority.

Section 5 of the bill provides for consultations between OMB and the Comptroller General in studying the feasibility of requiring a single standard form for the collection of information by all Federal agencies. Such a study would be largely unproductive because significant standardization of forms is not feasible, and properly justified reporting requirements are implemented most efficiently and with least public reporting burden by use of specialized reporting forms. This Department has, for many years, administered an internal central clearance function for all public reporting requirements subject to the "Federal Reports Act." We have therefore carefully reviewed and monitored reporting requirements to minimize unnecessarily burdensome or duplicative reporting, and have maintained the number of reports and associated burden at a relatively stable level.

The bill would require a "Paperwork Impact Statement" for each bill or joint resolution of a public character reported by any committee (except Appropriations) of the Senate or House, such statement to estimate the amount and character of information which would be required of individuals and businesses. Additionally, the statement would include whether required information is already being gathered by or is available from Government agencies or departments, would describe the number and nature of required forms or recordkeeping requirements, and the cost or time required of private businesses, especially small businesses. Nearly all of the reporting requirements placed upon private individuals, businessmen, and other non-Federal entities by this Department are directed explicitly or implicitly by Federal law. Further, most are required relative to administering Federal benefits. Therefore, we favor the idea of a "Paperwork Impact Statement" for each bill or joint resolution.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

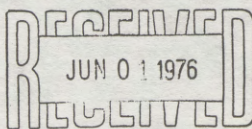
Sincerely,
John A. Knebel
Acting Secretary



U.S. CONSUMER PRODUCT SAFETY COMMISSION
WASHINGTON, D.C. 20207

MAY 26 1976

SUBCOMMITTEE ON



OVERSIGHT PROCEDURES

Honorable Abraham Ribicoff
Chairman
Committee on Government Operations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter is in response to your request for the comments of the Consumer Product Safety Commission on S.3076, a bill

"To improve congressional oversight of the reporting and paperwork requirements of Federal departments and agencies."

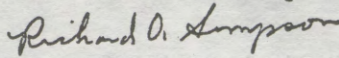
S.3076 would, in part, amend section 5, Federal Reports Act, as amended (44 U.S.C. 3509), to require the approval of the Director of the Office of Management and Budget prior to the adoption or revision by "Federal agencies" of plans or forms for the collection of information from citizens. Such approval would extend only for a period of one calendar year and no agency subject to the provisions of section 5 could require the submission of any reporting form if the approval by the Director (of OMB) has expired. In addition, each Federal agency subject to the provisions of section 5 would be required to submit, to the Director and to Congress, not later than the end of every calendar year, a list of all forms which are approved and in use by such agency and all forms which have, during the calendar year, been approved or been withdrawn by the agency.

Independent Federal regulatory agencies, such as the Consumer Product Safety Commission, are specifically excluded from the term "Federal agency" as used in the Federal Reports Act by 44 U.S.C. 3502, as amended by Pub. L. 93-153 (November 16, 1973, 87 Stat. 593). Such independent agencies are, however, subject to review by the Comptroller General of their information collection activities as specified in 44 U.S.C. 3512.

Page 2--Honorable Abraham Ribicoff

Accordingly, in view of the above discussion, S.3076 would not directly involve or impact on the Consumer Product Safety Commission, except insofar as the Commission would be subject to a general review of its information collection activities as provided for in section 2 of S.3076. The Commission, therefore, defers to the affected agencies with respect to recommended legislative action.

Sincerely,



Richard O. Simpson
Chairman

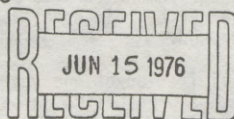
cc: Director, Office of
Management and Budget



UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20545

JUN 10 1976 SUBCOMMITTEE ON

Honorable Abraham Ribicoff, Chairman
Committee on Government Operations
United States Senate



Dear Mr. Chairman:

OVERSIGHT PROCEDURES

Thank you for the opportunity to comment on S.3076, a bill "To improve congressional oversight of the reporting and paperwork requirements of Federal departments and agencies."

Designated as "The Paperwork Review and Limitation Act of 1976," S.3076 would impose several procedural restrictions which are intended to have the laudable goal of reducing the number and complexity of forms used by the Federal Government in compiling data. In the opinion of the Energy Research and Development Administration (ERDA), a study to determine whether the number of Federal agency forms could be reduced, as well as such a reduction, would be valuable. However, enactment of S.3076 would likely generate far more paperwork than it would eliminate, and could, because of the cumbersome procedures established, seriously prejudice ERDA's ability to efficiently manage its programs. Accordingly, ERDA opposes enactment of S.3076.

