

GAO

Fact Sheet for the Honorable
Tom DeLay, House of Representatives

June 1989

PAPERWORK REDUCTION

Little Real Burden Change in Recent Years



545820

**Program Evaluation and
Methodology Division**

B-233451

June 14, 1989

The Honorable Tom DeLay
House of Representatives

Dear Mr. DeLay:

In response to your letter of October 18, 1988, requesting information about the burden of federal paperwork on respondents, this fact sheet addresses four questions:

1. How has the paperwork burden changed over time?
2. What factors account for the observed changes?
3. Have some groups been differentially affected?
4. Have the reasons for data collection changed?

With respect to changes in burden, our analyses show a 27-percent increase in reported burden hours (to 1.9 billion) between 1980 and 1987. However, looking at the contributing factors suggests that most of this increase stems from changes in the way the Office of Management and Budget (OMB) accounts for burden.

These accounting procedures do not always reflect real changes in the amount of burden imposed on the public. For example, after the passage of the Paperwork Reduction Act of 1980, additional categories of information collection that had not been previously counted were included in OMB's figures. In other cases, OMB reestimated burden associated with large collections and reclassified major collections into special categories that have not been counted in reported burden. However, executive, legislative, and judicial actions led to instances of real reductions in burden. For example, paperwork burden associated with the Highway Safety Program within the Department of Transportation was reduced by 62 million hours. We also found instances of real increases in burden. For example, changes in the tax laws and regulations, together with changes in tax form use, resulted in real increases of 49 million hours on Form 1040.

An examination of burden according to who is asked to complete information requests showed little real change in burden for businesses but some increase in burden for nonbusiness respondents. Finally, reasons

for data collection have changed somewhat. Our reanalyses of OMB's data suggest that while burden associated with regulation or compliance has increased by 3 to 4 percent, there has been a greater proportionate increase in the burden associated with application for benefits.

The sources for this fact sheet are OMB's annual Information Collection Budget (ICB) publications and its Reports Management System. The data are based on estimates of the paperwork burden of individual information collections that were developed by the collecting agencies and reviewed by OMB. Our analyses of these data have been augmented by information obtained from OMB's docket files on 10 case studies and by additional information provided by OMB's staff.

As agreed with your office, we did not obtain formal agency comments, and we plan no further distribution until 30 days after the issue date, unless you publicly announce the contents earlier. We will then send copies to others who are interested and make copies available to others who request them. Further information can be obtained by calling me at (202) 275-1854. This report was prepared under the direction of Lois-ellin Datta, Director of Program Evaluation in Human Services Areas (202) 275-1370.

Sincerely yours,



Eleanor Chelimsky
Assistant Comptroller General

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Abbreviations

DOD	Department of Defense
DOL	Department of Labor
FTC	Federal Trade Commission
GAO	General Accounting Office
HCFA	Health Care Financing Administration
HHS	Department of Health and Human Services
ICB	Information Collection Budget
IRS	Internal Revenue Service
OMB	Office of Management and Budget

Background

Over the years, much concern has been expressed about the amount of time individuals and businesses are asked to spend responding to federal information collection efforts. At the beginning of the 1980's, two major steps were taken in an effort to control the burden of such information collection on the public: the Information Collection Budget process was established, and the Paperwork Reduction Act of 1980 was passed.

The ICB process was developed by the Office of Management and Budget under President Jimmy Carter in 1979-80 and was first implemented in 1981-82. The process works something like the fiscal budget. Agencies plan their information collection activities for the coming year and add up the resulting "paperwork burden" on the public in "burden hours."¹ OMB then reviews the agencies' information collection plans and the burden associated with them and establishes a burden-hour ceiling on each agency, which is intended to set a limit on the collections the agency can carry out.

The Paperwork Reduction Act of 1980 enhanced OMB's authority over information collections.² The act set specific goals for reductions in the ICB for fiscal years 1982 and 1983.³ Under the act, agencies must submit individual information collections to OMB for approval before they are carried out or when a previous OMB approval has expired. OMB can approve such information collection requests, can disapprove them, or can require changes in the proposed collection prior to approval. Further reduction goals were set for fiscal years 1987-90 in the 1986 Paperwork Reduction Reauthorization Act.⁴

Despite these steps, and despite subsequent reports from OMB of substantial success in reducing paperwork burdens, congressional concern has been expressed recently about a large and apparently rising volume

¹According to OMB, "The measure of burden includes not only the time required to fill out a form, but also that necessary to read and understand the instructions, and to develop, compile and review the information requested." (Annual Information Collection Budget publication, Office of Management and Budget, Washington, D.C., 1986.)

²According to OMB, "Collections of information covered by the Paperwork Reduction Act include reporting requirements (e.g. report and application forms, schedules, and questionnaires), record-keeping requirements, disclosure and labelling requirements, and other similar requirements" (annual Information Collection Budget publication, Office of Management and Budget, Washington, D.C., 1988).

³The 1980 act requires the director of OMB to set a goal to reduce the existing burden of federal collections of information by 15 percent by the end of fiscal year 1982 and an additional 10 percent by the end of fiscal year 1983.

⁴The 1986 reauthorization requires the director of OMB to set a goal to reduce the existing burden of federal collections of information by an additional 5 percent in each fiscal year 1987-90.

Section 1
Background

of business paperwork requirements. In this context, we were asked to describe changes in the volume of paperwork burdens, to identify factors contributing to those changes, and to describe changes in the populations affected by information collections and in the reasons for those collections.

