

Testimony of Deidre Lee

STATEMENT OF
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Good afternoon, Mr. Chairmen and members of the Subcommittees. You invited me to discuss paperwork reduction accomplishments that the agencies expect to accomplish in fiscal years 1999 and 2000. I am pleased to have the opportunity to appear, and to present you with the *Information Collection Budget of the United States Government, Fiscal Year 1999*. This extensive report provides a detailed accounting of agency paperwork activities, accomplishments, and planned initiatives. However, we also recognize that we need to continue working to minimize paperwork burden on the public. To this end, we look forward to working with the Congress, the agencies, and the public to build on the successes, and address the challenges, described in this year's Information Collection Budget.

Purposes of the Paperwork Reduction Act

The enactment of the Paperwork Reduction Act of 1995 (PRA) was an important step in improving the way the Federal Government functions. In providing a framework for managing information, the PRA sets out a number of purposes that include:

- reducing information collection burdens imposed on the public;
 - increasing the productivity, efficiency, and effectiveness of Federal programs; and
 - balancing the practical utility of information collections against the burden they impose.
- Under the PRA, the agencies and OMB have specific roles intended to help achieve the purposes of the Act.

Reducing Burden. The PRA requires the head of each agency, supported by his or her Chief Information Officer (CIO), to be responsible for the agency's information collection activities, including the reduction of paperwork burden on the public. Under the PRA, the Office of Information and Regulatory Affairs (OIRA) within OMB oversees the CIO's management of each agency's collection of information. The PRA also requires OMB to set, in consultation with the agencies, annual agency goals to reduce burden on the public.

Improving Government Programs. OIRA oversees CIO information resource management to assist agency efforts to increase the productivity, efficiency, and effectiveness of their programs. As part of this responsibility, OIRA works with the agencies to improve their management of information. For example, OIRA encourages data sharing among agencies when possible. OIRA also reviews agency information collection activities to ensure that they effectively serve agency needs and increase program efficiency.

Balance the Need for Information vs. Burden. OIRA oversees CIO paperwork management by reviewing Federal agencies' information collection activities that are covered by the PRA, weighing the burdens of each collection on

the public against the practical utility it will have for agencies. Last fiscal year, for example, OIRA approved over 3,000 agency requests to collect information. Before approving each request, OIRA worked to ensure that any burden imposed was justified by the accuracy, adequacy, reliability, and timeliness of the information collected.

The Information Collection Budget

Through the development of the annual Information Collection Budget (ICB), OIRA oversees CIO paperwork management - including CIO initiatives to reduce paperwork burden, improve agency programs, and balance agencies' need for information against paperwork burden. The ICB reports on significant improvements in agency information collections during the previous fiscal year, identifies burden decreases or increases, and indicates areas where further improvement is needed.

The ICB is also the management oversight mechanism through which agency CIOs and OIRA establish agency paperwork burden targets for the coming year, taking into account agencies' anticipated program and statutory initiatives. Based upon the prior year's experience and the best estimates of "burden hours" imposed by each form, survey, and other information collection, each agency's CIO submits to OIRA a proposed budget of total burden hours and burden costs for the new fiscal year, together with a description of the changes in existing information collections that are necessary to meet its needs. In addition, agency CIOs report on paperwork management initiatives designed to improve the collection and use of information over time. OIRA reviews these reports and consults with CIOs to develop final information collection budget targets that minimize paperwork burden, consistent with the program needs and planned uses of the collected information.

Agency Efforts to Reduce Paperwork Burden

This year's Information Collection Budget highlights a large number of agency paperwork accomplishments and improvements. The ICB details these agency efforts and plans agency-by-agency. I will summarize just a few below.

Agencies are reducing information collection burden by revising existing regulations to eliminate unnecessary requirements or by completely changing the way they regulate.

- USDA's Rural Housing Service (RHS) first reengineered the regulations and associated information collections with its Single Family Housing (SFH) program. This initiative resulted in a reduction of over a million burden hours. In FY 1999, RHS expects to complete a similar reengineering project for the Multi-Family Housing (MFH) program. By consolidating collections and streamlining reporting requirements, USDA expects to reduce the burden of the MFH program by a half million hours, or one quarter the current burden.
- USDA's Food and Nutrition Service plans to issue regulations which will streamline and consolidate the *National School Lunch Program*, the *School Breakfast Program*, and the *Summer Food Service Program* into one program, significantly reducing the duplication in reporting and recordkeeping that results from the programs being administered separately and cutting burden by over two million hours.
- The Department of Health and Human Service's Food and Drug Administration (FDA) eliminated over one million hours of burden by no longer requiring reports for certain kinds of electronic equipment and requiring abbreviated reports instead of comprehensive initial reports for a number of products such as X-ray systems. FDA will further attempt to reduce burden by rewriting the underlying regulation *Medical Devices Registration and Listing* and by allowing manufacturers to enter and change their information via the Internet. Agencies are reducing information collection burden by raising reporting thresholds to reduce the number of reports that need to be submitted.
- The Department of the Treasury's Internal Revenue Service (IRS) revised the requirements for the *IRS Form 1040-ES, Estimated Tax for Individuals*, doubling the threshold for having to file this form from \$500 estimated taxes to \$1,000. This change reduced burden by 3.7 million hours.

