

**Chairman Doug Ose**  
**Opening Statement**  
**Mid-Term Report Card: Is the Bush Administration Doing Enough on Paperwork Reduction?**  
**April 11, 2003**

Every April, the Subcommittee holds a hearing to assess progress in paperwork reduction. This week, as Americans prepare and file their tax returns, they will again experience first hand the kind of burdensome paperwork that the government imposes. Today, the Subcommittee will examine if, after two years in office, the Bush Administration is doing enough on paperwork reduction.

The Office of Management and Budget (OMB) estimates the Federal paperwork burden on the public at over 8 billion hours. The Internal Revenue Service (IRS) accounts for 81 percent of the total. Five additional agencies each levy over 140 million paperwork hours annually on the public: the Department of Health and Human Services (including Medicare and Medicaid paperwork), the Department of Transportation, the Department of Labor (DOL), the Environmental Protection Agency, and the Securities and Exchange Commission. In its March 2002 draft regulatory accounting report, OMB estimated that the price tag for all paperwork imposed on the public is \$230 billion a year - a huge amount.

Much of the information that is gathered in this paperwork is important, sometimes even crucial for the government to function. However, much is duplicative and unnecessarily burdensome.

In 1980, Congress passed the Paperwork Reduction Act (PRA) and established an Office of Information and Regulatory Affairs (OIRA) in OMB. By law, OIRA's principal responsibility is paperwork reduction. It is responsible for guarding the public's interest in minimizing costly, time-consuming, and intrusive paperwork burden. In 1995, Congress passed amendments to the PRA and set government-wide paperwork reduction goals of 10 or 5 percent per year from Fiscal Year (FY) 1996 to 2001. After annual increases in paperwork, instead of decreases, in 1998, Congress required OMB to identify specific expected reductions in FYs 1999 and 2000. OMB's resulting report was unacceptable. In response, in 2000, Congress required OMB to evaluate major regulatory paperwork and identify specific expected reductions in regulatory paperwork in FYs 2001 and 2002. Again, OMB's resulting report was unacceptable.

Finally, last June, Congress passed the "Small Business Paperwork Relief Act of 2002" (P.L. 107-198). This law required OMB to take certain actions by June 28, 2003. Also, last July, Congress directed OMB to "identify and review proposed and existing IRS paperwork." I look forward to OMB's status report today on its implementation of this new law and on the changes it has made to specifically focus OMB's resources on IRS paperwork.

In last year's annual paperwork hearing, witnesses criticized the unnecessary complexity and burden of DOL's paperwork. After the hearing, I wrote Labor Secretary Chao to review this testimony and asked her to focus on the 38 DOL paperwork requirements which each impose over 500,000 hours of burden on the public. Half of these - 19 of the 38 - are imposed by the Occupational Safety and Health Administration (OSHA). I look forward to DOL's status report.

Congress's actions were taken to reduce red tape each year. However, paperwork burden has increased, not decreased, in each of the last seven years. Today, the General Accounting Office (GAO) will report that last year saw the largest one-year increase in paperwork since the 1995 law was enacted. Curiously, in November 2002, OMB told the agencies, "While we encourage you to identify additional paperwork reduction initiatives, it is not required." This is disturbing.

Under the PRA, OMB is the watchdog for paperwork. However, the evidence points to OMB's continued failure to focus on paperwork reduction. OMB has not pushed the IRS and other Federal agencies to cut existing paperwork. Additionally, agencies continue to levy unauthorized paperwork burdens on the American people.

IRS also has a dismal record in paperwork reduction. Today, GAO will report that, "IRS has some discretion that can affect paperwork burden," and some IRS burden increases were "at the agency's initiative – not because of new statutes." Former IRS Commissioner Rossotti, who testified before this Subcommittee in April of 1999, 2000, 2001, and 2002, promised more initiatives each year, especially for small business taxpayers. I hope IRS has initiatives planned to make a substantial dent in this burden.

OMB and the IRS are not doing a credible job in paperwork reduction. The Subcommittee's mid-term report card, grading each agency's efforts, is on display. In sum, the Bush Administration is clearly not doing enough on paperwork reduction.

I want to welcome our witnesses today. They include: OMB's OIRA Administrator John D. Graham; Acting IRS Commissioner Robert E. Wenzel; John L. Henshaw, Assistant Secretary of Labor for Occupational Safety and Health, DOL; Victor S. Rezendes, Managing Director, Strategic Issues, GAO; Joanne E. Peterson, President and CEO, Abator in Pittsburgh, PA; Victor Schantz, President, Schantz Organ Company in Orrville, OH; and Frank C. Fillmore, Jr., President, The Fillmore Group, Inc. in Ellicott City, MD.