Data and Methodology

The sources for this fact sheet are OMB's annual Information Collection Budget publications and the Reports Management System, which is an administrative data base on federal information collections maintained by OMB. The paperwork burden data are based on estimates of the paperwork burden of individual information collections developed by the collecting agencies and reviewed by OMB.¹

To augment our analyses, we conducted interviews with OMB staff to clarify questions arising from the examination of data on the Report Management System and ICB. We also selected 10 cases for further study. For these 10 cases, we selected the largest five increases and the largest five decreases in burden observed in the system data in 1985-87 for more detailed examination. We reviewed the system data on the history of each collection affected, and these data were clarified by interviews with OMB staff and an examination of docket files on these collections. We refer to these in the text as case studies and provide additional data on them in appendix I. The case study material is narratively presented in the text when information from one or more cases is important in understanding major changes in burden or when it clarifies the meaning of aggregated system data. This work was conducted according to generally accepted government auditing standards.

¹The accuracy of current estimates of the burden of information collections is not evaluated in this fact sheet.

How Has the Total Burden of Federal Paperwork Changed Over Time?

The reported paperwork burden rose from 1.477 billion hours for fiscal year 1980 to 1.881 billion hours for fiscal year 1987, an increase of 27 percent (see figure 3.1).¹ The reported burden went as low as 1.275 billion hours in fiscal year 1982 but reached a peak of 2.023 billion hours in fiscal year 1983. It declined for several years after that but has never fallen to its pre-1983 level. The projected burden for fiscal year 1988 is 1.815 billion hours.

¹The burden hour values (termed the "paperwork burden base") referred to in this section reflect the total paperwork burden reported at the end of each fiscal year as given in the annual Information Collection Budget publications OMB produced for fiscal year 1980 through and including fiscal year 1987.

Section 3
How Has the Total Burden of Federal Paperwork Changed Over Time?

Figure 3.1: Total Annual Burden Hours 1980-88^a



^aValues for fiscal years 1980 through 1987 are paperwork burden base values, calculated at the end of the fiscal year and reflecting the experience of that year. The 1980 value is a revised value and includes the burden of collections by agencies that were not included in the initial calculation of the 1980 base. The 1988 value is the paperwork allowance value, reflecting fiscal year 1988 information collection activity as anticipated at the end of fiscal year 1987.

Source: Information Collection Budget (ICB) Publications, Office of Management and Budget, Washington, D.C., 1980-87.

A conclusion from these data that the 1980 act and the ICB process have been ineffective in controlling paperwork burden is unwarranted. These yearly reports are not an accurate guide to changes in total paperwork burden. While legislative, executive, and (in at least one instance) judicial action has led to substantial real changes in paperwork burden over this period, the apparent changes in reported burden between 1980 and 1987 are largely attributable to changes in the way OMB accounts for federal paperwork burden. These accounting procedures do not always reflect real changes in the amount of burden imposed on the public.

Section 3
How Has the Total Burden of Federal
Paperwork Changed Over Time?

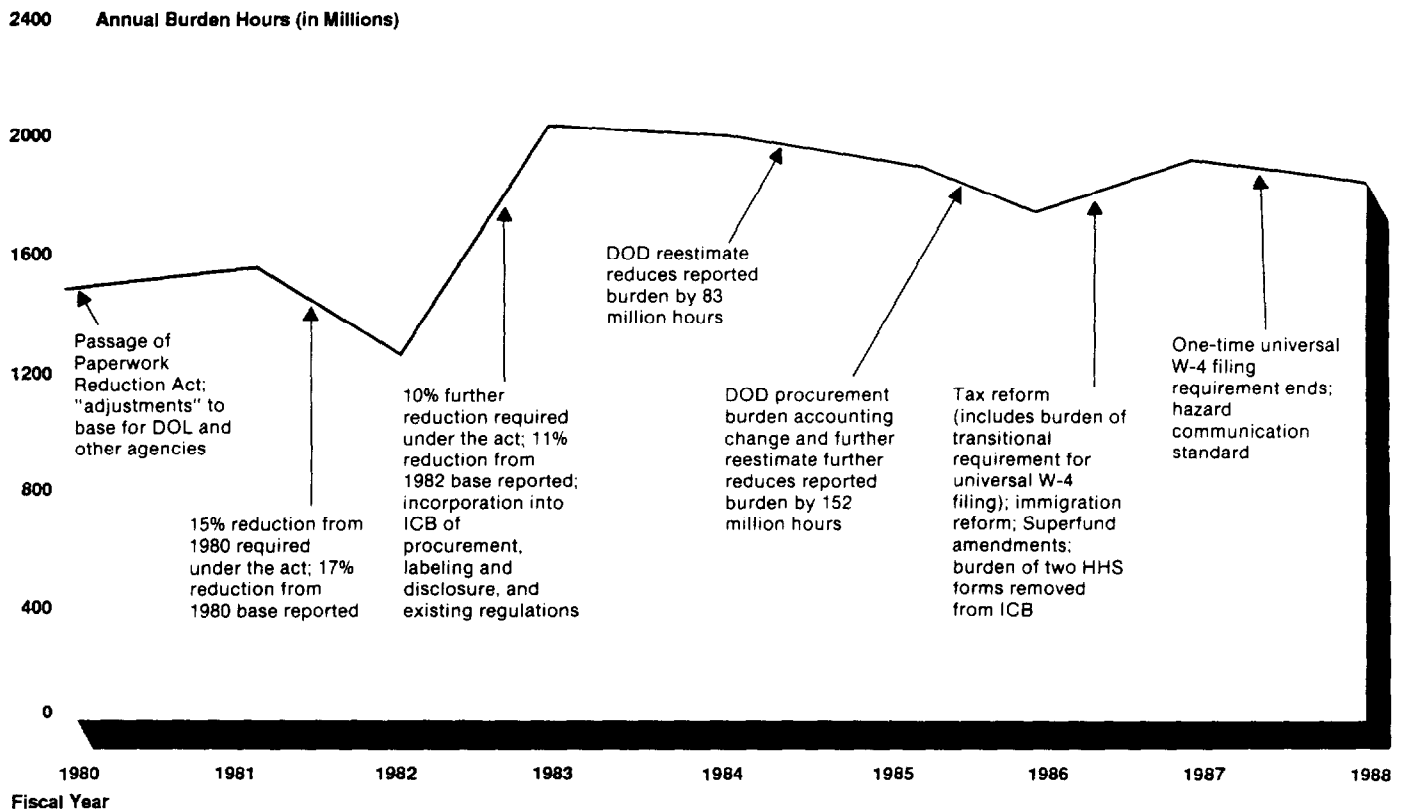
Further, these changes are largely attributable to changes in a relatively small number of information collections. For instance, although more than 6,500 collections were active in 1985, and approximately the same number in 1987, 5 percent of them accounted for close to 95 percent of the total paperwork burden in each year, and changes in the burden of these large collections more than accounted for the net change in total burden between these two years.²