Section 2. of S.3076 would create a requirement for "Paperwork Impact Statements" to accompany each public bill or joint resolution reported by a congressional committee. Since the very purpose of many pieces of legislation is to authorize the Federal Government to determine whether and to what extent information relevant to its programs is available, this provision may impose requirements which are impossible to meet. One example of this type of legislation is to be found in Section 312. of P.L. 94-187, which directs ERDA to establish a Central Source of Nonnuclear Energy Information. Since the very purpose of this legislation was to establish a mechanism for determining the amount and character of useful information, it would appear that the requirements of S.3076 would, if applicable to such legislation, be impossible to meet.

Section 4. of S.3076 would amend Section 5. of the Federal Reports Act by imposing several restrictions upon the information gathering



Hon. Abraham Ribicoff, U.S.S.

JUN 10 1976

functions of federal agencies. Among these restrictions are:

1. A requirement for OMB review and approval of the collection of certain data, as well as the plans or forms to be used.
2. A limitation of one year on such OMB approval, together with a prohibition on use of any such forms after expiration of such OMB approval.
3. A requirement that, each year, each federal agency submit to OMB and to the Congress a list of all forms used by the Agency, all forms approved for use during the year, and all forms withdrawn from use during the year.

In ERDA's opinion, imposition of these restrictions would have an immediate adverse affect on technical, mission-oriented agencies such as ERDA. Apart from the additional workload (and corresponding expense) which would result, it should be noted that the basis for accomplishment of ERDA's energy research and development goals is the effective and expeditious transfer of information and ideas. Thus, ERDA must coordinate and interact with many persons in order to be able to accomplish its mission. Imposition of these stringent procedural roadblocks to information acquisition could severely hinder achievement of our goals.

In addition to its general impacts on ERDA program missions, S.3076 could adversely affect certain national security functions and activities performed by ERDA. In particular, ERDA has important responsibilities under the Atomic Energy Act of 1954, as amended, for ensuring that ERDA personnel and ERDA contractor personnel involved with Restricted Data are appropriately cleared. Under the present system, as many as fifteen or more persons (other than Federal employees) may be contacted for background information concerning a particular individual before a clearance is granted. However, Section 4. of S.3076 would appear to impose the above-mentioned restrictions upon each of these clearances, thereby adversely affecting this important ERDA function.

With respect to the new subsection 5.(b) of the Federal Reports Act proposed by Section 4. of S.3076, ERDA believes that enactment of this legislation would create much unnecessary paperwork in federal agencies merely to process and file extensions of the one-year limitation. As a minimum, OMB should have authority to grant longer-term approvals for collection of information where there is a clearly recurring need. Moreover, this subsection, together with a requirement for specific legends on each form

Hon. Abraham Ribicoff, U.S.S.

JUN 10 1976

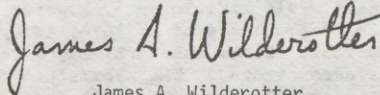
(as called for by the proposed new subsection 5.(d) of the Federal Reports Act) would result in uneconomical printing practices, since each form would have to be reprinted each year.

Finally, enactment of Section 5. of S.3076 would result in a study of the feasibility of a single standard federal report form. While this may be a laudable principle, it would appear to be totally impractical in view of the variety and complexity of information which is required by the various federal agencies. In lieu of this proposed study, ERDA would favor a broader study to develop mechanisms for the reduction of the number of such forms, as well as procedures to assure responsible Federal agency management of the use of such forms.

In summary, ERDA opposes S.3076 because of its possible adverse impacts upon our program mission, and because we believe its requirements would serve to create additional paperwork without any corresponding significant reduction of current paperwork.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,



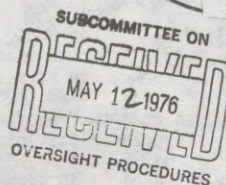
James A. Wilderotter
General Counsel

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
WASHINGTON, D.C. 20506

May 5, 1976



Honorable Abraham Ribicoff
Chairman
Committee on Government Operations
United States Senate
Washington, D.C. 20510



Dear Mr. Chairman:

Thank you for your letter of April 5, 1976, requesting this agency's comments on S. 3076, "The Paperwork Review and Limitation Act of 1976".

