

**Chairman Doug Ose**  
**Opening Statement at GRC's Hearing on**  
**The Paperwork and Regulatory Improvements Act (H.R. 2432)**  
**July 22, 2003**

First, let me thank Chairman Davis for holding today's hearing on the bi-partisan "Paperwork and Regulatory Improvements Act," that I authored as Chairman of the Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs. I am also grateful for his becoming an original co-sponsor along with my Subcommittee's Vice Chairman Bill Janklow.

Now, let me turn to the bill itself. The bill includes legislative changes to: (1) increase the probability of results in paperwork reduction, (2) assist Congress in its review of agency regulatory proposals, and (3) improve regulatory accounting.

OMB estimates the Federal paperwork burden on the public at 8.2 billion hours. The Internal Revenue Service (IRS) accounts for over 80 percent of the total. In 1980, Congress passed the Paperwork Reduction Act (PRA). In 1995, 1998, 2000, and 2002, Congress enacted additional legislation with the objective of decreasing paperwork burden. Nonetheless, paperwork has increased in each of the last seven years, with the largest increases in the last two years. And, OMB continues to devote less than 1 full-time equivalent (FTE) staff to IRS paperwork reduction. To address this problem, **Section 3** of H.R. 2432 requires OMB to devote at least two FTEs to IRS paperwork reduction.

**Section 4** removes recent unjustified statutory exemptions from various paperwork review and regulatory due process requirements. These include the Administrative Procedure Act's protections for affected parties to have notice and an opportunity to comment on agency regulatory proposals, and the PRA's required review and approval by OMB.

**Section 5** makes permanent the authorization for the General Accounting Office (GAO) to respond to requests from Congress for an independent evaluation of selective economically significant rules proposed or issued by Federal agencies. To date, GAO has not hired staff for this function since the law only authorized a 3-year pilot project. Instead, GAO intended, after the 3-year pilot project received funding (which has not yet occurred), to use contractors to prepare its independent evaluations. To assume oversight responsibility for Federal regulations, Congress needs to be armed with an independent evaluation. With this analytic help, Congress will be better equipped to review final agency rules under the Congressional Review Act. More importantly, Congress will be better equipped to submit timely and knowledgeable comments on proposed rules during the public comment period.

**Section 6** requires certain changes to improve regulatory accounting. In 1996, Congress required OMB to submit its first regulatory accounting report. In 1998 and 2000, Congress enacted additional legislation to make OMB's regulatory accounting reports more useful. OMB is required to annually estimate the total annual costs and benefits for all Federal rules and paperwork in the aggregate, by agency, by agency program, and by major rule, and to include an associated report on the impacts of Federal rules and paperwork on certain groups.

OMB's six regulatory accounting reports have all failed to meet some of the statutorily-required content requirements. Part of the reason for this failure is that OMB has not requested agency estimates for each agency bureau and program, as it does annually for its Information Collection Budget (paperwork budget) and for the President's Budget (fiscal budget). **Section 6(a)** extends this practice of required agency input for OMB's annual regulatory accounting statements.

**Section 6(b)** requires OMB's regulatory accounting statement to cover the same 7-year time series as the President's fiscal Budget. **Section 6(c)** requires integration into the fiscal Budget. Currently, the economic impacts of Federal regulation receive much less scrutiny than programs in the fiscal Budget. Requiring OMB presentation using the same time series as the fiscal Budget and being full integrated into the fiscal Budget documents, Congress will be better able to simultaneously review both the on-budget and off-budget costs associated with each Federal agency imposing regulatory or paperwork burdens on the public.

Lastly, **Section 6(d)** establishes pilot projects for regulatory budgeting. These tests will determine if agencies can better manage regulatory burdens on the public. Agencies will identify regulatory alternatives and then prioritize them so that the worst societal problems can be addressed first.

Lastly, I want to explain the overall logic behind this bill. I sought to make incremental improvements in the existing processes governing paperwork and regulations instead of fundamentally changing the role of Congress in its oversight of agency rules to implement laws. I believe that the public expects and deserves paperwork reduction results. In addition, I believe that the public has the right to know if it is getting its money's worth from Federal regulation.