²These are years for which complete data are available. Between April 1985 and December 1987, total reported burden fell by 142 million hours. Although the burden attributed to the most burdensome 5 percent of all collections fell 152 million hours, from 1.836 billion hours to 1.684 billion hours, the burden attributed to all other collections rose nearly 10 million hours, from 101.8 million to 111.5 million hours.

What Factors Account for the Observed Changes in Reported Paperwork Burden?

Year-to-year fluctuations in reported total burden are the result of many factors. Some of these changes have been the direct result of the passage of the Paperwork Reduction Act of 1980 and its implementation over a period of several years, while others simply reflect changes in burden accounting and represent no real reduction or increase in burden. Burden totals and events associated with them are indicated in figure 4.1.

Figure 4.1: Total Annual Burden Hours and Associated Events 1980-88^a



^aValues for fiscal years 1980 through 1987 are paperwork burden base values, calculated at the end of the fiscal year and reflecting the experience of that year. The 1980 value is a revised value and includes the burden of collections by agencies that were not included in the initial calculation of the 1980 base. The 1988 value is the paperwork allowance value, reflecting fiscal year 1988 information collection activity as anticipated at the end of fiscal year 1987.

Source: Information Collection Budget publications, Office of Management and Budget, Washington, D.C., 1980-87

Changes in Burden Accounting

Among the changes in burden accounting that have had a large effect on reported total paperwork burdens are (1) the inclusion of additional categories of information collection that had previously not been counted in the Information Collection Budget process, (2) reestimates of the burden associated with a number of very large information collections, and (3) other burden accounting changes, including the reclassification of some major information collections into special categories that have not been counted in many ICB statistics (such reclassification had affected collections totaling more than 200 million burden hours by the end of 1987) and the inclusion of individual preexisting information collections that had previously been omitted.¹

Inclusion of Additional Categories of Information Collection

Under the 1980 act, three additional kinds of information collection were included in the paperwork burden base in fiscal year 1983: (1) requirements associated with government procurement of goods and services, (2) product testing and other actions associated with labeling and disclosure requirements, and (3) requirements contained in existing regulations. Primarily as a result of these inclusions, the total reported paperwork burden rose by 749 million hours (or by 59 percent) between fiscal year 1982 and fiscal year 1983.

Among the agencies most affected by these inclusions were the Department of Defense, where reported burden rose from 7.5 million to 629.4 million hours between fiscal year 1982 and fiscal year 1983, an increase of 622 million hours; the Department of Energy, where reported burden rose 77 million hours, from 11.7 to 88.3 million; and the Federal Trade Commission (FTC), where reported burden rose 39 million hours, from 0.4 million to 39.4 million. Because information was collected before these changes were instituted, these increases do not necessarily reflect real increases in burden. The accounting system was simply made more accurate by their inclusion.

Reestimates of Burden

In recent years, reestimates of the burden of major collections have had a considerable effect on total reported paperwork burden. For example, one reestimate of the burden of paperwork associated with Department of Defense procurement that was included in our case studies resulted in a reduction of 83 million hours in the estimated burden of such

¹ Examples of such reclassification are discussed below. They include Department of Health and Human Services (HHS) forms reclassified as government-wide standard forms and Department of Defense (DOD) procurement paperwork reclassified as part of the Federal Acquisition Regulation that was not counted in the burden of the regulation.

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paperwork between 1984 and 1985, accounting for more than one fourth of the apparent decrease in the paperwork burden in fiscal years 1983-86.² A further reestimate of the burden of DOD procurement paperwork, also reflected in our case studies, was one contributor to a 163.5 million hour reduction in the reported burden of DOD information collections in the following year.

Other Burden-Accounting
Changes

Other changes in burden accounting have also contributed to year-to-year changes in total reported burden. During the first years of the ICB process, many individual information collections were identified that had previously been omitted from OMB's records, although they fell into categories that had been included in OMB's burden accounting. When these collections were included in the paperwork burden base for the first time, OMB counted them as "adjustments." Although their inclusion added to total reported burden, it did not represent an increase in the real burden of information collection on the public. For example, between 1980 and 1981, almost 90 million hours in previously uncounted recordkeeping requirements and forms were added to the paperwork burden base of the Department of Labor (DOL). This "adjustment" alone more than explains the apparent increase in reported burden between fiscal year 1980 and fiscal year 1981.