The Equal Employment Opportunity Commission will not be affected by these amendments to The Federal Reports Act, 44 U.S.C. 3501 et seq. Under the provisions of Section 409 of P.L. 93-153, the collection of information by this Commission is reviewed by the General Accounting Office since it has been determined that we are an "independent Federal regulatory agency" as defined in 44 U.S.C. 3502.

The Commission would like to note, however, that the requirements of Section 4 of S. 3076, if applied to this Commission, would create substantially more paperwork than is now necessitated. The provisions of Section 4 would require annual approval of all forms and an annual report of all information forms used or withdrawn. Under the mandate of Section 709(c) of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000e-8(c), the Commission is to require reports, as are reasonable or necessary, from every employer, employment agency and labor organization subject to Title VII. To comply with this mandate the Commission has developed six information forms to be completed by different entities. Currently, GAO has granted this Commission a three year approval for the information forms now used, provided that no changes are made in the forms. Annual approval and annual reports would only serve to increase paperwork and limit the resources of this Commission for carrying out the other mandates of Title VII of the Civil Rights Act of 1964, as amended.

We appreciate the opportunity to comment on this piece of legislation, and hope that these comments will be of assistance to you.

Sincerely,

Ethel Bent Waigh
Vice Chairman

UNITED STATES OF AMERICA
 GENERAL SERVICES ADMINISTRATION
 WASHINGTON, D.C. 20405



MAY 26 1976

Honorable Abraham Ribicoff
 Chairman
 Committee on Government Operations
 United States Senate
 Washington, DC 20510



Dear Mr. Chairman:

The purpose of this letter is to make known to your Committee the views of the General Services Administration concerning S. 3076, 94th Congress, a bill "To improve congressional oversight of the reporting and paperwork requirements of Federal departments and agencies."

The General Services Administration reviewed this bill and believes that legislation affecting reporting and paperwork requirements is premature at this time because of the effort in process to examine the entire problem.

The Commission on Federal Paperwork was established by Congress specifically to study the issue of the reporting burden placed on the public by the Federal Government and is expected to make recommendations to reduce the paperwork burden, including the need for additional or revised legislation. We would prefer to see legislation affecting Federal paperwork requirements delayed until after the Commission's work is completed.

In the meantime, this agency believes improvements in paperwork can be initiated through such activities as the President's program currently underway to reduce public reporting by 10 percent by June 30, 1976. This kind of initiative will complement the Commission's work. On the other hand, legislation to amend the Federal Reports Act or create new requirements such as the paperwork impact statement, before the Commission has a chance to study all aspects of the problem, may be counterproductive.

In addition, we believe there are fundamental problems with S. 3076 which would cause difficulties if the bill were enacted. For example, the bill limits the approval period for public reports to one year which we think is unrealistic. A substantial burden will be put on both the agencies and OMB if new approvals have to be obtained annually for reports which clearly must be continued. OMB now has the flexibility to establish the approval period and GSA feels this flexibility should continue.

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Finally, Section 5 of the bill is totally unrealistic. It appears to be saying that the purpose of the study will be to determine if all Federal agencies can use a single form to collect information. From our experiences with forms management, it is frequently possible and desirable to consolidate forms, but requiring a single standard form for the collection of information by all Federal agencies is clearly not possible. The various programs of the Federal agencies affecting the public are simply too diverse and a study is not needed to reach that conclusion.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely,

TERRY CHAMBERS
Deputy Administrator



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Honorable Abraham Ribicoff
Chairman, Committee on Government
Operations
United States Senate
Washington, D. C. 20510

MAY 24 1976

Dear Mr. Chairman:

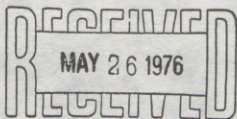
This is in response to your request for a report on S. 3076, a bill "To improve congressional oversight of the reporting and paperwork requirements of Federal departments and agencies."

In summary, we oppose the bill because it would mandate ineffective and unnecessary procedures of a highly ministerial nature, limiting flexibility to improve procedures to better carry out objectives stated, and duplicating or ignoring existing OMB policy and mechanisms.

The proposed legislation would require each congressional bill or joint resolution to be accompanied by a "Paperwork Impact Statement" which would provide detailed estimates of the data collection burden on the public; require annual reports to be prepared by each congressional committee on the number and character of reporting forms issued and withdrawn by the departments and agencies within their legislative jurisdiction; limit OMB approval of forms to periods of one year; require agencies to submit annual reports on form usage to OMB and the Congress; and require the Director of OMB, in consultation with the Comptroller General, to undertake a study of the feasibility of requiring a single standard form for the collection of information by all Federal agencies.

