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

B-182087

MAR 3 1980

The Honorable Jack Brooks
Chairman, Subcommittee
on Legislation and National
Security
Committee on Government Operations
House of Representatives

HSE0506

[Comments on]

Dear Mr. Chairman:

You submitted several written questions to us during our February 7, 1980, testimony on H.R. 6410 "The Paperwork Reduction Act of 1980." Our responses to those questions are provided in Enclosure I. You also requested that we provide examples of our assessment of executive agencies' performance in managing their information resources and activities in relation to potential benefits which might be achieved through implementation of H.R. 6410. These examples are contained in Enclosure II.

Additionally, you asked that we comment on some of the benefits which might reasonably be expected from implementing H.R. 6410. Our thoughts on this matter are outlined below.

We believe that the most important benefit from implementation of H.R. 6410 will be improvements in Federal information management. The need for such improvement is well documented in congressional hearings, the work of the Commission on Federal Paperwork, executive branch studies such as the President's Federal Data Processing Reorganization Project, and numerous GAO reports.

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The significance of achieving improvements in Federal information management activities in terms of dollar expenditures can be readily seen by the Commission on Federal Paperwork's estimate that Federal paperwork costs more than \$100 billion a year. This estimate included both internal Federal Government costs and costs levied on all segments of our society by Federal information requirements.

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The Commission made no claim of great precision for this estimate and none was necessary. The fact is that our society has moved rapidly toward becoming an "information society". The Federal Government, because of its involvement in so many aspects of our citizens' lives, has become a major part of that information society. How well or how poorly the Federal Government manages its information activities, both internal and external, affects every one of our citizens.

^{GAO} We believe that effective implementation of H.R. 6410 will provide the basis for long-term improvement in every phase of Federal information management. It provides for the first time the statutory authority, the responsibility, and fixed accountability for Government-wide information management in the Office of Management and Budget (OMB). ^{Ab Cowz?} Some of the specific benefits in terms of management improvements which H.R. 6410 should provide include:

- a single control point for Federal information management policy and oversight;
- an end to fragmented responsibility for controlling Federal paperwork burdens on the public;
- visible and accountable officials for information management, both in OMB and in each agency;
- uniformity and consistency in policies for acquisition and management of advanced information technology;
- much needed visibility, authority, and accountability for statistical policy coordination and records management; and
- development and implementation of a long-needed Federal information locator system.

~~As I stated in my testimony, we believe that~~ ^{de} enactment of H.R. 6410 will mark the beginning of the long and arduous task to solve the many information management problems now existing. Successful performance of that task should result

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in improved information management and reduced paperwork burdens on the public fully justifying the relatively modest incremental costs associated with the bill.

Sincerely yours,

Signed Elmer B. Staats

Comptroller General
of the United States

Enclosures - 2

Questions for the Comptroller General
on H.R. 6410

Question 1. I gather that you're not happy with the present information collection clearance structure, in which GAO clears the requests of independent regulatory agencies, OMB clears requests for most executive agencies, and certain other agencies clear requests that fall into specified areas, such as education. Could you go into more detail in your criticism of this structure?

Answer. The fundamental problem with the present structure is that it violates the basic management principle of clear designation of lines of authority, responsibility, and accountability. Simply stated, if you want to manage something to achieve results, you don't set up three or four different organizations with different guidelines to do the job.

As I outlined in my testimony, presently there are three agencies with one degree or another of "central" clearance authority for Federal information collection-- OMB, GAO, and HEW. In reality, two additional organizations, the IRS because of its exemption from the Federal Reports Act, and the Office of Federal Statistical Policy and Standards in the Department of Commerce because of its Government-wide responsibility for statistical coordination, also have "central" clearance responsibilities. With the advent of the Department of Education, further fragmentation will result. This fragmented structure creates many problems. I will touch on only a few.

First, it creates difficulties in performing something as basic as compiling an inventory of all approved Federal reporting requirements. GAO has worked closely with OMB on this task and progress has been made, but the task is made unnecessarily difficult because each central agency has its own constantly-changing inventory of requirements and its own way of accounting for them. A single control point would greatly facilitate this task and provide one place where the Congress, the public, and other Federal agencies could look for a comprehensive inventory of Federal reporting and recordkeeping requirements.

Second, and closely related to the first point, the fragmented structure creates serious difficulties in trying to control duplicate information requests. Although GAO and the other central clearance agencies attempt to coordinate their efforts, the fragmented responsibility makes it very difficult to determine with any assurance whether a request submitted to one clearance agency duplicates something already cleared by another. Establishing a single central clearance agency and developing a Government-wide information locator system as provided in H.R. 6410 would greatly enhance the ability to control duplication.