Some previously existing collections have been added to OMB's burden accounts more recently, because of special circumstances. Another collection included in our case studies, the information collection for Regulation Z implementing the Truth in Lending Act, was added to the burden attributed to FTC only in late 1987. According to an OMB staff member, the collection had been in existence for some time but was not included in ICB earlier because FTC does not issue the regulation and several agencies are responsible for its enforcement. A consideration of which agency should include the hours in its ICB delayed the inclusion of the hours.

Other burden-accounting changes have reduced the burden reported in ICB. Since 1986, much of the DOD-related information collection activity previously counted under the Defense Federal Acquisition Regulation Supplement has not been counted in ICB (or reported in the Reports Management System).³ Together with a reestimate of burden (referred to

²See appendix I for additional information.

³According to an OMB staff member, the burden of this activity was to be counted in the burden of the regulation. However, this burden has not actually been reported in either ICB or the system.

above) and a 12 million hour reduction in real burden, this accounting change explains the 163.5 million hour reduction in reported DOD burden between fiscal year 1985 and fiscal year 1986.

More recently, two HHS reporting forms were reclassified as "governmentwide forms" with "de minimis burden," reducing the paperwork burden attributed to HHS by 64 million hours.⁴

Changes in the Real Burden of Paperwork

There appear to have been some real changes in paperwork burdens since 1980.⁵ During the initial years of the 1980 act, OMB reported substantial decreases in the burden attributable to the collections that had been included in the initial paperwork burden base of 1980—reportedly exceeding the act's goal of a 15-percent reduction by 1982 and a further 10-percent reduction by 1983 for collections included in that base. Among agencies reporting the largest reductions during this period were the Departments of Transportation, Treasury, and Agriculture; the Federal Communications Commission; and the National Credit Union Administration. Some of the major reductions cited in the annual ICB reports for this period were the elimination of the Department of Transportation's recordkeeping requirements associated with the Highway Safety Program (a reduction of 62 million hours), the elimination of prescribed procedures for federal credit unions (saving 67 million hours), a 31 million hour reduction in personal income tax reporting burden, reductions in recordkeeping requirements for the School Breakfast and School Lunch programs (21 million hours), and the elimination of the programming log for FM stations (17 million hours).⁶

More recently, while OMB reports further reductions in the real burden of some existing collections, there have also been increases in real burden

⁴According to an OMB staff member, this reclassification of two HHS forms was done at the request of HHS and was intended to reduce the effect of mandated percentage ICB reductions on an agency responsible for large collections with an irreducible burden, by excluding these collections from the paperwork burden base of that agency.

⁵OMB's distinction between "program changes" and "adjustments" is similar to our distinction between "real changes" and "burden accounting changes." However, OMB classifies as "adjustments" the "real changes" in the burden of information collections that result from changes in the size or behavior of the respondent population, not from governmental action changing the information collection.

⁶These examples of data reduction are drawn from OMB's annual Information Collection Budget publications for fiscal years 1982-84.

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Changes in Reported Paperwork Burden?

because of new or expanded collections resulting from legislative, executive, and (in at least one instance) judicial action. Some of these are discussed more fully below.

Factors Accounting
for Changes in the
Paperwork Inventory
Between 1985 and
1987

To separate the effect of the initial implementation of the 1980 act from other changes in paperwork burden, we focused on the period from 1985 to 1987. Specifically, we compared the paperwork inventory on record on the Reports Management System in early 1985 with that of late 1987.⁷ This comparison allows us to examine the effect of both real changes in information collection and continued changes in burden accounting on the magnitude and distribution of reported paperwork burden in recent years.

Overall Burden Changes

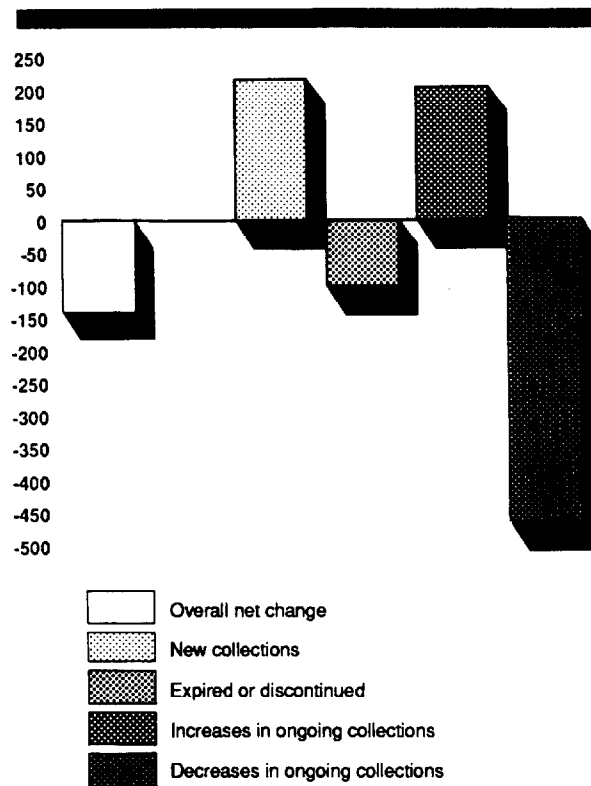
Between April 1985 and December 1987, paperwork burden dropped 7 percent, from 1.938 billion hours to 1.796 billion hours, for a net change of 142 million hours, shown in figure 4.2.⁸

⁷Because the detail provided by the annual ICB publications is limited, and OMB's Reports Management System provides incomplete data on pre-1985 changes in the paperwork burden accounts, the analyses we present are limited to the period after March 1985.

⁸Burden hour values derived from the Reports Management System have been adjusted to avoid counting twice one major DOD collection that appears in duplicate on the system's records from March 1984 to September 1985.

