

991
INFLATIONARY IMPACT OF DEPARTMENT OF
AGRICULTURE PAPERWORK

HEARING
BEFORE THE
JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES
NINETY-SIXTH CONGRESS
SECOND SESSION

—————
MARCH 26, 1980
—————

Printed for the use of the Joint Economic Committee



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1980

JOINT ECONOMIC COMMITTEE

(Created pursuant to sec. 5(a) of Public Law 304, 79th Cong.)

LLOYD BENTSEN, Texas, *Chairman*

RICHARD BOLLING, Missouri, *Vice Chairman*

SENATE

WILLIAM PROXMIRE, Wisconsin
ABRAHAM RIBICOFF, Connecticut
EDWARD M. KENNEDY, Massachusetts
GEORGE MCGOVERN, South Dakota
PAUL S. SARBANES, Maryland
JACOB K. JAVITS, New York
WILLIAM V. ROTH, JR., Delaware
JAMES A. McCLURE, Idaho
ROGER W. JEPSEN, Iowa

HOUSE OF REPRESENTATIVES

HENRY S. REUSS, Wisconsin
WILLIAM S. MOORHEAD, Pennsylvania
LEE H. HAMILTON, Indiana
GILLIS W. LONG, Louisiana
PARREN J. MITCHELL, Maryland
CLARENCE J. BROWN, Ohio
MARGARET M. HECKLER, Massachusetts
JOHN H. ROUSSELOT, California
CHALMERS P. WYLIE, Ohio

JOHN M. ALBERTINE, *Executive Director*

LOUIS C. KRAUTHOFF II, *Assistant Director-Director, SSEO*

RICHARD F. KAUFMAN, *Assistant Director-General Counsel*

CHARLES H. BRADFORD, *Minority Counsel*

(II)

Property of the
Joint Economic Committee-
Democratic Staff
G-01 Dirksen Senate Office Bldg.

CONTENTS

WITNESSES AND STATEMENTS

WEDNESDAY, MARCH 26, 1980

Bentsen, Hon. Lloyd, chairman of the Joint Economic Committee: Opening statement-----	Page 1
Staats, Hon. Elmer B., Comptroller General of the United States, General Accounting Office, accompanied by Arnold P. Jones, Associate Director, General Government Division; Thomas J. Jurkiewicz, Team Leader; and John M. Lovelady, Group Director-----	2
Kibler, William E., Deputy Administrator for Statistics of the Economics, Statistics, and Cooperatives Service, U.S. Department of Agriculture, accompanied by Donald L. Houston, Administrator, Food Safety and Quality Service; Paschal Drake, Acting Deputy Administrator, Packers and Stockyards Administration, Agricultural Marketing Service; and Richard Schrimper, Clearance Officer, Economics, Statistics, and Cooperatives Service-----	113

SUBMISSIONS FOR THE RECORD

WEDNESDAY, MARCH 26, 1980

Kibler, William E., et al.:	
Department of Agriculture delegates responsibility for the Federal Reports Act to the Administrator, Economics, Statistics, and Cooperatives Service-----	118
Department of Agriculture administrative regulations regarding clearance of plans and report forms requesting data from the public to conform with Office of Management and Budget guidelines-----	120
Staats, Hon. Elmer B., et al.:	
Report entitled "Department of Agriculture: Actions Needed To Enhance Paperwork Management and Reduce Burden"-----	8
Text of bill H.R. 6410-----	72
Statement before the Subcommittee on Legislation and National Security, Committee on Government Operations, U.S. House of Representatives, on H.R. 6410, the Paperwork Reduction Act of 1980, February 7, 1980-----	102

INFLATIONARY IMPACT OF DEPARTMENT OF AGRICULTURE PAPERWORK

WEDNESDAY, MARCH 26, 1980

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 1202, Dirksen Senate Office Building, Hon. Lloyd Bentsen (chairman of the committee) presiding.

Present: Senator Bentsen and Representative Brown.

Also present: John M. Albertine, executive director; William R. Buechner and Mayanne Karmin, professional staff members; Betty Maddox, administrative assistant; and Mark R. Policinski, minority professional staff member.

OPENING STATEMENT OF SENATOR BENTSEN, CHAIRMAN

Senator BENTSEN. This hearing will come to order.

The Joint Economic Committee is holding a hearing this morning to look at some serious paperwork problems in the U.S. Department of Agriculture. Our witnesses will be the Comptroller General of the United States, Elmer Staats, who will present the findings of the General Accounting Office on their paperwork audit of the U.S. Department of Agriculture, and the Deputy Administrator for Statistics, William Kibler, who will tell us what the Department of Agriculture is doing to correct these paperwork abuses.

Last year, the General Accounting Office prepared a report for me which showed that American businesses are spending 69 million hours each year at a cost of over \$1 billion responding to Federal paperwork requirements. The impact of that kind of paperwork burden on productivity and inflation is a matter of serious concern in this country.

After I received that report, I asked the Comptroller General to conduct a series of paperwork audits of selected Government agencies to determine how good a job they were doing, or how bad a job they were doing, in managing the paperwork that's imposed on American businesses and the American public.

The report being released today by the Joint Economic Committee is the first of those audits. This report shows how large the problem is and how difficult the problem is to get Government paperwork under control.

It documents the fact that the Department of Agriculture just ignored the Office of Management and Budget regulations for developing and testing paperwork requirements imposed on the public.

It documents that the Department illegally used hundreds of different forms in violation of the Federal Reports Act. It also documents that the Department collected a particular form from thousands of firms in the meat industry for 7 years, none of which was ever used and many of which were simply thrown away.

It documents that four agencies of the Agriculture Department collected the same data from meat packers without even knowing that they were duplicating each other's efforts.

It documents that meatpacking firms often found it necessary to hire private expeditors to get their label applications through the USDA's bureaucratic maze in a timely fashion and at a substantial cost to themselves and, finally, to the American consumer.

When you look at the price that farmers and ranchers are getting out on the ranch for beef, and then all of a sudden, you look at the price at the meat counter, you see an incredible difference. Part of the difference in that price is this kind of paperwork burden.

I want to see the Department of Agriculture and the rest of the Government reduce the paperwork burden on Americans to the lowest level consistent with Government efficiency and vital public protections.

Government paperwork today is a scandal. Too many agencies impose excessive and duplicative paperwork requirements on the public without any concern over what the costs will be or how much it's going to increase the costs for other products, how much it's going to add to inflation.

This report being issued today looks at a few agencies of the Federal Government. I'm sure that if we looked at other agencies, we would find similar paperwork abuses.

Paperwork control has to be taken seriously by Government employees, and I hope this report will help generate the climate for cutting excessive and unnecessary paperwork throughout the Government.

Mr. Staats, we are very pleased to have you this morning. Will you proceed with your statement?

STATEMENT OF HON. ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY ARNOLD P. JONES, ASSOCIATE DIRECTOR, GENERAL GOVERNMENT DIVISION; THOMAS J. JURKIEWICZ, TEAM LEADER; AND JOHN M. LOVELADY, GROUP DIRECTOR

Mr. STAATS. Thank you very much, Mr. Chairman.

May I just say a word or two before I begin my statement, Mr. Chairman, by way of emphasizing the points which you've made in your opening statement.

We have now had on the statute books since 1942 the Federal Reports Act, which was designed by the Congress to control the paperwork burden on the American public.

But since that time, the act has been allowed to more or less deteriorate in its use. The staff which was assigned to this function in the Budget Bureau, now the OMB, has been reduced. The President transferred the statistical policy functions out of the OMB to the Com-

merce Department by Executive order. The function for review of reports in education will soon be given to the Department of Education. In the health field, it was the Department of Health, Education, and Welfare. And we have the function for the regulatory agencies in the GAO.

So we've had a lessening of central control over this period of time with respect to reporting from the public.

Now against this background, the Congress established, as you know, the Federal Paperwork Commission, which had two Members in the Senate and two Members in the House. It was chaired by Congressman Horton from New York; it was cochaired by former Senator McIntyre from New Hampshire. The Director of OMB and myself, and the Director of the IRS from the Government were members. There were members from outside the Government.

It made its report on October 3, 1977, which gives us a very good point of departure for looking at this whole problem again.

There was passed in the House 2 days ago H.R. 6410, which we believe will go a long way toward bringing things under control in this picture.

The bill which you, Senator Chiles, and others introduced here in the Senate, while it doesn't go as far as H.R. 6410, is another indication of the concern which the Congress has expressed over this problem.

We in the GAO share this concern. We have allocated a sizable number of our staff members to work in this area across the board.

So we are pleased to have your request. You recall that we made a report to you, which I believe you referred to, called "Federal Paperwork: Its Impact on American Business." Another report, "Protecting the Public From Unnecessary Federal Paperwork—Does the Control Process Work?" addressed overall Federal paperwork controls.

And of course we have here this morning another report which you have requested, which will be one of a series dealing with particular segments of the American economy on the cost and the inflationary effect and the burden and the irritation which comes about because of failure to deal with the paperwork problem adequately.

I say this by way of background because I think it helps perhaps put the report which we'll be discussing here this morning in the proper context.

Senator BENTSEN. Good.

Mr. STAATS. This report, which we are discussing this morning, was issued March 10. As you've indicated, it's the first of a series of reports which will address the paperwork burden imposed by the Federal Government on various segments of American businesses. These reviews which are being made at your request will be in the environmental, transportation, and tax areas.

During our review of the meat industry, we found that shortcomings in the Department of Agriculture's paperwork management program allowed for preparing meaningless burden estimates and collecting of unneeded, unused, and duplicate information from the meat industry.

I would like to expand on these findings by discussing, first, how Agriculture's reliance on unsupported staff judgment contributed to meaningless burden estimates; second, how Agriculture collected information it did not use; and third, how Agriculture saddled businesses with duplicate reporting and redtape.

AGENCIES' RELIANCE ON JUDGMENT ALLOWS MEANINGLESS BURDEN ESTIMATES

I believe one key to resolving the problems just cited is the availability of reliable information regarding the paperwork burden imposed. Such information is generally not available at Agriculture. Instead, Agriculture's burden data usually represents unsupported staff judgment.

To determine how Agriculture developed burden estimates, we analyzed the burden data for 87 requirements. About 7 million hours of burden are attributed to 82 of the requirements. About 99 percent of the estimated burden was based on unsupported staff judgments.

Our finding coincides with the results of a governmentwide study. In the study, OMB concluded that 92 percent of the burden estimates contained in its inventory of over 4,700 cleared reporting requirements were based on unsupported staff judgment.

Agriculture's reliance on staff judgment did not produce reliable estimates for either the regulations governing meat inspection or the annual report of packers. We reviewed the meat inspection requirement because it was the most burdensome business-related requirement imposed by Agriculture. The annual report was selected for review because of complaints by the meat industry that Agriculture's burden estimate was too low.

Relying on staff judgment, Agriculture estimated a business spends 55 hours annually completing the meat inspection reporting requirement. To examine the reasonableness of the estimate, we visited companies to verify the time spent in complying with this reporting requirement. The companies we visited generally spent about 26 hours annually. Agriculture did a followup study to verify our results and has tentatively concluded that its overall burden estimate of 408,000 hours for the meat inspection requirement is overstated by 259,000 hours.

On the other hand, we found evidence that the 4-hour burden estimate for the annual report was too low. The small firms we contacted took an average of 7 hours to respond; large firms required 144 hours. If what we found holds true for other firms, then the meat industry spent over 12,000 hours rather than the 4,400 hours estimated by Agriculture to complete their 1978 annual reports.

Agriculture has begun an assessment of the paperwork burden imposed by the packers and stockyard program. As part of its study, Agriculture will attempt to verify the results of our burden estimates for preparing the annual report.

During our efforts to assess burden estimates, we found eight headquarters-developed reporting requirements and 30 locally developed forms in use which had not been reviewed and approved by either Agriculture or the OMB. This finding raised the possibility that the most pervasive, burdensome, and irritating requirements on the meat industry were not being addressed and Agriculture was using forms which may violate the Federal Reports Act.

When we brought our findings to Agriculture's attention, it agreed to submit the eight headquarters-developed reporting requirements to OMB for review, and began a study to determine the extent to which locally developed forms were being used to solicit information from businesses.

Agriculture surveyed its regional offices and identified over 1,100 locally developed forms which had not been reviewed and approved by the Department or OMB. Agriculture is now evaluating these forms to estimate the burden imposed and to determine which ones should be eliminated and which ones should be submitted to OMB for review and approval.

AGRICULTURE COLLECTS INFORMATION IT DOES NOT OR CANNOT USE

Another aspect of effective paperwork management involves practical utility reviews, studies designed to determine if collected information is actually used. Agriculture's lack of procedures for conducting such reviews resulted in inconsistencies among its agencies in determining need and use and therefore allowed information to be collected which Agriculture did not use and sometimes discarded.

For example, Agriculture did not use the information it collected on its biological residue certificates. Although the certificates indicated that animals sold to slaughtering packers had not been exposed to DES, a known carcinogen, during a designated period. Agriculture inspection personnel said they did not need the certificate to monitor DES violations.

Inspection personnel said violations are monitored visually by inspectors and through Agriculture's residue sampling program. At one plant, inspectors collected certificates and tossed them away. At another plant, inspectors received the certificates after animals were slaughtered.

On the basis of Agriculture's estimates, businesses have spent 150,000 hours completing over 3 million certificates over the last 3 years. If Agriculture estimates are accurate, it costs businesses about \$2.2 million—about \$750,000 annually—to prepare these certificates.

The evidence compiled so far shows that the need for DES certificates is negligible. No evidence was found to support Agriculture's claims that the certificates were useful for monitoring violations, tracing and prosecuting violators, or educating cattle growers and processors.

In addition, the Food and Drug Administration in late 1979 banned the manufacture and use of DES. In light of the ban and our findings, Agriculture has now decided to eliminate the DES certificate.

BUSINESS FACED WITH DUPLICATE REPORTING AND REDTAPE

A third aspect of effective paperwork management involves Agriculture's methods for controlling duplicate reporting and redtape. In a word, the methods do not work.

To illustrate this, I will discuss how Agriculture's label approval program bogs down businesses. A label is the wrapper, package, or container in which meat is shipped or sold. Before a label may be used for any meat product, it must be approved by Agriculture. To obtain approval, companies must submit a completed application and four finished labels.

Companies which produce products in a variety of weights or at several plants must submit applications and four finished labels for each weight and each plant involved. For example, a company producing a product such as canned hams in a variety of sizes must submit

a label application for each size. If the ham is to be sold in 5 different sizes, the company must submit 5 different applications and 20 labels, even though the only changes involved may be the net weight statement and the size of the label. A company must also submit label applications for each plant producing the hams.

As a result, a company making 5 sizes of canned hams at 5 plants must submit 25 separate applications and 100 labels. This procedure applies also to each product the company produces, such as bacon, hot dogs, and lunch meat. In addition, each time a company wants to change a label design, it must go through the same application process.

We concluded that savings could be achieved in meat industry paperwork costs and in time spent by Agriculture's label reviews. To achieve these savings, we recommended that companies be required to submit only a single application and provide enough finished labels to meet Agriculture's needs. Some companies have already benefited from this method, because some label reviewers, who recognized the unnecessary duplication, did not require duplicate label applications.

Agriculture time savings could help alleviate the redtape involved in processing label applications. Currently, 2 to 3 weeks are needed. The increased time can result in higher consumer prices.

To get quicker turnaround, companies are contracting with commercial label-expediting firms to personally work the companies' labels through Agriculture's approval network.

An Agriculture official agreed that using expediting services resulted in quicker label approvals. He estimated that 60 percent of all companies now used expediting services.

This practice, however, lengthened the review time for companies which did not use such services. Often their applications were preempted by applications brought in by expeditors. Agriculture is considering reviewing labels on a first-come first-served basis.

The label approval program is not the only area where duplicate reporting exists. We identified seven Federal and two State reporting requirements which required packers to provide similar financial and slaughter information. Five were used by Agriculture. Two of these, the Weekly Livestock Slaughter Report and the Ante Mortem and Post Mortem Inspection Summary, were not approved public-use forms.

We concluded that duplicate reporting of financial and slaughter information by meatpackers was unnecessary. To eliminate the duplication, we recommended that the Secretary of Agriculture require the Department's clearance office to identify and eliminate unnecessary duplication on Department forms and reports used to collect information from slaughtering packers, identify users of slaughtering packer information and the uses to which they put the information, and third, to develop for the Federal Government, in coordination with users, a common core of slaughtering packer information.

Agriculture agreed that duplicate reporting imposed on meatpackers should be eliminated. In an effort to achieve this goal, Agriculture has scheduled a review of all the regulations and reporting requirements in this area.

In commenting on our report, Agriculture and OMB acknowledged that areas in Agriculture's paperwork management process need improvement. Both agencies outlined actions underway or planned to correct the problems in these areas.

LEGISLATIVE ACTION NEEDED TO IMPROVE FEDERAL PAPERWORK
MANAGEMENT

Our reviews of your committee are among several governmentwide efforts currently underway to improve Federal paperwork management programs. On November 30, 1979, the President signed Executive Order 12174, titled simply and appropriately, "Paperwork." This order and its implementing guidelines set out new policies and procedures for most executive agencies to follow in controlling their paperwork demands on the public.

We believe the President's actions have great potential for improving Federal paperwork management. However, they do not go far enough. The new policies and guidelines do not apply to a number of agencies. The agencies are not covered because of exemptions in the original Federal Reports Act, and IRS is an important example here, passed in 1942, and a 1973 amendment to the act which gave GAO limited authority for reviewing independent regulatory agencies' forms and questionnaires.

We believe legislation is required to bring all agencies under a strong central management authority. S. 1411, the Paperwork and Redtape Reduction Act, which you cosponsored, contains many of the provisions which we believe are needed to strengthen Federal paperwork controls.

Since S. 1411 was introduced, the House Government Operations Committee has developed a similar, but more comprehensive bill. This is one that I referred to, Mr. Chairman, a while ago.

H.R. 6410, the Paperwork Reduction Act, brings together within OMB strong central policymaking and oversight responsibility for several related information and management functions, including the fragmented authority for paperwork control.

With your permission, I'd like to include for the record the House-passed bill, and also the GAO testimony in support of that bill.

We believe this type of legislation is necessary to provide the organizational structure and management tools needed to solve the kinds of problems we have discussed today. We are hopeful that the Senate will soon consider similar legislation. We will be happy to assist in any way we can.

This concludes my statement. We will be pleased to answer any questions which you or other members of the committee may have.

[The report by the Comptroller General, together with bill H.R. 6410 and GAO supporting statement, follows:]

BY THE COMPTROLLER GENERAL

**Report To The Chairman,
Joint Economic Committee**

CONGRESS OF THE UNITED STATES

**Department Of Agriculture:
Actions Needed To Enhance Paperwork
Management And Reduce Burden**

Department of Agriculture estimates of the paperwork burden imposed on the meat industry are suspect. GAO found that the estimate of the time needed to complete the Annual Report of Packers was substantially understated; the estimate of the burden imposed by the meat inspection regulations was substantially overstated.

Agriculture's paperwork management program needs improvement. Shortcomings in the program allowed (1) the collection of unused information and (2) the use of reporting requirements which were not approved. Over 1,100 unapproved reporting requirements were in use. GAO made recommendations to enhance Agriculture's paperwork management program.

This report is the first of a series requested by the Joint Economic Committee on the paperwork burden imposed on segments of American business.



GGD-80-14
MARCH 10, 1980



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-158552

The Honorable Lloyd M. Bentsen
Chairman, Joint Economic Committee
Congress of the United States

Dear Mr. Chairman:

Your letter of January 22, 1979, requested that we undertake a series of reviews of the Federal paperwork burdens imposed on businesses. This report, our first on that work, assesses the burden imposed by and the use made of information collected by the Department of Agriculture's Regulations Governing Meat Inspection and Annual Report of Packers reporting requirements.

As you requested, we assessed if (1) the burden estimates for the two reporting requirements were reasonable indicators of the true burden imposed, (2) the burden estimates were used to manage or limit the paperwork burden imposed, (3) the information collected was used, (4) there was duplicate reporting, (5) the reporting requirements were ridiculous, and (6) the reporting requirements were consistent with the intent of laws passed by Congress. In addition, we examined the effectiveness of the Department of Agriculture's paperwork management policies and programs.

As arranged with your office, unless you publicly announce its contents earlier, no further distribution of this report will be made until March 26 to coincide with the Joint Economic Committee's scheduled hearings on this report and related matters. At that time we will send copies of this report to the Director, Office of Management and Budget; the Secretary, Department of Agriculture; and the heads of the agencies discussed in this report. Copies will also be available to other interested parties who request them.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Luther A. Starks".

Comptroller General
of the United States

REPORT BY THE
COMPTROLLER GENERAL
TO THE JOINT
ECONOMIC COMMITTEE

DEPARTMENT OF AGRICULTURE:
ACTIONS NEEDED TO ENHANCE
PAPERWORK MANAGEMENT AND
REDUCE BURDEN

D I G E S T

This report, the first in a series requested by the Chairman of the Joint Economic Committee, examines the effectiveness of the Department of Agriculture's paperwork management program and policies. To manage paperwork effectively, Federal agencies need reliable information on the burden imposed on the public, the use made of the information requested, and the extent of duplicate reporting. Such information generally is unavailable at the Department of Agriculture, GAO concluded, after studying reports required from the meat industry.

The Department should improve its paperwork management program to better manage and further reduce the burden imposed on the public. The Department can do this by correcting ineffective practices which contribute to

--meaningless and unreliable burden estimates,

--collection of unneeded information, and

--duplicate reporting requirements.

Burden estimates are meaningless

The Department's burden estimates usually represent unsupported staff judgment. How reasonable or reliable the estimates are is difficult to ascertain, since neither the Department nor the Office of Management and Budget has made a comprehensive evaluation. However, GAO found that staff judgment did not produce reliable estimates for either the Regulations Governing Meat Inspection

or the Annual Report of Packers--the two most burdensome reporting requirements the Department levies on the meat industry. The Department estimated businesses spent 407,500 hours annually completing the regulations requirement and 4,400 hours annually completing the annual report. A GAO survey of businesses showed that the estimate for the regulations overstated the paperwork burden. The Department agrees and believes the overstatement may run as high as 259,000 hours. GAO believes the estimate for the annual report could be understated by as much as 7,600 hours. (See pp. 19 and 29.)

Failure to monitor practical utility
allows collection of unneeded information

The Office of Management and Budget requires agencies to make "practical utility" reviews to verify use made of information collected from the public. Agencies are to stop collecting information they do not or cannot use because of staff, time, or other constraints.

The Department has not adequately monitored and evaluated information collection and use by its agencies or established standards and controls for agencies' practical utility reviews. These shortcomings have allowed agencies to establish inconsistent practices and procedures. For example, some agencies make practical utility reviews only on new forms and reports; others make no reviews at all. (See p. 6.) In addition, businesses must complete over 1,100 reporting requirements which have not been approved and may violate OMB guidelines. (See p. 17.)

Businesses faced with duplicate
reporting requirements

The Department has not defined "unnecessary duplication," and the two methods used to control it--memory and ad hoc subject files--require much time and effort and do not work. (See p. 8.)

The Department's label approval program bogs down businesses in duplicate reporting and red tape. The Department must approve a label before it may be used on any meat product. Companies which produce a product in a variety of weights or at several plants must get approval for each weight and each plant. (See p. 25.)

Six Federal and two State reporting requirements duplicate, in part, information collected from meatpackers by the Department's Packers and Stockyards program. Four of the Federal requirements are imposed by the Department. (See p. 32.)

Recommendations

The Secretary of Agriculture should:

- Require the Department's clearance office to upgrade policies and guidelines for estimating burden, assessing utility, and eliminating duplication.
- Upgrade the paperwork management program by (1) improving the Department's method of burden estimating, (2) making sure that only verified and documented agency burden estimates are certified as reasonable, and (3) requiring each agency to index its reporting requirements.
- Require each agency to fully assess the burden and utility of its reporting requirements.

These and related recommendations to the Secretary are discussed in detail on pages 11, 26, and 35.

The Director of the Office of Management and Budget should:

- Not delegate any additional authority to the Department for reviewing its repetitive reporting requirements until the Office has verified that the shortcomings discussed in this report have been corrected.

--Designate Agriculture the focal agency responsible for overseeing the Government's collection of slaughtering packer information. (See pp. 12 and 35.)

AGENCY COMMENTS

Department of Agriculture

The Department acknowledged that there are areas in its paperwork management process needing improvement. The Department identified specific actions which would be taken for:

- Improving its burden estimating procedures, including better documentation.
- Assessing the practical utility of its information requirements.
- Eliminating duplicate reporting.

The Department's comments and GAO's evaluation are discussed in detail at the end of chapters 2, 3, and 4.

Office of Management and Budget

The Office of Management and Budget agreed with GAO that the Department needs to correct weaknesses in its paperwork management process. The Office outlined actions underway or planned to insure that these problems were corrected. The Office's comments and GAO's evaluation are discussed in detail at the end of chapters 2, 3, and 4.

The Office stated, however, that GAO's recommendations did not go far enough since similar deficiencies are found in other Federal agencies. The Office cited the President's November 30, 1979, Executive Order 12174, "Paperwork," and proposed implementing guidelines as measures designed to achieve broader improvement in Federal paperwork management. As part of its paperwork management reviews, GAO will monitor the Office's and other agencies' progress under the new executive order and guidelines.

