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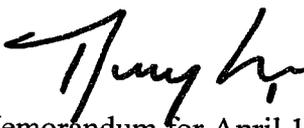
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MEMORANDUM FOR MEMBERS OF THE SUBCOMMITTEE ON ENERGY POLICY, NATURAL RESOURCES AND REGULATORY AFFAIRS

FROM: Doug Ose



SUBJECT: Briefing Memorandum for April 11, 2003 Hearing, "Mid-Term Report Card: Is the Bush Administration Doing Enough on Paperwork Reduction?"

On Friday, April 11, 2003, at 10:00 a.m., in Room 2154 Rayburn House Office Building, the Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs will hold a hearing on paperwork reduction. The hearing is entitled, "Mid-Term Report Card: Is the Bush Administration Doing Enough on Paperwork Reduction?"

Paperwork Reduction

To reduce paperwork imposed on the public, in 1942, Congress established a centralized review function for proposed paperwork. The Federal Reports Act (FRA) required the Bureau of the Budget (which became the Office of Management and Budget (OMB)) to review and approve each agency paperwork proposal. In 1980, the Paperwork Reduction Act (PRA) replaced the FRA and established an Office of Information and Regulatory Affairs (OIRA) in OMB, whose principal responsibility is paperwork reduction. The PRA was principally intended to "minimize the paperwork burden for individuals, small businesses, educational and nonprofit institutions, Federal contractors, State, local and tribal governments, and persons resulting from the collection of information by or for the Federal Government."

Attached is a chart that shows actions by Congress on paperwork reduction from 1995 to 2002, and the dates of OMB's responses to these Congressional mandates. In 1995, Congress reauthorized the PRA and set government-wide paperwork burden reduction goals for Fiscal Years (FYs) 1996 to 2001. After annual increases in paperwork, instead of decreases, in 1998, Congress, in a provision in the 1999 Treasury-Postal Appropriations Act, required OMB to issue a report identifying specific expected paperwork reduction accomplishments in FYs 1999 and 2000. OMB's 1999 report only identified a limited number of specific expected reductions. For example, the Internal Revenue Service (IRS), which accounts for over 80 percent of the government-wide paperwork burden on Americans, identified no specific expected reductions in tax paperwork in FY 2000.

As a consequence, in 2000, Congress, in Section 518 of the 2001 Treasury-Postal Appropriations Act, required OMB to issue a report evaluating paperwork imposed by agency regulations ("regulatory paperwork"), including each major rule imposing over 10 million hours of burden, and identifying specific expected reductions in regulatory paperwork in FYs 2001 and 2002. OMB's August 2001 report did not fully respond to the statutory requirements. In fact, OMB limited its evaluation to only two major rules -- both from the Department of Labor (DOL) -- issued since March 1996. The statute did not include a March 1996 starting date for covered major rules. In fact, the Subcommittee identified an additional 15 non-IRS and 40 IRS covered major rules, which each impose more than 10 million hours of burden. These rules were issued by an additional seven agencies.

After OMB's April 2002 Information Collection Budget (ICB) for FY 2002 revealed another year of increases, instead of decreases, in paperwork and did not identify sufficient accomplishments and initiatives to reduce IRS paperwork, in July 2002, the Appropriations Committee included a directive to OMB in House Report 107-575, which accompanied its 2003 Treasury-Postal Appropriations bill, to focus more of OMB staff attention on reducing IRS paperwork.

During 2001 and 2002, the Subcommittee sent eight oversight letters to OMB on paperwork reduction. Some of the points raised by the Subcommittee included: asking about OMB's willingness to disclose its role in paperwork reviews, similar to its disclosures relating to OMB's regulatory reviews; and criticizing OMB's FY 2001 and 2002 ICBs. The Subcommittee wrote, "The number of specific paperwork reduction initiatives, especially for information collections imposing huge burdens, is disappointing and the number of unresolved Paperwork Reduction Act (PRA) violations (including one dating back to 1978 and two from the 1980s) is of significant concern." The Subcommittee asked OMB to provide an expected resolution date for each outstanding PRA violation.

Also included in these letters were requests for OMB to work jointly with: (a) the Departments of Agriculture and Interior to reduce farm paperwork; (b) DOL to focus on April 2002 testimony before the Subcommittee by the business community about specifically burdensome DOL paperwork and on the 38 DOL requirements each imposing over 500,000 hours on the public; and, (c) the Centers for Medicare and Medicaid Services in the Department of Health and Human Services to correct violations of the PRA, which were not included in OMB's FY 2002 ICB.