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Changes in Reported Paperwork Burden?

Figure 4.2: Changes in Paperwork Burden Hours April 1985 to December 1987



Source: OMB Reports Management System, Office of Management and Budget, Washington, D.C., December 1987.

The major components of the reported net change were

1. additional burden from new collections,
2. decreases in burden from the expiration or discontinuation of collections,
3. increases in the reported burden of ongoing collections, and⁹
4. decreases in the reported burden of ongoing collections.

⁹“Ongoing” indicates that an information collection with the same docket file number was on OMB’s inventory of active collections in both April 1985 and December 1987. In some cases, the collection associated with the docket file may have been extensively revised in the interim.

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In each of these categories, a change in reported burden may represent either a change in burden accounting or a real change in paperwork burden.

**Additional Burden From
New Collections**

Increases in burden resulting from the inauguration of new collections accounted for about 219 million burden hours between April 1985 and December 1987. Much of this increase appears to represent real change in paperwork burden. Among the major new information collections in this period were requirements for employment eligibility verification (one of the case studies reported in appendix I) and collections of information from aliens seeking to change their immigration status, both associated with immigration reform; new forms and requirements associated with the Tax Reform Act of 1986; and new reporting requirements in the Superfund Amendments of 1986.

**Expiration or
Discontinuation of
Collections**

Decreases in burden resulting from the termination of collections resulted in more than 100 million hours in burden reductions. Expiration or discontinuation of collections was indicated in the records for a large number of agencies. This does not include the redefinition of two major HHS collections as "governmentwide forms" not counted in ICB.¹⁰

**Increases in the Burden of
Ongoing Collections**

Increases in the reported burden of ongoing collections totaled 207 million hours. An increase of 49 million hours (from 256 to 305 million hours) in the burden associated with Form 1040 accounts for nearly a quarter of this total. Altogether, increases in the burden of ongoing Internal Revenue Service (IRS) collections amounted to more than 90 million hours (this was partially offset by a 43 million hour decrease in the burden associated with other IRS collections). A court-ordered expansion of the Hazard Communication rule of the Occupational Safety and Health Administration accounted for a burden increase of about 34 million hours.

¹⁰However, this value appears to include the expiration of some collections that had not really been eliminated. One case involves two Federal Trade Commission labeling collections with a combined burden of close to 30 million hours. They expired in September 1987 and had not been reinstated by December 1987. According to an OMB staff member, both of these collections were subsequently reinstated during the first half of 1988. Furthermore, the staff member indicated that the activity required by the collections continued between their expiration and their reinstatement. Thus the expirations had no real effect on burden.

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Changes in Reported Paperwork Burden?

Decreases in Reported
Burden of Ongoing
Collections

The largest contributor to the net change in reported total paperwork burden over this period was reductions in burden associated with ongoing collections. Such decreases totaled about 467 million hours. Of this, about 320 million is explained by changes in the burden attributed to a small number of procurement-related collections by DOD. However, about 81 percent of this appears to result from downward revisions in the burden estimates for particular collections and other burden-accounting changes, such as the reclassification of some procurement-related paperwork requirements and their omission from ICB.

OMB's ICB reports indicate that real reductions in DOD's annual paperwork burden ("reductions from base") totaled only 57 million burden hours in fiscal year 1985-87, although the net change in reported DOD burden (including all components of change) was a decline of 315 million hours.¹¹ This suggests that changes in burden accounting reduced DOD's reported paperwork burden by 258 million hours (315 million minus 57 million) between April 1985 and December 1987.¹² These changes include 151.5 million hours of the 163.5 million hour downward revision in the estimated burden of DOD collections, which was reported in the 1987 annual ICB publication. When these changes in burden accounting associated with DOD collections are considered, the remaining decreases in the burden of ongoing collections across all agencies add up to only 209 million hours. This figure includes decreases in the reported burden of ongoing collections for IRS (43 million hours), the Health Care Financing Administration (HCFA) (11 million hours), and the National Aeronautical and Space Administration (10 million hours).¹³

¹¹While the decrease in the reported burden of ongoing collections for DOD in this period was 319.7 million hours, the termination of DOD collections between 1985 and 1987 reduced burden by a further 0.8 million hours, and new collections and collections with increased burden gave rise to 5.8 million hours in burden increases, for a net change in reported DOD burden of $(-319.7 \text{ million} - 0.8 \text{ million} + 5.8 \text{ million hours}) = -314.7 \text{ million hours}$.

¹²The value of 57 million hours in real DOD paperwork reductions in fiscal years 1985 through 1987 is used here as an approximation to the value of real DOD paperwork reductions from April 1985 to December 1987, which was not available. The annual ICB publications show a decrease of 299 million hours in DOD paperwork burden for fiscal years 1985 through 1987, including 237 million hours in burden accounting changes.

¹³Reductions in burden for these and other agencies may also include some burden accounting changes, so that 209 million hours is an upper limit on the magnitude of real burden reduction for ongoing collections in this period.

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Changes in Reported Paperwork Burden?

Estimated Net Change
in Burden Between
April 1985 and
December 1987

The net decrease in reported burden between 1985 and 1987 seems to reflect changes in burden accounting rather than a real reduction in the burden of information collections. When these changes in burden accounting are considered, there appears to have been a net increase in real federal paperwork burden over this 32-month span. In particular, adjusting the 142 million hour net reduction in reported burden to account for the approximately 258 million hour effect of changes in burden accounting on DOD's reported burden yields a net increase of about 116 million hours over this period.¹⁴ Because increases and decreases in ongoing collections were roughly equal, the net increase appears to be attributable to new information collections, which have had a greater burden than was saved by the termination of some existing collections.¹⁵

¹⁴This assumes that the net effect on reported burden of all non-DOD changes in burden accounting between April 1985 and December 1987 is small.

