OFFICE OF MANAGEMENT AND BUDGET

Improving Implementation of the Paperwork Reduction Act

AGENCY: Office of Information and Regulatory Affairs, Office of Management and Budget.

ACTION: Request for comments.

SUMMARY: The Office of Management and Budget (OMB) oversees agency information collection activities under the Paperwork Reduction Act of 1995 (PRA). While information collection is critical to evidence-based decisions and informed government operations, unnecessary paperwork requirements can impose serious burdens on the public, especially small entities. The PRA requires Federal agencies to minimize the burden on the public resulting from their information collections, and to maximize the practical utility of the information collected. OMB is committed to working with agencies and the public to promote compliance with the PRA and to reduce

unnecessary paperwork and improve PRA guidance and implementation. To that end, OMB is inviting comments from the public on how to strengthen and improve implementation of the PRA. Specifically, OMB seeks comments on reducing current paperwork burdens, especially on small entities; increasing the practical utility of information collected by the Federal Government; ensuring accurate burden estimates; and preventing unintended adverse consequences.

DATES: To ensure consideration, responses must be written and received by December 28, 2009.

ADDRESSES: Submit comments by one of the following methods:
- *Web site: www.regulations.gov.*
- *E-mail:* oira_submission@omb.eop.gov.
- *Fax:* (202) 395–7245.

Comments submitted in response to this notice may be made available to the public through relevant Web sites. For this reason, please do not include in your comments information of a confidential nature, such as sensitive personal information or proprietary information. If you send an e-mail comment, your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. Please note that responses to this public comment request containing any routine notice about the confidentiality of the communication will be treated as public comments that may be made available to the public notwithstanding the inclusion of the routine notice.

FOR FURTHER INFORMATION CONTACT: Mabel Echols, Office of Information and Regulatory Affairs, Records Management Center, Office of Management and Budget, Room 10102, NEOB, 725 17th Street, NW., Washington, DC 20503, Telephone: (202) 395–6880.

SUPPLEMENTARY INFORMATION: In this **Federal Register** notice, OMB seeks public comments on possible initiatives to improve the implementation of the Paperwork Reduction Act of 1995 (PRA)—and in particular, to reduce the paperwork burden on the public, especially on small entities; to maximize the utility of the information collected; to ensure accurate burden estimates; to improve the process of OMB review; and to prevent unintended adverse consequences. OMB plans to use the comments it receives in response to this notice to inform its preparation of the 2010 Information Collection Budget (ICB), which is a report that will be provided to Congress

on the Federal Government's effectiveness in implementing the Paperwork Reduction Act of 1995. OMB will also use these comments to inform its practices for evaluating information collections submitted to OMB by agencies.

Improving Paperwork Burden Estimates

Agencies estimate PRA paperwork burden in terms of the time and financial resources the public devotes annually to responding to information collections. The term ''burden'' means the ''time, effort, or financial resources'' the public expends to provide information to or for a Federal agency, or otherwise fulfill statutory or regulatory requirements. 44 U.S.C. 3502(2); 5 CFR 1320.3(b). ''Burden'' therefore includes:
- Reviewing instructions;
- Using technology to collect, process, and disclose information;
- Adjusting existing practices to comply with requirements;
- Searching data sources;
- Completing and reviewing the response; and
- Transmitting or disclosing information.

Currently, agencies estimate and report the burden of these activities in terms of the time, or burden hours, and the financial costs that the public devotes to reporting, recordkeeping, and disclosure requirements. In estimating the time and resources devoted to information collections, agency Chief Information Officer offices typically consult agency program staff, who are responsible for managing the information and thus possess the substantive knowledge that is essential to estimating the number of respondents to an information request relating to that program. The agency then uses its knowledge of the program to consider how much time a respondent would need to respond to the information request. Multiplying the amount of time per respondent by the number of respondents and the number of times the information is submitted each year produces the total annual burden hours imposed by a given collection.

