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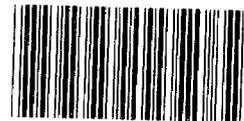
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STATEMENT OF
ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
JOINT ECONOMIC COMMITTEE
ON THE
PAPERWORK IMPOSED ON THE MEAT
INDUSTRY BY THE DEPARTMENT
OF AGRICULTURE

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[PAPERWORK IMPOSED ON THE MEAT
INDUSTRY BY THE DEPARTMENT
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Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss the results of our review of the paperwork burden imposed on the meat industry by the Department of Agriculture. Our report, which was issued on March 10, is the first in a series of reports which will address the paperwork burden imposed by the Federal Government on various segments of American businesses. These reviews, which are being made at your request, will be in the environmental, transportation, and tax areas.

During our review of the meat industry, we found that shortcomings in the Department of Agriculture's paperwork management program allowed for (1) preparing meaningless burden estimates and (2) collecting of unneeded, unused, and duplicate information from the meat industry.

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I would like to expand on these findings by discussing, first, how Agriculture's reliance on unsupported staff judgment contributed to meaningless burden estimates; second, how Agriculture collected information it did not use; and third, how Agriculture saddled businesses with duplicate reporting and redtape.

AGENCIES' RELIANCE ON JUDGMENT
ALLOWS MEANINGLESS BURDEN ESTIMATES

I believe one key to resolving the problems just cited is the availability of reliable information regarding the paperwork burden imposed. Such information is generally not available at Agriculture. Instead, Agriculture's burden data usually represents unsupported staff judgment.

To determine how Agriculture developed burden estimates, we analyzed the burden data for 87 requirements. About 7 million hours of burden were attributed to 82 of the requirements. About 99 percent of the estimated burden was based on unsupported staff judgment.

Our finding coincides with the results of a Government-wide study. In the study, the Office of Management and Budget (OMB) concluded that 92 percent of the burden estimates contained in its inventory of over 4,700 cleared reporting requirements were based on unsupported staff judgment.

Agriculture's reliance on staff judgment did not produce reliable estimates for either the Regulations Governing Meat Inspection or the Annual Report of Packers. We reviewed

the meat inspection requirement because it was the most burdensome business-related requirement imposed by Agriculture. The annual report was selected for review because of complaints by the meat industry that Agriculture's burden estimate was too low.

Relying on staff judgment, Agriculture estimated that a business spends 55 hours annually completing the meat inspection reporting requirement. To examine the reasonableness of the estimate, we visited companies to verify the time spent in complying with this reporting requirement. The companies we visited generally spent about 26 hours annually. Agriculture did a followup study to verify our results and has tentatively concluded that its overall burden estimate of 408,000 hours for the meat inspection requirement is overstated by 259,000 hours.

On the other hand, we found evidence that the 4-hour burden estimate for the annual report was too low. The small firms we contacted took an average of 7 hours to respond; large firms averaged 144 hours. If what we found holds true for other firms, then the meat industry spent over 12,000 hours rather than the 4,400 hours estimated by Agriculture to complete their 1978 annual reports. Agriculture has begun an assessment of the paperwork burden imposed by the Packers and Stockyard Program. As part of its study, Agriculture will attempt to verify the results of our burden estimates for preparing the annual report.

During our efforts to assess burden estimates, we found 8 headquarters-developed reporting requirements and 30 locally developed forms in use which had not been reviewed and approved by either Agriculture or OMB. This finding raised the possibility that (1) the most pervasive, burdensome, and irritating requirements on the meat industry were not being addressed and (2) Agriculture was using forms which may violate the Federal Reports Act.

When we brought our findings to Agriculture's attention, it:

--Agreed to submit the eight headquarters-developed reporting requirements to OMB for review.

--Began a study to determine the extent to which locally developed forms were being used to solicit information from businesses.

Agriculture surveyed its regional offices and identified over 1,100 locally developed forms which had not been reviewed and approved by the Department or OMB. Agriculture is now evaluating these forms to estimate the burden imposed and to determine which ones should be eliminated and which ones should be submitted to OMB for review and approval.

AGRICULTURE COLLECTS INFORMATION
IT DOES NOT OR CANNOT USE

Another aspect of effective paperwork management involves practical utility reviews--studies designed to determine if collected information is actually used. Agriculture's lack

of procedures for conducting such reviews resulted in inconsistencies among its agencies in determining need and use and therefore allowed information to be collected which Agriculture did not use and sometimes discarded.

For example, Agriculture did not use the information it collected on its biological residue certificates. Although the certificates indicated that animals sold to slaughtering packers had not been exposed to DES, a known carcinogen, during a designated period, Agriculture inspection personnel said they did not need the certificate to monitor DES violations. Inspection personnel said violations are monitored visually by inspectors and through Agriculture's residue sampling program. At one plant, inspectors collected certificates and tossed them away. At another plant, inspectors received the certificates after animals were slaughtered.

On the basis of Agriculture's estimates, businesses have spent 150,000 hours completing over 3 million certificates over the last 3 years. If Agriculture estimates are accurate, it cost businesses about \$2.2 million--about \$750,000 annually--to prepare these certificates.