In October 2001, OMB reduced from 27 to 15 the number of agencies required to make proposed FY 2002 ICB submissions to OMB so that they could be subject to paperwork budget controls. After the Subcommittee's April 2002 hearing, where this removal was questioned not only by the Subcommittee but also by the General Accounting Office (GAO), in November 2002, OMB restored coverage for the 12 previously-removed agencies. However, for the FY 2003 ICB, OMB stated, "In the FY 2002 Information Collection Budget (ICB), we asked each agency to 'identify at least two major initiatives to ...reduce paperwork burden on the public.' ...

While we encourage you to identify additional paperwork burden reduction initiatives, it is **not required**" (emphasis added) (p. A-1).

ICB submissions from the 27 agencies on last FY's paperwork reduction successes and this FY's initiatives were due to OMB on January 10, 2003. The Subcommittee has requested that OMB's FY 2003 ICB report (for the FY ending September 30, 2003) be provided 48 hours before the hearing.

P.L. 107-198

In June 2002, the President signed the "Small Business Paperwork Relief Act of 2002" (P.L. 107-198). This Congressional initiative required OMB to do the following by June 28, 2003: (a) publish the first annual list in the Federal Register and on OMB's website of all compliance assistance resources available to small businesses; (b) have each agency establish one point of contact to act as a liaison between small businesses and the agency regarding paperwork requirements and the control of paperwork; and, (c) report to Congress on the findings of an interagency task force, chaired by OMB, on ways to integrate the collection of information across Federal agencies and programs, and the feasibility of requiring the agencies to consolidate reporting requirements in order that each small business may submit all information required by the agency to one point of contact at the agency, in a single format or using a single electronic reporting system, and with synchronized reporting.

The law also requires three more OMB reports to Congress by June 2004, December 2003, and December 2004. The last two of these relate to enforcement actions in which civil penalties were assessed for violations of paperwork requirements.

The invited witnesses for the April 11, 2003 hearing are: OMB's OIRA Administrator John D. Graham; IRS Commissioner-Designate Mark W. Everson (who is expected to be confirmed before the hearing); John L. Henshaw, Assistant Secretary of Labor for Occupational Safety and Health, DOL; Victor S. Rezendes, Managing Director, Strategic Issues, GAO; Joanne E. Peterson, President and CEO, Abator, Pittsburgh, PA; Victor Schantz, President, Schantz Organ Company, Orville, OH; and, Frank C. Fillmore, Jr., President, The Fillmore Group, Inc., Ellicott City, MD.

Attachment

Congressional Mandates on Paperwork Reduction & OMB Reports: FYs 1996-03

Date of Law/Report	for FY	Due Date	OMB Report	Congressional Mandate
1/4/95 Paperwork Reduction Act	1996 1997 1998 1999 2000 2001	annual annual annual annual annual annual	9/97 ICB none 7/98 ICB 4/99 ICB 4/00 ICB 8/01 ICB	“annual Governmentwide goal for the reduction of information collection burdens by at least 10% during each of FYs 1996 & 1997 and 5% during each of FYs 1998, 1999, 2000, & 2001 ”
10/21/98 FY 99 Treasury - Postal Approp- riations Act	1999 2000	3/31/99 -	4/99 in ICB 4/00 in ICB	“submit a report by 3/31/99 ... that (1) identifies specific paperwork reduction accomplishments expected, constituting annual 5% reductions in paperwork expected in FY 1999 & FY 2000 ”
12/21/00 FY 01 Treasury - Postal Approp- riations Act (Sec. 518)	2001 2002	7/1/01 annual	8/01 in ICB 4/02 in ICB	“Not later than 7/1/01 ... submit a report ... that (1) evaluates, for each agency, the extent to which implementation of [the PRA] has reduced burden imposed by rules issued by the agency, including the burden imposed by each major rule issued by the agency; (2) ... evaluates the burden imposed by each major rule that imposes more than 10 million hours of burden, and identifies specific reductions expected to be achieved in each of FYs 2001 & 2002 in the burden imposed by all rules issued by each agency that issued such a major rule”
7/15/02 FY 03 Treasury - Postal Approp- riations House Report 107-575	2003	annual	?	“The Office of Management and Budget has reported that paperwork burdens on Americans have increased in each of the last six years. Since the Internal Revenue Service imposes over 80 percent of these paperwork burdens, the Committee believes that OMB should work to identify and review proposed and existing IRS paperwork.”

Abbreviations

FY = Fiscal Year

ICB = Information Collection Budget

OMB = Office of Management and Budget

PRA = Paperwork Reduction Act