¹⁵Of the 466.8 million hour decrease in burden from ongoing collections shown in figure 4.2, approximately 258 million hours are explained by the changes in DOD burden accounting already discussed, so that the adjusted decrease in the burden of ongoing collections is approximately $(466.8 - 258) = 208.8$ million hours, while the increase in burden from other ongoing collections is 206.6 million hours.

Have Some Groups Been Differentially Affected?

Groups Defined

Information collections by the U.S. government affect different groups, singly or in combination: businesses, individuals and households, state and local governments, farms, and nonprofit institutions. OMB's Reports Management System does not indicate the proportion of the burden that is borne by each respondent group for collections that affect more than one respondent group.

We have divided all collections into four groups based on their respondent groups or affected populations: (1) collections affecting only businesses, (2) collections affecting both businesses and one or more other groups, (3) collections affecting only individuals and households, and (4) all other collections.¹

Apparent Changes

Between April 1985 and December 1987, paperwork inventories appear to show sharp changes in the distribution of paperwork burden across the populations affected (see table 5.1). While the burden of the collections that affect both businesses and other groups fell by more than 800 million hours, the burden associated with business-only collections rose by nearly 300 million hours. At the same time, the burden of collections addressed only to individuals rose more than 370 percent from 92 million to 434 million hours.

Table 5.1: Unadjusted Distribution of Burden in Paperwork Inventory by Populations Affected April 1985 to December 1987^a

Population affected	1985		1987		Net change from 1985
	Hours	Percent	Hours	Percent	
Business	342.6	18%	630.5	35%	+288.0
Business and others ^b	1,445.3	75	644.0	36	-801.3
Individuals and households	91.8	5	433.7	24	+341.9
All other ^c	57.9	3	87.3	5	+29.4
Total^d	1,937.6	100%	1,795.5	100%	-142.0

^aAll values are unadjusted and in millions of annual burden hours.

^bIncludes collections affecting both business and individuals as well as collections affecting both business and "other" groups.

^c"Other" groups include farms, state and local governments, and nonprofit institutions. A small number of federal government collections are also counted.

^dTotals may not equal the sums across rows because of rounding.

¹OMB refers to the respondent groups as "affected publics." "All other" collections include all those that affect neither individuals nor businesses. They also include collections that affect both individuals and one or more other respondent groups but not businesses. Collections affecting both individuals and businesses are counted as "business and other."

Inconsistencies in Data on Populations Affected

However, these raw figures may be misleading. In many cases, the affected populations associated with a particular information collection on the Reports Management System were revised between 1985 and 1987. For instance, Form 1040 (which accounted for 13 percent of all reported paperwork burden in 1985 and 17 percent in 1987) was described as affecting businesses and other groups as well as individuals in 1985, whereas in 1987 it was described as affecting only individuals. Case study data compiled on another IRS collection provided an additional instance in which business was listed as an affected population at one point in time but not at another (see appendix I). An OMB staff member reported that these changes stemmed from variation in reporting rather than any real change in the affected population.

The largest procurement-related DOD collections were classified as affecting both businesses and other groups (including individuals and state and local governments) in 1985. In 1987, they were described as affecting only businesses. According to an OMB staff member, these inconsistencies arose from changes in the interpretation of the coding categories. For example, since these collections all involved procurement, everyone who was the affected public was in a business relationship with DOD in terms of these data collections. Therefore, a reinterpretation of the coding category may have led to the change.

However, some collections described as affecting only businesses in 1985 were described as affecting both businesses and other groups in 1987. Some examples are HCFA's Uniform Hospital Bill, the Education Department's Student Aid Report, and the Hazardous Material Shipping Papers of the Department of Transportation.

In some cases, real changes in the character of particular information collections may have made these changes in description appropriate. However, it appears likely that in most cases the resulting reclassifications do not reflect a major change in the real character of the respondents but instead reflect inconsistency in labeling over time. Therefore, we have recalculated the number of burden hours attributed to collections with specific respondent groups, under the assumption that the respondent groups associated with any particular collection did not change between April 1985 and December 1987. If a collection was described as pertaining to one set of affected populations in 1985, and the same collection was described as pertaining to a different set of affected populations in 1987, we have assumed that the later description was correct in both periods. If the affected populations assigned to specific collections in 1987 were also used to classify the collections in

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Affected?**

1985 for all collections that were active in both years, the changes in the distribution of burden between the 2 years appear much more modest, as indicated by table 5.2.

Table 5.2: Adjusted Distribution of Burden in Paperwork Inventory by Populations Affected April 1985 to December 1987^a

Population affected	1985		1987		Net change from 1985
	Hours	Percent	Hours	Percent	
Business	905.5	47%	630.5	35%	-274.9
Business and other	613.2	32	644.0	36	+30.8
Individuals and households	353.2	18	433.7	24	+80.5
All other	65.6	3	87.3	5	+21.7
Total^b	1,937.6	100%	1,795.5	100%	-142.0

^aAll values are adjusted to 1987 classifications and are in millions of annual burden hours.

^bTotals may not equal the sums across rows because of rounding.

Little Real Change in Paperwork Burden on Business

The adjusted figures from the April 1985 and December 1987 paperwork inventories in table 5.2 do appear to show some changes in the distribution of paperwork burden across respondent groups or affected populations. According to these figures, there were substantial declines in the burden of collections from businesses. The reported burden of business-only collections fell by 275 million hours, while the burden of other collections affecting business rose by only 31 million hours, for a net decline in business-related collections of 244 million hours. The share of total reported burden explained by collections affecting businesses fell from 78 to 71 percent.