C o n t e n t s

		<u>Page</u>
DIGEST		i
GLOSSARY		
CHAPTER		
1	INTRODUCTION	1
	Paperwork management program	1
2	NEED TO IMPROVE PROGRAM AND POLICIES TO BETTER MANAGE PAPERWORK AND REDUCE BURDEN	4
	Agencies rely on judgment to estimate burden	4
	Relying on judgment contributes to unreliable estimates	6
	Failure to monitor practical utility allows collection of unneeded information	6
	Methods for controlling duplication are ineffective	8
	Conclusions	10
	Recommendations to Agriculture	11
	Recommendation to OMB	12
	Agency comments and our evaluation	12
3	MEAT INSPECTION REPORT HAS MEANINGLESS BURDEN ESTIMATE AND USELESS AND DUPLICATE INFORMATION	16
	Clearance file information useful but limited	16
	Burden estimate is meaningless	19
	Not all collected information being used	22
	Meat-labeling program creates duplication and red tape	25
	Conclusions	26
	Recommendations to Agriculture	26
	Agency comments and our evaluation	27
4	THE PACKERS ANNUAL REPORT HAS UNRELIABLE BURDEN ESTIMATE AND USEFUL BUT DUPLICATE INFORMATION	29
	Estimate is understated	29
	Slaughtering packers face duplicate reporting	32

CHAPTER		Page
	Conclusions	34
	Recommendations to Agriculture	35
	Recommendation to OMB	35
	Agency comments and our evaluation	35
5	SCOPE OF REVIEW	38
APPENDIX		
I	Regulations establishing reporting requirements which have not been submitted for clearance	40
II	Reporting requirements in the regulations governing meat inspection	41
III	December 10, 1979, letter from Department of Agriculture	45
IV	December 26, 1979, letter from the Office of Management and Budget	51
V	Letter dated January 22, 1979, from the Chairman, Joint Economic Committee	54

ABBREVIATIONS

DES	Diethylstilbestrol
FDA	Food and Drug Administration
FSQS	Food Safety and Quality Service
GAO	General Accounting Office
OMB	Office of Management and Budget
P&S	Packers and Stockyards program

G L O S S A R Y

Burden	The estimated time taken by respondents to gather and compile data, as well as the time needed to complete a Federal report or form.
Clearance	Approval of a reporting requirement.
Clearance process	Centralized process established under the Federal Reports Act for reviewing and approving reporting requirements used to collect information from 10 or more persons outside the Federal Government.
Central clearance office	Office which establishes the policies, requirements, and procedures for reviewing and approving reporting requirements proposed by agencies and departments. This office also reviews and approves proposed reporting requirements. For executive agencies covered by the Federal Reports Act, this is the Office of Management and Budget; for independent regulatory agencies this is GAO.
Clearance officer	Individual at the agency, department, or central clearance office who reviews, approves, or denies proposed reporting requirements.

Duplication	<p>The degree of likeness among reporting requirements. Duplication involves the following three categories of likeness and severity.</p> <p>Generic duplication--the collection of information relating to the same general subject category, for example, financial data.</p> <p>Similar duplication--questions related to a particular subject but not identical.</p> <p>Identical duplication--questions which are precisely the same.</p>
Paperwork	<p>Recordkeeping and filing of reports by businesses, individuals, and organizations regarding Federal programs and regulations.</p>
Practical utility	<p>An agency's ability to use and timely process the information it collects.</p>
Practical utility review	<p>Process of verifying the actual use made of information collected.</p>
Respondents	<p>Individuals, groups, and organizations from whom information is collected.</p>

CHAPTER 1INTRODUCTION

This is the first in a series of reports on the paperwork burden imposed on segments of American business. This report presents our findings on the paperwork imposed by the Department of Agriculture's Regulations Governing Meat Inspection and its Annual Report of Packers. These requirements, according to Department estimates, account for 412,000 hours (about 23 percent) of the burden which the Department estimates it imposes on businesses.

Businesses were identified as respondents for 290 (about 44 percent) of the Department's cleared reporting requirements as of September 30, 1978. The total annual burden imposed by the business requirements was estimated by the Department at 1.8 million hours.

PAPERWORK MANAGEMENT PROGRAM

The program consists of a series of reviews by departmental and agency clearance offices of proposed reporting requirements and supporting material. Each clearance office reviews the proposal package for essentially the same thing--whether it complies with Office of Management and Budget (OMB) guidelines.

OMB's guidelines are based on the policy established by the Federal Reports Act of 1942. The Congress, through the act, demonstrated its concern with the "burden" placed on individuals, businesses, and organizations required to furnish information to the Federal Government. The act requires that information be collected with a minimum of burden upon respondents, especially small businesses. It further requires that unnecessary duplication be eliminated and that collected information be tabulated in a manner to maximize use.

OMB's guidelines require that a package include information on the

- number and type of respondents,
- frequency of reporting,
- estimated burden,
- basis for estimating the burden,

- need for the requirement, and
- plan for using the information.

Twenty-six Agriculture employees are assigned to the paperwork management program. Six are assigned at the departmental level and the remaining 20 at the agency level. None of the 26 employees spend full time on clearance activities. The annual cost to operate the program is about \$275,000 according to the departmental clearance officer.

Managing paperwork involves measuring burden

OMB requires Federal departments and agencies, in assessing burden, to estimate the time taken by respondents to gather and compile data, as well as the time needed to complete a report or form. The primary purpose for estimating burden is to enable agency, department, and OMB central clearance officers to judge the impact of reporting requirements. Estimates are to be computed by multiplying the estimated number of respondents by the estimated number of reports to be filed annually, which is then multiplied by the estimated number of hours required to prepare a single response.

Department burden estimates, in addition to being used by OMB to assess Agriculture's paperwork impact, are also used by OMB

- for establishing burden-reduction goals and annual Department and agency ceilings on the hours of burden,
- as the basis for delegating clearance responsibilities to the Department, and
- to measure the Department's progress toward reducing paperwork and implementing Commission on Federal Paperwork recommendations.

Use is monitored through practical utility

Since 1943 OMB guidelines have also required agencies, including the Department, to assess the use made of the information collected. In 1976 OMB increased its emphasis on verifying practical utility. In verifying utility OMB requires agencies to determine for each requirement if limited staff, inability to process the information, or other constraints affect use. If any limitations exist, OMB believes that the requirement has no practical utility and that the information should not be collected. Agencies are also to make special efforts to reexamine the use of information collected under requirements imposing large burdens.

CHAPTER 2NEED TO IMPROVE PROGRAM AND POLICIESTO BETTER MANAGE PAPERWORK AND REDUCE BURDEN

Concern over the impact of Federal paperwork imposed on the private sector has been increasing. To effectively manage paperwork and reduce burden, agencies need reliable information on the burden imposed, the use made of the information collected, and the extent of duplicate reporting. Such information, however, is generally unavailable at the Department.

The Department's burden estimates usually represent unsupported staff judgment. How reasonable or reliable they are is difficult to ascertain, since neither the Department nor OMB has comprehensively evaluated them. Such evaluations would identify the measures needed to insure that estimates are reasonable reflections of the burden.

AGENCIES RELY ON JUDGMENT
TO ESTIMATE BURDEN

The Department does not enforce either its own or OMB's burden-estimating guidelines. OMB has issued workable guidelines which the Department's agencies are to follow when estimating burden. OMB suggests four approaches to estimate burden, including: (1) formal consultation with a few respondents, (2) trial runs with agency staff, (3) experience with a pretest, and (4) experience with a related form. However, the Department does not require its agencies to use any of these approaches. Instead, it allows agencies to use staff judgment when estimating burden. The Department clearance staff, in turn, validates these estimates by relying on its judgment to determine if the estimates are "reasonable."

To ascertain how the Department developed burden estimates, we analyzed 87 Department requirements. ^{1/} Five requirements did not have burden estimates. For the 82 requirements having estimates, 73 requirements (about

^{1/}The 87 requirements were part of a random sample of agency requirements used to assess the effectiveness of agency paperwork control systems in our report titled "Protecting the Public From Unnecessary Federal Paperwork: Does the Control Process Work?" (GGD-79-70, Sept. 24, 1979).

90 percent) did not have documentation showing how the estimates had been derived. The estimates had been certified as reasonable, however, by the Department's clearance office. Because the Department permits the use of staff judgment to estimate burden, we believe that method was probably used in these 73 undocumented estimates. The Department clearance officer agreed.

The estimate for the Regulations Governing Meat Inspection illustrates how staff judgment is typically used to determine and validate estimates. To prepare the estimate, the Food Safety and Quality Service (FSQS) relied solely on its program staff's judgment rather than contacting respondents. FSQS did not document the method used to develop the estimate. The Department's clearance office, in reviewing the estimate, did not ask what the estimate represented or how it had been developed, but looked instead at its reasonableness. Only when a requirement appeared to be very burdensome and the estimated time obviously too short was an estimate challenged. When this happened, a reasonable figure was negotiated between the reviewer and the program staff. Any apparently reasonable estimate was accepted with no further effort to validate it.

Our findings agree with the results of a Government-wide OMB study on burden measurement concluded in March of 1979. OMB's objective was to assess whether it had accurate and complete information for monitoring the burden which approved requirements impose. OMB concluded that 92 percent of the time departments and agencies use unsupported staff judgment to make burden estimates.

Agencies rely on judgment to calculate burden reduction

The Department also permitted the use of staff judgment in estimating and validating burden reductions. For example, in 1977 FSQS claimed, in response to President Gerald R. Ford's Burden Reduction Program, to have reduced the burden imposed by its meat inspection reporting requirement from 833,000 to 407,500 hours annually. Better estimating on the part of knowledgeable program staff was claimed as the basis for this reduction. FSQS was not required to support the reduction, nor was the revised estimate verified to determine if the reduction was warranted or achieved. The Department clearance office certified to OMB that the reduction was reasonable. When we questioned the reasonableness of the estimate, neither the Department clearance officer nor FSQS officials knew if the estimate was accurate, reasonable, or reliable.

RELYING ON JUDGMENT CONTRIBUTES
TO UNRELIABLE ESTIMATES

Department officials claimed that staff judgment was the basis used for estimating the burden imposed by the two reporting requirements reviewed. These requirements were the Regulations Governing Meat Inspection and the Annual Report of Packers. They could not, however, support the validity of the estimates.

To assess how reasonable the estimates were, we visited respondents to document the time they had spent in reporting. On the basis of the evidence developed, we believe unsupported staff judgment cannot be relied upon to produce reasonable estimates. As our assessment of Department estimates for these requirements disclosed, staff judgment can result in overstated or understated estimates.

The estimate for the meat inspection requirement overstated respondent burden. It included primarily the time respondents spent in maintaining and preparing company required files and reports. As a result of our findings, FSQS began a study to verify the estimates of its 42 reporting requirements. In a status report on the study, FSQS' clearance officer reported that the estimate for the meat inspection requirement appeared overstated by over 259,000 hours.

The estimate for the annual report, on the other hand, understated respondent burden. The estimate was based on the belief 4 hours were needed to complete the report. Most of the respondents we contacted took longer. A company's unavoidable paperwork burden was related to the complexity and size of its operation. Small firms contacted took an average of 7 hours to respond; large firms averaged 144 hours. (See p. 29.)

The Department needs to require approaches for developing estimates which, as suggested by OMB, include either formal pretests or discussions with a sample of respondents to verify the time and costs involved in preparing responses. Direct contact with respondents might also identify ways to minimize burden and duplication.

FAILURE TO MONITOR PRACTICAL UTILITY ALLOWS
COLLECTION OF UNNEEDED INFORMATION

The Department needs to eliminate the collection of information it does not or cannot use. Its clearance office does not routinely monitor or evaluate practical

utility. This promotes inconsistencies among agencies in determining need and use and allows the collection of information which the Department does not or cannot use.

To guide its agencies in conducting practical utility reviews and to correct these shortcomings, the Department needs to begin enforcing existing OMB guidelines on practical utility. Enforcement would assure that the Department collected only needed and usable information and would help reduce burden and its costs.

Agencies assess need differently

Because the Department's agencies must justify need and demonstrate practical utility, we also obtained information on what six agencies were doing to comply with this requirement. These agencies accounted for about 80 percent of the Department's total estimated respondent burden.

Need is being evaluated differently among the agencies. The Agricultural Stabilization and Conservation Service, according to its clearance officer, discusses with program staffs why the information is needed and how it will be used, distributed, and stored. This discussion is held before requesting approval. The Economics, Statistics, and Cooperatives Service clearance officer stated that he rarely questioned need. Need determinations are delegated to the program staffs and he agrees with what the program staff has decided. The Food and Nutrition Service clearance officer said he lacked sufficient expertise to evaluate need and therefore did not. The Rural Electrification Administration's clearance officer conducts subjective reviews for need on most new requirements. FSQS and the Packers and Stockyards program (P&S) do not assess need. Their clearance officers justify need on the basis that the reporting is required under the Department's regulations and by law.

Practical utility reviews vary

"Practical utility" is defined by OMB as an agency's ability to use and timely process the information it collects. OMB requires agencies to determine for each requirement if limited staff or inability to process the information, or other constraints affect use. If any limitations exist, OMB believes that the requirement has no practical utility and that the information should not be collected.

At Agriculture, practical utility was assessed differently. Two agencies made practical utility reviews only on

new requirements. In three agencies practical utility reviews were made periodically. The sixth agency did not review practical utility because it lacked sufficient staff.

Despite OMB's guidelines, the Department permitted practices which resulted in inadequate evaluations of practical utility. These practices, which rely heavily on justifying need, made no provision for verifying use. The Department had no procedures for its agencies to follow in conducting practical utility reviews. Instead, it allowed each agency to employ its judgment in assuring that information collected was actually used.

When a form or report is selected for a practical utility review, the departmental clearance office reviewer determines, for each data element on the form or report, how the information is used, what the agency's objective is in collecting the information, and if the information meets the objective. The review is conducted informally. No documentation is prepared or support compiled to document what was questioned or changed.

The Department clearance officer said this practice was followed because there was not enough staff to conduct thorough practical utility reviews. He also said there was not enough staff to validate agencies' claims on the use made of the information. The only requirements his staff reviewed consistently for practical utility were new forms and reports. High burden forms and reports were reviewed periodically. In the last 3 years, his staff made 10 reviews of such forms.

METHODS FOR CONTROLLING DUPLICATION ARE INEFFECTIVE

Department personnel use two methods for controlling duplication. Some rely on memory; others keep files on approved reporting requirements.

Under the first method, individuals must have memorized all the Department's requirements before being able to identify duplicate reporting. Under the second method, files containing copies of approved forms are kept. The forms are filed under either functional headings, such as expenses and applications, or subject headings, such as corn and tobacco. The files, however, make no provision for information collected without forms. In these cases individuals must rely on memory and knowledge of Department regulations.

Both methods require much time and effort. On the basis of our review of selected Department reporting requirements, it appears that these methods do not work. For example, FSQS is imposing requirements under its meat inspection requirement which duplicate and overlap other FSQS requirements. (See ch. 3.) P&S collect information similar to that collected by FSQS, the Agricultural Marketing Service, and the Bureau of the Census. (See ch. 4.)

No definition of "unnecessary duplication"

Under the Federal Reports Act, unnecessary duplication must be eliminated. OMB, however, has not defined "unnecessary duplication." OMB allows each agency to devise its own definition and system for control.

The Department has not defined unnecessary duplication, nor has it established a system to control it. Employees are allowed to devise their own definitions. According to the Department clearance officer, the Department views unnecessary duplication as purely a matter of personal interpretation.

Because neither OMB nor the Department defined unnecessary duplication, we assessed unnecessary duplication using the multi-level definition developed by the Commission on Federal Paperwork. (See glossary.)

The Commission separated duplication into three levels of likeness and severity. In examining selected requirements, we found all three levels of duplication. (See chs. 3 and 4.)

Indexing can help eliminate duplication

To combat needless duplication and to provide the tools necessary to identify it, each of the Department's agencies needs to index its reporting requirements. Indexes could contain, among other items, the title of the requirement; an abstract showing why the information is being collected; the respondent groups; the users; the uses to which information is put; the types and numbers of forms, reports and records to be generated; a brief description of the reporting involved; the statutes and regulations which require the information; and the basis for the burden estimate.

The indexes could list and classify the contents and other characteristics of the Department's reporting requirements. Indexing could also help fill a management information gap which now prevents the Department from effectively

addressing paperwork problems. For example, agency and departmental clearance offices could use indexes to determine whether information to be collected is already available or whether existing information could serve an agency's needs.

CONCLUSIONS

Although the Department has a clearance office and paperwork management program, the program should be improved to better manage and further reduce the paperwork burden levied on the public. The Department can improve the program by correcting ineffective practices which contribute to

- meaningless and unreliable burden estimates,
- collection of unneeded information, and
- duplicate reporting requirements.

The Department can improve the accuracy of its burden estimates by using information developed through either formal pretests or discussions with respondents. As our assessment of Department burden-estimating practices disclosed, unsupported staff judgment is not likely to produce reliable and accurate estimates.

Improvements are also needed in the area of practical utility reviews. Management needs to (1) adequately monitor and evaluate agency information collection and use and (2) establish guidelines for its employees to follow when assessing practical utility.

The Department also needs to define what it considers to be unnecessary duplication and develop an indexing system to help control it. Indexing could help fill a management information gap which now prevents the Department from effectively assessing its paperwork impact.

Overall, the Department cannot be relied upon to meet its OMB-assigned responsibilities for primary review of its reporting requirements. Under OMB's Paperwork Reduction Program, the Department has responsibility for substantive review of all requests for clearance of repetitive reporting requirements which

- have a total annual burden of 20,000 hours or less and
- impose an average burden of no more than one-half hour per response.

We previously recommended that OMB delegate primary review authority to executive agencies which have demonstrated adequate capability and controls for reviewing proposed reporting requirements. This recommendation and others to OMB for improving paperwork controls are in our report titled "Protecting the Public From Unnecessary Federal Paperwork: Does the Control Process Work?" (GGD-79-70, Sept. 24, 1979).

OMB should not delegate additional review authority to the Department until it upgrades its

- policies and guidelines for estimating burden, assessing utility, and eliminating duplication and
- paperwork management program by (1) insuring that only verified and documented agency burden estimates are certified as reasonable, and (2) requiring each agency to index its reporting requirements.

RECOMMENDATIONS TO AGRICULTURE

The Department can take some steps to cut paperwork and red tape--some to maximize use, others to reduce burden, and some to do both. We recommend that the Secretary:

- Require the Department's clearance office to upgrade policies and guidelines for estimating burden, assessing utility, and identifying and eliminating duplication. The policies and guidelines should:
 1. Direct agencies to use burden-estimating methods which include contacting a sample of respondents, to ascertain the amount of time and costs involved in responding.
 2. Direct agencies to document the basis used for estimating burden and burden reductions.
 3. Require each agency to index its reporting requirements.
- Require each agency to fully assess the burden and utility of its reporting requirements. These assessments should be directed toward:
 1. Verifying agency burden estimates,

2. Documenting agency use of the information collected and documenting staff and resource limitations, if any, which hamper use.
3. Identifying duplicate reporting requirements.

--Direct the Department's clearance office to certify as reasonable only verified agency burden estimates and burden reductions.

RECOMMENDATION TO OMB

We recommend that the Director of the OMB not delegate any additional authority to the Department for review of its repetitive reporting requirements until OMB has determined, through an evaluation, that the Department has corrected the shortcomings discussed in this report.

AGENCY COMMENTS AND OUR EVALUATION

Department of Agriculture

The Department agreed with us that areas in its clearance process need improvement. (See app. III.) It also agreed that better estimates of burden are needed. The Department said it has long been aware that burden estimates developed by its agencies have been sketchy. The Department said that, in the future, it will require documentation of methods used to develop burden estimates and formal pretests or discussions with respondents to be a part of its burden estimate development process.

The Department said indexing of its reporting and record-keeping requirements will be covered under its guidelines for implementation of the President's November 30, 1979, Executive Order 12174, "Paperwork." This Order calls for the development of a Federal Information Locator System.

The Department suggested that our estimate of the burden on the Packers and Stockyards Annual Report may be as suspect as its estimate. The Department contends that the 16 plants included in our review were not selected on a random basis, thus producing a potentially biased estimate of average response time for the companies involved.

It is true that the companies we canvassed were not randomly selected. We also agree that the information obtained from these companies is not a statistically valid representation of the average response time for the companies affected. It was never meant to be. Our discussion of burden is limited to the 16 companies canvassed. (See p. 30.)

Our approach, described on page 30, was designed to test the reasonableness of the P&S burden estimate. We limited our work to 16 companies for several reasons. First, many of the companies we contacted were not willing to open their doors and books to GAO auditors. Second, we wanted to ascertain if agencies could develop reasonable estimates by following OMB's guidelines, which permit pretests with nine or fewer respondents. Third, we did not want to become a burden ourselves to the meat industry. Fourth, we found that after talking to seven single-plant and nine multiplant packers, two distinct patterns of burden emerged. A pattern of low burden and cost for single-plant packers and a pattern of high burden and cost for multiplant packers.

The Department stated that its policy has always been to require documentation as part of any burden reduction claims. Although we did find the Department had such a policy, we found it was not implemented.

The Department said that practical utility reviews have been conducted for some existing reporting requirements, namely high burden requirements. The Department believes that the public can best be served if it concentrates its efforts on high burden requirements.

We found that the Department has attempted a few practical utility reviews. (See p. 6.) The evidence shows, however, that these reviews were not thorough. The reviews concentrated primarily on evaluating the need to collect information.

The Department, in commenting on this report, showed the dangers in relying on this type of review. According to the Department, the Department clearance office reviews the practical utility of information collected weekly relating to processing operations at FSQS inspected plants. The Department concluded that, while the information was needed, it could not be used on a weekly basis. It recommended that FSQS change the reporting period from weekly to quarterly. FSQS did not implement the recommendation because the meat industry pressured FSQS to continue weekly collections. FSQS officials said that companies wanted the Federal Government to continue collecting weekly packing information on competitors because it was not available elsewhere.

The Department concluded that since the Food and Drug Administration has prohibited the manufacture, shipment, and use of DES, the Department will no longer need or require businesses to complete DES certificates.

Office of Management and Budget

OMB agreed with our conclusion that the Department of Agriculture needs to correct deficiencies in: determining the practical utility of many of its information requirements; estimating and documenting the burden of those requirements; systematic elimination of potential duplicate information collection; and departmental paperwork management policy and procedures. Overall, OMB believes our recommendations do not go far enough. (See app. IV.) The problems identified with the information requirements of the Department are present in other Federal agencies according to OMB. The problems are, said OMB, the product of a view that paperwork management is a sideline rather than a central management concern. To correct this situation, the President issued Executive Order 12174, "Paperwork", on November 30, 1979. OMB believes that implementation of the executive order will result in Government-wide improvement in Federal paperwork management.

As part of our ongoing program of paperwork management reviews, we will monitor OMB's and other agencies' progress under the new executive order.

OMB said the report demonstrates the positive effects of paperwork management audits. OMB indicated that similar audits will be systematically initiated under Executive Order 12174. Such audits are useful in calling the attention of top agency managers to paperwork concerns, according to OMB. OMB stated that similar findings have been obtained by OMB audits with the general effect of reducing burden and improving agency reports management programs.

The report makes specific recommendations for OMB action. For example, it recommends that OMB make no further delegation of clearance authority to the Department, pending correction of identified problems. OMB said it will not delegate authority to Agriculture or any other department until it has demonstrated a serious commitment and an adequate program for carrying out the provisions of the Federal Reports Act, as required by the revised Circular A-40.

OMB said that some of the recommendations addressed to the Department involved OMB responsibilities. For example, the proposal for indexing FSQS information requirements should not be undertaken outside the larger ongoing OMB effort to establish a Federal information locator system. According to OMB, the Department is playing a major role as a working group leader in the project.

We believe that a Federal locator system is a valuable tool for managing Federal paperwork. We agree with OMB that agencies such as FSQS should not undertake the development of information locator systems outside of OMB's larger effort. We also believe that before any Government-wide information locator system can be implemented, each department and agency will need to catalog its forms and reports. We view our recommendation to the Department as a positive step toward achieving this objective. Implementation of our recommendation would assure that when the time comes for FSQS to include its forms and reports as components of any OMB-approved locator system that the information will be available.

CHAPTER 3MEAT INSPECTION REPORT HAS MEANINGLESS BURDENESTIMATE AND USELESS AND DUPLICATE INFORMATION

On the basis of the Department's own estimates, its Regulations Governing Meat Inspection are the most burdensome reporting requirement it imposes on businesses. This requirement highlights the shortcomings discussed in chapter 2, namely the:

- Clearance file information is incomplete and misleading.
- Burden estimate is meaningless.
- Information collected is not used or cannot be used.
- Requirement creates duplication and red tape.

FSQS is responsible for assuring that foods are safe, wholesome, and nutritious; that they are of good quality; and that they are informatively and honestly labeled. FSQS, under its meat inspection regulations collects information from businesses which produce, slaughter, and process meat.

The Department has 290 business-related reporting requirements, which it estimated imposed 1.8 million hours of burden. According to FSQS' 1977 burden estimate, the meat inspection requirement imposes 407,500 hours of burden annually. This amounts to 23 percent of the Department's estimated burden imposed on businesses and about 65 percent of the burden on the meat industry.

Although FSQS' estimate was large, businesses did not feel unduly burdened or imposed upon. In fact, companies had difficulty in relating to FSQS' estimate because much of the information supplied was needed for day-to-day operations.

CLEARANCE FILE INFORMATION
USEFUL BUT LIMITED

Although the meat inspection clearance file contains much useful information, it has limitations. The reporting requirements in the file represent only a fraction of the

paperwork levied on businesses. Over 1,100 forms and reports in use by FSQS regions and inspectors are not included. Thus the most pervasive, burdensome and possibly most irritating requirements are not being addressed. In addition, the information represents 24 different requirements.

Businesses affected by hundreds of "bootleg" forms

FSQS' burden information is incomplete because it does not account for many unapproved reporting requirements in use. Over 1,100 locally developed forms and reports had been identified and were in use at the time of our review. Also at least eight unapproved FSQS-headquarters-developed requirements were in use. (See app. I.)

Although the 8 requirements were similar to the 24 listed in the meat inspection requirement, they had not been submitted to OMB for approval. Their use may violate OMB guidelines. Under OMB's guidelines, agency regulations and other directives which require respondents to provide information or maintain records are subject to the OMB clearance process. FSQS agreed to submit the eight requirements to OMB for review and approval.

FSQS surveyed its regions, at our request, to determine the number and kinds of bootleg forms and reports in use. Over 1,100 locally developed forms were identified. FSQS is evaluating these to estimate the burden and to ascertain which ones should be continued, submitted to OMB for clearance, and/or eliminated.