- The Federal Acquisition Regulation System (FAR) raised the threshold for maximum travel expense amount that contractor personnel may claim without providing a supporting receipt from \$25 to \$75. FAR also increased the contract dollar threshold for permitting *Progress Payments*, payments to contractors at specific milestones during a project. This change reduced burden by 158,000 hours.
Agencies are reducing burden by making their forms simpler to read and fill out and by making their programs easier to apply for.
- The Department of Education redesigned the *Free Application for Federal Student Aid* (FAFSA), the form by which students apply for Federal loans and aid to attend college, cutting burden by over a million hours.
- The Immigration and Naturalization Service is working to streamline up to 15 of its forms and rewrite them in plain language, reducing their burden by up to 25 percent.
Agencies are reducing burden by cutting the frequency of periodic reporting requirements and reducing duplicative information from one report to the next.
- The Department of Veterans Affairs (VA) reduced the burden of its *Eligibility Verification Reports* by requiring fewer people to verify annually that they continue to qualify for benefits. VA also reduced the burden of its *Adjacent Gravesite Set-Aside Survey* by making it biennial instead of annual. This change reduced burden by over 50,000 hours.
- The Department of Education reduced burden on the *Local Education Agency (LEA) Eligibility under Part B of the Individuals with Disabilities Education Act (IDEA)* by accepting annual updates on initial State applications instead of requiring complete submissions each year. This reduced burden by over 400,000 hours.
Agencies are reducing burden by putting in place electronic systems that can speed the exchange of information between the government and the public and allow respondents to use their own information technology to ease reporting burdens.
- HUD reduced burden its collections, *Real Estate Settlement Procedures Act (RESPA)-- Section 6, Model Servicing Transfer and Initial Escrow Account Statement, Annual Escrow Account*, by proposing to permit lenders to use computer generated information rather than manual individual responses, reducing burden over 7.8 million hours.
- IRS continues to report increased use of its popular *e-file* system, including electronic filing and Telefile. IRS also expanded eligibility for the 941 TeleFile program, which allows employers to report employees' wage and tax information by touch-tone phone instead of on the paper Form 941, Employer's Quarterly Federal Tax Return. An additional 300,000 businesses used the 941 TeleFile program last year, reducing burden by almost 14 million hours.
- The Federal Emergency Management Agency is working with mortgage lenders to adopt an advanced information system to collect, maintain, and store data on flood zones and reduce the time needed to research and gather data on individual properties. With the information already maintained in an automated system, applicants for new or refinanced mortgages only need to review and sign a computer-generated form. This system would cut the burden of this collection by 2 million, or half its total burden.
Agencies are reducing burden by consolidating information collections both to simplify the collections and avoid collecting similar information several times from the same people.
- The Department of Defense is reducing the burden of its *Acquisition Management System and Data Requirements Control List* by over 20 million hours by eliminating duplicative data requirements on DOD contractors.
- The Department of Veterans Affairs reduced burden on its *Application for Health Benefits and Yearly Reapplication of Health Benefits* by over 2 million hours by combining five forms and eliminating the duplication that occurred when a veteran applied to multiple VA medical facilities for medical benefits and had to complete the form series each time.
- The Social Security Administration (SSA) will reduce burden by replacing state versions of the Forms SSA-3370 and SSA-3373, which states use to collect information on pain and how a claimant's disability condition affects

them, for a single national form. SSA will also eliminate its form *SSA-3945, Work Activity Report--Continuing Disability* by consolidating it with another form. These changes are expected to reduce burden by almost one million hours.

Agencies are working together to share information across programs so that people only need to respond to a single collection from one agency, rather than multiple collections from many agencies.

- The Federal Communications Commission (FCC) will eliminate its *Statement Regarding the Importation of Radio Frequency Devices Capable of Harmful Interference (FCC Form 740)* and get similar information instead from the U.S. Customs Service. The FCC anticipates eliminating approximately 20,000 burden hours due to this effort.
- SSA eliminated its *Forms SSA-777 and SSA-7770, Annual Report of Earnings* and now accepts the IRS Form W-2 filed on behalf of the beneficiary or the beneficiary's Federal tax returns as the report of earnings. This reduces the burden on social security recipients by over 300,000 hours.