While it is recognized that some legislation has resulted in excessive, duplicative and unstandardized data collection activities, the requirement for "Paperwork Impact Statements"

SUBCOMMITTEE ON



OVERSIGHT PROCEDURES

The Honorable Abraham Ribicoff

is likely, in most instances, to prove ineffective and unnecessarily burdensome. First, most of the reporting associated with a program is not identifiable until the implementation stages. Moreover, the nature of management problems and associated evaluations change over time. Consequently, it would be impossible to identify with particularity reporting requirements at the time proposed legislation is being considered. Second, in the great majority of cases, there will be little reporting burden. However, even in those cases in which there is a substantial burden, that burden may be necessary and justifiable in terms of program benefits. For example, the largest single burden imposed by the Department of Health, Education, and Welfare lies in the social security retirement program--a burden necessitated by the need to administer tax collections and benefit payments efficiently and with accuracy. Hence, a great number of statements would be prepared and little change would result--the requirement would itself be an unduly burdensome paperwork exercise.

The requirements in section 2 and section 3 which mandate annual congressional committee reports and agency reports, respectively, on the nature and extent of reporting requirements is unnecessary as this information can readily be obtained at the present from OMB. On a monthly basis, OMB provides each agency with a report indicating which forms are currently approved and those that will expire at the end of the month. Each month the Statistical Reporter lists all forms approved in the prior month. Recently, OMB has automated its forms clearance filing system and routinely generates a series of reports which analyze the nature of the Federal reporting burden from a number of perspectives.

The proposed amendments to the Federal Reports Act would substantially affect the manner in which the Act is presently administered by OMB as called for in Circular A-40. The bill would require OMB to approve forms to be used in data collection rather than requiring it to not disapprove the collection. Under current procedure, forms not disapproved,

The Honorable Abraham Ribicoff

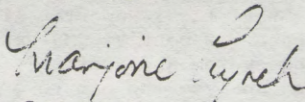
may, subject to OMB guidance, be used for data collection for periods in excess of one year. This discretionary policy permitting the multiple year use is considered by the Department to be an enlightened approach which eliminates the need for unnecessary annual review.

We do not believe the undertaking of the feasibility study called for in section 5 will be profitable. A single standard form is not going to serve the diverse data collection needs of all Federal agencies. Information needed to administer programs vary from agency to agency as well as from program to program. The kinds of information needed to evaluate a health delivery system will be very different from information used to evaluate a pre-school education program. Countless examples could be provided to indicate the diversity of information collected by Federal agencies, and such diversity obviates the utility of a single standard form.

We therefore recommend that the bill not be favorably considered.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,



Under Secretary

ASSISTANT ATTORNEY GENERAL
LEGISLATIVE AFFAIRS

Department of Justice
Washington, D.C. 20530

JUL 2 1976

Honorable Abraham A. Ribicoff
Chairman, Government Operations Committee
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your request for the views of the Department of Justice on S.3076, a bill to be cited as "The Paperwork Review and Limitation Act of 1976."

S.3076 would amend Part 5 of the Legislative Reorganization Act of 1970 by adding two new sections. The first of these new sections would require that a paperwork impact statement be included with each bill or joint resolution reported by any committee of the Senate or the House of Representatives, other than the respective Committees on Appropriations. The second of these sections would require that each committee of the Senate and the House review and report annually on the reporting requirements of the departments and agencies within its legislative jurisdiction.

S.3076 would also amend Section 5 of the Federal Reports Act, as amended (44 U.S.C. § 3509) by requiring Federal agencies to obtain approval of the Director of the Office of Management and Budget (OMB) before collecting information "upon identical items from ten or more persons, other than Federal employees." Any such approval would be limited to one year. Each Federal agency would also be required to submit annually to the Director of OMB, the Senate, and the House a status report on that agency's forms.

One year after the date of enactment of S.3076 the Director of OMB would be required to submit the results of a study on the "feasibility of requiring a single standard form for the collection of information by all Federal agencies."



- 2 -

The Director of OMB would be required to consult with the Comptroller General when preparing this study.

The Department of Justice defers to the Office of Management and Budget on the desirability of this legislation.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

(Signed) Michael M. Uhlmann
Michael M. Uhlmann
Assistant Attorney General