The meat inspection reporting requirement-- a hodgepodge of paperwork

FSQS' meat inspection requirement represents 24 separate requirements. (See app. II.) OMB allows consolidation of requirements when they may be regarded as a single report or reporting program. OMB spells out four instances when consolidation is justified:

- Forms which are essentially the same form, such as continuation sheets or editions in foreign languages.

- Forms which consist of a basic form and one or more satellite forms.
- Forms which might have been a single form but for convenience have been tailored to fit two or more respondent groups.
- A single regulation containing several related reporting and/or recordkeeping requirements.

The 24 requirements in the meat inspection requirement represent a number of reporting programs. Of the 24 requirements:

- Six collect information on operational activities, such as slaughtering and processing.
- Five collect information on transporting meat.
- Four collect inspection data.
- Three collect label information.
- Two collect information on condemned and inedible meat products.
- Two collect information on imported meat products.
- Two relate to records retention and records maintenance.

The meat inspection requirement was classified as recordkeeping. This was permitted under OMB's guidelines because OMB defined "recordkeeping requirement" as an item usually contained in an agency's regulations or manuals. While all 24 reporting requirements were in FSQS' regulations:

- Ten required the filing of reports.
- Nine required the submission of applications.
- Four required the keeping of records.
- One required the preparation of certificates.

In light of OMB's policy, we asked OMB's and FSQS' clearance offices on what basis had the 24 requirements been consolidated. The reasons provided by both OMB and FSQS conflicted with OMB's consolidation policy.

FSQS' clearance officer said that the 24 requirements had two things in common. First, they all collect information on compliance with FSQS' meat inspection regulations. Second, none involve headquarters designed or approved forms. According to FSQS' clearance officer, if any of the requirements had a prescribed FSQS headquarters form, then FSQS would have it cleared separately. The clearance officer also stated that the consolidation had been accepted by OMB for many years.

Since OMB had approved the consolidation, we asked OMB to justify its action. OMB could not. The OMB reviewer responsible for reviewing Department of Agriculture reporting requirements believed the consolidation was warranted because all 24 requirements related to FSQS' meat inspection program.

FSQS should reorganize its meat inspection requirement into requirements based on program information needs. For example, FSQS could establish separate requirements related to inspection, labeling, or transportation. By organizing the 24 requirements by program, OMB and others could better assess the time and cost to businesses in giving FSQS various types of information.

BURDEN ESTIMATE IS MEANINGLESS

FSQS' burden estimate for the meat inspection reporting requirement is meaningless. In addition, it does not account for hundreds of bootleg forms in use.

FSQS based its estimate on the results of a 1977 FSQS task force study designed to develop more realistic burden estimates. The task force's estimate was based on the collective judgment of its members. The task force never documented the basis used to develop the estimate. The Department clearance officer did not verify the accuracy or reasonableness of the estimate but certified it to OMB as reasonable.

The estimate appears unreliable and meaningless, according to the results of our visits to six meat-processing plants. We assessed the reasonableness of the estimate by reviewing company records, observing how employees gathered and compiled data, and recording the time spent completing reports. We documented the burden of the four reports, which FSQS believed accounted for nearly 100 percent of the burden. These reports included the:

- Report on the origin of products and articles entering official establishments.

- Certification that cattle or sheep had not been exposed to biological residues for 14 days before slaughter.
- Furnishing of information on procedures involved in preparing products.
- Yearly report on obsolete labels.

Report on product origin

Under the product origin requirement, plant officials must inform FSQS inspectors of every item entering the facility. FSQS estimated that plants spend 338,000 hours annually completing the report. The estimate is based on the belief that each of the 6,500 plants affected takes, on average, 52 hours a year to respond. At the six plants visited, we found that a range of reporting time existed because FSQS inspectors required the reporting to be done in various ways, including

- completing forms,
- telephoning,
- providing copies of bills of lading, and
- storing incoming material in specified plant areas.

There are no OMB-approved forms for the report on product origin. We found cases, however, when FSQS inspectors had required plants to report daily using locally developed forms. Plants took from 22 to 130 hours a year to fill out forms. This method of reporting was common among surveyed forms. It was burdensome because it required plants to assemble and store information which duplicated other company records.

Plants providing information daily by telephone to inspectors or providing copies of bills of lading were spending up to 44 hours a year responding. Firms required to merely store incoming materials in specified plant areas were the least burdened. In fact, company officials at plants operating under this method estimated there was no burden.

Because of the small number of plants in our test group, we cannot project the extent to which the variations occurred among the 6,500 plants. FSQS should identify the minimum information needs of its inspectors, the least burdensome method of satisfying the needs, and standardize its information collection efforts on that basis.

Biological residue certificates

FSQS estimated that each of the 100,000 respondents spend, on the average, 30 minutes a year preparing biological residue certificates, or a total of 50,000 hours annually.

Under the reporting requirement, a business selling cows or sheep to slaughtering packers must prepare a certificate stating that the animals have not been exposed for 14 days before slaughter to a biological residue called diethylstilbestrol (DES).

From plant officials and FSQS inspectors, we were able to document the burden involved in preparing a single certificate. Inspectors and plant officials said this burden was nominal.

The certificate is not a standard form. Instead, it is fashioned by the seller and may vary from a slip of scrap paper to a printed form. Regardless of the certificate's design, certain information must be contained, including:

- The number and kinds of animals covered.
- A statement that the person making the certificate has had custody of the animals for at least 14 days before the sale or has a certificate showing that animals have not been fed DES within 14 days before purchase.
- Whether the animals were fed DES.
- The date the seller stopped feeding DES.
- A statement that the regulations under the Federal Food, Drug, and Cosmetic Act were followed when feeding DES.

Plant officials and FSQS inspectors advised us, however, that FSQS' estimate that only 100,000 businesses had been affected might be inaccurate. Plant officials and FSQS inspectors said certificates were prepared by anyone who came in contact with the animals, including farmers, feedlot managers, selling and buying agents, truckdrivers, and slaughter plant personnel. According to the Bureau of the Census' Census of Agriculture, the potential number of farmers and feedlot managers alone affected could be 326,000.

Obsolete label and product preparation reports

The burden estimates for the obsolete label and the product preparation reports are meaningless. FSQS estimates

that businesses annually spend 6,500 hours and 12,000 hours, respectively, completing these reports. The obsolete label requirement directs each plant to provide a list of approved labels no longer in use. Under the product preparation requirement, plants must provide information to FSQS inspectors on the methods used in preparing products, such as the pickling process and the cooking times used in preparing hams and bacon.

Plant officials said the burden was nominal. They pointed out that if the two reports were eliminated, their plants would continue preparing the information because plant personnel needed it. In short, the Federal burden associated with the report entailed pushing the copier button one more time.

NOT ALL COLLECTED INFORMATION BEING USED

FSQS is not using the information it collects on DES certificates. In addition, resource constraints hamper the effective use of obsolete label reports. As a result of our findings, FSQS has begun an extensive practical utility review to identify reporting requirements which can be modified or eliminated.

Value of DES certificate is questionable

The overall value of the DES certificate appears questionable. The evidence compiled so far shows that actual use has been negligible. In light of the FDA ban on DES, the Department agreed to eliminate the requirement.

Before any cattle or sheep may be slaughtered at a federally inspected establishment, either they must have been certified by the seller as having not been fed DES 14 days before sale or they must have been held and fed a DES-free diet for 14 days by the slaughterer. The DES certificate was developed by the Department in conjunction with the cattle industry to reduce the high cost of holding and feeding animals.

The Department and a major cattle growers association believe the certificate is useful because:

- It can aid in monitoring DES violations.
- It can aid in tracing DES violators.
- It can serve as a sanction against sellers who knowingly sell cattle which are in violation of the regulations.

--It serves as an educational reminder and increases producer awareness that DES is a controlled substance.

To ascertain the value of DES certificates, we contacted users, who included FSQS headquarters and inspection personnel and officials of the Food and Drug Administration (FDA). The users, while aware of the potential usefulness of certificates, questioned the value in collecting them because the effect of certificates as control devices was unknown.

On June 29, 1979, FDA announced a ban on the manufacture and use of DES. FSQS, in light of the ban, plans to eliminate the certificate. The acting director for the FSQS residue-monitoring program estimated that to eliminate the requirement could take up to 8 months because of the Department's lengthy administrative process. In the interim, businesses will have to continue completing certificates even though FSQS believes there is no need for the information.

Monitoring violations

FSQS inspection personnel said they did not need the certificates to monitor DES violations. They said DES violations were monitored visually by inspectors and through the Department's residue sampling program. The program, done on a random basis, is used to monitor the levels of residues in animals, including DES. At one plant, FSQS inspectors were collecting certificates and tossing them away. At another plant, FSQS inspectors received the certificates after the animals had been slaughtered.

Tracing violators

FSQS inspection personnel also questioned the value of DES certificates in tracing violators. They pointed out that positive identification of violators based on the certificate was difficult because a single certificate might represent animals purchased from a number of sellers. Because a certificate indicates only the total number of cattle involved, the identity of individual sellers is lost.

Inspection personnel stated that if certificates were no longer collected, violators could still be traced through other records, such as bills of lading. According to the acting director for the FSQS residue monitoring program, the Department has been able to identify violators in the case of non-DES biological residue violations about 80 percent of the time from plant records. To date there has been only one documented case in which FDA--the agency responsible for investigating DES violations--attempted to use a DES certificate to identify a violator.

Prosecuting violators

The value of DES certificates as the basis for legal action against sellers appears suspect. Since 1976 the Department has referred at least 47 alleged DES violations to FDA for investigation. FDA has disposed of only 11 of the cases. On the basis of FDA information on the 11 cases, FDA officials believe the Department could have prosecuted the violator in only 1 instance; however, it did not. During the same period, according to Department estimates, businesses spent 150,000 hours completing over 3 million certificates. If Department estimates were accurate, it could have cost businesses as much as \$2.2 million--about \$750,000 annually. 1/

Educational value

The belief that DES certificates are educational is questionable. FSQS officials believe that the certificate program has educated at least 15 percent of the Nation's cattle producers. They concede, however, that they have no evidence to support their claim.

Duplication hampers use of obsolete label data

Under FSQS' obsolete label regulations, plants must provide an annual list of all approved labels no longer in use. The list is needed to maintain FSQS' composite index of all meat and poultry labels in use.

FSQS said that the label reports could not be used on a timely basis, however, because FSQS lacked staff to maintain and update its index. As a result, about 98,000 of the 500,000 labels on the index listed as active at the time of our review were obsolete. FSQS reviewers, in the meantime, were being asked to rely on the index in making daily decisions on whether to approve the 1,500 to 1,800 label applications received weekly.

Part of the obsolete label report backlog represented duplicate reports sent in by FSQS inspectors. In addition to plants reporting, FSQS inspectors were also reporting on obsolete labels as required by the Meat and Poultry Inspection Manual. FSQS officials agreed that while the two

1/We computed our cost estimates by multiplying estimated hours by \$15. The Commission on Federal Paperwork developed the \$15 cost through discussions with individual companies, the Business Advisory Council on Federal Reports, trade associations, and agency officials.

requirements were duplicate, no duplicate reporting occurred, because companies and inspectors were supposed to work together to prepare a single report. Discussions with plant officials and FSQS inspectors disclosed that although coordination occurred, both groups were submitting reports.

While obsolete label information is needed, duplicate information is unnecessary. FSQS needs to conform its label regulations and inspectors manual to eliminate the unnecessary paperwork and reduce the backlog caused by duplicate reporting.

MEAT-LABELING PROGRAM
CREATES DUPLICATION
AND RED TAPE

FSQS' label approval program bogs businesses down in duplicate reporting and red tape. Before a label may be used for any meat product it must be approved by the Department. A label is the wrapper, package, or container used in shipping or selling meat products. To obtain approval companies must submit a complete MP480 (Application for Approval of Labels, Marking, or Device) and four finished labels. A company producing a product such as canned hams in a variety of sizes must submit a label application for each size. If the ham is to be sold in 5 different sizes, the company must submit 5 different applications and 20 labels, even though the only changes involved are the net weight statement and the size of the label. A company must also submit label applications for each plant producing the hams. As a result, a company making 5 sizes of canned hams at 5 plants must submit 25 separate applications and 100 labels.

Using the Department's estimated burden of 15 minutes per application and the Commission on Federal Paperwork's hourly cost estimate of \$15 an hour, a company spends \$94 in completing the 25 applications. If the company had to submit only a single application and provide enough finished labels to meet FSQS' minimum needs, this would save \$90. Some companies are already benefiting from this method, since some FSQS label reviewers have already recognized the duplication as unnecessary. Adoption of this method by all reviewers could result in a substantial cost savings to businesses and time savings to FSQS.

FSQS time savings could help shorten the time taken to process label applications. Currently, 2 to 3 weeks are needed. To get quicker turn around, companies are contracting with commercial label expediting firms to personally work

the companies' labels through the FSQS approval network. Such firms charge between \$8 and \$15 an application. For a company required to submit 25 applications, this would be an additional paperwork cost of \$200 to \$375.

An FSQS official agreed that using expediting services resulted in quicker label approvals. He estimated that 60 percent of all companies now used expediting services. This practice lengthened the review time for companies which did not use such services. Often their applications were pre-empted by applications brought in by expeditors. FSQS is considering reviewing labels on a first-come-first-served basis.

CONCLUSIONS

The FSQS burden estimate is a meaningless indicator of the burden of the meat inspection reporting requirement. The total burden cannot be determined from information available from FSQS because it did not develop an accurate and reliable estimate.

The estimate obscures the total number of responses required and the time spent by businesses in completing the reporting requirements. Although FSQS' estimate is large--407,500 hours--businesses did not feel unduly burdened or imposed upon. In fact, companies had difficulty in relating to FSQS' estimate because much of the information supplied was needed in their day-to-day activities.

Also FSQS is collecting information it did not or could not use. It is developing its own forms and reports without seeking the Department's or OMB's permission. The use of such forms could be greatly increasing the actual burden on businesses. The use of unapproved forms mirrors the ineffective FSQS and Department paperwork management programs. Ineffective programs prevent the monitoring and controlling of burden, duplication, and practical utility associated with the information collected.

RECOMMENDATIONS TO AGRICULTURE

We recommend that the Secretary direct the Department's clearance officer to:

- Approve only FSQS requests for clearance in which the method used to prepare the estimates is fully documented, ranges of respondent burden are shown, and OMB's consolidation guidelines are correctly followed.

- Verify FSQS burden estimates either through historical data or contacting a sample of respondents before renewing reporting requirements.
- Repackage the meat inspection requirement into requirements based on functional areas, such as labeling, inspection, or transportation.
- Oversee FSQS' evaluation of the 1,100 locally developed forms and reports to insure that FSQS' evaluation is thorough and complete, that those forms and reports which should be approved are submitted for clearance, and that those forms and reports which are not needed are speedily eliminated.

Also we recommend that the Secretary direct the Administrator of FSQS to reduce the paperwork costs imposed on businesses by:

- Requiring them to submit only a single application with the proper number of finished labels for each product.
- Reviewing label applications on a first-come-first-served basis.

We further recommend that the Secretary direct the Administrator to:

- Assess the practical utility of the FSQS label index.
- Minimize conflicting reporting requirements in FSQS' labeling regulations and inspectors manual which cause duplication and red tape.

AGENCY COMMENTS AND OUR EVALUATION

Department of Agriculture

The Department said it was requiring FSQS to fully document its burden estimates and burden reduction claims. (See app. III.) The Department said it would verify any FSQS requirements which are suspect. Further, the Department said the Department clearance officer has been coordinating with FSQS in FSQS' review of the 1,100 locally developed forms.

In commenting on the 1,100 local forms, the Department said it appears that most of the forms are either associated with existing approved reporting requirements or are not public-use reports. The Department believes that the number of reporting requirements imposed on the public besides what has been approved is minimal.

The Department's statements about the 1,100 local forms are somewhat misleading. First, although all of the 1,100 forms do relate in some way to the Department's meat inspection program, none of the forms themselves has been approved because the Department was not aware that they existed until GAO brought the problem of bootleg forms to its attention. Second, the forms in question seem to be related to reporting requirements intended to be levied on FSQS inspectors--not on the meat industry. At plants we visited, we were advised by FSQS inspectors that companies were being required to complete inspection reports which should have been completed by FSQS inspectors. Because such requirements are viewed as internal reporting by the Department, they had not been submitted to OMB for review and approval.

The Department said that it is examining the label approval and meat inspection standards development functions. Some of the areas under review are the ones highlighted in this report. As part of this review, the FSQS meat inspection manual will be amended to eliminate duplicate reporting. Also, action will be taken to improve the use made of label reports. Further, the Department said it plans to publish in the Federal Register for public comment proposed operating procedures for processing label applications. The Department believes this effort will result in improving the operation of the label approval system and result in a procedure that will be more equitable to businesses.

Office of Management and Budget

OMB said it was concerned over the finding of 1,100 potential Federal Reports Act violations and promised to take action to correct any verified violations. To insure prompt corrective action, OMB stated that it had required FSQS to submit all appropriate materials for Federal Reports Act review by December 31, 1979. (See app. IV.)

CHAPTER 4THE PACKERS ANNUAL REPORT HAS UNRELIABLE BURDENESTIMATE AND USEFUL BUT DUPLICATE INFORMATION

Because of complaints from businesses and trade associations that the annual report is more burdensome than P&S has estimated, we included it in our review. Our analysis provides further evidence of weaknesses in the Department's paperwork management. The burden estimate is neither reasonable nor reliable. While the collected information is used for the purposes intended, businesses are providing information which duplicates or is similar to information supplied to other Federal agencies and State governments.

P&S is required by law to (1) prevent monopolies and promote competition in the meat industry (2) monitor the solvency of firms engaged in slaughtering and packing. To carry out its responsibilities, P&S collects information on the livestock purchase, slaughter, and merger activities of businesses purchasing \$500,000 or more of livestock a year. P&S estimates that companies spend 4,400 hours yearly completing the annual report.

ESTIMATE IS UNDERSTATED

In administering the Packers and Stockyards Act of 1921, P&S must insure that the meat industry remains competitive. P&S uses the annual report to monitor business practices which inhibit competition and the financial stability of slaughtering packers.

P&S assessment of the burden

P&S, on its 1977 request for reapproval for its annual report, estimated, partly on the basis of fact and partly on staff judgment, that businesses would spend 4,400 hours annually doing the report. P&S based its estimate on the belief that an average respondent would need about 4 hours to do the report and that 1,100 companies were affected by the act. P&S identified the universe of respondents on the basis of historical records--the number of reports filed in previous years. The 4-hour estimate was based on P&S staff judgment.

P&S never documented the basis used to develop the estimate nor did it attempt to verify the estimate's reasonableness. P&S was not aware that OMB and Department regulations required that estimates be supported. P&S was

relying on the Department's clearance officer to verify P&S figures. The Department's clearance officer, however, accepted and certified P&S' estimate as reasonable.

In December 1978 P&S deleted some questions from the annual report and added others. The net effect was a supposed 1,700-hour reduction in burden. The basis for the new estimate was the same basis used before.

GAO's assessment of the burden

According to our analysis of the burden imposed by the annual report on 16 meatpackers, we believe P&S's estimate is understated. Thirteen of the packers contacted took longer than 4 hours to complete the report. A packer's burden, we found, was related to the complexity and size of its operation. Single-plant packers contacted took an average of 7 hours to respond and multiplant packers averaged 144 hours. If what we found holds true for other packers, then packers probably spent over 12,000 hours at a cost of some \$184,000 to complete their 1978 annual reports.

We assessed the reasonableness of P&S' estimate by reviewing company records, observing how employees gathered and compiled data, and reconstructing the time five companies spent in completing their 1978 annual reports. To cover the different sizes and types of companies, we surveyed, by telephone, 11 more companies. (Additional information on the scope of our review is included in ch. 5.) The following chart presents the cost and time information for the seven single-plant and nine multiplant packers contacted.

	<u>Single-plant packers</u>	<u>Multiplant packers</u>
Number of packers	7	9
Total hours spent in completing 1978 annual report	47	1,300
Hours of average burden	7	144
Cost to respond at \$15 hour	\$105	\$2,160
Cost for nonfirm accountants to review	\$ 32	0
Estimated cost to respond	\$137	\$2,160

The time spent completing the report ranged from 2 hours to 380 hours. Seven packers spent 10 hours or less. The other nine spent from 16 to 380 hours. The following table shows the range of times spent by all 16 packers.

<u>Time spent to complete 1978 annual report</u>	<u>Number of packers responding</u>
Less than 4 hours	1
4 hours (note a)	2
5 to 10 hours	4
11 to 99 hours	5
100 to 199 hours	1
200 to 299 hours	1
300 hours or more	2

a/ P&S' estimate of average burden.

The unevenness in burden was due to variations in the size and complexity of respondent operations. Multiplant operations generally took more time than single-plant operations. Also packers that slaughtered more than one species of animal generally took longer than packers slaughtering a single species. In the case of multiplant and multispecies kill operations, it took at least 4 hours just to fill out the report after the necessary records and information had been gathered.

The availability of an automated accounting system did not lessen the burden. Because of the nature of the information required, all 16 companies had to compile the information manually, even though some had automated systems. In most cases, the information as required by P&S was not readily available from the companies' files.

SLAUGHTERING PACKERS FACE DUPLICATE REPORTING

During our visits to packers, we identified six other Federal and two State reporting requirements which required them to provide information similar to that provided on their annual reports. Four Federal requirements were in use at the Department of Agriculture; they were the:

- Application for Federal Meat, Poultry, or Import Inspection (MP-401) and its updates.
- Ante Mortem and Post Mortem Inspection Summary (MP-403)
- Processing operations at official establishments (MP-404)
- Weekly Livestock Slaughter Report (LS-149)

Of these, the Weekly Livestock Slaughter Report and the Ante Mortem and Post Mortem Inspection Summary were not included in the Department's inventory of approved public-use forms. The other two were the Bureau of the Census' Census of Manufacturers for Slaughtering and Meatpacking Plants (MC-20A) and Census of Manufacturers for Meat Processing Plants (MC-20B).

The two State forms were Indiana's Application for Livestock Dealers License and Illinois' Annual Report of Slaughter Livestock Buyers. Both were required under State statutes.

The agencies were requesting similar information, although there were differences in defining terms, reporting periods, and companies required to report. Thus a large amount of similar information was being collected which often was not comparable and which increased businesses'

paperwork costs. For example, three of the Federal and both State requirements required companies to supply financial information. The information was collected for different reporting periods and in different formats. Federal and State officials claimed that because of these differences, using another agency's data would be difficult.

A lack of interagency coordination has also caused duplication. The lack of coordination has occurred because agencies collecting packer information did not know that the information was readily available elsewhere. For example, P&S justified its need to collect livestock slaughter information on the basis that no one else maintained the data. P&S did not know that the Department's Agricultural Marketing Service; Animal and Plant Health Inspection Service; Economics, Statistics, and Cooperatives Service and the Bureau of the Census also collected livestock slaughter information. Officials of the Economics, Statistics, and Cooperatives Service said they could give P&S slaughter information on a daily, weekly, or yearly basis from their data bank.

Coordination has reduced the amount of reporting meatpackers must do. Illinois, for example has reached an agreement with the Department on sharing meatpacker data. Agreements have also been negotiated with other States. These agreements appear to be a step toward minimizing burden.

Department and Bureau of the Census officials believed that some duplicate and overlapping Federal reporting could be eliminated if their agencies shared data. For example, packers must report on slaughter activities on a daily, weekly, and annual basis. The officials said that before sharing could begin, however, an overall study of the feasibility, costs, and benefits to be achieved was needed but that because such a study would be costly and time consuming they did not plan to make one. They believed letting businesses continue supplying duplicate information to the Department and the Bureau might be cheaper in the long run.

Businesses disagreed. Officials at companies visited said that, in most instances, the basic information needed to respond to financial reports, for example, was readily available in their files. But, because of differing reporting periods and format requirements, their employees spend a great deal of time reworking company data. Company officials said that once the information had been reworked, the burden to complete the form or report was nominal. The

burden, they said, could be reduced if the Government developed a standard financial statement to be used by all agencies collecting financial data or accepted a company's yearend financial statements.

CONCLUSIONS

The Department of Agriculture has permitted shortcomings associated with its Annual Report of Packers to go undetected and uncorrected. The Department has not adequately evaluated the amount of burden or the necessity for it to continue collecting duplicate and overlapping meat-packer information.

The Packers and Stockyards program is responsible for preventing monopolies and promoting competition in the meat industry. It is also ultimately responsible for investigating and initiating cases of criminal prosecution involving antitrust violations. Because of its responsibilities and because it has a vested interest in insuring that it is aware of all slaughtering packer information collected by the Government, P&S is the logical point for coordinating Government efforts to collect information from slaughtering packers.

Agriculture's clearance office must be more active in identifying and eliminating unnecessary duplication and reporting burden. The Department needs to index users of slaughtering packer information and the uses to which the information is put. This index would help eliminate unnecessary duplicate and overlapping reporting.

Once the index is made, the Department should develop for the Federal Government, in coordination with users, a common core of the most frequently requested slaughtering packer information. This core data could be used to reduce the number of requests for information, eliminate duplicate requests, and promote coordination among those who need information about the meat industry.

In addition, the Department should be designated a focal agency for coordinating the collection of slaughtering packer information. Under the Federal Reports Act, OMB is authorized to designate agencies to serve as focal points for overseeing Federal information collection activities within particular areas, such as the meat industry. As a focal agency, the Department would be responsible for minimizing the burden on slaughtering packers, while giving Government agencies the information they need.

RECOMMENDATIONS TO AGRICULTURE

We recommend that the Secretary:

- Direct the Department's agencies which use or collect information from slaughtering packers to coordinate their needs through P&S.
- Require the Department's clearance office to (1) identify and eliminate unnecessary duplication among the Department's forms and reports used to collect information from slaughtering packers, (2) identify users of slaughtering packer information and the uses to which they put the information, and (3) develop for the Federal Government, in coordination with users, a common core of slaughtering packer information.

RECOMMENDATION TO OMB

We recommend that the Director of OMB designate the Department the focal agency responsible for overseeing the Government's collection of slaughtering packer information.