However, these adjusted values may still overstate the real change in the distribution of paperwork burden between 1985 and 1987. In particular, the net decline in business and others of 244 million hours is quite close to the 258 million hour decline in DOD information collections (primarily procurement-related and business-oriented) attributable to burden accounting changes, as described earlier. If these accounting changes are considered, it appears that the real paperwork burden on business actually changed very little over the 1985-87 period: the burden of all collections affecting businesses may have risen about 14 million hours, or 1 percent over that period.²

²If the two large FTC information collections that expired earlier in 1987 and were formally reinstated in the first half of 1988 (see footnote 10 in section 4) are added to the reported burden for December 1987, then the paperwork burden of collections affecting business rose about 3 percent from 1985 to 1987.

Increase in Paperwork Burden on Nonbusiness Respondents

At the same time, there were larger increases in this period in the burden of information collections addressed to nonbusiness respondent groups. Most notably, there was an increase of more than 80 million hours in the paperwork burden of collections addressed only to individuals, which accounted for 18 percent of all reported burden in 1985 and 24 percent in 1987. This appears to primarily reflect increases in the paperwork burden of tax collection forms. Also contributing to this increase were the new paperwork requirements associated with immigration reform that affected aliens seeking changes in immigration status.

Summary

Information collections affect a variety of respondent groups. While the total real burden of information collection rose slightly between 1985 and 1987, not all groups were equally affected. After adjusting for burden accounting changes and for apparent inconsistencies in OMB's labeling of populations affected by collections, we found that there seems to have been a very small net increase in the real burden of information collections on businesses and a more substantial increase in the real burden on individuals and other respondent groups. These increases are largely attributable to tax and immigration reform.

Have the Reasons for Data Collection Changed?

Reasons or Purposes for Collections

OMB has classified information collections according to the general reason or purpose for the collection. The categories include (1) “regulatory or compliance” (embracing most tax forms, as well as collections associated with regulatory enforcement and a variety of other information collections), (2) respondents’ applications for benefits, (3) research, evaluation, or statistical collections, and (4) program planning or management.¹ A small number are simultaneously placed in more than one category.

Apparent Changes in Purposes of Collections

Much as with the distribution of burden by affected populations, the raw figures show considerable changes in the distribution of burden across purposes between April 1985 and December 1987 (see table 6.1). The data appear to show a large increase in the burden of regulatory and compliance collections—more than 408 million hours, or nearly 40 percent of the 1985 base. At the same time, they seem to show a dramatic decline of about 183 million hours, or more than 40 percent, in the burden associated with application for benefits and an even more startling decline of 380 million hours—more than 90 percent—in the burden associated with research, evaluation, and statistical collections.

Table 6.1: Unadjusted Distribution of Burden in Paperwork Inventory by Purpose April 1985 to December 1987^a

Purpose	1985		1987		Net change from 1985
	Hours	Percent	Hours	Percent	
Application for benefits	413.8	21%	230.4	13%	-183.3
Research, evaluation, and statistics	419.5	22	38.9	2	-380.6
Regulatory or compliance	1,064.5	55	1,472.9	82	+408.4
Program planning or management	33.4	2	29.4	2	-4.0
Other or multiple purposes	6.4	<1	23.9	1	+17.5
Total^b	1,937.6	100%	1,795.5	100%	-142.0

^aAll values are in millions of annual burden hours.

^bTotals may not equal the sum across rows because of rounding.

Inconsistencies in Classifications

However, once again, we found that the classification of some large ongoing collections, as well as many smaller collections, had been changed on the Reports Management System between April 1985 and December 1987. A change in reported purpose was associated with 4 of

¹OMB accounts separately for research, evaluation, and general statistical purposes of collections, but the three have been counted together for the analysis presented here.

the case study collections (see appendix I). Three of these 4 were defense procurement collections that were described as either evaluative or related to applications for benefits in 1985 and as either regulatory or compliance-related in 1987.

An OMB staff member indicated that there appeared to be not a substantive change in the collections that accounted for the change in purpose for the DOD collections but, rather, a change in interpretation of the coding categories. For example, a possible rationale suggested for classifying some of the collections as evaluations was that they were intended to evaluate the contractors or the products. Another collection may have been considered related to application for benefits because it pertained to requirements that had to be met for the contractor to get paid by the government. Subsequently, it was suggested, they may have viewed the same collections as implementing required rules and regulations and therefore classified them as regulatory or compliance collections.

As noted before, changes in the classification of collections may have been appropriate in some cases. However, these examples suggest that such changes in classification often reflect inconsistency in labeling over time. Therefore, we have again followed the procedure of assigning 1987 characteristics consistently to collections that existed in both 1985 and 1987. That is, if a collection was described as having one purpose in 1985, and the same collection was described as having a different purpose in 1987, we have assumed that the later description was correct in both years.

Adjusted Data Show Different Trends

The adjusted data on trends in the purposes of collections are given in table 6.2. These are in sharp contrast with the unadjusted data above, which showed a decline in the burden of applications for benefits, a rise in the burden of regulatory and compliance collections, and a fall of more than 90 percent in the burden of research, evaluation, and statistics collections. According to the adjusted figures, there was a substantial increase in the burden of applications for benefits—about 60 million burden hours, or 36 percent, over the 1985 base. The burden of regulatory and compliance collections fell by 210 million hours, or 12.5 percent of the 1985 base, while the burden of research and related collections fell by only 9 million hours, or 19 percent.