OMB Oversight of Agency Efforts to Reduce Paperwork Burden

OIRA also oversees CIO paperwork management by working with agency CIOs to set agency paperwork burden reduction targets for the upcoming fiscal year. Specifically, under the PRA, OIRA, in consultation with the agencies, establishes "annual agency goals" to reduce paperwork burden on the public to the "maximum practicable" extent "in each agency." To satisfy the statutory goal that the paperwork burden target is "practicable," a reduction in paperwork burden must be consistent with the agency being able to carry out its statutory and program responsibilities. These are the paperwork burden targets that OIRA publishes, each year, in the Information Collection Budget.

In addition to the PRA's burden reduction targets, the FY 1999 OMB appropriations calls on OMB to submit to Congress a report that "identifies specific paperwork reduction accomplishments expected, constituting annual five percent reductions in paperwork expected in fiscal year 1999 and fiscal year 2000." The agency targets for FY 1999 and FY 2000, however, do not meet these burden reduction goals. As reported in the Information Collection Budget, the aggregate of the individual agency goals for FY 1999 is +2.6% and for FY 2000 is +2.3%.

Factors that Influence Paperwork Burden. There are many factors that contribute to paperwork burdens going up, not down. New legislative initiatives and amendments to existing laws typically require more, not less, data collection. For example, the Taxpayer Relief Act of 1997 increased reporting burdens by over 64 million hours in FY 1998 and over 92 million hours in FY 1999 (as of December 1998). In addition, even in the absence of legislative changes, the paperwork associated with agency statutory and program responsibilities can expand over time due to a number of factors beyond the agency's direct control, such as economic growth and demographic trends. For example, as the number of businesses grows, the number of applications to the Small Business Administration for loans increases, the number of respondents to Occupational Safety and Health Administration reporting requirements increases, and the number of reports to the IRS of payments made to employees increases.

More specifically, many existing reporting, recordkeeping, and third-party disclosure requirements are required by or necessary to implement existing statutes, and a number of increases in this ICB are required by new or recently implemented statutes. This ICB identifies over 70 recently enacted statutes, affecting more than 225 reporting, recordkeeping, and third-party disclosure requirements from FY 1998 to FY 2000, under which agencies have added or will add more than 384 million annual burden hours (making increases of more than 402 million hours to individual collections; decreases of about 18 million hours). This statutorily driven increase is more than 5% of the FY 1998 base.

Frankly, these increases are not surprising. In our Information Age, the Federal government has come to rely more and more on information to perform its most basic functions. Information is the key to an effective government that provides its citizens with necessary services - national security; a sound financial system; health, safety and environmental protections - in the least intrusive and most efficient manner possible. With a population that is geographically dispersed, highly mobile, and diverse; with an economy that is robust, innovative, and operating on a global scale; and with a society that is living through the development of the computer as a primary personal and commercial tool - one of the American government's primary functions is that of an information collecting and

management enterprise. Although the Federal government has always depended on accurate and timely information, in today's complex, rapid-paced, globalized world, the ability of the government to collect and use information is more critical than ever before.

Agency Compliance. While the PRA acknowledges Federal agencies' legitimate need for information to perform their missions, it also requires agencies to obtain OMB approval of those information collection activities that are covered by the PRA. It is very important that these information collections have OMB approval because it is the process by which agencies request and receive OMB approval that requires agencies and OMB to assess, among other things, the trade-off between the practical utility of information collections and the burden they impose on the public.

In both the FY 1998 and FY 1999 ICBs, we list agency violations of the PRA. These occur primarily when agencies continue to use collections for which OMB approval has expired. These lists are long - much too long - and indicate a substantial problem that we must resolve. As part of our efforts in this area, and to help ensure that the public is aware of the status of specific information collections, OMB will add to the "Paperwork Reviews" report on OMB's website information about the expiration of OMB approvals. We take agency violations of the PRA very seriously, and will be working with the agencies to improve their compliance with the Act.

Conclusion

In light of the government's need for information to best serve the public, it is more critical than ever that we continue the governmentwide effort to reduce paperwork burden on the public. We look forward to a working partnership among OMB, the agencies, the Congress, and the public to achieve this important goal. We believe that this goal is shared across the government. The FY 99 ICB points out many of the positive steps that are being taken in order to reduce burden. But it is not enough. We will support this governmentwide partnership to emphasize the importance of initiating real burden reductions and building on the successes that I have outlined for you today. Of course, I welcome any suggestions you may have on how we can achieve more burden reduction, and look forward to working with you toward that end.

As I said at the start of my testimony, this year's Information Collection Budget discusses, in detail, agency paperwork activities, accomplishments, and planned initiatives. In submitting this report, we hope to improve the government's ability to achieve the important purposes of the Paperwork Reduction Act. If you have any questions, I would be happy to answer them.

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