The evidence compiled so far shows that the need for DES certificates is negligible. No evidence was found to support Agriculture's claims that the certificates were useful for (1) monitoring violations, (2) tracing and prosecuting violators, or (3) educating cattle growers and processors. In addition, the Food and Drug Administration

in late 1979 banned the manufacture and use of DES. In light of the ban and our findings, Agriculture has decided to eliminate the DES certificate.

BUSINESSES FACED WITH DUPLICATE
REPORTING AND REDTAPE

A third aspect of effective paperwork management involves Agriculture's methods for controlling duplicate reporting and redtape. In a word, the methods do not work.

To illustrate this, I will discuss how Agriculture's label approval program bogs down businesses. A label is the wrapper, package, or container in which meat is shipped or sold. Before a label may be used for any meat product, it must be approved by Agriculture. To obtain approval, companies must submit a completed application and four finished labels.

Companies which produce products in a variety of weights or at several plants must submit applications and four finished labels for each weight and each plant involved. For example, a company producing a product such as canned hams in a variety of sizes must submit a label application for each size. If the ham is to be sold in 5 different sizes, the company must submit 5 different applications and 20 labels, even though the only changes involved may be the net weight statement and the size of the label. A company must also submit label applications for each plant producing the hams.

As a result, a company making 5 sizes of canned hams at 5 plants must submit 25 separate applications and 100 labels. This procedure applies also to each product the company produces, such as bacon, hot dogs, and lunch meat. In addition, each time a company wants to change a label design, it must go through the same application process.

We concluded that savings could be achieved in meat industry paperwork costs and in time spent by Agriculture's label reviewers. To achieve these savings, we recommended that companies be required to submit only a single application and provide enough finished labels to meet Agriculture's needs. Some companies have already benefited from this method, because some label reviewers, who recognized the unnecessary duplication, did not require duplicate label applications.

Agriculture time savings could help alleviate the redtape involved in processing label applications. Currently, 2 to 3 weeks are needed. The increased time can result in higher consumer prices.

To get quicker turn around, companies are contracting with commercial label expediting firms to personally work the companies' labels through Agriculture's approval network.

An Agriculture official agreed that using expediting services resulted in quicker label approvals. He estimated that 60 percent of all companies now used expediting services.

This practice, however, lengthened the review time for companies which did not use such services. Often their applications were preempted by applications brought in by expeditors. Agriculture is considering reviewing labels on a first-come, first-served basis.

The label approval program is not the only area where duplicate reporting exists. We identified seven Federal and two State reporting requirements which required packers to provide similar financial and slaughter information. Five were used by Agriculture. Two of these--the Weekly Livestock Slaughter Report and the Ante Mortem and Post Mortem Inspection Summary--were not approved public-use forms.

We concluded that duplicate reporting of financial and slaughter information by meat packers was unnecessary. To eliminate the duplication, we recommended that the Secretary of Agriculture require the Department's clearance office to (1) identify and eliminate unnecessary duplication on Department forms and reports used to collect information from slaughtering packers, (2) identify users of slaughtering packer information and the uses to which they put the information, and (3) develop for the Federal Government, in coordination with users, a common core of slaughtering packer information.

Agriculture agreed that duplicate reporting imposed on meat packers should be eliminated. In an effort to

achieve this goal, Agriculture has scheduled a review of all the regulations and reporting requirements in this area.

In commenting on our report, Agriculture and OMB acknowledged that areas in Agriculture's paperwork management process need improvement. Both agencies outlined actions underway or planned to correct the problems in these areas.

LEGISLATIVE ACTION NEEDED TO
IMPROVE FEDERAL PAPERWORK MANGEMENT

Our reviews for your Committee are among several Government-wide efforts currently underway to improve Federal paperwork management programs. On November 30, 1979, the President signed Executive Order 12174, titled simply and appropriately "Paperwork." This order and its implementing guidelines set out new policies and procedures for most executive agencies to follow in controlling their paperwork demands on the public.

We believe the President's actions have great potential for improving Federal paperwork management. However, they do not go far enough. The new policies and guidelines do not apply to a number of agencies. The agencies are not covered because of (1) exemptions in the original Federal Reports Act, passed in 1942, and (2) a 1973 amendment to the act which gave GAO limited authority for reviewing independent regulatory agencies' forms and questionnaires.

We believe legislation is required to bring all agencies under a strong central management authority. S. 1411, the

"Paperwork and Redtape Reduction Act," which you cosponsored, contains many of the provisions which we believe are needed to strengthen Federal paperwork controls.

Since S. 1411 was introduced, the House Government Operations Committee has developed a similar, but more comprehensive bill. H.R. 6410, the "Paperwork Reduction Act," brings together within OMB strong central policy-making and oversight responsibility for several related information management functions, including the fragmented authority for paperwork control.

We believe this type of legislation is necessary to provide the organizational structure and management tools needed to solve the kinds of problems we have discussed today. We are hopeful that the Senate will soon consider similar legislation. We will be happy to assist in any way we can.

This concludes my prepared statement. We will be pleased to answer any questions which you or other Members of the Committee may have.