After agencies produce a preliminary burden estimate, several reviews of its accuracy take place. First, agencies solicit public feedback on the accuracy of their estimates in **Federal Register** notices that provide for an initial 60-day public comment period. Any comments received by the agency are used to refine the estimate that is submitted for OMB review. Second, OMB analysts who review agency information collection requests (ICRs) can provide comments

on the agency's estimate. Finally, OMB review is accompanied by a second, 30-day public comment period (initiated with a second **Federal Register** notice), during which the public can again submit comments on the burden estimates.

Agencies have worked hard to improve their burden estimates, and several agencies have undergone extensive studies to do so. For example, the Internal Revenue Service accounts for a large share (over 76 percent) of the Federal Government's total paperwork burden. In light of this fact, the IRS has devoted considerable resources to measuring the burden it imposes on taxpayers so that policymakers and the public can better understand the cost to society of tax collection and compliance with the Internal Revenue Code. The IRS has made efforts to improve the accuracy and transparency of taxpayer burden estimates. Starting in FY 2006, the IRS began using a new methodology based on a statistical model—the Individual Taxpayer Burden Model (ITBM)—to estimate the reporting burden imposed on individual taxpayers. The ITBM's approach to measuring burden focuses on the characteristics and activities of individual taxpayers rather than the forms they ultimately use.

Despite public input and certain common methodological techniques, agency estimation methodologies can sometimes produce imprecise and inconsistent burden estimates. Some agencies have relied on program analysts to generate burden estimates based on their individual consideration of, for example, the number and types of questions asked, what records will need to be created and maintained, how long it will take people to complete these and other tasks, and how many people will be performing the tasks. These officials are often experts in their areas of responsibility and are usually familiar with the public's experience with responding to information collections they oversee. In some cases, however, it is not clear that their estimates are based on sufficiently rigorous or internally consistent methodologies. This is a particular concern in the case of large collections, the burden of which may be measured in millions of hours or tens of millions of dollars.[1]

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[1] For more information on how agencies estimate their paperwork burden, please refer to pages 29–39 of the Information Collection Budget of the United States Government, FY 1999, Office of Management and Budget, which can be found at *http://www.whitehouse.gov/omb/assets/omb/inforeg/icb-fy99.pdf.*

In addition, OMB is aware of the possibility that information collections may impose significant burdens on small businesses. Because of economies of scale, a collection may be more burdensome for a small entity than for a large one. However, currently there is no uniform method for agencies to account for situations in which a collection may have a disproportionate impact on a particular type of respondent, such as a small entity.

In summary, there is some variation across individual agencies in the methodologies used for estimating the time and financial burden associated with their collections. This variation makes it difficult to ensure accurate assessment on the part of all individual agencies and to upgrade government-wide performance in implementing the PRA.

OMB Seeks Comment on How To Improve the Current Situation, Including:

• Examples of substantially inaccurate burden estimates for information collections, including an analysis of the inaccuracy and, if possible, the collection's OMB Control Number.

• New or improved practices for estimating burden, such as new burden estimation methodologies and recommendations about how to use technology and social media applications to seek comments from those most informed about a collection's burden.

• Possible distinctions, in burden estimates, between mandatory and voluntary information collections.

• Examples of information collections (if possible, including the OMB Control Number) that inaccurately estimate the impact of burden upon small entities.

• Whether the creation of a separate burden estimate for small entities is necessary and, if so, the best methodology by which to estimate burden.

• Whether and how burden hours should be monetized. If so, should a single valuation of time (as represented, for example, by a respondent's wage rate or the fee paid to a contractor) be used for all collections, or should it be derived separately for different types of collections? Also, should a single valuation be used for all respondents to a particular collection, or should valuations differ according to respondent characteristics?

• Whether OMB should establish a means for reporting annual burden estimates rather than the three-year average burden estimates that are commonly reported today.

In submitting comments to this notice, please provide supporting evidence where feasible—with data, specific examples of information collections, and, if possible, the collections' OMB Control Numbers—along with concrete recommendations.

Reducing Paperwork Burden and Maximizing the Utility of Information Collected by the Federal Government

Over the years, the number of hours that the public has spent responding to Federal Government information collections has been steadily increasing. In FY 2000, the public spent an estimated 7.4 billion hours responding to information collections subject to the PRA. In FY 2007, the number of hours grew to an estimated 9.64 billion, an increase of more than 30 percent. Much of this increase is attributed to factors that make it difficult for agencies to control their paperwork burden, such as new statutory requirements and demographic and economic changes. A much smaller portion is a result of discretionary decisions made by agencies that increase burden.