Third, the fragmented structure creates jurisdictional problems in determining which of the central clearance agencies has authority to clear certain agencies' or certain types of requirements. For example, GAO cleared requirements of the Equal Employment Opportunity Commission (EEOC) for several years under agreement with OMB that EEOC was an independent regulatory agency. When the current Administration broadened the scope of EEOC's activities, it questioned the appropriateness of the earlier determination that EEOC's reports should be cleared by GAO.

The issue was eventually resolved by EEOC shifting to clearing its requirements through OMB, but this resolution took a great deal of work by GAO and OMB clearance and legal staff which could have been more productively spent on other matters. Establishing a single central clearance authority as called for by H.R. 6410 would avoid this type of nonproductive effort.

Fourth, the current fragmented clearance structure creates confusion for the Congress and the public in obtaining information and advice and in making their views known on issues and problems associated with Federal information-gathering activities. To illustrate, we frequently receive inquiries from Members of Congress, congressional committees, and the public about particular Federal information requirements. Frequently, these inquiries relate to requirements which have been or are being reviewed by OMB. The reverse is also a common occurrence.

Obviously, we refer such inquiries to OMB and they to us. Nevertheless the process is time consuming and could be handled more expeditiously if one agency had overall clearance responsibility.

A more fundamental problem here may be the image of a confused and excessively complicated bureaucracy created in the minds of our citizens who need help with a Federal information requirement. The burdens imposed by the requirements are frequently onerous by themselves. Being shifted from one agency to another to get a question answered only rubs salt in the wound.

Fifth, and finally, we have always believed that clearance of the independent regulatory agencies' proposed information requirements involves GAO in the day-to-day performance of executive activities in a manner inconsistent with our responsibilities for oversight and monitoring of such activities. We believe our limited resources could be more productively used to aid the Congress in controlling Federal paperwork burdens by our audits and reviews of Federal agencies' information-gathering practices and procedures rather than by our involvement in clearance reviews of the regulatory agencies' individual forms and questionnaires.

Question 2. General, you testified in support of including the statistical policy function in the new office. As you know, there has been some disagreement in the Executive Branch over where this function should be placed. In your opinion, is OMB the most logical location for this function?

Answer. Many factors must be taken into account in considering the best organizational placement for the vitally important statistical policy and coordination function. We believe some of the most critical ones include insuring that:

- the close relationships between the statistical policy function and the other information management activities addressed by H.R. 6410--especially paperwork burden control--are maintained and enhanced,
- stability is provided to allow for dealing with the long-term issues and problems involved in improving the decentralized Federal statistical system,
- sufficient stature is provided to enhance the necessary leadership role for planning and coordinating Government-wide statistical activities and to attract the highest quality personnel,
- the statistical policy unit is not burdened with operating responsibility best left to the statistical agencies,
- adequate resources are provided.

We believe that moving the statistical policy function, currently in the Department of Commerce, to the new OMB office established by H.R. 6410 would meet these objectives and provides the most logical arrangement.

Question 3. H.R. 6410 does not prohibit the Director of OMB from assigning additional functions to the office. There is a possibility that inappropriate functions may be assigned to the office, which could lead to undermining the responsibilities assigned by this legislation. What criteria would you suggest be used by the Director in assigning any additional functions?

Answer. The functions assigned to the new OMB office provide for carrying out various policy and oversight responsibilities for Federal information management activities. These activities are all interrelated and, taken together, cover the entire information cycle from defining information requirements through records disposal.

We believe it would be unwise to assign any additional functions to the new office which are not directly related to information management activities. We also believe that care must be taken to insure that the office does not become tasked with day-to-day operational activities which should be performed by the individual agencies.

Question 4. Do you think that management of the information resource activities listed in the bill would be enhanced by the addition of regulatory reform functions to the Office of Federal Information Policy?

Answer. We do not believe that regulatory reform functions should be added to the Office of Federal Information Policy. As noted in my response to question 3 above, H.R. 6410 provides a foundation for the Federal Government to improve its overall information management activities. Although the collection, analysis, use, and dissemination of information is an important part of the Federal regulatory process, regulatory reform is a broader and somewhat different issue.

The relationship between the regulatory process and information management is reflected in OMB's existing Office of Regulatory and Information Policy. This Office, which we assume would provide the core staff for carrying out the overall information policy and oversight responsibilities

called for by H.R. 6410, is currently charged with responsibility for several information management activities and for overseeing agencies' progress under Executive Order 12044, Improving Government Regulations.

We believe this organizational arrangement has worked well and have no basis for objecting to it. We would urge, however, that the new Office of Information Policy established by H.R. 6410 not be given added responsibilities of any type which could divert it from its basic mission of improving Federal information management.