AGENCY COMMENTS AND OUR EVALUATIONDepartment of Agriculture

The Department said it was concerned with eliminating duplicate reporting requirements imposed on slaughtering packers. (See app. III.) As a result, it has scheduled a review of the regulations and reporting requirements falling under the jurisdiction of the Packers and Stockyards Act. Our recommendations, as well as those received from the public, will be used to (1) revise the reporting and recordkeeping requirements imposed, and (2) aid P&S in identifying reporting requirements which can be eliminated because they are overburdensome, or have low utility, or duplicate other Federal reporting and recordkeeping requirements.

The Department said the Weekly Slaughter Report (LS-149) identified as duplicative of Agricultural Marketing Service and FSQS reports, is in fact completed by FSQS inspectors in triplicate. Completed forms are distributed to the Economics, Statistics, and Cooperatives Service; Agricultural Marketing Service; and FSQS.

We agree with the Department that inspectors should be completing the Weekly Slaughter Report. We found, however, that this was not always done. For example, at plants we visited in Circuit 10 the practice followed by FSQS inspectors

was to have employees complete the forms. The inspector-in-charge for Circuit 10 said that this represented the general practice throughout his circuit.

The Department said duplication with the Census of Manufacturers has always been a problem. The Department said it collects its information on a voluntary basis, while the Census reporting is mandatory. We disagree with the Department since a large number of its requirements are mandatory. The meat inspection requirement, for example, requires companies to submit applications, file reports, and keep records. Further, companies are required by law to file the Annual Report of Packers.

The Department also said that Census cannot provide individual company information because of confidentiality statutes prohibiting this action. The Department stated that legislation eliminating the restrictions would have to be passed before data sharing could begin.

If the Department believes that legislative action is needed to promote data sharing between it and the Bureau of the Census, then we believe the Department should work with the Bureau of the Census and OMB to develop a legislative proposal for this purpose.

The Department believed the duplication was justified, in part, because the Department and the Census collect the information at differing times. We do not agree with the Department that continued duplicate reporting is justified. First, instead of obtaining information from the Census the Department could provide information to it. P&S and the Census for example, collect organization, financial and production information from slaughtering packers. P&S collects its information on a yearly basis. The Census collects its information once every 5 years. P&S publishes its statistical information annually; the Census about once every 7 years. The Census statistics appear to have little value to slaughtering packers, whom it was apparently meant to benefit. During our field work, we found no slaughtering packer who used the Census statistics in any way, even though they had to supply the information. In addition, the Bureau of the Census could not identify a single user to whom it supplied its information.

The information collected by the P&S on the annual report appears to be more comprehensive, useful, and timely. The annual report provides information for about 90 percent of all cattle, calves, and hogs slaughtered and about 100 percent of all sheep and lambs slaughtered in the United

States. The information is aggregated and published annually in P&S' statistical issue of the Packers and Stockyards Resume. The P&S distributes the resume to over 2,000 requestors including veterinarians, colleges, slaughtering packers, and trade associations. We believe, therefore, that the Department's contention that it would be unable to provide the Census with overall meat industry information is unjustified.

Office of Management and Budget

OMB said it has directed the Department to undertake a comprehensive review of all P&S imposed reporting and recordkeeping requirements. (See app. IV.) OMB also said that P&S has agreed to review all its regulations and related reporting and recordkeeping requirements. OMB believes that, through the review, the issues we raised regarding redundancy, burden measurement, utility, and focal agency designation of P&S will be addressed.

CHAPTER 5SCOPE OF REVIEW

We reviewed the utility of the information collected and the burden imposed by the Department of Agriculture's Regulations Governing Meat Inspection and its Annual Report of Packers. Our objective was to determine if Department burden estimates were reliable and reasonable; if the information collected was used, and if duplication in reporting existed. Our audit was done at the Department's headquarters, where we reviewed the records of the Food Safety and Quality Service and Packers and Stockyards program and talked with agency officials. We reviewed the agencies' reporting requirements cleared as part of the Regulations Governing Meat Inspection and the Packers and Stockyards Annual Report.

We also reviewed a sample of Department clearance packages to determine the methods most frequently used for preparing burden estimates. The sampled requirements were part of a three department random sample drawn during our review of the adequacy of the executive branch clearance process.

In addition, we visited plants to talk with Department of Agriculture meat inspection personnel and company representatives, review records, and observe how inspection personnel used the information collected. We also obtained the inspectors' estimates of the burden. Interviews were based on a standard interview guide, which insured the comparability of the information supplied. It addressed

- how the inspectors obtained the information,
- what would happen if inspectors stopped receiving it, and
- the estimated time spent by the plants in reporting.

We also interviewed company officials to ascertain the time spent and the costs incurred in reporting. We selected firms which were representative of the various sizes and types of slaughtering packers. For example, we included single-plant and multiplant firms and single-species and multispecies plants.

We reviewed company records, talked with corporate officials, and observed how employees gathered and compiled the data and recorded the time spent in reporting.

We interviewed employees and company officials to ascertain the reasonableness of the Department's burden estimates and the usefulness of the information collected to the firms. These interviews were also based on a standard interview guide, which addressed

- how the plant and/or company provided the information;
- the estimated time spent in reporting;
- the use made of information collected; and
- the extent to which similar or duplicate information was being supplied to Federal, State, or local governments.

We also interviewed company representatives regarding the burden and utility of the Department's Annual Report of Packers. To cover the various sizes and types of companies responding, we surveyed, by telephone, 11 more companies to obtain their estimates of burden. A structured interview guide was used to insure maximum uniformity of information collected. The companies telephoned included large, medium, and small single-plant and multiplant companies. To help us select companies to contact, officials of the Packers and Stockyards program prepared a list of companies which fell into each category.

REGULATIONS ESTABLISHING REPORTING REQUIREMENTSWHICH HAVE NOT BEEN SUBMITTED FOR CLEARANCE

Ante-Mortem Inspection

Operators of official establishments must request and obtain permission from Federal, State, or local livestock sanitary official with jurisdiction over movement of livestock to release animals recovered from certain named diseases for purposes other than slaughter. (9 CFR 309.2(j))

Operators must obtain permission from Veterinary Services unit of Animal and Plant Health Inspection Service for release of livestock exposed to any infectious or contagious disease while held during ante-mortem inspection, before release for slaughter. (9 CFR 309.2(k))

Operators of official establishments or animalowners must seek permission from local, State, or Federal sanitary official before removing an animal identified as a "U.S. Suspect" for a purpose other than slaughter. (9 CFR 309.2(p))

Establishments must notify inspector in charge when the necessity for an emergency slaughter exists. (9 CFR 309.12)

Alternative certification is required for livestock suspected of having biological residues. Market agencies or dealers providing sheep or cattle to official establishments must furnish certificate to the establishments relating to whether animals were given DES during custody, if the agencies or dealer had custody for less than 14 days before delivery of animals. (9 CFR 309.16(b)(2))

Copy of certificate relating to biological residues described above in § 309.16(b)(2) must be "maintained by the agency or dealer in his place of business for not less than 1 year after he issues his certificate * * *." (9 CFR 308.5 (b)) Results of laboratory analyses on DES residues required to be furnished to program employee for carcasses retained in lieu of holding livestock for testing. (9 CFR 309.16(c))

Labeling, Marking Devices, and Containers

Request for approval by inspector in charge of modification of approved labels under specified circumstances. (9 CFR 317.5)

REPORTING REQUIREMENTS IN THE
REGULATIONS GOVERNING MEAT INSPECTION

<u>Recordkeeping requirement</u>	<u>Estimated burden imposed annually (hours) (note a)</u>
Custom slaughterers must keep records showing numbers and kinds of livestock slaughtered, quantities and types of products prepared, and names and addresses of owners of livestock and products (9 CFR 303.1(b)(3))	Not estimated
Operators of exempted retail stores against whom complaints have been received may be required to keep records of monthly purchases and sales of meat, meat food products, and meat by-products with sales to household consumers shown separately. (9 CFR 303.1(d)(3))	Not estimated
Market agencies and dealers must keep certificates regarding biological residues for 1 year. (9 CFR 309.16(b)(3))	Not estimated
There are recordkeeping, maintenance, and retention requirements for persons engaged in slaughtering cattle and sheep, wholesalers, meat brokers, renderers, traders, transporters, etc. (9 CFR 320.1 - 320.4)	Not estimated
<u>Reporting requirement</u>	
Plant owners and operators must request approval of equipment for use in official establishments, with drawings and other descriptive material required for submission. (9 CFR 308.5(b))	400

a/As estimated by the Department of Agriculture.

APPENDIX II

APPENDIX II

<u>Reporting requirement</u>	<u>Estimated burden imposed annually (hours)</u>
Operators of official establishments or owners of livestock must request and obtain permission to release livestock declared suspect during ante-mortem examination, for other than slaughter purposes, from livestock sanitary official. (9 CFR 309.13(d))	12
Custodians of cattle or sheep at time of delivery to official establishments must provide certification that animals were not exposed to DES for at least 14 days before delivery. (9 CFR 309.16(b)(1))	50,000
Operators of official establishments, sponsors of research investigations, or investigators must submit data showing that products of livestock used in research involving biological products, drugs, or chemicals will not be adulterated (9 CFR 309.17(a)(1))	75
Operators of official establishments must apply for permission to ship certain condemned animal carcasses for purposes other than human food. (9 CFR 314.11)	42
Operators of official establishments may request permission for use of foreign language labels and other labeling deviations for use in foreign commerce. (9 CFR 317.7)	17
Operators of official establishments desiring to relabel products because of mutilation or damage of label must request permission from Administrator. (9 CFR 317.12)	6
Operators of official establishments, at least once a year, must report in quadruplicate on obsolete labels or submit copies of approval documents. (9 CFR 317.14)	6,500

APPENDIX II

APPENDIX II

<u>Reporting requirement</u>	<u>Estimated burden imposed annually (hours)</u>
Operators of official establishments must furnish information necessary to determine origin of any product or other article entering establishments, including name and address of seller, transportation company, etc. (9 CFR 318.1(i))	338,000
Operators of official establishments must give inspectors accurate information on all procedures involved in product preparation essential for inspectional control of product. (9 CFR 318.6(a))	12,000
Operators request permission before shipping meats packed in borax for export. (9 CFR 318.8(f))	Less than 1
Operators must make such reports (other than of daily production) "as the Administrator [of the Food Safety and Quality Service] may from time to time require under the Act." (9 CFR 320.6(b))	50
Consignees must report on inspected products for which delivery was refused on grounds of adulteration or misbranding. (9 CFR 320.7)	150
Certificate from area U.S. Department of Agriculture supervisor is required permitting shippers to return inspected meat alleged to be adulterated or misbranded to official establishment for determination. (9 CFR 325.10(a))	187
Domestic manufacturers must request approval for selling or shipping inedible rendered animal fat transported without denaturing. (9 CFR 325.11(c)(2))	4

APPENDIX II

APPENDIX II

<u>Reporting requirement</u>	<u>Estimated burden imposed annually (hours)</u>
Shippers must apply for permit to ship nondenatured products with characteristics of edible products. (9 CFR 325.11(f)(1))	4
Carriers must immediately report by telephone or telegraph emergency requiring breaking of Department seal and unloading of product. (9 CFR 325.18(b))	50
Carriers must immediately report by telegraph or telephone the emergency unloading of dead, diseased, dying, or disabled livestock en route to an establishment eligible to receive them. (9 CFR 325.20(d))	2
Carriers must immediately report by telegraph emergency requiring breaking of Department import seal and unloading of product. (9 CFR 327.7(h))	2
Exporters must notify and request approval for admission of U.S. products exported to and returned from foreign countries. (9 CFR 327.17)	4
TOTAL	<u>407,506</u>

APPENDIX III

APPENDIX III



DEPARTMENT OF AGRICULTURE
 OFFICE OF THE SECRETARY
 WASHINGTON, D. C. 20250

10 DEC 1979

Mr. Henry Eschwege, Director
 Community and Economic Development Division
 U. S. General Accounting Office
 Washington, D. C. 20548

Dear Mr. Eschwege:

The enclosed report is USDA's response to your draft report entitled "USDA: Action Needed to Enhance Paperwork Management and Reduce Burden." I wish to assure you that the Department will make every effort to eliminate all unnecessary paperwork burden on the public, and at the same time maintain the high quality standards established by the Department in the regulation of the livestock and meat industry.

Sincerely,

Howard W. Kjord
 Howard W. Kjord
 Director of Economics, Policy
 Analysis and Budget

Enclosure

USDA RESPONSE TO GAO DRAFT REPORT GGD 80-14

Department of Agriculture: Actions Needed to Enhance
Paperwork Management and Reduce Burden

The following comments are USDA's response to the recent GAO draft of a proposed report: Actions Needed to Enhance Paperwork Management and Reduce Burden. Comments have been grouped according to major subject areas of the report: Chapter 2 - Agriculture Needs to Improve Programs and Policies to Better Manage Paperwork and Reduce Burden; Chapter 3 - Meat Inspection Report has Meaningless Burden Estimate, and Useless and Duplicate Information; and Chapter 4 - The Packers Annual Report has Unreliable Burden Estimate; Useful but Duplicate Information.

Chapter 2 - Paperwork Management and Burden Reduction

The Department agrees in principle that there are areas in the clearance process needing improvement. We agree that better estimates of burden are needed. The problem of defining, let alone measuring burden, has been present for a long time. In fact, in 1978 the USDA Clearance Officer participated in an interagency task force of Department Clearance Officers on burden measurement chaired by OMB. Even after much discussion and the analysis of individual data from OMB files of more than 500 approved reporting requirements, an adequate method of measuring burden was not developed. The Department has long been aware that burden estimates developed by agencies for individual approval requests are sometimes sketchy. For example, the GAO estimates of the burden on the Packers and Stockyards Annual Report may be as "suspect" as USDA's estimate (see p. 29)-- 16 plants which may have been selected by non-random procedures will not produce unbiased estimates of average response time for the nearly 900

APPENDIX III

APPENDIX III

slaughtering firms. The President's burden reduction program, which began in 1976, made this fact painfully obvious when burden estimates were subjected to closer examination. The Department indeed allowed an FSQS revision of their estimate of the Meat and Poultry Inspection regulations burden from 833,000 hours to the current level of 407,500. However, this was presented to OMB as a "correction to the inventory" and was not claimed in our burden reduction report as a substantive change. Rather, it was treated as a "bookkeeping" change. All agencies in the Department were notified early in the burden reduction program that substantive burden reductions could only be accomplished by eliminating reports, reducing their frequency of collection, eliminating items from reports, or reducing the number of persons required to complete them. Future requests for OMB approval from agencies in the Department will require documentation of methods used to develop burden estimates and at the same time require formal pretests or discussions with respondents to be part of burden estimates. It has always been the Department's policy to require documentation as part of burden reduction claims.

Indexing of reporting and recordkeeping requirements will be covered under the provisions of Executive Order 12174 on reducing paperwork burdens on the public signed by the President on November 30, 1979, whereby a Federal Information Locator System will be developed.

Practical utility reviews have been conducted for some existing reports in the Department--admittedly on larger burden dockets. This is because 11 percent of USDA's approved dockets included in the OMB inventory are responsible for 96 percent of the Department's total reporting burden, and

APPENDIX III

APPENDIX III

it is our firm belief that the public can best be served if we concentrate on those reports first. A practical utility review was conducted on FSQS' MP-404, Processing Operations at Official Establishments, and it was determined by the Department Clearance Officer that the weekly collection of these data had no practical utility and recommended that the reporting requirement be changed to monthly or even quarterly. When this was proposed, outside pressure was brought to bear and it has remained a weekly report. The FDA has now prohibited the manufacture, shipment, and use of animal drugs and feed containing DES. As a result, FSQS has notified the Clearance Office and OMB that the DES certificates are no longer required.

The elimination of duplicate reporting requirements is a priority review item in the Department's clearance process. The LS-149, identified in the report as duplicative of AMS and FSQS reports, is in fact completed by FSQS inspectors in triplicate form to be distributed to both ESCS (Economics, Statistics, and Cooperatives Service) and AMS (Agricultural Marketing Service) as well as FSQS. Duplication with the Census of Manufacturers has always been a problem--the collection of these data by USDA agencies would have to be voluntary, while the Census report is mandatory. If USDA were the sole data collector, we would be unable to provide the information to Census in the case of refusals. On the other hand, if Census were the sole data collector, they could not provide individual data to the USDA because of confidentiality legislation prohibiting this action. Thus, the duplicate collection of data exists between Census and the USDA, but would require legislation to eliminate restrictions in the

sharing of data. Timeliness is also a problem as the Census report is conducted quinquennially with annual sample surveys collecting less information conducted in the interim.

Chapter 3 - Meat and Poultry Inspection

As was discussed previously, the Department will require all agencies to fully document burden estimates and burden reduction claims.

The Department will also verify FSQS requirements that are suspect. However, the "family of forms" concept does not follow recent OMB policy that clearance requests be grouped into "subjective" areas, e.g., clearing all reporting requirements associated with a set of regulations under one docket. We will comply with that recommendation should OMB approve.

The Department Clearance Office has been in contact with FSQS in their continuing review of the 1,100 locally produced forms. While their review continues, it is apparent that by far most of the reporting requirements are associated with existing approved reporting requirements or are not public reporting requirements, and that the number of reporting requirements imposed on the public outside of what has already been approved is minimal.

FSQS is currently in the process of carrying out an overall examination of the standards development and label approval functions. Some of the areas under examination are highlighted in this report. GAO indicates that there is duplication of effort in that the inspection manual requires the inspector in charge to make an annual report of obsolete labels while the regulations require that the establishment make the same report which, once received,

APPENDIX III

APPENDIX III

cannot be used on a timely basis. FSQS will amend the inspection manual to remove the duplicative reporting requirement. They will also be conducting a project to review the labels information system which, when completed, should result in recommendations for improved use of reports on a more timely basis.

Further efforts toward improving the labeling approval system were initiated last spring when preparations were begun to prepare and publish for public comment, in the Federal Register, a proposal establishing internal operating procedures for processing labeling approval applications. A complete and thorough impact analysis of this concept is being drafted in accordance with the President's Executive Order 12044 and the Secretary's Memorandum 1955. When finalized, this procedure for prior label approval will improve the operating practices of the Meat and Poultry Standards and Labeling Division and be more equitable to affected parties.

Chapter 4 - Packers and Stockyards Regulations

The Department is also concerned with eliminating duplicate reporting requirements imposed on slaughtering packers. The regulations falling under the jurisdiction of the Packers and Stockyards Act scheduled for revision and the notice inviting public comment will be published in the Federal Register, probably the week of December 10. All recommendations and revisions concerning the reporting and recordkeeping requirements will be assessed in light of removing overburdensome, low utility, and duplicative reporting and recordkeeping requirements. That review will also take a critical look at other existing reporting requirements on slaughtering packers.

APPENDIX IV

APPENDIX IV

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

December 26, 1979

Mr. Allen R. Voss
Director, General Government Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Voss:

We have read with interest your draft report "Department of Agriculture: Actions Needed to Enhance Paperwork Management and Reduce Burden." We agree with the report's conclusion that the Department of Agriculture needs to correct a number of shortcomings in managing its paperwork policies and programs. However, the proposed remedies do not go far enough.

First of all it should be noted that OMB is already engaged in carrying out some of the report's recommendations. For example, the report recommends that OMB make no further delegation of clearance authority to USDA, pending correction of certain problems. OMB does not intend to delegate authority to any department until it has demonstrated a serious commitment to carrying out the provisions of the Federal Reports Act.

The report also recommended that OMB designate the Packers and Stockyards Administration as the focal agency for overseeing all Federal collections of slaughtering packer information. In August, OMB directed a comprehensive review of all of that agency's information requirements. At our suggestions, PSA agreed to review all its regulations and accompanying reporting requirements. Through this effort, issues such as redundancy, burden measurement, utility, and focal agency are being addressed.

Secondly, the problems which you identified with the information requirements of the Food Safety and Quality Service and Packers and Stockyards Administration are not unique. They are the product of a view that paperwork control is a sideline rather than a central management concern. Frequently, as is the case in the Department of Agriculture, reports management staff lack elementary tools, such as the necessary authority to modify or reject agency clearance requests.

APPENDIX IV

APPENDIX IV

In an effort to give agencies more of these basic paperwork management tools, on November 30, the President issued Executive Order 12174, "Paperwork." The Executive Order offers agencies a variety of new initiatives including paperwork budgets, sunset, and elimination of duplicative reporting requirements through government-wide indexing of information. To institute these measures, OMB Budget Circular A-40 is being revised and will soon be published as a proposed regulation.

Absent effective agency reports management procedures, which are monitored and checked by OMB, Federal paperwork burden cannot be held to a minimum. Other techniques such as improved burden measurement, checks for duplication and utility reviews by themselves will not provide effective control.

I would like to make several additional points about the report:

- The report demonstrates the positive effects of paperwork management audits which will be systematically initiated under the Executive Order. Such audits are useful in calling the attention of top agency managers to paperwork concerns. The Administrator of FSQS has now assigned resources to a systematic review of the agency's total information requirements. This review has engaged both program and administrative staff in the joint identification of issues and problems. The agency has developed a specific plan to correct deficiencies. Similar results have been obtained from OMB audits with the general effect of reducing burden and improving agency reports management programs.
- Some of the recommendations addressed to USDA and comments on various issues involve OMB responsibilities. For example, the proposal for indexing FSQS information requirements should not be undertaken outside the larger effort to establish a Federal Information Locator System. USDA is playing a major role as a working group leader in this project.
- The report also calls for improved practical utility guidelines and definition of unnecessary duplication. Those matters are addressed in the revised A-40 or through OMB review of the agency paperwork management plans it requires.

APPENDIX IV

APPENDIX IV

We too were concerned over your finding of 1100 alleged violations of the Federal Reports Act. Accordingly, we have required USDA to develop a plan for resolution of the problem. By December 31, FSQS will submit all appropriate materials to OMB for Reports Act review. Our preliminary information on the alleged violations indicates that the number of violations is substantially less than 1100. Nevertheless, it is evident that a serious problem exists within USDA that deserves prompt attention and correction. I can assure you that appropriate action will be taken to correct these violations.

Sincerely,



Wayne G. Granquist
Associate Director for
Management and Regulatory Policy

APPENDIX V

RICHARD ROLLINS, MD., CHAIRMAN
 HENRY S. REUSS, WIS.
 WILLIAM B. WOODBRIDGE, PA.
 LEE M. HAMILTON, IND.
 GILLES W. LOUIS, LA.
 PABER N. MITCHELL, MD.
 CLARENCE J. BRIDEN, OHIO
 GARRY BROWN, MICH.
 MARGARET M. HECHLER, MARI.
 JOHN H. HOUSLEYOT, CALIF.
 JOHN S. STARR,
 EXECUTIVE DIRECTOR

Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 441 OF PUBLIC LAW 94, 87TH CONGRESS)
 WASHINGTON, D.C. 20510

APPENDIX V

LLOYD BENTLEY, VICH., VICE CHAIRMAN
 JOHN SPARKMAN, ALA.
 WILLIAM PROSSER, WIS.
 ARMAND M. BISCOFF, CONN.
 EDWARD M. KENNEDY, MASS.
 GEORGE MC GOVERN, S. CAL.
 JACOB K. JAVITS, N.Y.
 WILLIAM V. ROTH, JR., DEL.
 JAMES A. MCCLURE, IDAHO
 DENNIS S. HATCH, UTAH

January 22, 1979

The Honorable Elmer B. Staats
 Comptroller General of the United States
 General Accounting Office
 441 G Street
 Washington, D. C. 20548

Dear General Staats:

In a letter to you dated September 14, 1978, while I was Vice Chairman of the Joint Economic Committee, I requested that the General Accounting Office undertake a study of the federal paperwork burden on American businesses to determine whether or not the federal agencies imposing this burden are accurately measuring the number of hours businesses must spend filling out government forms and completing paperwork requirements. This is a very important problem since the various federal agencies, by their own estimates, make businesses spend more than 69 million hours annually on reporting and record-keeping tasks cleared under the Federal Reports Act, as well as some 200 to 250 million more hours on tax forms. If the burden of paperwork is not computed accurately by federal agencies, the Office of Management and Budget or the GAO, then we have no way of determining the true cost of federal paperwork or of balancing the costs and benefits. The burden of federal paperwork has now reached such a staggering level that it must be brought under control, and soon, before it wrings the last drop of entrepreneurship and productivity from America's businesses.

The concerns of the Joint Economic Committee would be addressed most effectively if the General Accounting Office were to review selected paperwork clearance packages that impose a significant burden on businesses, and prepare an in-depth evaluation of each clearance.

The studies should look at both burden and use of reporting and recordkeeping requirements, keeping in mind such questions as: Are the burden estimates made by the agencies reasonably reliable indicators of the true burden? Do the agencies use

these figures to manage or limit the paperwork burden on businesses? Do they make good use of the reports, or are the reports simply collected and filed away? Are any reporting requirements duplicative? Are any simply ridiculous? Are the requirements consistent with the intent of laws passed by Congress?

The clearance packages should be selected from such areas as agriculture, transportation, environmental protection, pensions and taxes. A separate report to the Committee at the completion of each study would give the Committee the broadest scope of information for evaluating the burden and usefulness of federal paperwork requirements.

In each report, I would also appreciate having your legislative recommendations for cutting unnecessary paperwork costs, eliminating unnecessary reporting requirements, or improving the usefulness of the data collected.

If your studies show that the departments and agencies are using inadequate procedures for estimating the burden of federal paperwork, would you please prepare a final report to the Committee discussing the overall problems associated with estimating burden and what, if anything, can be done to insure that the government begins developing reasonable burden estimates.

I understand that you have already begun to take a close look at the paperwork imposed on the meat industry by the Department of Agriculture and that you are forming a panel of industry experts to help you evaluate some of the most burdensome reporting and recordkeeping requirements. This is an excellent area for a pilot study and I look forward to having your findings and recommendations.

I appreciate the excellent assistance you and your staff have provided to me in this area already and I look forward to your reports on specific reporting and recordkeeping requirements.