While the overall trend in paperwork burden has been rising, several agencies have dramatically reduced the burden of their collections, and in some cases improved the utility of a collection in the process. The following are examples of successful initiatives by agencies to reduce burden on the public:

• The Department of Homeland Security (DHS) expanded electronic reporting options for its National Fire Incident Reporting System (NFIRS), which allows the Department to analyze fire incident data at the Federal, State, and local levels. The revised system continues to help DHS identify common fire trends on a national scale, but in a more efficient manner. The revisions to the system resulted in a reduction of 1.28 million burden hours and $17.545 million in costs to respondents.

• Within the Department of Health and Human Services, the Health Resources and Services Administration (HRSA) managed a work group to examine some of its forms for possible duplication or redundancy with currently approved Standard Forms. The group found that the health professions programs could operate with the Standard Forms, allowing HRSA to discontinue one of its program-specific forms, the Competing Grant Training Application. As a result, burden was reduced by 101,531 hours.

• The Social Security Administration (SSA) reduced the amount of time necessary to complete the initial online filing for Social Security retirement and disability benefits by enabling

respondents to sign the application electronically, rather than in hard copy. This portion of the SSA's Signature Proxy Initiative resulted in an annual reduction of 32,401 hours.[2]

Agencies also often undertake efforts to improve the utility of information that they collect through relatively small increases in burden. For example, statistical agencies routinely pretest new surveys or new items for existing surveys to ensure that respondents understand the question being asked, have the information to be able to respond, and are able to convey their response in accordance with the options provided by the agency. Similarly, agencies conducting program evaluations or research studies often engage in small-scale formative or exploratory research to inform larger-scale investigations. With increasing use of the Internet to collect and disseminate information, more agencies are also engaging in usability testing to improve their Web sites and electronic forms and questionnaires.

OMB is committed to helping agencies build on these initiatives and to ensuring that the PRA is implemented in a way that suits current conditions. OMB is also aware that concerns have been expressed about unintended consequences of the administration of the Act, including delays in the conduct of surveys and research in contexts in which citizens are asked, but not required, to respond to information collection requests by the Federal Government.

In this notice, OMB is seeking public comment to provide new ideas for reducing paperwork burden and ensuring practical utility. As part of its efforts to improve this situation, OMB invites comments from the public on all issues relating to improvement of the implementation of the PRA, including but not limited to the following topic areas:

• How can OMB improve the PRA review process in a way that increases efficiency and timeliness for agencies while ensuring practical utility and minimizing burden on the public?

• Under the PRA, what are the relevant differences among collections that are mandatory, mandatory to receive a benefit, and voluntary, and what practices could OMB implement in its review processes to recognize these differences? In addition, how would such practices achieve the PRA goals of reducing current paperwork

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[2] See page 5 of the Information Collection Budget of the United States Government, FY 2007, Office of Management and Budget, which can be found at *http://www.whitehouse.gov/omb/assets/omb/ inforeg/icb/fy_2007_icb_final.pdf.*

burdens and increasing the practical utility of information collected by the Federal Government?

• Should OMB encourage agencies to adopt ''one-stop'' information collection techniques, which consolidate multiple forms via a single electronic form to reduce the burden on the public? How should OMB encourage agencies to take advantage of online tools to simplify the completion of already-approved surveys or mobile technology to deliver a survey by alternative means?

• What practices could OMB implement under the PRA to facilitate the use of new technologies, such as social media, as well as future technologies, while supporting the Federal Government's responsibilities for Information Resource Management?

• What new steps, if any, might be taken under the PRA to eliminate any redundant or excessive mandatory information collections, especially in connection with programs that now impose the most significant burdens, including tax, health, and transportation programs?

• Examples of successful paperwork burden reduction practices implemented by an agency that could be implemented by other agencies. Please provide recommendations, and if possible, OMB control numbers.

Cass R. Sunstein,
Administrator, Office of Information and Regulatory Affairs.
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