Question 5. The success of the new office in meeting its responsibilities under this legislation will depend greatly on how successful it is in establishing the Federal Locator System. It is my understanding that OMB may delegate this responsibility to some other agency, such as DOD. What would be your view of such a transfer?

Answer. We would oppose delegating control of the development, design, and implementation of the locator system to an agency other than OMB. However, technical support in terms of system design, software development, data input, computer operation and so forth may have to be provided by other agencies.

The recently issued report of the Federal Information Locator System Task Force provides a detailed plan for developing and implementing a locator system. The plan provides that each agency would have responsibility for loading and maintaining data on its information requirements in accordance with uniform standards to be established by OMB. However, as far as we can determine, this report does not provide for delegation of system control to DOD or any other agency. Although we would have no problem with the delegation of the day-to-day computer operations of the system once it has been developed, central control must be maintained in OMB as a management responsibility to insure integrity and reliability of the system.

Costs And Benefits Related
To H.R. 6410

The cost estimate for the OMB Office of Federal Information Policy for fiscal year 1981 was determined as follows.

1. The average cost per position for OMB and OFPP according to the fiscal year 1980 budget was about \$54,000.
2. The estimated number of positions (120) for the Office of Federal Information Policy was
 - a. Reports clearance, burden reduction, and Paperwork Commission recommendation oversight 38
 - b. Statistical policy 40
 - c. ADP, telecommunications, and privacy 12
 - 90
 - d. Estimated additional positions for records management oversight, locator system core staff, and to bolster other functions 30
 - 120
3. $\$54,000 \times 120 = \6.5 million for personnel
4. Estimated computer and support costs for Federal Information Locator System = \$1.5 million
5. Total Estimated Cost (3)+(4) = \$8 million
6. At least 80 of the positions are currently (FY80) funded. Work is also being carried out toward the development of the Locator System although the extent of the costs being incurred for the Locator System are unknown. $\$54,000 \times 80 = \4.3 million
7. Net cost for the Office of Federal Information Policy = \$3.7 million

NOTE: Over half of the estimated \$8 million cost for fiscal year 1981 could be absorbed from existing authorizations.

The benefits to be derived from passage of H.R. 6410, will, to a great extent, result from improved policy setting, standards development, program evaluations, and oversight by the OMB Office of Federal Information Policy. Greater attention to managing information activities within the agencies should also result from the management structure being created under the bill. Thus, some benefits resulting from these actions can not be quantified but, nevertheless, the benefits will be substantial.

GAO has issued numerous reports dealing with a wide variety of information management issues. The examples provided below illustrate the problems identified and demonstrate opportunities for cost savings both within the Federal Government and for the private sector through more effective information management.

The Air Force Should Cancel Plans to
Acquire Two Computer Systems at Most
Bases (FGMSD-80-15; 10/26/79)

The Government could save hundreds of millions of dollars if the Air Force redirects its Phase IV computer system acquisition program. Phase IV is a computer system replacement program with estimated 20-year life cycle costs which exceed \$5 billion. GAO found that the Air Force's stated requirement for a minimum of two new computer systems, that can run the same computer program, at about 105 bases

- has never been justified as mission essential or operationally required,
- was established without developed or defined base-level user requirements, and
- would result in \$600 million to \$1 billion of additional cost over the 20-year expected life of the program.

The report recommends that the Air Force cancel its current request for proposals for the program and develop a simpler, more flexible request for proposals with functional performance requirements representing actual base-level operations and needs.

Contracting for Computer Software
Development--More Management Attention
Could Avoid Wasting Additional Millions
(FGMSD-80-4; 11/09/79)

Many Federal agencies have computer programs--called software in the data processing industry--developed by outside sources. These sources may be either private firms or other Federal agencies.

GAO examined nine cases of software development in detail. Eight had problems, but their overall performance cannot be taken as representative--some came to GAO's attention because they were failures. Nevertheless, the cases illustrated many of the same causes of difficulty that GAO had identified through a questionnaire study.

Only one of the nine cases yielded software that could be used as delivered. The combined total costs and development times of the nine cases increased from estimates of \$3.7 million and 10.8 years to actual cost of \$6.7 million and an actual duration of 20.5 years.

The report recommends that the National Bureau of Standards and the General Services Administration issue specific guidelines to assist Federal agencies in recognizing and dealing with the unique problems of contracting for software development.

