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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

~~THE~~ PRESIDENT HAS SEEN

NOV 21 1975

INFORMATION

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES T. LYNN  
SUBJECT: FLIEGER'S EDITORIAL ON PAPERWORK

Regarding your question on the attached editorial "Form and Substance" by Howard Flieger.

To a degree the statement is true, but only to a degree.

There have been continued efforts to eliminate IRS Form 941 over the last 20 years. Presidents have supported elimination of the report, legislation to accomplish it has been introduced in the Congress, and now the Paperwork Commission has endorsed the idea. But nothing has happened.

The immortality of government forms is overstated. Hundreds of reports are dropped each year as they become outmoded. A total of 764 were dropped from use last year.

The number of repetitive report forms in use in 1965, exclusive of tax returns and reports used by other agencies not subject to the Federal Reports Act, totalled just over 4,400, not 3,803 as reported in the editorial.

The number of repetitive reports in use as of September 30, 1975, exclusive of those from exempt agencies and the independent regulatory commissions totalled 5,122, not 6,000 as reported.

I attach a table showing comparative reporting burden December 1966, December 1973, December 1974 and September 1975 for different categories of respondents to Federal reporting requests. Our statistical Policy Division has some short articles on this subject should you wish them. They are useful in helping to avoid pitfalls into which one can easily stumble without necessary background information.

No one knows for sure what paperwork costs. True. The figures quoted in the editorial cannot be verified or denied. If the present estimated reporting burden of approximately 130 million hours were valued at \$15 per hour, the cost of public reporting subject to the Federal Reports Act would be about \$2 billion per year.

Attachment

Comparative Reporting Burden  
by Types of Respondents  
1966, 1973, 1974, 1975

Number of Requests

|                             | <u>12/66</u> | <u>12/73</u> | <u>12/74</u> | <u>9/75</u> |
|-----------------------------|--------------|--------------|--------------|-------------|
| Individuals                 | 1,159        | 1,397        | 1,366        | 1,398       |
| Business                    | 1,959        | 2,235        | 2,184        | 2,124       |
| Farmers                     | 232          | 234          | 231          | 228         |
| State and Local Governments | 944          | 1,132        | 1,072        | 988         |
| Other                       | <u>144</u>   | <u>314</u>   | <u>284</u>   | <u>384</u>  |
| <u>TOTAL:</u>               | 4,438        | 5,312        | 5,137        | 5,122       |

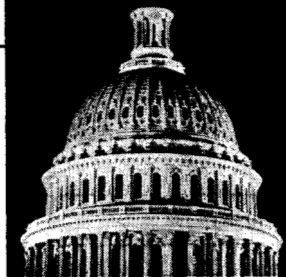
Millions of Hours of Reporting Burden

|                             |            |            |            |            |
|-----------------------------|------------|------------|------------|------------|
| Individuals                 | 52.2       | 65.7       | 58.1       | 61.0       |
| Business                    | 23.6       | 64.4       | 35.6       | 38.7       |
| Farmers                     | 3.7        | 4.7        | 4.4        | 4.6        |
| State and Local Governments | 15.8       | 28.9       | 19.4       | 18.6       |
| Other                       | <u>1.3</u> | <u>4.2</u> | <u>4.1</u> | <u>7.0</u> |
| <u>TOTAL:</u>               | 96.6       | 167.9      | 121.6      | 129.9      |

THE WHITE HOUSE  
WASHINGTON

Jim Taylor

True?



## FORM AND SUBSTANCE

BY HOWARD FLIEGER

**A**nother commission is setting up shop—this one with the mission of trying to control the number of reports, forms and questionnaires that individuals and businesses have to fill out for Uncle Sam.

The undertaking will last two years, cost at least 4 million dollars—and probably expire in frustration.

That's no joke. It is simply a forecast based on historical record.

**T**he hardest perennial in Washington is the "federal form"—those endless papers that private citizens and private enterprises are required by law or regulation to fill out and file with one Government bureau or another. The growth of paper and paper work through the years has been fantastic.

The reason it isn't a joke is because it is a time-devouring, high-cost chore that occupies businesses large and small.

The expense, of course, becomes part of the cost of doing business, so it is passed along to the customer. Thus, paper—official paper—is an important element in inflation, to say nothing of the billions of dollars it adds to the cost of Government.

And much of it goes for naught. Some of the forms people have sent to Washington under penalty of law were never recorded or filed. Some weren't even opened.

Many are redundant, and most have more lives than a cat. Take as just one example the case of "Form 941."

That is a form on which employers must list—four times a year—the name, pay and status of every employee. This isn't used for tax purposes. It is to help the Social Security Administration figure benefits.

The following is from a new study made by the Library of Congress:

"In 1955, both the Internal Revenue Service and the Social Security Administration agreed that the detailed information on each employe could be dropped from the quarterly reports

[Form 941], and at the time it was estimated that industry would save 22 million dollars per year if the recommendation were adopted. Today the cost of compliance with Form 941 is estimated at more than 235 million a year for small businesses alone.

"In the 20 years that have passed since [1955], every congressional committee that has studied the paper-work burden on small businesses has recommended that Form 941 be changed from a quarterly to an annual report.

"Small businesses have testified again and again that this is the single most onerous, costly and burdensome federal reporting requirement. According to various studies of the problem, neither the Internal Revenue Service nor the Social Security Administration has ever been able to produce persuasive reasons why the change should *not* be made. And yet, nothing has been done."

That gives you an idea of the immortality of Government forms. Now consider this from the same study:

In 1965, there were 3,803 Government reports required of the public, over and above such things as income-tax returns. By 1971, the figure had grown to 5,298, and it is now estimated in excess of 6,000.

Nobody knows for sure what paper work costs. A Labor Department official estimated that information for one of its many reports could be supplied in 36 minutes. A businessman who had to do it testified it took his company 36 man-hours.

**O**ne published estimate is that the cost to business of filling out federal forms comes to 18 billion dollars a year.

The total cost to taxpayers was officially reported at 4 billion dollars annually in 1955. By 1968, the figure had doubled to 8 billion. It is still going up.

So wish success to the new Commission on Federal Paperwork. But don't get carried away by your expectations.