Sincerely,



Lloyd M. Bentsen
Chairman

(009560)

96TH CONGRESS
2D SESSION

H. R. 6410

IN THE SENATE OF THE UNITED STATES

MARCH 26 (legislative day, JANUARY 3), 1980

Read twice and referred to the Committee on Governmental Affairs

AN ACT

To reduce paperwork and enhance the economy and efficiency of the Government and the private sector by improving Federal information policymaking, and for other purposes.

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 Reduction Act
4 of 1980".

5 SEC. 2. (a) Title 44 of the United States Code is
6 amended by striking out chapter 35 and inserting in its place
7 the following new chapter:

1 **"CHAPTER 35—COORDINATION OF FEDERAL**
2 **INFORMATION POLICY**

"Sec.

"3501. Purpose.

"3502. Definitions.

"3503. Office of Federal Information Policy.

"3504. Authority and functions of Director.

"3505. Assignment of tasks and deadlines.

"3506. Federal agency responsibilities.

"3507. Public information collection activities—submission to Director; approval and delegation.

"3508. Determination of necessity for information; hearing.

"3509. Designation of central collection agency.

"3510. Cooperation of agencies in making information available.

"3511. Establishment and operation of Federal Information Locator System.

"3512. Penalty for failure to furnish information.

"3513. Director review of agency activities; reporting; agency response.

"3514. Responsiveness to Congress.

"3515. Administrative powers.

"3516. Rules and regulations.

"3517. Consultation with other agencies and the public.

"3518. Effect on existing laws and regulations.

"3519. Access to information.

"3520. Authorization of appropriations.

3 **"§ 3501. Purpose**

4 **"It is the purpose of this chapter to ensure that—**

5 **"(1) Federal information policies and practices**
6 **shall be coordinated and integrated with each other**
7 **and shall be uniform, as far as practicable, throughout**
8 **the Federal Government;**

9 **"(2) information needed by agencies shall be ob-**
10 **tained with a minimum burden upon persons and enti-**
11 **ties required to furnish the information, and obtained,**
12 **used, and disseminated at a minimum cost to the**
13 **Government;**

14 **"(3) information collected and tabulated by an**
15 **agency shall, as far as practicable, be maintained in a**

1 manner to maximize the usefulness of the information
2 to Congress, agencies, and the public;

3 “(4) the collection, maintenance, use, and dissemi-
4 nation of personal information by agencies shall be
5 consistent with the Privacy Act of 1974 and other ap-
6 plicable laws; and

7 “(5) automatic data processing and telecommuni-
8 cations technology shall be acquired and used in a
9 manner which improves service delivery and program
10 management, increases productivity, reduces waste and
11 fraud, and, where possible, reduces the information
12 processing burden on the public and private sectors.

13 **“§ 3502. Definitions**

14 “As used in this chapter, the term—

15 “(1) ‘agency’ means any executive department,
16 military department, Government corporation, Govern-
17 ment controlled corporation, or other establishment in
18 the executive branch of the Government (including the
19 Executive Office of the President), or any independent
20 regulatory agency; but does not include the General
21 Accounting Office or the governments of the District of
22 Columbia and of the territories and possessions of the
23 United States, and their various subdivisions;

24 “(2) ‘collection of information’ means the obtain-
25 ing or soliciting of facts or opinions for any purpose by

1 an agency by the use of written report forms, applica-
2 tion forms, schedules, questionnaires, reporting or rec-
3 ordkeeping requirements, or other similar methods call-
4 ing for either—

5 “(A) answers to identical questions posed to,
6 or identical reporting or recordkeeping require-
7 ments imposed on, ten or more persons; or

8 “(B) answers to questions posed to agencies
9 of the United States which are to be used for gen-
10 eral statistical purposes;

11 “(3) ‘data element’ means a distinct piece of infor-
12 mation such as a name, term, number, abbreviation, or
13 symbol;

14 “(4) ‘data element dictionary’ means a system
15 containing standard and uniform definitions and cross
16 references for commonly used data elements;

17 “(5) ‘data profile’ means a synopsis of the ques-
18 tions contained in an information collection request,
19 and also such related items as the official name of the
20 request, the location of information obtained through
21 such request, a description of any compilations, analy-
22 ses, or reports derived from such information, any
23 record retention requirements associated with such re-
24 quest, the agency responsible for such request, the au-
25 thORIZING statute, and other information necessary to

1 identify, access, and use the data contained in such
2 information;

3 “(6) ‘Director’ means the Director of the Office of
4 Management and Budget;

5 “(7) ‘directory of information resources’ means a
6 catalog of information collection requests, containing a
7 data profile for each request;

8 “(8) ‘independent regulatory agency’ means the
9 Board of Governors of the Federal Reserve System,
10 the Civil Aeronautics Board, the Commodity Futures
11 Trading Commission, the Consumer Product Safety
12 Commission, the Federal Communications Commission,
13 the Federal Deposit Insurance Corporation, the Fed-
14 eral Election Commission, the Federal Energy Regula-
15 tory Commission, the Federal Home Loan Bank
16 Board, the Federal Maritime Commission, the Federal
17 Trade Commission, the Interstate Commerce Commis-
18 sion, the Mine Enforcement Safety and Health Review
19 Commission, the National Labor Relations Board, the
20 Nuclear Regulatory Commission, the Occupational
21 Safety and Health Review Commission, the Postal
22 Rate Commission, and the Securities and Exchange
23 Commission, and other similar agencies designated by
24 statute as independent regulatory establishments of the
25 Federal Government;

1 “(9) ‘information collection request’ means a writ-
2 ten report form, application form, schedule, question-
3 naire, or other reporting or recordkeeping requirement
4 for the collection of information;

5 “(10) ‘information referral service’ means the
6 function that assists officials and citizens in obtaining
7 access to the Federal Information Locator System;

8 “(11) ‘person’ means an individual, partnership,
9 association, corporation, business trust, or legal repre-
10 sentative, an organized group of individuals, a State,
11 territorial, or local government or branch thereof, or a
12 political subdivision of a State, territory, or local gov-
13 ernment or a branch of a political subdivision; and

14 “(12) ‘recordkeeping requirement’ means a re-
15 quirement imposed by an agency on persons to main-
16 tain specified records.

17 **“§ 3503. Office of Federal Information Policy**

18 “(a) There is established in the Office of Management
19 and Budget an office to be known as the Office of Federal
20 Information Policy.

21 “(b) There shall be at the head of the Office an Adminis-
22 trator who shall be appointed by, and who shall report di-
23 rectly to, the Director. The Director shall delegate to the
24 Administrator the authority and responsibility to administer
25 all functions under this chapter. The Administrator shall

1 serve as principal adviser to the Director on Federal informa-
2 tion policy.

3 **“§ 3504. Authority and functions of Director**

4 “(a) The Director shall provide overall direction in the
5 development and implementation of Federal information poli-
6 cies, principles, standards, and guidelines, including review
7 and approval of information collection requests, the reduction
8 of the paperwork burden placed on the public, Federal statis-
9 tical activities, records management activities, privacy of rec-
10 ords pertaining to individuals, interagency sharing of infor-
11 mation, and acquisition and use of automatic data processing
12 and other technology for managing information resources.

13 “(b) The general information policy functions of the Di-
14 rector shall include—

15 “(1) developing and establishing uniform informa-
16 tion resources management policies and overseeing the
17 development of information management principles,
18 standards, and guidelines and promoting their use;

19 “(2) initiating and reviewing proposals for changes
20 in legislation, regulations, and agency procedures to
21 improve information practices, and informing the Presi-
22 dent and the Congress on the progress made in effect-
23 ing such changes;

24 “(3) coordinating, through the review of budget
25 proposals and otherwise, agency information practices;

1 “(4) promoting, through the use of the Federal
2 Information Locator System and the review of budget
3 proposals, and otherwise, greater agency sharing of in-
4 formation (consistent with applicable laws) to enhance
5 the usefulness of the information and limit the report-
6 ing burden on the public;

7 “(5) evaluating the agencies’ information practices
8 to determine their adequacy, efficiency, and compliance
9 with policies, principles, standards, and guidelines pro-
10 mulgated by the Director; and

11 “(6) overseeing the planning of, and the conduct
12 of research with respect to, Federal information collec-
13 tion, processing, storage, transmission, and use.

14 “(c) The information collection request clearance and
15 other paperwork functions of the Director shall include—

16 “(1) reviewing and approving information collec-
17 tion requests proposed by agencies;

18 “(2) determining whether the collection of infor-
19 mation by an agency is necessary for the proper per-
20 formance of the functions of the agency and has practi-
21 cal utility for the agency;

22 “(3) designating, in accordance with section 3509,
23 a collection agency to obtain information for two or
24 more agencies;

1 “(4) setting goals for reductions of the numbers
2 and burdens of Federal information collection requests;

3 “(5) overseeing action on the recommendations of
4 the Commission on Federal Paperwork; and

5 “(6) designing and operating the Federal Informa-
6 tion Locator System in accordance with section 3511.

7 “(d) The statistical policy and coordination functions of
8 the Director shall include—

9 “(1) developing, in conjunction with the agencies,
10 long range plans for the improved performance of Fed-
11 eral statistical activities and programs;

12 “(2) coordinating, through the review of budget
13 proposals and otherwise, the functions of the Govern-
14 ment with respect to gathering, interpreting, and dis-
15 seminating statistics and statistical information;

16 “(3) overseeing the establishment of Government-
17 wide policies, principles, standards, and guidelines cov-
18 ering statistical collection procedures and methods, sta-
19 tistical data classifications, and statistical information
20 presentation and dissemination; and

21 “(4) evaluating statistical program performance
22 and agencies' compliance with Government-wide poli-
23 cies, principles, standards, and guidelines.

24 “(e) The records management functions of the Director
25 shall include—

1 “(1) providing advice and assistance to the Ad-
2 ministrator of General Services to promote coordina-
3 tion in the administration of chapters 29, 31, and 33 of
4 this title with the information policies, principles,
5 standards, and guidelines established under this
6 chapter;

7 “(2) reviewing compliance by Federal agencies
8 with the requirements of chapters 29, 31, and 33 of
9 this title and with regulations promulgated by the
10 Administrator of General Services thereunder; and

11 “(3) coordinating records management policies
12 and programs with related information programs such
13 as information collection, statistics, automatic data
14 processing and telecommunications, and similar
15 activities.

16 “(f) The privacy functions of the Director shall
17 include—

18 “(1) overseeing the development of and promul-
19 gating policies, principles, standards, and guidelines on
20 information disclosure and confidentiality, and on safe-
21 guarding the security of information collected or main-
22 tained by agencies, or in conjunction with Federal
23 programs;

1 “(2) providing agencies with advice and guidance
2 about information security, restriction, exchange, and
3 disclosure; and

4 “(3) monitoring compliance with the Privacy Act
5 of 1974 (5 U.S.C. 552a) and related information man-
6 agement laws.

7 “(g) The automatic data processing and telecommunica-
8 tions functions of the Director shall include—

9 “(1) establishing policies, principles, standards,
10 and guidelines for automatic data processing and tele-
11 communications functions and activities, and overseeing
12 the establishment of standards under section 111(f) of
13 the Federal Property and Administrative Services Act
14 of 1949 (40 U.S.C. 759(f));

15 “(2) monitoring the effectiveness of, and compli-
16 ance with, directives issued pursuant to sections 110
17 and 111 of the Federal Property and Administrative
18 Services Act of 1949 (40 U.S.C. 757, 759) and re-
19 viewing proposed determinations under section 111(g)
20 of such Act;

21 “(3) providing, in coordination with the Adminis-
22 trator of General Services, advice and guidance on the
23 acquisition and use of automatic data processing and
24 telecommunications equipment, and coordinating,
25 through the review of budget proposals and otherwise,

1 agency proposals for acquisition and use of such equip-
2 ment; and

3 “(4) promoting the use of automatic data process-
4 ing and telecommunications equipment to improve the
5 effectiveness of the use and dissemination of data in
6 the operation of Federal programs; and

7 “(5) initiating and reviewing proposals for changes
8 in legislation, regulations, and agency procedures to
9 improve automatic data processing and telecommunica-
10 tions practices, and informing the President and the
11 Congress of the progress made in effecting such
12 changes.

13 “(h) Other functions of the Director shall include ensur-
14 ing that, in developing rules and regulations, agencies—

15 “(1) utilize efficient methods to collect, use, and
16 disseminate necessary information;

17 “(2) provide an early and substantial opportunity
18 for the public to comment on proposed means of col-
19 lecting information related to such rules and regula-
20 tions; and

21 “(3) make assessments of the consequences of al-
22 ternative methods of implementing the statutory goals
23 of such rules and regulations (including alternative
24 methods of collecting information).

1 “(i) In any review of regulations by the Director author-
2 ized by law, the Director shall consider the relationship of
3 such regulations to the policies, principles, standards, and
4 guidelines established under this chapter.

5 **“§ 3505. Assignment of tasks and deadlines**

6 “‘In carrying out the authority and functions assigned by
7 this chapter, the Director shall—

8 “(1) within one year after the date of enactment
9 of the Paperwork Reduction Act of 1980—

10 “(A) establish standards and requirements for
11 agency audits of all major information systems,
12 assign the responsibility for conducting such
13 audits, and assign the responsibility for conducting
14 Government-wide or multiagency audits;

15 “(B) establish the Federal Information Loca-
16 tor System;

17 “(C) identify areas of duplication in informa-
18 tion collection requests and develop a schedule
19 and methods for eliminating the duplication; and

20 “(D) develop a proposal to augment the Fed-
21 eral Information Locator System to include data
22 profiles of major information holdings of agencies
23 (used in the conduct of their operations) which are
24 not otherwise required by this chapter to be in-
25 cluded in the System; and

1 “(2) within two years after such date of
2 enactment—

3 “(A) establish a schedule and a management
4 control system (including policies, principles,
5 standards, and guidelines) to ensure that practices
6 and programs of the various information handling
7 disciplines, such as records management, are ap-
8 propriately integrated with each other, and with
9 the broad information policies established by this
10 chapter;

11 “(B) identify initiatives which may achieve
12 substantial productivity improvement in Federal
13 operations using information processing
14 technology;

15 “(C) develop a program to (i) enforce Federal
16 information processing standards, particularly lan-
17 guage standards, at all Federal installations; and
18 (ii) revitalize the standards development program,
19 separating it from peripheral technical assistance
20 functions and directing it to the most productive
21 areas;

22 “(D) complete action on recommendations of
23 the Commission on Federal Paperwork, including
24 development of legislation necessary to implement
25 such recommendations;

1 “(E) develop, in consultation with the Ad-
2 ministrator of General Services, a five-year plan
3 for meeting the automatic data processing and
4 telecommunications needs of the Federal Govern-
5 ment in accordance with the requirements of sec-
6 tion 111 of the Federal Property and Administra-
7 tive Services Act of 1949 (40 U.S.C. 759) and
8 the purposes of the Paperwork Reduction Act of
9 1980; and

10 “(F) submit to the President and the Con-
11 gress legislative proposals to remove inconsisten-
12 cies in laws and practices involving privacy, confi-
13 dentiality, and disclosure of information.

14 **“§ 3506. Federal agency responsibilities**

15 “(a) Each agency shall be responsible for carrying out
16 its information management activities in an efficient, effec-
17 tive, and economical manner, and for complying with the in-
18 formation policies, principles, standards, and guidelines pre-
19 scribed by the Director.

20 “(b) The head of each agency shall designate, within
21 three months of the date of enactment of the Paperwork Re-
22 duction Act of 1980, a senior official who reports directly to
23 such agency head to carry out the responsibilities of the
24 agency under this chapter.

25 “(c) Each agency shall—

1 “(1) systematically inventory its major information
2 systems and periodically review its information man-
3 agement activities, including planning, budgeting, orga-
4 nizing, directing, training, promoting, controlling, and
5 other managerial activities involving the collection,
6 use, and dissemination of information;

7 “(2) take steps to ensure that its information sys-
8 tems do not overlap each other or duplicate those of
9 other agencies;

10 “(3) develop procedures for assessing the paper-
11 work and reporting burden of its information collection
12 activities and of proposed legislation and regulations
13 related to such agency; and

14 “(4) assign to the official designated under subsec-
15 tion (b) the responsibility for the conduct of and ac-
16 countability for any acquisitions made pursuant to a
17 delegation of authority under section 111 of the Fed-
18 eral Property and Administrative Services Act of 1949
19 (40 U.S.C. 759).

20 “(d) The head of each agency shall establish such proce-
21 dures as he may deem necessary to ensure the compliance of
22 his agency with the requirements of the Federal Information
23 Locator System, including necessary screening and compli-
24 ance activities.

1 **“§ 3507. Public information collection activities—submis-**
2 **sion to Director; approval and delegation**

3 “(a) An agency shall not conduct or sponsor the collec-
4 tion of information unless, in advance of adoption or revision
5 of the request for collection of such information—

6 “(1) the agency has taken appropriate steps, in-
7 cluding consultation with the Director (A) to eliminate
8 information collections which seek to obtain informa-
9 tion available from another source within the Federal
10 Government (through the use of the Federal Informa-
11 tion Locator System and other means), (B) to reduce
12 the compliance burden on respondents, and (C) to for-
13 mulate plans for tabulating the information in a manner
14 which will enhance its usefulness to other agencies and
15 to the public;

16 “(2) the agency has submitted to the Director the
17 proposed information collection request, copies of perti-
18 nent regulations and of other related materials as the
19 Director may specify, and an explanation of measures
20 taken to satisfy paragraph (1) of this section, and has
21 caused a notice of such submission to be published in
22 the Federal Register; and

23 “(3) the Director has approved the proposed infor-
24 mation collection request, or sufficient time has elapsed
25 as provided under subsection (c).

1 “(b) Any disapproval, in whole or in part, under subsec-
2 tion (a) of a proposed information collection request of an
3 independent regulatory agency may be voided if the agency,
4 by a majority vote of its members, overrides the Director’s
5 decision.

6 “(c) The Director shall, within sixty days of receipt of a
7 proposed information collection request, notify the agency in-
8 volved of his decision to approve or disapprove the request. If
9 the Director determines that a request submitted for review
10 cannot be reviewed within sixty days, he may, after notice to
11 the agency involved, extend the review period for an addi-
12 tional thirty days. If the Director does not notify the agency
13 of an extension, denial, or approval within sixty days (or, if
14 he has extended the review period for an additional thirty
15 days and does not notify the agency of a denial or approval
16 within the time of the extension), his approval may be in-
17 ferred and the agency may collect the information for not
18 more than one year.

19 “(d) No approval of an information collection request
20 shall be valid for a period of more than three years.

21 “(e) If the Director finds that a senior official designated
22 pursuant to section 3506(b) has independence from any pro-
23 gram responsibility and has sufficient resources to evaluate
24 whether proposed information collection requests should be
25 approved, the Director may, by rule subject to the notice and

1 comment provisions of chapter 5 of title 5, delegate to such
2 official his power to approve proposed requests in specific
3 program areas, for specific purposes, or for all agency pur-
4 poses. Such delegation shall not preclude the Director from
5 reviewing individual information collection requests if the Di-
6 rector determines that circumstances warrant such a review.
7 The Director shall retain authority to revoke such delega-
8 tions of power, both in general and with regard to any spe-
9 cific matter. In acting for the Director, any official to whom
10 approval powers have been delegated shall comply fully with
11 the rules and regulations promulgated by the Director.

12 “(f) No agency shall be exempt from the requirements of
13 this chapter.

14 **“§ 3508. Determination of necessity for information;**
15 **hearing**

16 “Before approving a proposed information collection re-
17 quest, the Director shall determine whether the collection of
18 information by an agency is necessary for the proper per-
19 formance of the functions of the agency and has practical
20 utility for the agency. Before making a determination the Di-
21 rector may give the agency and other interested persons an
22 opportunity to be heard or to submit statements in writing.
23 To the extent, if any, that the Director determines that the
24 collection of information by an agency is unnecessary, for any

1 reason, the agency may not engage in the collection of the
2 information.

3 **“§3509. Designation of central collection agency**

4 “The Director may designate a collection agency to
5 obtain information for two or more agencies if the Director is
6 of the opinion that the needs of such agencies for information
7 will be adequately served by a single collection agency, and
8 such sharing of data is not inconsistent with any applicable
9 law. In such cases the Director shall prescribe (with refer-
10 ence to the collection of information) the duties and functions
11 of the collection agency so designated and of the agencies for
12 which it is to act as agent (including reimbursement for
13 costs). While the designation is in effect, an agency covered
14 by it may not obtain for itself information which it is the duty
15 of the collection agency to obtain. The Director may modify
16 the designation from time to time as circumstances require.

17 **“§3510. Cooperation of agencies in making information**
18 **available**

19 “(a) The Director may direct an agency to make availa-
20 ble to another agency information obtained pursuant to an
21 information collection request if—

22 “(1) the disclosure is not inconsistent with any
23 applicable law;

24 “(2) it is disclosed in the form of statistical totals
25 or summaries; or

1 “(1) design and operate an indexing system for
2 the System;

3 “(2) promulgate rules requiring the head of each
4 agency to prepare in a form specified by the Director,
5 and to submit to the Director for inclusion in the
6 System, a data profile for each information collection
7 request of such agency;

8 “(3) compare data profiles for proposed informa-
9 tion collection requests against existing profiles in the
10 System, and make available the results of such com-
11 parison to—

12 “(A) agency officials who are planning new
13 information collection activities; and

14 “(B) on request, members of the general
15 public; and

16 “(4) ensure that no actual data, except descriptive
17 data profiles necessary to identify duplicative data or
18 to locate information, are contained within the System.

19 **“§3512. Penalty for failure to furnish information**

20 “Notwithstanding any other provision of law, no person
21 shall be subject to any penalty for failing to provide informa-
22 tion to any agency if the information collection request in-
23 volved was made after December 31, 1981, in violation of
24 section 3507.

1 **“§3513. Director review of agency activities; reporting;**
2 **agency response**

3 “(a) The Director shall, with the advice and assistance
4 of the Administrator of General Services, review, at least
5 once every three years, by means of selective inspections, the
6 information management activities of each agency to ascer-
7 tain their adequacy and efficiency. In evaluating the adequa-
8 cy and efficiency of these activities, the Director shall pay
9 particular attention to whether the agency has complied with
10 section 3506.

11 “(b) The Director shall report the results of the inspec-
12 tions to the appropriate agency head, the House Committee
13 on Government Operations, the Senate Committee on Gov-
14 ernmental Affairs, the House and Senate Committees on Ap-
15 propriations, and committees of the Congress having jurisdic-
16 tion over legislation relating to the operations of the agency
17 involved.

18 “(c) Each agency which receives a report pursuant to
19 subsection (b) shall, within sixty days thereafter, prepare and
20 submit to the Director, the House Committee on Govern-
21 ment Operations, the Senate Committee on Governmental
22 Affairs, the House and Senate Committees on Appropri-
23 ations, and the committees of the Congress having jurisdic-
24 tion over legislation relating to its operations, a written state-

1 ment describing any measures taken to alleviate or remove
2 any problems or deficiencies identified in such report.

3 **“§ 3514. Responsiveness to Congress**

4 “(a) The Director shall keep the Congress and its com-
5 mittees fully and currently informed of the major activities
6 under this chapter, and shall submit a report thereon to the
7 President of the Senate and the Speaker of the House of
8 Representatives annually and at such other times as may be
9 necessary for this purpose. The Director shall include in such
10 reports—

11 “(1) proposals for legislative changes needed to
12 improve Federal information management, including,
13 with respect to information collection, recommenda-
14 tions to ease the burden upon individuals and small
15 organizations;

16 “(2) a compilation of legislative impediments to
17 the collection of information which the Director con-
18 cludes that an agency needs but does not have author-
19 ity to collect;

20 “(3) an analysis by agency, and by such other
21 categories as he may deem useful, describing the com-
22 pliance burden of information collection requests of
23 agencies on persons outside the Federal Government,
24 as well as the costs to agencies;

1 “(4) a summary of accomplishments to reduce the
2 burden of complying with Federal information collec-
3 tion requests by such means as reducing the time, cost,
4 complexity, and incomprehensibility of Federal
5 paperwork;

6 “(5) a tabulation of areas of duplication in agency
7 information collection requests identified during the
8 preceding year and any designations of central collec-
9 tion agencies made to preclude the collection of dupli-
10 cate information;

11 “(6) a list of all violations of provisions of this
12 chapter and rules, regulations, guidelines, policies, and
13 procedures issued pursuant to this chapter; and

14 “(7) with respect to recommendations of the Com-
15 mission on Federal Paperwork—

16 “(A) the specific actions taken on each rec-
17 ommendation which has been completely imple-
18 mented;

19 “(B) the major actions still required to imple-
20 ment each remaining recommendation and the
21 target date for completing each such action;

22 “(C) a detailed assessment of the status of
23 and progress on each such action; and

24 “(D) an explanation of any ~~delays~~ and ac-
25 tions required to overcome these delays.

1 “(b) The preparation of these reports shall not increase
2 the burden on persons outside the Federal Government of
3 responding to mandatory requests for information.

4 **“§ 3515. Administrative powers**

5 “(a) Upon the request of the Director, each agency
6 (other than an independent regulatory agency) shall make its
7 services, personnel, and facilities available to the Director for
8 the performance of functions under this chapter.

9 “(b) Upon the request of the Director, each agency
10 shall, except when prohibited by law, furnish to the Director
11 and give him access to all information in its possession which
12 the Director may determine to be necessary for the perform-
13 ance of functions under this chapter.

14 **“§ 3516. Rules and regulations**

15 “The Director shall promulgate rules and regulations
16 necessary to exercise the authority provided by this chapter.

17 **“§ 3517. Consultation with other agencies and the public**

18 “In the development of information policies, rules, regu-
19 lations, procedures, and forms, the Director shall, from the
20 beginning of each initiative, consult with persons outside the
21 Federal Government and the agencies affected.

22 **“§ 3518. Effect on existing laws and regulations**

23 “The authority of an agency under any other law to
24 prescribe policies, rules, regulations, procedures, and forms

1 for Federal information activities is subject to the authority
2 conferred on the Director by this chapter.