Federal Paperwork: Its Impact
on American Businesses
(GGD-79-4; 11/17/78)

GAO reported to the Joint Economic Committee on the nature and extent of Federal reporting and recordkeeping requirements affecting private industry. According to Federal agency estimates, businesses take about 69 million hours annually at an estimated cost of over \$1 billion to respond to more than 2,100 reporting requirements approved by OMB and GAO. However, these requirements represent only the tip of the iceberg because about 78 percent of the Federal reporting requirements are exempt from clearance. Furthermore, the accuracy of the burden estimates provided by Federal agencies is unknown and questions regarding their accuracy need to be resolved.

Even a small percentage reduction in the burden imposed would result in substantial savings to businesses and an added amount of savings to the Government by not having to collect or handle the information.

Millions In Savings Possible In
Converting Programs from One Computer
to Another (FGMSD-77-34; 9/15/77)

Frequently, computer programs must be converted to make them run on a computer different from the one for which they were originally devised. The annual Federal cost of such conversions was estimated at more than \$450 million. GAO estimated that about 24 percent--over \$100 million--could be avoided in today's environment. GAO identified a number of factors which tended to increase conversion costs but estimated that the costs could reasonably be reduced with good conversion planning and practices.

The report recommended that (1) OMB assist in establishing a Federal center for software conversion, (2) agency heads emphasize quality and standards in new software development, and (3) the National Bureau of Standards publish a set of programmer productivity aids for Government-wide use.

Better Information Management Policies
Needed: A Study of Scientific and Technical
Bibliographic Services (PSAD-79-62; 8/6/79)

Although the Federal Government spends billions of dollars to create, collect, and disseminate scientific and technical information, it pays little attention to information policies or how information activities are managed. GAO studied Government information centers providing bibliographic services to the scientific and technical community. It found evidence of duplication, proliferation of facilities, and inconsistent cost recovery practices. The vagueness of authorizing laws and function statements contributes to the duplication of services.

The report recommended that, where the Congress enacts legislation establishing information centers or clearing-houses, each act require the agency to use existing systems in the Federal agencies or the private sector at lesser cost to the extent possible. Also, the OMB Director should work with the executive departments to develop a clear policy of cost recovery consistent with applicable statutes and require the agencies to develop information on the cost of information services to serve as a basis for carrying out an effective cost recovery program.

An Informed Public Assures That Federal
Agencies Will Better Comply With Freedom
of Information/ Privacy Laws
(LCD-80-8; 10/24/79)

Statement of Elmer B. Staats, Comptroller
General of the United States, Before the
Subcommittee on Legislation and National
Security, Committee on Government Operations,
House of Representatives, on H.R. 6410, "The
Paperwork Reduction Act of 1980" (2/7/80)

Analysis of Department of Justice data on selected court cases arising because of agencies' denials of requests for records citing these laws showed:

- The monthly flow of new suits was continuing at a relatively stable rate;
- a substantial backlog of open cases was steadily accumulating; and
- when sued, agencies often released considerable information in records they had initially denied requesters.

Better policy guidance in advance of the litigation stage, complete with better communication of the results of cases, could reduce the necessity for future litigation, thereby improving implementation of the two laws and reducing litigation costs. 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.

The Federal Information Processing Standards
Program: Many Potential Benefits, Little
Progress, And Many Problems
(FGMSD-78-23; 4/19/78)

Federal agencies have become locked into suppliers of computers and services because essential automatic data processing standards have not been developed or agencies are not complying with present standards. As a result, potential savings available through competitive procurement are not being fully attained.

Conversions of computer programs are expensive; they now cost the Government an estimated \$450 million each year. An improved standards program will not achieve cost savings

without good management, but it will offer the greatest impetus toward reducing conversion costs and promoting fully competitive procurements.

The report provides information on the types of standards most needed to achieve Government-wide economies and makes recommendations to improve the Federal automatic data processing standards program.

After Six Years, Legal Obstacles Continue
To Restrict Government Use of the Standard
Statistical Establishment List
(GGD-79-17; 5/25/79)

The Bureau of the Census has developed the Standard Statistical Establishment List, a comprehensive list of businesses in the United States. Many Federal statistical agencies could use such information. But confidentiality laws prevent the Census Bureau from sharing List information with other agencies. Amendments to these laws would help improve the quality and comparability of economic statistics and reduce business response burden from numerous Federal statistical surveys.

Several reasons have been given for the recent delay in submitting legislation for congressional consideration. The Tax Reform Act of 1976 severely restricted the use of tax records by Federal agencies, even for statistical purposes. Also, the transfer of program responsibility from the Office of Management and Budget to the Commerce Department and limited staffing delayed work on the draft legislation. Finally, the Congress and the country were not generally receptive to relaxing confidentiality restrictions.

The report recommends that the Secretary of Commerce establish a priority date for submitting proposed legislative changes to the Congress.