Section 6
 Have the Reasons for Data
 Collection Changed?

Table 6.2: Adjusted Distribution of Burden in Paperwork Inventory by Purpose April 1985 to December 1987^a

Purpose	1985		1987		Net change from 1985
	Hours	Percent	Hours	Percent	
Application for benefits	169.2	9%	230.4	13%	+61.2
Research, evaluation, and statistics	48.2	2	38.9	2	-9.2
Regulatory or compliance	1,683.3	87	1,472.9	82	-210.4
Program planning or management	31.4	2	29.4	2	-2.1
Other or multiple purposes	5.4	<1	23.9	1	+18.5
Total^b	1,937.6	100%	1,795.5	100%	-142.0

^aAll values are adjusted to 1987 classifications and are in millions of annual burden hours.

^bTotals may not equal the sums across rows because of rounding.

Real Changes in Burden Distribution

However, the real change in the distribution of burden may not be reflected by these figures either. If the previously described decline of roughly 258 million hours in the burden of defense procurement that is explained by burden-accounting factors is taken into consideration, there seems to have been a small net increase in the real paperwork burden of regulatory and compliance collections over this period (about 48 million hours, or 3 percent of the 1985 burden of these collections). There have also been real increases in the burden of applications for benefits. New or expanded collections associated with applications for benefits have included employment eligibility verification and applications for immigration status changes.²

Summary

Inconsistencies in identifying the purpose of collections have to be corrected in order to compare the real changes in reasons for information collection. While regulatory or compliance-related collections accounted for most of the burden of information collection in both 1985 and 1987, the greatest proportionate increase in real burden was for collections associated with application for benefits.

²In addition, the "Notification of Oil or Hazardous Discharge" under title III of the Superfund Amendments and Reauthorization Act of 1986 was listed as an application for benefits under the Reports Management System. However, this appears to be an erroneous classification. If this collection, with about 14 million hours in 1987, is instead classified as a regulatory or compliance collection, the real increase in the burden of such collections is about 62 million hours, or 4 percent.

Ten Case Studies

Agency or department and title of collection ^a	OMB file number	Date of action	Burden hours ^b	Change of burden hours ^c	Type of change ^d	Affected population ^e	Type and purpose ^f
DOD							
In support of DOD acquisitions	0704-0187	September 30, 1985	100	-83	A	I, B, SLG ^g	New: evaluation ^h
Acquisitions Management Systems and Data Requirements	0704-0188	September 30, 1985	189	-29	R	I, B, SLG ⁱ	Revised: benefits
Defense Acquisition Regulations	0704-0189	September 30, 1985	15	-173	A	I, B, SLG, F	Extension: evaluation
Defense Federal Acquisition Regulations	0704-0193	June 30, 1986	0	-166	A	B ^k	New: evaluation ^l
FTC							
Regulation Z truth-in-lending	3084-0088	October 22, 1987	19	+19	A	B	Extension: regulatory or compliance
Justice							
INS: employment eligibility verification (1-9)	1115-0136	May 18, 1987	25	+25	R	I, B, SLG, F	New: benefits
Labor							
OSHA: Hazard Communication	1218-0072	October 23, 1987	35	+34	R ^m	B	Reinstated: regulatory or compliance
Treasury							
IRS: Employees Withholding Allowance (W-4)	1545-0010	October 14, 1986	95	+88	R	I, B, SLG, NP ⁿ	Revised: regulatory or compliance
Individual Income Tax (1040)	1545-0074	September 22, 1986	290	+31	A	I ^o	Revised: regulatory or compliance ^p
Employees Withholding Allowance (W-4)	1545-0010	October 6, 1987	14	-66	R	I ^q	Revised: regulatory or compliance

Appendix I
Ten Case Studies

^aThis table shows the ten largest changes in burden resulting from individual actions on information collection requests between April 1985 and December 1987.

^bBurden hours are reported in millions of hours. Hours vary on different action dates if they have prior or subsequent record. This is the collection that brought the case into the sample, so events are taken as before or after this point in time.

^cAdditions to burden hours are indicated by "+"; reductions by "-."

^d"A" is for accounting changes; "R" is for real burden changes.

^ePopulations affected for this action date. Abbreviations are I = individuals; B = business; SLG = state and local governments; NP = nonprofits; F = farms. Changes are explained in footnotes.

^fType and purpose for this action date, as recorded in Reports Management System data.

^gIn 1986, the population affected changed to business only.

^hIn 1987, the purpose changed to regulatory or compliance.

ⁱIn 1987, the population affected changed to business only.

^jIn 1983, the purpose was coded as an evaluation. In 1987, the purpose changed to regulatory or compliance.

^kIn 1984-85, the population affected was individuals, businesses, and state and local governments. The collection was not in the Reports Management System June 30-October 6, 1986. When it went back into the system on October 7, 1986, the population affected was business only.

^lIn 1986, the purpose changed to regulatory or compliance.

^mOf the 34 million additional hours, 29 million were real burden changes and 6 were accounting changes.

ⁿNonprofits were added to the list of affected populations. In 1984 only, farms were also listed.

^oThe population affected has changed almost every year. In 1982 it was individuals, businesses, and farms. One submission in 1983 dropped farms; the next two submissions in 1983 listed only individuals. In 1984, it added businesses and farms, which were dropped again for this submission. Later in 1986, businesses and nonprofits were added, and in 1987 it went back to individuals only.

^pThe purpose is coded as regulatory or compliance, but it was coded as a benefit from August to October 1983.

^qThe population affected changed earlier in 1987 to individuals only, dropping businesses, state and local governments, and nonprofits.

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