3 **“§ 3519. Access to information**

4 “The Director and personnel in the Office of Federal
5 Information Policy shall furnish such information as the
6 Comptroller General may require for the discharge of his re-
7 sponsibilities. For this purpose, the Comptroller General or
8 his representatives shall have access to all books, documents,
9 papers, and records of that Office.

10 **“§ 3520. Authorization of appropriations.**

11 “There are hereby authorized to be appropriated to
12 carry out the provisions of this chapter, and for no other
13 purpose—

14 “(1) not to exceed \$8,000,000 for the fiscal year
15 ending September 30, 1981;

16 “(2) not to exceed \$8,500,000 for the fiscal year
17 ending September 30, 1982;

18 “(3) not to exceed \$9,000,000 for the fiscal year
19 ending September 30, 1983.”

20 (b) The table of chapters of title 44, United States Code,
21 is amended by striking out

“35. Coordination of Federal Reporting Services.”

22 and inserting in lieu thereof

“35. Coordination of Federal Information Policy.”.

1 (c)(1) Section 2904 of title 44, United States Code, is
2 amended by striking out paragraph (10) and inserting in lieu
3 thereof the following:

4 “(10) report to the appropriate oversight and ap-
5 propriations committees of the Congress and to the Di-
6 rector of the Office of Management and Budget an-
7 nually and at such other times as he deems desirable
8 (A) on the results of activities conducted pursuant to
9 paragraphs (1) through (9) of this section, (B) on evalu-
10 ations of responses by Federal agencies to any recom-
11 mendations resulting from inspections or studies con-
12 ducted under paragraphs (8) and (9) of this section, and
13 (C) on estimates of lost benefits or savings resulting
14 from the failure of agencies to implement such
15 recommendations.”.

16 (2) Section 2905 of title 44, United States Code, is
17 amended by redesignating the text thereof as subsection (a)
18 and by adding at the end of such section the following new
19 subsection:

20 “(b) The Administrator of General Services shall assist
21 the Administrator of the Office of Federal Information Policy
22 in conducting studies and developing standards relating to
23 record retention requirements imposed on the public and on
24 State and local governments by Federal agencies.”.

1 SEC. 3. (a) The President and the Director of the Office
2 of Management and Budget shall delegate to the Administra-
3 tor of the Office of Federal Information Policy all their func-
4 tions, authority, and responsibility under section 103 of the
5 Budget and Accounting Procedures Act of 1950 (31 U.S.C.
6 18b).

7 (b) The Director of the Office of Management and
8 Budget shall delegate to the Administrator of the Office of
9 Federal Information Policy all functions, authority, and re-
10 sponsibility of the Director under section 552a of title 5 and
11 under sections 110 and 111 of the Federal Property and Ad-
12 ministrative Services Act of 1949 (40 U.S.C. 757, 759).

13 SEC. 4. (a) Section 400A of the General Education Pro-
14 vision Act is amended by adding at the end thereof the fol-
15 lowing new subsection:

16 “(h) The authority provided and the responsibilities im-
17 posed by this section shall terminate on October 1, 1982.”.

18 (b) Section 201 of the Surface Mining Control and Rec-
19 lamation Act of 1977 (30 U.S.C. 1211) is amended by strik-
20 ing out subsection (e).

21 (c) Subsection (f) of section 708 of the Public Health
22 Service Act (42 U.S.C. 292h(f)) is repealed.

23 (d) Section 5315 of title 5, United States Code, is
24 amended by adding at the end thereof the following:

1 “Administrator, Office of Federal Information
2 Policy, Office of Management and Budget.”.

3 SEC. 5. This Act shall take effect on October 1, 1980.
Passed the House of Representatives March 24, 1980.

Attest: EDMUND L. HENSHAW, JR.,
Clerk.

By W. RAYMOND COLLEY,
Deputy Clerk.

STATEMENT OF HON. ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES, BEFORE THE SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY, COMMITTEE ON GOVERNMENT OPERATIONS, U.S. HOUSE OF REPRESENTATIVES, ON H.R. 6410, THE PAPERWORK REDUCTION ACT OF 1980, FEBRUARY 7, 1980

Mr. Chairman and members of the subcommittee, We are pleased to appear before your subcommittee today to discuss H.R. 6410, the "Paperwork Reduction Act of 1980." The bill would create a central office in the Office of Management and Budget (OMB) responsible for setting Government-wide information policies and for providing oversight for the agencies' information management activities. Such oversight would include periodic evaluations of the agencies' information management activities. The activities covered by the bill include reports clearance and paperwork control, statistics, privacy, automatic data processing, telecommunications, and records management.

We strongly support the objectives of H.R. 6410. We believe it provides for the first time the basic central management structure—including the authority, responsibility, and accountability—for exerting badly needed control and oversight for these interrelated areas.

Significantly, our analysis of the bill indicates that its provisions are generally consistent with many of the recommendations of the Commission on Federal Paperwork. I served as a member of that Commission under the able leadership of Congressman Frank Horton. I am very pleased that this Subcommittee is taking the initiative on many of the changes recommended by the Commission.

New management structure created

I will now discuss the new management structure for the Government's information activity which would be created by the bill. The proposed structure consists of two key elements, both of which we believe are essential. First, a central office is created within OMB, with broad responsibilities for developing consistent information policies and overseeing agency activities. Second, a high-level official is to be designated within each agency who will be held accountable for insuring that the agencies effectively carry out their information management activities.

We favor the creation of a statutory office in OMB headed by an appointee of the OMB Director as provided in the bill. Placing the office in OMB and providing this type of appointment would give the OMB Director line authority for exercising the office's functions to assure accountability to the President and the Congress.

We strongly support the creation of this structure which we believe should enhance the economy and efficiency of Government information activities and ultimately reduce the reporting, recordkeeping, and related regulatory burdens imposed on the public.

The bill authorizes specific funding to carry out the office's functions. We believe this is essential for the office to succeed. Historically, limited resources have been applied to the information management areas. Although additional resource allocations have recently been given to the paperwork and statistics areas, there is no certainty that the resource levels would continue under this or succeeding administrations. Accordingly, we agree the Congress should provide specific resource allocations to OMB to support these activities.

Scope of activities assigned the new office

I turn now to specific areas covered by the bill, including one area we think should be added. Under the bill, Federal information-related activities include reports clearance and paperwork control, statistics, privacy, records management, automatic data processing, and telecommunications. We agree that the policy-setting and oversight responsibilities—but not the operating responsibilities—for these areas should be vested in the new OMB office. However, we also believe that oversight responsibility for Freedom of Information Act activities should be vested in the new office. This should facilitate the establishment of consistent policies and standards covering Federal information activities, including sharing and disclosure.

At the present time, OMB has some degree of responsibility in the paperwork, privacy, ADP, and telecommunications areas. Under the bill, the extent of OMB's responsibility in these areas will be expanded or modified. The areas of statisti-

cal policy and records management policy will be added. I will discuss the statistical policy function later.

With regard to records management, the bill recognizes the need to provide a cohesive Federal information policy and to coordinate the various components of Federal information practices. Records management, concerned with information use and disposition, is a vital element of information policy. In the past, this function has not received the level of management attention it deserves. For example, although GSA is authorized to do so, it does not report to OMB or to the Congress serious weaknesses in agencies' records management programs along with the potential for savings if corrective actions are taken. We pointed this problem out as early as 1973, but GSA's response to date has been inadequate.

We believe the assignment of oversight responsibility in OMB and the periodic evaluations required by the bill would remedy this situation. In so doing, the benefits which improved records management practices can bring to the performance of Federal programs can be realized.

Turning now to the Freedom of Information issue, OMB provides central direction and oversight of agencies' activities under authority of the Privacy Act, but the Freedom of Information Act does not require similar oversight. The Department of Justice has assumed this role to some degree. Justice provides continuing legal guidance and consultation and also handles litigation resulting from the agencies' denials of requests for records.

Our recent report on the Freedom of Information and Privacy Acts¹ shows that these laws generally are effective tools for meeting congressional policy on openness in Government. We concluded that better oversight and executive direction can improve implementation.

In the report, we analyzed data on litigation, based on the Freedom of Information Act and other laws governing disclosure of and access to public records. Our analysis showed that, when sued, agencies often released considerable information in records they had originally denied requesters.

On the basis of these results, we believe better policy guidance in advance of the litigation stage, coupled with better communication of the results of past cases, would reduce the necessity for future litigation.

We believe that giving OMB specific policy-setting responsibility for the Freedom of Information Act will provide this much needed executive direction and oversight. Furthermore, because the two laws were intended to complement each other on matters of public access to records, their administration within OMB would benefit from close coordination.

We strongly support the provisions in H.R. 6410 for consolidating, elevating, and clarifying OMB's policy function for the acquisition and management of automatic data processing and telecommunications resources. We are especially pleased that policy and oversight for ADP and telecommunications are included with the other functions in the bill. We have issued many reports on management problems and Government-wide issues in these rapidly growing areas calling on OMB to develop, strengthen, improve, or clarify its policy and guidance. We have also reported on the special and complex problems of privacy in ADP and communications systems. OMB has lacked both sufficient staff and the organization to address many of our recommendations and concerns. The bill's provisions for an administrator at a sufficient level of authority and separate fund authorization address these problems. The bill's ADP and telecommunications provisions would accomplish several of the key recommendations of the President's Reorganization Project for Federal ADP Activities and are also generally consistent with several Paperwork Commission recommendations.

Paperwork and statistical policy

H.R. 6410 would bring about significant changes in the controls over collecting information from the public, including:

Ending the currently fragmented responsibility for reports clearance, including the transfer of GAO's clearance responsibility to OMB;

Combining the statistical policy function with reports clearance in a single organization; and

Amending the Federal Reports Act to clarify certain provisions and eliminate weaknesses.

I will discuss each of these changes in more detail.

¹ An Informed Public Assures that Federal Agencies Will Better Comply With Freedom of Information/Privacy Laws (LCD-80-8, Oct. 24, 1979).

Consolidating fragmented activities

Progress toward achieving the Federal Reports Act's paperwork control objectives is hampered because there is no central management authority. Instead, control responsibility is fragmented among three organizations—OMB, GAO, and the Department of Health, Education and Welfare (HEW)—and a substantial portion of the burden imposed on the public is outside the central control process. We strongly favor consolidating the fragmented responsibilities into the new OMB office and eliminating all exemptions to the Federal Reports Act clearance process.

Until 1973, the responsibility for paperwork control was in OMB. Then, (1) GAO was assigned responsibility for reviewing and clearing the independent regulatory agencies' reports; (2) HEW was tasked with a broad program for collecting data on health professions personnel, which was exempted from OMB's central review authority; and (3) the HEW Secretary was assigned responsibility over all Federal data collections from educational institutions and programs. This last responsibility will soon be transferred to the Secretary of Education, fragmenting responsibilities even further.

Finally, in 1977, the President shifted the responsibility for setting statistical policies and standards and coordinating Federal statistical activities from OMB to the Department of Commerce. These responsibilities are closely related to the Federal Reports Act objectives for controlling paperwork burdens. For example, the application of statistical procedures to information collection may be helpful in improving the quality of the information collected and in reducing the reporting burden imposed on the public.

Because of this close relationship, the necessary coordination between the two functions is enhanced if the functions reside in a single organization. There is also a need to balance the sometimes conflicting interests for paperwork reduction on one hand, and those for improved statistics on the other, which can best be performed if both functions are in one organization. I therefore clearly favor transferring this function from the Department of Commerce to OMB.

In addition, agencies responsible for about 75 percent of the paperwork burdens are exempt from the Federal Reports Act. These include the Internal Revenue Service (IRS), other Treasury Department agencies, and supervisory functions of the bank regulatory agencies. The Commission on Federal Paperwork recommended, and we agree, that these exemptions should be eliminated. The obvious reason is that controls are weakened by the exemptions.

Preserving regulatory agencies' independence

A key issue raised as a result of these proposed changes is how to preserve the independence of the independent Federal regulatory agencies. For those agencies defined either in this bill or in their enabling legislation as independent regulatory agencies, section 3507 includes an important "override" provision. This section provides that OMB review proposed information collection requests. Any disapproval of a request proposed by an independent regulatory agency may be voided if the agency's members vote, by a majority, to override OMB's decision. We endorse this provision. It would allow for a "second look" by the affected regulatory agencies in cases where the proposal for collecting information appears questionable or seems to require revision. The override provision would also preserve the authority of the independent regulatory agencies to determine their information needs.

We would expect that the override mechanism would be used infrequently. Our own experience and analysis of OMB's implementation of the Federal Reports Act indicate that, although revisions are frequently desirable, relatively few information-gathering proposals are denied outright. However, we believe that the independent regulatory agencies' use of the override should be made on the public record, so that the Congress can monitor these actions.

Needed changes to the Federal Reports Act

The changes in the original arrangements which I have just described are only part of the problem needing resolution. We believe that major revisions are needed to clarify and strengthen the Federal Reports Act, which was passed in 1942, but remains today the basic statute providing for the control of Federal paperwork burdens imposed on the public. These revisions are all incorporated in the bill. Difficulties we have experienced in administering our reports clearance responsibilities and our audits support our position that the changes are needed.

Section 101 of the bill replaces the Federal Reports Act, incorporating five needed changes. First, recordkeeping requirements are specifically included in the reports clearance process (Sec. 3502 of proposed new Chapter 35 of Title 44). The Federal Reports Act is presently unclear on whether recordkeeping requirements are subject to clearance. In practice, both GAO and OMB have required that they be cleared. Some agencies, however, have resisted compliance with these efforts.

Second, the act's definition of "information" is clarified to eliminate an ambiguity (Sec. 3502). For example, the Securities and Exchange Commission has interpreted the act to apply only to situations where the answers provided by respondents are to be used for statistical compilations of general public interest. This interpretation severely limits the coverage of the act and the controls over Federal information collection efforts.

Third, the bill clarifies agency responsibilities by requiring agencies to (1) eliminate duplication, (2) minimize burden, and (3) formulate plans for tabulating data before they request approval of forms (Sec. 3507(a)(1)). Under the Federal Reports Act, the responsibilities of the individual agencies are unclear. In some cases agencies have attempted to force upon OMB and GAO tasks which we believe the agencies should perform in developing their information collection instruments.

Fourth, OMB is required to evaluate the agencies' information management controls (Sec. 3504(b)(5)). This is consistent with a recommendation we made to OMB some years ago. However, OMB has not had the staff to adequately carry out this function. Under such a requirement, OMB should identify ways to improve the individual agencies' information management controls.

Fifth, the bill authorizes OMB to delegate its clearance authority to the agencies (Sec. 3507(e)) in cases where the agencies have demonstrated sufficient capability. OMB would determine an agency's capability on the basis of the evaluations described above. This would enable OMB to shift its emphasis to a policy and oversight role in contrast to the time-consuming effort of clearing individual reporting and recordkeeping requirements. This issue is addressed in our recent report entitled "Protecting the Public from Unnecessary Federal Paperwork: Does the Control Process Work?" (GGD-79-70; September 24, 1979.)

Followup on Paperwork Commission recommendations

Further improvements in carrying out Federal information activities should be brought about as the agencies implement the Paperwork Commission's recommendations.

We are pleased that the bill extends for an additional 2 years OMB's statutory authority to oversee action on the recommendations of the Commission. OMB's September 1979 report states that almost half of the recommendations, including many requiring legislation, are still open. We believe the additional time is necessary to complete the job.

Federal information locator system

We endorse the creation of a Federal Information Locator System, which would provide a source for locating information maintained by different Federal agencies and which would help identify and eliminate unnecessary duplicate collections of information from the public. We recommended developing such a system in a 1975 report to the Senate Committee on Government Operations (GGD-75-85; July 24, 1975). We would suggest, however, that the Subcommittee consider amending Section 3511 to allow OMB to delegate operating responsibility for the system to another executive agency. This would enable OMB to focus its attention on the important policy and oversight responsibilities in the bill. OMB has begun work on a locator system and some progress has been made. Much remains to be done, however.

The development of the proposed locator system should be closely coordinated with GAO's efforts to maintain its inventory of Federal information resources. This inventory was established under Title VIII of the Congressional Budget Act of 1974 (Public Law 93-344). The proposed system addresses, as we do, the identification, location, and nature of agencies' information sources and their potential use in the congressional decisionmaking process.

Coordination between the proposed OMB office and GAO will insure that overlap and duplication of efforts are minimized. As developmental efforts of the

locator system proceed, OMB may wish to incorporate some of the features of our data files. And if the locator system can successfully meet its public use requirements and the Congress' information needs, we may wish to consider consolidating some of our data collection and related activities.

OMB recently reorganized its information and regulatory oversight activities, bringing together most of its existing functions related to H.R. 6410. This is a positive step. We do not, however, believe it negates in any way, the need for this legislation. Without the legislation, fragmented policy and oversight responsibilities will continue and badly needed changes in Federal information management controls will not be effected. The bill would greatly strengthen the hand of OMB in exercising its broad responsibilities for improving the management of the Federal Government.

In conclusion, we see enactment of H.R. 6410 as an important landmark in a concerted effort to establish consistent Federal information policies. The management structure and tools put into place by this legislation will assist us in working toward solutions for the many information problems now existing. We should not, however, deceive ourselves or others that this legislation represents more than the beginning of a long and difficult task.

This concludes my prepared statement. We have a number of technical suggestions for the bill which we will be happy to discuss with your staff. We shall be pleased to answer any questions which you or other members of the subcommittee may have.

Senator BENTSEN. Thank you very much, Mr. Staats.

One of the comments you made, as I understood you, you said the IRS was exempt from the Federal Reports Act.

Mr. STAATS. IRS is exempt.

Senator BENTSEN. What's the logic in that?

Mr. STAATS. The bank regulatory agencies are exempt and some of the other Treasury agencies are exempt. In total, the Federal Paperwork Commission estimated that about 75 percent of all Federal paperwork is exempt from the Federal Reports Act or any other legislation providing for central control.

Senator BENTSEN. There is no discipline on about 75 percent of the Federal paperwork?

Mr. STAATS. No; now, H.R. 6410 and S. 1411, which you cosponsored, would bring those agencies back under central control.

Senator BENTSEN. Mr. Staats, your report says that the Food Safety and Quality Service had found 1,100 bootleg forms. These are the forms right here. That's almost a foot of forms that were developed locally that were not approved under the Federal Reports Act. They were being used illegally by the Food Safety and Quality Service around the country.

Now, that many forms that have never been cleared by OMB under the Federal Reports Act, that the Department didn't even know that they had until you brought them to their attention; how could that happen?

Mr. STAATS. Mr. Chairman, if I may, I will turn to my colleagues here who worked on this report. Mr. Jurkiewicz, to my immediate right, had the prime responsibility for conducting this review. Mr. John Lovelady, to his right, is in charge of our paperwork audit group. Mr. Arnold Jones, to my left, is in charge of the whole area involving paperwork and data management.

Mr. Jurkiewicz will respond to the question.

Mr. JURKIEWICZ. Mr. Chairman, the use of bootleg reports occurred at Agriculture because its employees at the plant level were not aware of the Federal Reports Act or of their paperwork responsibilities.

Senator BENTSEN. That's the responsibility of the administrators of the departments and agencies, and they just hadn't been able to get the word down to the people who were actually doing the work; is that right?

Mr. JURKIEWICZ. That is correct. Agriculture's clearance officer said he found it difficult to inform program people about the Federal Reports Act. His problems were aggravated because top management at Agriculture did not strongly support paperwork management.

Senator BENTSEN. Well, that's just bad administration, if you can't get any better communication than that. It's not unique just to government; this happens in business, too.

I can recall I had a management consultant in when I was building a company. We were doing some additional work and some audits of our paperwork. He told me of one instance where he told the president of the company: "Just have every report sent to your office, every one that's required, that's requested." It was a large company. He said: "Don't send them to the people that they've been going to in the past that have requested them, that have had all that additional work done and reported back to him. I want all those forms sent to your office as president." They started stacking those forms around the wall as the reports came in. He said: "Now, at the end of 6 months, those reports that are left here that no one ever missed, we can do away with those."

I think maybe we ought to do some of that. A lot of them are never utilized, apparently, from what you're telling me.

Mr. STAATS. I might recite an incident which was heard during the work of the Federal Paperwork Commission, bearing on your precise point. The Governor of Kentucky was concerned about paperwork and issued an order abolishing all reporting requirements, all forms, for 30 days, and required every department of the State government to come in and justify them. About half of the reports were abolished.

Senator BENTSEN. Maybe instead of having zero budgeting, maybe we should have zero paperwork.

Mr. STAATS. I think there is much to be said for that. In this particular case, it's my information that the field people were not even aware of the existence of the Federal Reports Act, not familiar with the fact that they were even expected to get these reports cleared centrally.

Isn't that correct?

Mr. JURKIEWICZ. That's correct, sir.

It occurred because paperwork management in the Department is looked upon as a stepchild. In short, program information desires come first and paperwork comes second.

Mr. STAATS. People in agencies don't often stop to think that when they ask a respondent to fill out a form, that it's going to cost somebody something, and that cost must get passed on either to the taxpayer or it must get passed on to the consumer.

One suggestion made seriously to the Paperwork Commission called for the Federal Government to pay respondents for the cost of filling out Federal forms. If this were required, I believe agencies would take a second look before asking a respondent to fill out a form, to see if it couldn't find some way to minimize the burden.

Senator BENTSEN. Mr. Staats, I think one of the problems we have here is that there are just an awful lot of Congressmen, and certainly a lot of people in Government agencies, that have never had to fill out any of these reports themselves. They don't understand what it does to productivity in this country, how much it adds to the cost of final products.

Now, if they had to experience filling out reports like this, their voices would be heard much stronger than they are. If we're going to turn productivity around in this country, this is one of the things that we ought to do first.

The Joint Economic Committee has been on the cutting edge of this problem of productivity, trying to see that we increase productivity in the country and make us more competitive with the Japanese and the Germans and the French; but there must be an awareness of how paperwork makes a contribution to the problem and how we have to push for the legislation that will give, I think, your office additional authority in auditing and, in effect, disciplining some of these additional agencies. Seventy-five percent of the paperwork, as I understand in your statement, is outside of any responsibility of yours, or the OMB's, as far as the law is concerned.

Mr. STAATS. We can review and report to Congress on those agencies, but we do not review any specific requirements. We have no authority to do that.

Senator BENTSEN. Have you seen other agencies that have a paperwork problem of the magnitude we're talking about in the Department of Agriculture?

Mr. JONES. Mr. Chairman, in response to the Joint Economic Committee's request, of course, we have work underway at the moment looking at the paperwork consequences of environmental regulations, transportation regulations, and are beginning to look at the paperwork consequences of tax collections. I believe there is a paperwork burden management problem in these areas.

Mr. Chairman, you raised a question earlier that we did not get a chance to answer. You asked why IRS was excluded at the time the Federal Reports Act was passed. In 1942 the thinking was that excluding the Internal Revenue Service was necessary to protect the sanctity of tax-related information. It was basically a disclosure concern.

However, the disclosure provision of the Tax Reform Act of 1976 rendered that concern unnecessary. As a matter of fact, that act was probably instrumental in reducing some of the opposition to legislative proposals to remove IRS exemption from the Federal Reports Act. IRS, incidentally, is responsible for about 78 percent of the burden imposed on the public.

Senator BENTSEN. Give me that one again. You're saying the IRS—

Mr. JONES. The IRS is directly responsible for imposing on the public 78 percent of all documented Federal paperwork reporting burden.

Senator BENTSEN. That seems rather timely. [Laughter.]

Mr. JONES. We're going to have some additional Federal burden imposed on April 1. The Census Bureau, through the 1980 census, is imposing a significant amount of reporting burden on the public.

Census data illustrate the point that the Government needs information to govern, but equally important—and you touched on this earlier—the Government should assess the practical utility of all information it collects. In other words, does the Government really use all of what it gets? That, I believe, is very crucial to the business of paperwork management and burdens reduction.

Senator BENTSEN. Does it duplicate other requests? Right in the Department of Agriculture, you have several different agencies asking for the same information, and they don't even know that other agencies are also asking for it.

Mr. JONES. Absolutely.

Mr. STAATS. Mr. Chairman, I would like to cite another very important area that we are deeply involved in at the moment, which I don't believe we've had an opportunity to inform you about. We set up about 1 year ago a task force to look at all of the regulatory agencies, such as the Federal Communications Commission, the ICC, and so on, who are regulating industries where the ratesetting is based on the cost of doing business by those companies—utilities, and so on—to see whether or not we cannot reduce the cost of the financial reporting, the recordkeeping requirements imposed by the Federal regulatory agencies.

I am happy to say that we are making some very good progress. No one has ever looked at the paperwork burden imposed by the SEC, the FCC, the ICC, and all the other regulatory bodies. We're doing this with a task force. We're bringing people in from the outside, together with Government experts. I am very encouraged with what we have been able to do to date, but I believe there is still tremendous potential here. In that case, those costs are passed on directly to the consumer in the form of rates that utilities, for example, may charge.

What you're opening up here, I think, in a very, very useful way is the whole problem of the burden that's imposed by regulatory reporting requirements and other requirements, which must be passed on to the consumer or to the taxpayer, one or the other.

Senator BENTSEN. Now, you were talking about the Department of Agriculture's DES certificates. Those certificates have been around for about 7 years, according to one of the officials of USDA. Can you tell me again what use was made of them?

Mr. JURKIEWICZ. Well, when we were out in the field, Mr. Chairman, we found no use was being made.

Senator BENTSEN. No use being made of the certificates, and yet they have been required for 7 years; is that correct?

Mr. JURKIEWICZ. That's correct. The certificates were collected because Department regulations required businesses to complete them. The certificates were completed by cattle growers, truckdrivers, and plant personnel. Just about anyone who came in contact with an animal could and did prepare pieces of paper in order to comply with the reporting requirement.

Senator BENTSEN. Well, who put that regulation in effect?

Mr. JURKIEWICZ. It was put in effect by Agriculture in relation to a law passed to control carcinogenic substances.

Senator BENTSEN. But did it require those useless reports? Did the law itself require that, or was it the regulation?

Mr. JURKIEWICZ. It was the regulation.

Senator BENTSEN. The Department of Agriculture, then, had the full authority to change that regulation and make it comply with the law in a more feasible and practical manner; didn't it?

Mr. JURKIEWICZ. Yes; it did.

We talked with Agriculture and meat industry officials. From them we learned that the certificate came about as a joint effort. Both the Department and the meat industry agreed that it was viewed as a way to help reduce consumer fears that DES was getting into their food. They believed the certificate could also help monitor violations, plus aid in identifying violators and in educating cattle producers. However, no studies or information exist to support any of these points.

Senator BENTSEN. No one ever got down on the assembly line and followed the path of the animal to the packer, I suppose, to see how realistic the use of it was.

Mr. JURKIEWICZ. We were the first. When we asked FSQS, veterinarians, and inspection people if anyone had talked to them about the certificates' value, they said "No." We were also the first to ever ask, "What exactly is done with the information collected?"

FSQS inspection personnel said there were other ways to monitor DES. One was visually. According to FSQS veterinarians, DES produces physical changes in animals, such as thickening of the hide. Another way was through the residue sampling program which is conducted by Agriculture to detect a number of controlled substances, including DES.

Senator BENTSEN. You testified, Mr. Staats, about—on labels—having to use expeditors, professional expeditors, to get these things through because of the maze of bureaucracy and the problem of getting an early action. As I recall, about 60 percent of packers, I think you said, now utilize that.

And then the Department comes out with new regulations and says, "Well, the way to solve that is to ban the use of expeditors." Is that the only thing they've done, or have they tried to do something now in response to what you have found? You found that several plants which were packing hams, for example, had to submit duplicative forms, which were sent in from each plant even though they were producing the same product and the same weight of hams and that sort of thing. Have they made some progress there?

Mr. JURKIEWICZ. Mr. Chairman, in response to our report, the Department said that it was conducting an overall review of its labeling program.

Senator BENTSEN. They're doing a study; is that the idea?

Mr. JURKIEWICZ. To date, we have not heard any results of that study. I believe it's still going on.

Senator BENTSEN. How long has it been going on?

Mr. JURKIEWICZ. It was started late last year, after we sent the Department our draft report for review and comment.

Senator BENTSEN. Did they have a timeframe? Have they set a time when they will complete it?

Mr. JURKIEWICZ. The Department did not specify a specific time period for completing its study.

Senator BENTSEN. Well, I think about the only way that we can get some of these things done is by trying to do something from a legislative standpoint. Even when we do it legislatively, we end up seeing it violated; they're not complying with the law, with the Federal Reports Act.

So, I think that what we have to do is try to take some additional action to highlight it, to focus the attention of the public on what they're doing, and then see if we can't maybe get their attention with some legislation here.

Mr. STAATS. We believe that our going in and auditing particular requirements on a program-by-program, agency-by-agency basis, such as we've done here and such as we're trying to do in the regulatory commission reviews that I mentioned a while ago, will serve a very useful purpose in bringing some of this out in the public arena to the people who are concerned so they will then have the information they need to try to get the problems corrected. I think these hearings can be very useful.

Senator BENTSEN. Mr. Staats, it's so darned frustrating, as one who has been in business for a number of years, building a business, to come here and help pass legislation to correct a problem, then see how long it takes and how some of it is just ignored.

Frankly, I think the audit procedure that we have through the General Accounting Office has made a really major contribution, by focusing attention on this and making some of these people think about what they're doing—and the lack of communication within their own agencies—by carrying out the intent of the law and having it understood by those people who have the responsibility.

So, I congratulate you on the work you've done. But it just takes so long; doesn't it?

I understand that your report on the Department of Agriculture again shows that the burden estimates were generally unsupported by any documentation other than being based on staff judgment. That's your point; isn't it?

Mr. JURKIEWICZ. That's correct, Mr. Chairman.

Senator BENTSEN. Is it possible to have a paperwork budget for each Federal agency when you've got that kind of an attitude, settling these things on some subjective judgment by staff?

Mr. STAATS. Well, it's possible to have a paperwork budget, but I think we ought to recognize, when we move in that direction, that any budget which is designed to say how much burden to impose is subject to a lot of manipulation.

Senator BENTSEN. You're figuring the burden.

Mr. STAATS. Because all you have to do is make a lower estimate, and you'll have no problem staying in your budget. This is a real problem. The President's executive order attempts to move in the direction of saying to each agency, "You will reduce your paperwork by a certain percentage from year to year." Then that would imply that you have some kind of a benchmark budget to work against in order to know whether you're achieving that percentage or not.

I have no objection, per se, to a budget, but we ought not to be misled by it.

It is more important to require the agencies to do two things: One is, before they impose a new reporting requirement, to develop a potential impact analysis and test that with the respondents, not just send it out. In other words, not make a horseback judgment of what that burden is going to be, but actually test it out on people who are going to have to fill it out.

The agencies should go through the process of burden analysis, and then, after the reports are required, periodically go back and take another look in an audit, in a sense, to see whether or not they can simplify the form or reduce the burden in some other way.

For example, in the Paperwork Commission study, we found in some cases, instead of sending papers to Washington or to the regional offices of the agency, that they just maintained the records in the plant or in the company. If anybody needed them, then they could go get them. But it saved at least the amount of time required to make these reports, rather than filing or analyzing them or whatever they do with them when they get them.

I'm not against the paperwork budget, but I don't think that that's necessarily going to provide the answers we need.

Senator BENTSEN. Is this really the first outside audit of a Federal agency on paperwork that's been done, an outside audit?

Mr. JONES. No, Mr. Chairman, earlier we did an audit of the OMB central controls process as it worked in three agencies—HEW, Commerce, and Agriculture. That work led to our report entitled "Protecting the Public From Unnecessary Federal Paperwork—Does the Control Process Work?"

I think that we are the first to get into agencies and actually do paperwork audits.

Based on our observations through administering our responsibilities under the Federal Reports Act, and auditing Federal paperwork burden management programs, we have learned some lessons.

And we are suggesting, by the way, that the central management agency, wherever that might be, and right now we're talking about a strengthened OMB, periodically require that such audits be performed. It is not sufficient to say that there are policy statements and guidelines for agency actions. It is not sufficient to say that you have a highly visible official who is going to be responsible if that official is not held accountable.

We're saying that all of these things we have learned must be put into place and we have made recommendations in our reports. We are making specific recommendations to the Department of Agriculture in the report that you asked us to produce.

And if these things are done and if the General Accounting Office continues to provide, and Offices of Inspectors General in these various agencies begin to provide, oversight in this area, I think perhaps we'll begin to see the paperwork burden control process operating a little better.

And maybe people will do a better job of determining need before requesting information. And maybe people will question the use of information after we've been collecting it. I think that has to be made clear that an important question is:

Do we need the information we're asking for and after we get it, do we use it?

This is a very important point and I think we've presented instances where neither of those two criteria are being met.

Mr. STAATS. We hope very much that the legislation which has passed the House in some form will pass the Congress this year. I think that that would provide a great impetus to everyone concerned to do the kinds of things that Mr. Jones has just stated.

Senator BENTSEN. Since you haven't yet had time to do this complete audit on paperwork of some of the other government agencies, it's probably too early to award, I guess, a "Golden Paperwork Award" to the Department of Agriculture until we've had a chance to look at some of the others.

But I agree with you that we ought to continue seeing what they have done and what recommendations they have carried out because there's that old saying in business that you expedite what you inspect. And as long as they know you're going to be back to check up on how much they've carried out, that is an encouragement, to keep behind them.

Mr. Staats, we're very pleased to have you and your associates here this morning. We appreciate the job that you've done.

Mr. STAATS. I hope you let us know, Mr. Chairman, if there's anything more we can do.

We're also much interested, as you know, in the whole subject of productivity. We see, as you do, that these two things are very much related.

Senator BENTSEN. Thank you very much. Our next witness is going to be Mr. William Kibler, who is Deputy Administrator for Statistics of the Economics, Statistics, and Cooperatives Service, who, hopefully, is going to tell us how they're going to undertake these paperwork directives.

STATEMENT OF WILLIAM E. KIBLER, DEPUTY ADMINISTRATOR FOR STATISTICS OF THE ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY DONALD L. HOUSTON, ADMINISTRATOR, FOOD SAFETY AND QUALITY SERVICE; PASCHAL DRAKE, ACTING DEPUTY ADMINISTRATOR, PACKERS AND STOCKYARDS ADMINISTRATION, AGRICULTURAL MARKETING SERVICE; AND RICHARD SCHRIMPER, CLEARANCE OFFICER, ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE

Mr. KIBLER. Thank you, Mr. Chairman. We're pleased to appear before your committee today to comment on the GAO report numbered GGD-80-14 entitled "Department of Agriculture: Actions Needed To Enhance Paperwork Management and Reduce Burden."

I am William E. Kibler, Deputy Administrator for Statistics of the Economics, Statistics, and Cooperatives Service—ESCS. Accompanying me today are Donald L. Houston, Administrator of the Food Safety and Quality Service; Paschal Drake, Acting Deputy Adminis-

trator, Packers and Stockyards Administration, Agricultural Marketing Service; and Richard Schrimper, Clearance Officer, Economics, Statistics, and Cooperatives Service.

The Department supports congressional initiatives to eliminate unnecessary reporting requirements. We will continue to work with the GAO, OMB, with industry, and with other agencies concerned to mitigate any excessive and unnecessary duplication.

My statement today will first address the Department's paperwork management system and then will address those primary areas outlined in the GAO report. It will also cover some of the Department's efforts to eliminate paperwork burdens, such as the proposed changes in the FSQS form MP-404.

Within the Department of Agriculture, the Secretary has delegated responsibility for the Federal Reports Act to the Director of Economics, Policy Analysis and Budget who has in turn delegated this responsibility to the Administrator of ESCS. A copy of this delegation is being provided for the record.

The Statistical Clearance Office, located in the Statistical Research Division of ESCS, has responsibility for the review of all statistical forms, survey plans, and recordkeeping requirements originating in the Department that require approval by the Office of Management and Budget, as prescribed by the Federal Reports Act. Agencies and offices of the Department submit all OMB approval requests to the USDA Clearance Office, which in turn reviews these for conformance to the Federal Reports Act and OMB Regulations and submits those acceptable requests to OMB for their approval.

All discussions regarding the Federal Reports Act or clearance between USDA agencies and OMB are coordinated through the Clearance Office which has the liaison responsibility for the Department.

The Clearance Office staff includes the Department Clearance Officer plus a full-time staff of two clearance analysts and a Social Science Analyst. The Statistical Clearance Office coordinates the annual submission of some 300 requests for OMB approval of reporting and recordkeeping requirements. The current inventory of public use reports for the Department is nearly 550, with a corresponding public reporting burden of 27 million hours. Our direction is taken from OMB Circular A-40 and related guidelines which provide instructions and guidance in clearance procedures. When the nature of clearance procedures change due to change in Presidential initiatives, OMB policy, or specific program requirements, we look to OMB for guidance.

The Department has also issued guidelines to USDA agencies in the form of administrative regulations concerning clearance of plans and report forms requesting data from the public. These guidelines outline the responsibility of the originating agency, the Clearance Office, and the OMB, and provide detailed instructions to agencies on the mechanics of submitting requests for clearance. A copy of these regulations 1-AR553-560, chapter 9, section 7, is being provided for the record.

PAPERWORK MANAGEMENT AND BURDEN REDUCTIONS

One of the areas of difficulty in clearing information collection requirements has long been estimates of reporting burden. We agree that better estimates of burden are needed. The problem of defining, let alone measuring burden has been present for a long time. In 1978, the USDA Clearance Officer participated in an interagency task force

of Department clearance officers on burden measurement chaired by OMB. Even after much discussion and extensive analysis of individual data from OMB files, an adequate method of measuring burden was not developed.

The Department is aware that burden estimates developed by agencies for individual clearance requests are sometimes not as accurate and reliable as desired. However, it is our opinion that GAO's assessment of reporting burdens in their draft report can be questioned—16 plants which were selected by nonrandom procedures will not produce unbiased estimates of average response time for the nearly 1,500 to 1,700 slaughtering firms in the United States.

In response to the GAO findings, the Clearance Office has strengthened its review of burden requirements, and all requests for OMB approval from agencies in the Department now require documentation of methods used to develop burden estimates. For new information collection requests, formal presurvey tests or discussions with respondents are now required for making burden estimates.

According to the GAO report, the Department was able to reduce its paperwork burden figures under the President's burden reduction program without making any substantive changes in its paperwork requirements, simply by reducing the burden estimate on selected clearance based on better staff judgments. It has cited as an example, the Food Safety and Quality Service—FSQS—"new staff estimate" in May 1977, to cut the burden estimate of its meat inspection reporting requirement from 833,000 hours annually, which was the 1975 estimate, to 407,500 hours, even though no change had been made in the requirement.

The Department did, indeed, allow this revision. However, this was not presented to OMB as a reduction in burden, but as a correction to the inventory. The report submitted to OMB shows this was not claimed in our burden reduction report as a substantive change. Rather, it was treated as a bookkeeping change—a revision in the June 30, 1976, base.

All agencies in the Department were notified early in the burden reduction program that substantive burden reductions could only be accomplished by eliminating reports, reducing their frequency of collection, eliminating items and shortening report forms, or reducing the number of persons required to complete them. This policy has been closely adhered to in the Department's periodic reports to OMB.

PRACTICAL UTILITY REVIEWS

Practical utility reviews have been conducted for some existing reports in the Department—generally those with large respondent burdens. This is because 11 percent of USDA's approved dockets included in the OMB inventory are responsible for 96 percent of the Department's total reporting burden. It is our firm belief that the public interest can best be served if we concentrate major efforts on those reports first.

MEAT AND POULTRY INSPECTION

An example of the usefulness of a practical utility review is one which was conducted on FSQS MP-404, Processing Operations at

Official Establishments. And this was done well in advance of the GAO audit. It was determined by the Department Clearance Officer that the weekly collection of these data and some of the specific data had no practical utility.

The Clearance Officer recommended that the reporting requirement be changed to monthly or quarterly. This recommendation underwent considerable review and discussion with data users. A proposal to this end was developed and published in the Federal Register on Tuesday, March 25, 1980, which recommended that the report be done annually rather than weekly. If adopted, this change would provide substantial savings to the Government, industry, and consumers.

In particular, a change to an annual reporting requirement would lead to annual cost savings to the Government of over \$170,000, and more importantly, a reduction in costs to the industry of over \$400,000 per year. The time which it takes industry to fill out MP-404 will be reduced from about 70,000 hours annually to about 1,575 hours. We believe these reductions and cost savings can be made without hampering any health and safety functions.

The GAO report criticized the FSQS meat and poultry inspection program for allegedly producing certain "bootleg" reports. The issue of the 1,100 "bootleg" report forms has been investigated in depth by FSQS. It should be noted that about 600 of these records were actually private plant recordkeeping forms made available to inspectors for supplying data and are not public use forms, and should not have been included. Another 100 were inspector's worksheets and files such as supply requests, training nominations, leave requests, safety reports, et cetera; likewise, not public use forms.

The remaining 400-plus locally produced forms made up by inspectors each have public reporting requirements and are indeed public use forms subject to the Federal Reports Act. These forms were produced locally by the plants to comply with the reporting regulations established by the meat and poultry inspection regulations.

FSQS's in-depth analysis found that these 400 different forms were used to collect data involving only 12 reporting requirements covering such items as schedule of operation, sanitary condition, and ante-mortem inspection. OMB approval had been obtained for 10 of these requirements as part of the meat and poultry inspection regulations. The two remaining reporting requirements not cleared by OMB will be submitted for clearance soon. When cleared, FSQS will be in compliance with the Federal Reports Act.

PACKERS AND STOCKYARDS REGULATIONS

Duplicate reporting requirements among different agencies have often been a problem within the Government. Sometimes it is very difficult for one department to identify duplication with another department. Therefore, a governmentwide view, such as OMB's or the Congress, is necessary to identify such duplication. The new Federal Information Locator System, as proposed by OMB, should aid in eliminating duplication. Duplication removal between the Census Bureau and the USDA, which was mentioned in the GAO report, is not always easy, mostly due to the Census Bureau time requirements that are less rigid and to confidentiality legislation.

The Census Bureau title 13 legislation will not allow the Census Bureau to provide their individual plant information to other Federal agencies. We have on occasion, however, worked out acceptable plans with Census to provide them with information USDA collects, but this usually occurs when timing and data collection requirements are similar, a situation that is not common in Government.

The GAO report stated that financial data were also being collected from companies in the meat industry by four different USDA agencies. Two reports referred to were the Packers and Stockyards Annual Report and Form LS-149. Data on the LS-149 are collected weekly by FSQS meat inspectors in triplicate form, with copies provided to ESCS and AMS's Packers and Stockyards Administration and Market News Service.

The Packers and Stockyards Annual Report is much more comprehensive and includes many more items than the LS-149. The annual report information is used to properly and efficiently administer the Packers and Stockyards Act and the regulations under the act.

The authority to obtain annual and special reports comes from section 6 of the Federal Trade Commission Act which has been incorporated into section 402 of the Packers and Stockyards Act.

The GAO survey on the burden imposed by the annual report estimated an average of 7 hours for single-plant firms and 144 hours for multiplant firms, whereas the Packers and Stockyards Administration estimated an average of 4 hours to fill out the Packer Annual Report. P. & S. had not made a scientific survey of the industry to determine an average reporting time. The estimate was based on the considerable experience of its personnel, some of whom were previously meatpacker employees, plus interviews, investigations, and various contracts with the industry.

All information required to fill out the various sections of the report should be available from normal business records maintained by the firm. Also, one-third of the packers furnish internal audit reports or financial statements in lieu of filing the financial information section, reducing the reporting burden.

GAO criticized the duplication of data collection because of a lack of interagency coordination and mentioned specifically the use by P. & S. of FSQS slaughter data. P. & S. requires only the reporting year total slaughter by type of livestock for each plant of the firm. To ease the reporting burden, P. & S. allows plants to provide data for any 12-month period that corresponds to the plant's fiscal year. These data are used to verify other sections of the annual report and are readily available from each packer's records. P. & S. uses FSQS slaughter data on a weekly, monthly, and annual basis in its investigative work.

The GAO stated:

The FSQS and the Packers and Stockyards Program do not assess need. Their clearance officers justified need on the basis that the reporting is required under the Department's regulations and by law.

Information contained in the annual report, P. & S.-125, is needed in order to properly and efficiently administer the P. & S. Act and the regulations under the act. It is important in such areas as jurisdiction, bonding, financial protection, competitive policies, antitrust, deter-

mining policy, and keeping abreast of significant structural changes in the industry.

GAO recommended that the Secretary of Agriculture "direct the Department's agencies which use or collect information from slaughtering packers to coordinate their needs through the packers and stockyards program." In 1978, P. & S. received reports from 865 firms involving 1,007 slaughtering packers. FSQS received reports from 1,701 federally inspected and 4,434 other livestock slaughtering plants. P. & S. is concerned about collecting data from slaughtering packers or any type of business in the livestock and meatpacking or poultry industries other than those needed specifically to administer the provisions of the Packers and Stockyards Act.

In summary, Mr. Chairman, we believe the USDA clearance function closely adheres to OMB guidelines and direction. I can assure both the committee and the General Accounting Office that the Department will continue its efforts to improve upon its clearance procedures and to wrestle with the issue of burden measurement. At the same time, we will attempt to better identify duplicative reporting requirements, within USDA and other Government agencies as well, and to minimize duplication to the extent practicable and possible.

This concludes my statement. My associates and I will be glad to respond to any questions you might have.

[The insertions referred to for the hearing record by Mr. Kibler in his statement follow:]

DEPARTMENT OF AGRICULTURE DELEGATES RESPONSIBILITY FOR THE FEDERAL REPORTS ACT TO THE ADMINISTRATOR, ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE

(a) *Delegations.* Pursuant to § 2.27 (b), and (d), subject to the reservations in § 2.28 (b), the following delegations of authority are made by the Director of Economics, Policy Analysis and Budget to the Administrator, Economics, Statistics, and Cooperatives Service:

(1) Administer programs authorized by the Cooperative Marketing Act of 1926 (7 U.S.C. 451-457).

(2) Conduct research relating to the economic and marketing aspects of cooperatives as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

(3) Conduct economic and social science research and analyses relating to (i) food and agriculture situation and outlook; (ii) the production, marketing and distribution of food and fiber products (excluding forest and forest products), including studies of the performance of the food and agricultural sector of the economy in meeting needs and wants of consumers; (iii) worldwide economic analyses and research on supply, demand, and trade in food and fiber products and the effects on the U.S. food and agriculture system; (iv) natural resources, including studies of the use and management of land and water resources, the quality of these resources, resource institutions, and watershed and river basin development problems; and (v) rural people and communities, as authorized by Title I and Title II of the act of August 14, 1946, as amended (7 U.S.C. 427, 1621-1627).

(4) Make grants under section 2(c) of the act of August 4, 1965, as amended (7 U.S.C. 4501), and the act of September 6, 1958 (42 U.S.C. 1891-1893).

(5) Perform economic and other social science research under section 104(b) (1) and (3) of the Agricultural Trade Development and Assistance Act of 1954, as amended, with funds administered by the Foreign Agricultural Service and the Agricultural Research Service (7 U.S.C. 1704).

(6) Prepare crop and livestock estimates and administer reporting programs including estimates of production, supply, price and other aspects of the U.S. agricultural economy, collection of statistics, conduct of enumerative

and objective measurement surveys, construction and maintenance of sampling frames, and related activities. Prepare reports of the Crop Reporting Board of the Department of Agriculture covering official state and national estimates (7 U.S.C. 411 (a), 475, 476, and 951).

(7) Take such security precautions as are necessary to prevent disclosure of crop report information prior to the scheduled issuance time approved in advance by the Secretary of Agriculture and take such actions as are necessary to avoid disclosure of confidential information supplied by any person, firm, partnership, corporation, or association (18 U.S.C. 1902, 1905, and 2072).

(8) Review, clear, coordinate, and improve statistics in the Department including review of all statistical forms, survey plans, and reporting and record keeping requirements originating in the Department and requiring approval by the Office of Management and Budget under the Federal Reports Act; liaison with OMB and other Federal agencies for coordination of statistics, general improvement of statistical methods and techniques in the Department (44 U.S.C. 3501-3511).

(9) Administer responsibilities and functions assigned under the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 et seq.), and the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2251 et seq.) concerning estimates of supplies of agricultural commodities and evaluation of requirements therefore, coordination of damage assessment; and food and agricultural aspects of economic stabilization, economic research and agricultural statistics.

(10) Provide management support services to the World Food and Agricultural Outlook and Situation Board with authority to take any action required by law or regulation relating to procurement, contracting, property management, budget, financial management, employment, classification, organization, and any related functions, but excluding fiscal accounting, as may be agreed upon with the Chairman of the Board.

(11) Investigate and make findings as to the effect upon the production of food and upon the agricultural economy of a proposed action pending before the Administrator of the Environmental Protection Agency for presentation in the public interest, before said Administrator, other agencies, or before the courts.

(12) Review economic data and analyses used in speeches by Department personnel and in materials prepared for release through the press, radio, and television.

(13) Conduct a study of the feasibility of establishing a system to monitor foreign direct investment in agricultural, rural, and urban real property, including the feasibility of establishing a nationwide multipurpose land data system (22 U.S.C. 3101 et seq.).

(14) Work with institutions and international organizations throughout the world in the fields of agricultural economics research and research relating to the economic and marketing aspects of farmer cooperatives. Such work may be carried out by:

(i) Exchanging research materials and results with such institutions or organizations,

(ii) Engaging in joint or coordinated research, or

(iii) Stationing scientists at such institutions or organizations in foreign countries (7 U.S.C. 3291).

(b) *Reservations.* The following authorities are reserved to the Director, Economics, Policy Analysis and Budget:

(1) Review all proposed decisions having substantial economic policy implications.

[42 FR 64356, Dec. 23, 1977, as amended at 43 FR 37419, Aug. 23, 1978; 43 FR 56637, Dec. 4, 1978]

UNITED STATES DEPARTMENT OF AGRICULTURE
 WASHINGTON
ADMINISTRATIVE REGULATIONS

~~ADMINISTRATIVE REGULATIONS~~ 125 August 24, 1978 ~~4170000~~ 1

SUBJECT: CHAPTER 9 - RESTRICTIONS-INFORMATION
 SECTION 7 - CLEARANCE OF PLANS AND REPORT FORMS
 REQUESTING DATA FROM THE PUBLIC

This revision of 1 AR 553, Chapter 9, Section 7, Clearance of Plans and Report Forms is to conform with OMB Circular A40 Attachment A, February 10, 1976. The changes reflect current definitions, responsibilities, procedures and requirements.



W. E. KIBLER
 Acting Administrator
 Economics, Statistics, and Cooperatives Service

REMOVE PAGE(s): 306-313.54 dated: 2-13-74

INSERT PAGE(s): 306-313.53 dated: 8-24-78

CHAPTER 9 - RESTRICTIONS - INFORMATION -

SECTION 7 - CLEARANCE OF PLANS AND REPORT FORMS
REQUESTING DATA FROM THE PUBLIC

553. POLICY. Title 44 U.S. Code, section 3501, provides that "Information needed by Federal agencies shall be obtained with a minimum burden upon business enterprises, especially small business enterprises, and other persons required to furnish the information, and at a minimum cost to the Government. Unnecessary duplication of effort in obtaining information through the use of reports, questionnaires, and other methods shall be eliminated as rapidly as practicable. Information collected and tabulated by a Federal agency shall, insofar as is expedient, be tabulated in a manner to maximize the usefulness of the information to other Federal agencies and the public."

554. DEFINITIONS.

A. Information. Facts obtained or solicited by the use of written report forms, application forms, schedules, questionnaires, or other similar methods calling either for answers to identical questions from 10 or more persons other than agencies, instrumentalities, or employees of the United States, or for answers to questions from agencies, instrumentalities, or employees of the United States which are to be used for statistical compilations of general public interest (44 U.S.C. 3502).

B. Person. An individual, partnership, association, corporation, business trust, or legal representative, an organized group of persons, a State or territorial Government or branch, or a political subdivision. In determining whether information is being collected from 10 or more persons, when the primary or principal respondents must obtain from others the same information that is requested of them (e.g., prime contracts obtaining information from their subcontractors), the secondary respondents are also included.

C. Plan. Any specific requirement or guide for the reporting of information or the establishment or maintenance of records (including management systems and systems of classification) which are to be used or be available for use in the collection of information; any such requirement or instruction affecting the content, preparation, return, or use of a plan or report form; or any contract or agreement which will result in the collection of information on identical items from 10 or more respondents.

D. Report Form. Any application or other administrative form, questionnaire, schedule, interview guide, telegraphic request, or other similar device for the collection of information.

E. Used. A plan or report form is deemed to be "used" by a Federal agency if:

1. The agency itself uses the plan or form to collect data, upon identical items, from 10 or more persons, or
2. The agency SPONSORS the employment of the plan or form by others.

F. Sponsor. A Federal agency is considered to "SPONSOR" the collection of information under the following circumstances, subject to the qualifications and explanations indicated herein:

1. Collection by a Contractor. A plan or report form used by a contractor to a Federal agency is deemed to be sponsored by the agency which awards the contract, EXCEPT when the data collection is neither required by nor implied by the terms of the contract and no representation of Federal sponsorship or association is made to the respondents.

2. Collection by Recipient of a Grant. A plan or report form used by a recipient of a Federal grant is deemed to be sponsored by an agency only when:

- a. The recipient of a grant represents to respondents that the information is being collected for or in association with a Federal agency. (However, this exception is not intended to preclude mention of Federal support in response to an inquiry, or acknowledgment of assistance from a Federal grant in any publication of the data.); or
- b. The recipient of a grant uses the plan or report form to collect information that the agency has requested for the planning, operation, or evaluation of its program; or
- c. The terms and conditions of the grant provide for approval by the agency of the survey design, questionnaire content, or data collection procedures; or
- d. The terms and conditions of the grant provide for either submission to the agency of the data for individual respondents or the preparation and submission of tabulations requested by the agency.

3. Other Types of Sponsorship. When a person or organization is requested by a Federal agency to collect specific information to be made available to the agency, the plan or report form, or the part thereof used to collect this information,

must be regarded as sponsored even though no contract or grant is involved. When a plan or report form is promulgated by a Federal agency as a standard for use by State or local governmental agencies, such a plan or form is deemed to be sponsored, even though it is not used for reporting to the Federal agency. In case of doubt as to whether a data collection plan or report form is sponsored, inquiry should be made of the Statistical Clearance Officer for the Department.

G. Agency. Any agency of the U.S. Department of Agriculture.

H. Statistical Clearance Officer. The Assistant Director, Statistical Research Division, Economics, Statistics, and Cooperatives Service.

555. RESPONSIBILITIES FOR CLEARANCE OF DATA COLLECTION PLANS AND REPORT FORMS.

A. By the Agency Originating the Plan or Form:

1. Any agency of the Department which collects information upon identical items from 10 or more persons shall submit the proposed plan or form(s) to be used in such data collection to the Statistical Clearance Officer for clearance action.

2. Any agency of the Department which sponsors the collection of information upon identical items from 10 or more persons through a contract, grant, or otherwise, shall submit the proposed plan and form(s) to be used in such data collection to the Statistical Clearance Officer for clearance action.

a. In the case of contracts, when the Request for Proposals prescribes the data collection plan (i.e., the information to be collected and the method of collection), the plan should be submitted prior to the issuance of the Request for Proposals. When the Request for Proposals does not prescribe the data collection plan, or allows considerable flexibility in the development of the plan, the plan should be submitted prior to the signing of the contract if it is described in the contract, or subsequent to the signing of the contract if its development is left to the contractor, provided that a statement is included in the contract that the completion of the contract is subject to clearance action, as are the form(s) or other document(s) to be used in the data collection.

b. In the case of grants, when the grant prescribes the data collection plan, the plan should be submitted prior

to issuance of the grant.

3. Any agency of the Department which enters into agreements with one or more States for the use of cooperative Federal-State plans or forms shall refer the proposed agreements to the Statistical Clearance Officer for determination of the need for clearance action.
4. Any agency of the Department which collects statistical data, whether or not 10 or more persons are involved, shall inform the Statistical Clearance Officer of such data collection, not only for determination of the need for clearance action, but also as a means of providing information of special importance in cases when the data collected are adequate to serve as a basis for State, regional, or national estimates.
5. Any agency of the Department which proposes to impose recordkeeping requirements on 10 or more persons shall submit the regulations or other directive imposing such requirements to the Statistical Clearance Officer for clearance action.
6. Any agency of the Department which submits a request for clearance action to the Statistical Clearance Officer should allow sufficient time:
 - a. For adequate review by the Statistical Clearance Officer, including discussion or coordination with other agencies of the Department.
 - b. For adequate review by the Office of Management and Budget and the adoption of any necessary alterations, including coordination or integration with other plans and report forms.
 - c. For avoidance of delay in the operating program to which the proposed plan or report form relates as a result of clearance procedures.
7. Any agency of the Department which sponsors the use of a plan or report form by contractors, grantees, or other sponsored collectors of information, shall:
 - a. Inform the sponsored collector of information of the requirements of this Regulation;

- b. Ensure that the submittal required by paragraph 556 of this Regulation is made; and
 - c. Ensure that the plan or report form is not used without prior clearance.
8. No agency of the Department shall use or sponsor the use of a plan or report form, whether repetitive or single-time, which collects or records information from 10 or more persons without first obtaining clearance from the Statistical Clearance Officer and the Office of Management and Budget. Approval of OMB is indicated by inscription thereon of the OMB approval number and/or notation.
- a. Reimbursement of contractors or other persons supplying information does not constitute a basis for exemption from any clearance requirement.
- B. By the Economics, Statistics, and Cooperatives Service:
- 1. The Economics, Statistics, and Cooperatives Service shall review all proposed data collection plans, report forms, and recordkeeping requirements submitted by agencies of the Department for clearance action.
 - 2. The review shall determine that:
 - a. Adequate data are not available already in the Department or in other Federal agencies, or are not in the process of collection.
 - b. Proposed inquiries are justified and do not exceed the limits of reasonable need or practical utility, and that all the data to be collected are essential to the central purpose of such inquiries.
 - c. Proposed plans meet acceptable statistical standards.
 - d. Consideration has been given to minimizing, insofar as it is feasible, the number of respondents to be contacted, the frequency of data collection, and the number of items of information to be sought.
 - e. Consideration has been given to the difficulty for respondents to supply the data.

- f. The information to be collected will be used by the agency.
 - g. Proposed plans sponsored under contracts or grants include information on the arrangements made regarding the confidentiality of collected data, the disposition of completed forms, the disposition of data records such as punched cards and tapes, and any other information pertinent to the possession and use of the collected data.
 - h. Proposed plans which involve recordkeeping requirements include specific retention periods.
 - i. Proposed forms are designed to meet the data collection requirements for which they were developed.
 - j. Regulations, instructions, or other documents which include requirements for respondents to provide information or maintain records are accompanied by listings which clearly identify those parts requiring (i) maintenance of records, and their specific retention period(s), (ii) submission of data by means other than agency forms, and the burden associated therewith, and (iii) submission of data on agency forms, together with the associated burden and the clearance status of the forms.
3. Proposed plans or forms will be discussed or coordinated with other agencies of the Department which have, or may have a concern with the data to be collected.
 4. Proposed plans or forms will be modified to require the collection of additional data when such action will make subsequent inquiries unnecessary, or when there is other adequate justification.
 5. When proposed plans or forms meet the criteria for review, they shall be forwarded to the Office of Management and Budget for approval.
 6. When proposed plans or forms fail to meet the criteria for review, the agency will be notified, and the request for clearance may be returned.
- C. By the Office of Management and Budget:

1. The Office of Management and Budget shall review all proposals containing public reporting and recordkeeping requirements, considering the criteria outlined in OMB Circular A-40.

2. Make the controlling determination as to whether a data collection plan, report form, or other activity requires clearance.

3. May waive any provision of the clearance procedures except those required by statute.

556. REQUEST FOR CLEARANCE. Requests for clearance shall be submitted to the Statistical Clearance Officer by the responsible agency on the forms and in the manner described below.

A. New Data Collection Plans and Report Forms. New plans are to be submitted as follows:

1. Five copies of Standard Form 83 (revised) - Clearance Request and Notice of Action, to be completed in accordance with Standard Form 83A - Instructions for Requesting OMB Approval Under the Federal Reports Act.

2. Five copies of:

- a. The proposed plan or form.
- b. Instructions for use of the plan or form.
- c. Any covering letter to respondents.

3. Five copies of a "Supporting Statement." The statement should provide the information called for in Standard Form 83A, III, and should follow the outline indicated in the instructions.

4. Such other information as may be appropriate to justify the request for clearance.

B. Revised Data Collection Plans and Report Forms. Before a material revision is made in an approved plan or form or in the use thereof, a request for clearance of the revision or change shall be submitted by the responsible agency.

1. A material revision or change is:

- a. Any modification in the kind or amount of information sought.
- b. Any change in the type of respondents or the survey coverage.
- c. Any change in the frequency of reporting.
- d. Any other change in the sample design or collection method.
- e. Any change in the purpose for which the data are collected.

2. For material revisions or changes, the request for clearance shall consist of:

- a. Five copies of Standard Form 83.
- b. Five copies of the revised plan or form.
- c. Five copies of a Supporting Statement which explains the revision(s) and updates the previous statement, in accordance with instructions in Standard Form 83A, III, B.

C. Requests for Extension of Approval of Data Collection Plans and Report Forms. When use of a plan or form beyond the scheduled expiration date is desired, a request for extension of approval shall be submitted by the responsible agency.

- 1. Five copies of Standard Form 83.
- 2. Five copies of the plan or form in use.
- 3. Five copies of the previous statement, if applicable.
- 4. If there has been some increase or decrease in the usage reported previously, five copies of a Supplemental Statement which shows both the previous and the corrected estimates, in accordance with instructions in Standard Form 83A, III, B.

D. "Processed Copies" of Data Collection Plans and Report Forms. When the plan or form has been printed for use, two copies of the plan or form shall be submitted to the Statistical Clearance Officer for review and transmittal to the Office of Management and Budget.

E. Deviation from Terms of Clearance. When using any OMB approved plan or report form, no deviation is to be made from the terms and conditions on which approval was granted.

F. Notice of Discontinuance. When the use of a plan or form for which clearance has been obtained is to be discontinued prior to the expiration date assigned by the Office of Management and Budget, a notice shall be submitted to the Statistical Clearance Officer at least 30 days in advance of such discontinuance for transmittal to the Office of Management and Budget.

G. Exemptions from Requirements for Clearance. The following types of forms and reporting requirements are exempted from the requirement of approval under 44 U.S.C. 3509:

1. Affidavits, oaths, certifications, notices of change of address, and forms used for acknowledgment or receipts of articles or services which require no information other than that necessary to describe the article or service and identify the person or persons making the acknowledgment or receipt.
2. Forms calling for technical information incident to the design, production, or operation of contract items, such as engineering drawings, specifications and standards, parts breakdown lists, catalog items identifications, or descriptions of physical qualities and characteristics. ("Technical information" does not include financial, administrative, cost and pricing, management and management planning data, or other information incidental to contract administration.)
3. Collection of information for identification or classification in connection with laboratory research and clinical investigations.
4. Tests or examination given individuals for the purpose of determining knowledge, abilities, or aptitudes of the person tested, and the collection of information for identification or classification in connection with such tests.
5. Requests for information in connection with a particular proceeding which arise out of judicial and quasi-judicial actions, such as proceedings before hearing examiners or administrative law judges.

6. Those specifically exempted by the Office of Management and Budget because they do not call for information of substantial volume or importance.

557. CONSIDERATION OF UTILITY AND BURDEN.

A. To minimize the reporting burden on respondents and to improve governmental efficiency, each agency will consider and determine, in connection with each plan or report form submitted, whether the proposed plan or report form exceeds the limits of reasonable need or practical utility, either with respect to number of respondents, frequency of collection, or number and difficulty of the items, and whether all of the items of information to be furnished or recorded are essential to the central purpose of such plan or report form.

B. Practical utility (as distinguished from potential utility) also includes the ability of the agency to use the information received. Particular care will be exercised by agencies to insure that, need for information notwithstanding, there are no limitations in staff, in capability to process the information in a timely and useful fashion, or other constraints on the likely use of the information. Otherwise, there is no practical utility and the information should not be collected.

C. Special consideration will be given to the burden on individuals, small businesses, and other organizations with limited clerical, financial management, and statistical staffs which employ fewer than 100 persons. Individuals, small businesses, or other small organizations should not be called upon to spend more than one-half hour in responding to a request for information from a Federal agency. Agencies will be expected to make a specific justification for any data collection plan or instrument which requires more than one-half hour from these respondents.

D. Dollar cost associated with the development and processing of a public reporting requirement will be treated as an internal reporting cost of the agency collecting the information.

557.1 MANDATORY AND VOLUNTARY REPORTS.

A. Except for application and reports filed by recipients of Federal benefits, each report subject to the provisions of the Federal Reports Act and of these regulations will carry on its face one of the following statements:

1. "This report is required by law (____ U.S.C.____; E.O.____; ____ C.F.R.____). Failure to report can result in (cite penalty)." The penalty should be cited in plain language along with the appropriate legal citation.

2. "This report is authorized by law (____ U.S.C.____; E.O.____; ____ C.F.R.____). While you are not required to respond, your cooperation is needed to make the results of this survey comprehensive, accurate and timely." An agency may propose the use of alternative language providing there is no change in the substance of the message.

B. Each application subject to the provisions of the Federal Reports Act and of these regulations shall carry on its face the following statement:

1. No _____ may be _____ unless a completed application form has been received (____ U.S.C.____; E.O.____; ____ C.F.R.____). (Examples: No grant may be awarded.... No passport may be issued....).

C. Reports filed by recipients of Federal benefits shall carry the following statement (unless reporting is not required, in which case the statement in paragraph 557.1(A) (2) shall be used):

1. No further monies or other benefits may be paid out under this program unless this report is completed and filed as required by existing law and regulations (____ U.S.C.____; E.O.____; ____ C.F.R.____).

D. In those cases in which the information is collected by personal interview (either in person or by telephone), the respondent shall be informed as to whether the information sought is required by law or is voluntary and he shall be furnished with the appropriate statement upon request.

557.2 INFORMATION COLLECTED FROM INDIVIDUALS. In addition to informing respondents as to the mandatory or voluntary character of the response to a report, each report requesting information from individuals must include the following information required by the Privacy Act of 1974 (5 U.S.C. 552a(e) (3)):

A. The principal purpose or purposes for which the information is intended to be used.

B. The routine uses (as defined in 5 U.S.C. 552a(a) (7)) which may be made of the information.

557.3 REPORTS. Each agency will provide the Statistical Clearance Officer with such information covering the status and use of its data collection plans and report forms as may be requested for transmittal to the Office of Management and Budget.

558. RELEASE OF INFORMATION.

A. It is Department policy to review each request for information with regard to the Freedom of Information Act (5 U.S.C. 552) and the Privacy Act (5 U.S.C. 522a) as well as the provisions of the Federal Reports Act (44 U.S.C. 3507).

559. PENALTY FOR FAILURE TO FURNISH INFORMATION. Title 44 U.S. Code, section 3511 provides that: "A person failing to furnish information required by an agency shall be subject to penalties specifically prescribed by law, and no other penalty may be imposed either by way of fine or imprisonment or by the withdrawal or denial of a right, privilege, priority, allotment, or immunity except when the right, privilege, priority, allotment, or immunity, is legally conditioned on facts which would be revealed by the information request."

560. AUTHORITY. Authority for the provisions in this regulation is contained in Title 44 U.S. Code, section 3501, and Circular A-40 (Revised February 10, 1976) of the Office of Management and Budget. Departmental responsibility for the functions described hereunder is delegated to the Deputy Administrator for Statistics, Economics, Statistics, and Cooperatives Service in 7 CFR 2.85 (a).

Senator BENTSEN. Mr. Kibler, why don't you tell me why packers have to hire private expeditors to get their label applications approved? And why is there a situation where packers submit a multiplicity of labels, even from factories in the same company that are preparing the same product? Why is that?

Mr. KIBLER. I'm going to ask Mr. Houston to respond to that, since he is representing FSQS.

Senator BENTSEN. All right.

Mr. HOUSTON. Senator, each year the meat industry submits to the Department about 100,000 labels to be reviewed. This is required under the Federal Meat Inspection Act, and each label has to be approved by the Secretary before packers can place it on their meat product.

Senator BENTSEN. Does the Federal Meat Inspection Act require separate applications from each of the plants for one company when they're preparing the same product?

Mr. HOUSTON. No; it does not. The present system is outmoded. It is archaic and does need to be modernized. Some of the problems that have been identified by the GAO are being looked at this very moment. We plan to publish regulations, either this summer or this fall, which will streamline that whole system and do away with many of the reporting requirements that are unnecessary.

Senator BENTSEN. The point made by the GAO, would you comment on that, on the utilization of the DES certificates?

Mr. HOUSTON. The DES certificates, as was stated by the GAO investigator, grew out of a concern by the Department and the industry several years ago that it was necessary to provide evidence to the consuming public that action was being taken to keep DES out of the meat supply. That was the original intent.

Later, the utility of that DES certificate was expanded to maintain our markets with the Canadian people. Canada banned DES after the U.S. initial attempts, and through the use of that certification system and other records that were maintained to identify products shipped into Canada, we were able to keep those markets open.

It was on that basis that the DES certificate was originally started.

Senator BENTSEN. But how practical was the certificate, using it at all of these stages, as GAO testified, they had been thrown away in most instances and were never paid any attention to?

Mr. HOUSTON. One of the uses of that DES certificate was to sensitize the cattle industry to the need to remove animals for the necessary 14 days before they brought them in for slaughter.

I think you probably recall the great degree of controversy over the use of DES in cattle. That went on for some 10 years, and it was only within the last year or so that FDA banned its use.

So I think it was important from that standpoint, and I think later it was also very important that we were able to keep our borders open for cattle going into Canada for slaughter, in addition to our own processed meat products that go into that country.

Senator BENTSEN. Mr. Kibler, your statement says that you're addressing some of these paperwork problems. If the spotlight moves off USDA, are you going to keep pushing on this?

Mr. KIBLER. Yes, sir.

Senator BENTSEN. Well, I'll commit to you that we shall follow up, so you can have the pleasure of telling us what you've been doing about it at some future date.

Mr. KIBLER. Yes, sir.

Senator BENTSEN. I'd like to defer now to my colleague, Congressman Brown, for such questions as he has.

Representative BROWN. Thank you, Mr. Chairman. I have only a few, and because I have another appointment, I'm going to have to leave.

I'm concerned about this because I sit on another committee where the diethyl stilbestrol issue has come up.

One of the reasons for this process, as I understand it, is not only to educate the farmer of the necessity of moving cattle from diethyl stilbestrol feed in advance so that the residue doesn't remain in the animal after slaughter, but also to educate people who have looked at this means of eliminating DES from the food chain to assure them that the time of removal of the animal of DES is long enough before slaughter to deal with the problem.

Now my question is if you don't keep the records, how does anybody know what the result has been? Is it a spot check kind of thing?

Mr. HOUSTON. Yes; the answer is, yes, it is a random monitoring program that we did run on DES. We couldn't test every animal for DES. We can't test every animal for biological residues.

What we do is carry out a random monitoring program that gives us an indication of the extent of the problem.

However, when we run into cases where a producer is sending animals to market that were in violation, we take sanctions against that farmer by telling him that he can no longer market animals until he has demonstrated that they are clear and free of any residue.

We also pass that information back to FDA, who has the authority to prosecute anyone who violates their rules, their regulations regarding the use of drugs.

Representative BROWN. So this DES certificate, or any drug-related certificate, is really to put the fear of God into the farmer for perhaps moving his cattle to market too soon, but in reality, the wrath of God never falls on him. Is that right?

Mr. HOUSTON. I don't know how many prosecutorial actions FDA took. I think it was minimal. I can't recall but one or two.

In essence, you're correct.

Representative BROWN. One other question or area of questioning.

In your statement, Mr. Kibler, you made reference to the fact that many of the reports are required by law.

I'm wondering, after the Congress, in its wisdom, renders its judgment, does anybody, any Federal agency, including Agriculture, ever come back and say, look, members of the Ag Committee, or Congressmen, that information that you wanted collected really doesn't have practical value. Why don't we eliminate that from the law or from regulation. They might say in the report, we wonder whether this report that you've now asked for in the reported legislation is serving a practical purpose.

Is there an evaluation within the Department, I guess, as there should be within OMB, to determine whether or not the information,

regardless of the fact that we've required it by law, is of any merit or value when it's collected?

Mr. KIBLER. I'm not aware of any ongoing group or unit that is given responsibility for that in the Department of Agriculture. You may recall that a couple of years ago there was a proposal that perhaps we needed such a unit, not only in the Department of Agriculture, but to look at it governmentwide, and when there are legislative requirements that come through that require data, that they would be looked at by an independent group which wasn't associated with any department or any particular independent agency.

To my knowledge, that was discussed and considered, but I don't believe that any action was ever taken to set up such a group.

There was a bill, and I don't remember what it was.

Representative Brown. Would there be anything wrong with its being done in the Department through your recommending to Secretary Bergland? Why don't we get a few folks together here and review all of the reports that we require and see, in fact, for the purposes of the Ag Department and the people that are related to it whether or not this reporting requirement is necessary, whether or not this form—I understand that's the job of the OMB, to look through these forms—but whether or not there is any merit in our collecting them.

I do, with a couple of friends, share a little feeding concern in the cattle business. I keep waiting for the year in which we're going to make money. It just hasn't happened yet on that little farm we have up in Champaign County, Ohio, because our land isn't very good, and so our operation is very marginal in terms of the operation.

But I tell you, the guy who runs it, it's probably his wife who fills out these forms and my guess is that they made a discriminating judgment as to which of the forms they think have any merit at all, and the rest of them don't get filled out.

This is done around the dining room table and it's not done with sophisticated computer equipment but mostly by memory or educated guess.

But my guess is that you're not always getting information that is that accurate.

And I may think it may have no particular merit for you, let alone merit for them, but I think it ought to be reviewed by you, whether we've asked for it by law or not.

Mr. KIBLER. Could I give you a couple of examples of things where the Department has taken some initiative to do that? One of them is the MP-404, which we mentioned in the testimony, which is a weekly report for the meatpackers and processors.

I'd like to ask Mr. Houston to tell you the process that's going on now in reviewing the reporting requirements.

Mr. HOUSTON. That form has been used for many years to collect weekly processing information from the industry. In reviewing its utility, we think that we can ask for that report once a year instead of once a week.

And we talked about that almost 1 year, 1½ years ago. Political pressure brought on us by the meat industry to maintain the form for their benefit prompted it being continued. It's now published as a pro-

posal in the Federal Register, so we can have the benefit of public comment on that action.

Many of the reports, if not most, that we collect from the meat and poultry industry benefit the industry. They use the data from those forms for a number of reasons. I think that was pointed out in the GAO report, where there was somewhat of a contradiction when the meat industry said many times it really represented no burden on them at all to supply the data.

So I must say that in many cases, it's a matter of whose ox is being gored. We do collect a lot of information that the industry wants us to collect and they use it.

When we try to cut out some of these reporting requirements, they get quite upset with us. And I think that they're going to be quite upset with us over trying to eliminate the 404 because they want us to collect information for them, which we believe they ought to collect for themselves if they need it.

Representative BROWN. I would concur that at a time we're trying to cut the budget, this might be a good place to do it. And I join the chairman in concern about this issue and hope you'll do the best you can.

Mr. KIBLER. We have one other example in that area, Mr. Chairman, that I'd like Mr. Drake to comment on; that is, an overall review that's going on now in the packers and stockyards.

Mr. DRAKE. Mr. Chairman, approximately 2 years ago, we started an in-house review of all reports used to regulate the industry.

Substantial reductions had been made in the packers' annual report in that in-house study. We eliminated reporting altogether of small slaughters in the industry. We continued to review with the industry other annual reports and I believe two are currently with OMB, which will further make major reductions in their reporting and annual reports.

Approximately several months ago, we notified OMB that we were going to formally review not only all the reports required under the act, but all the regulations promulgated under the act.

Such notice was subsequently posted in the Federal Register a few months ago. Our first notice, which will appear in 2 or 3 weeks, will further review all annual reports required from the industry. There is no doubt in my mind that major reductions will be made.

Senator BENTSEN. I'm pleased to hear that. My concern is that there are a lot of Members of Congress who don't understand that these reports, duplicative reports, additional paperwork, add to inflation and cut back on productivity in this country.

There's just not enough Members of Congress who have filled out the reports and there are not enough members of the executive department who make out these reports who have been through the process and have had the burden put on them of filling out these kinds of reports.

So we're going to continue this auditing procedure to see if we can't do away with the duplicating of reports and the asking of information that is never used.

I'm frankly pleased to see the General Accounting Office put a spotlight on this, and I'm pleased to see some reaction on the part of

the Department of Agriculture. And we will be looking forward to an additional hearing to see how much progress you have made in that regard.

And we're going to make it one of the objects of this committee to turn this productivity problem around.

In highlighting this kind of action on paperwork, one of the problems is, there are not any headliners in it and it's something that is an audit procedure. But paperwork just keeps piling up unless we do a disciplined action, as we're trying to do here, and as we expect the General Accounting Office to do.

Unless we do that, we'll just continue to have additional paperwork reports and burdens put on the American business which finally passes on to the American consumer.

So, again, I'm pleased to see that you're taking cognizance of it and that you are working on it to try to see if you can't eliminate some excess reports. Thank you very much.

Mr. KIBLER. Thank you.

Senator BENTSEN. The committee will stand adjourned.

[Whereupon, at 11:20 a.m., the committee adjourned, subject to the call of the Chair.]

