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REGULATORY REFORM

How Can Congress Assess  
the Administration's  
Initiatives?

Statement of L. Nye Stevens  
Director  
Federal Management and Workforce Issues



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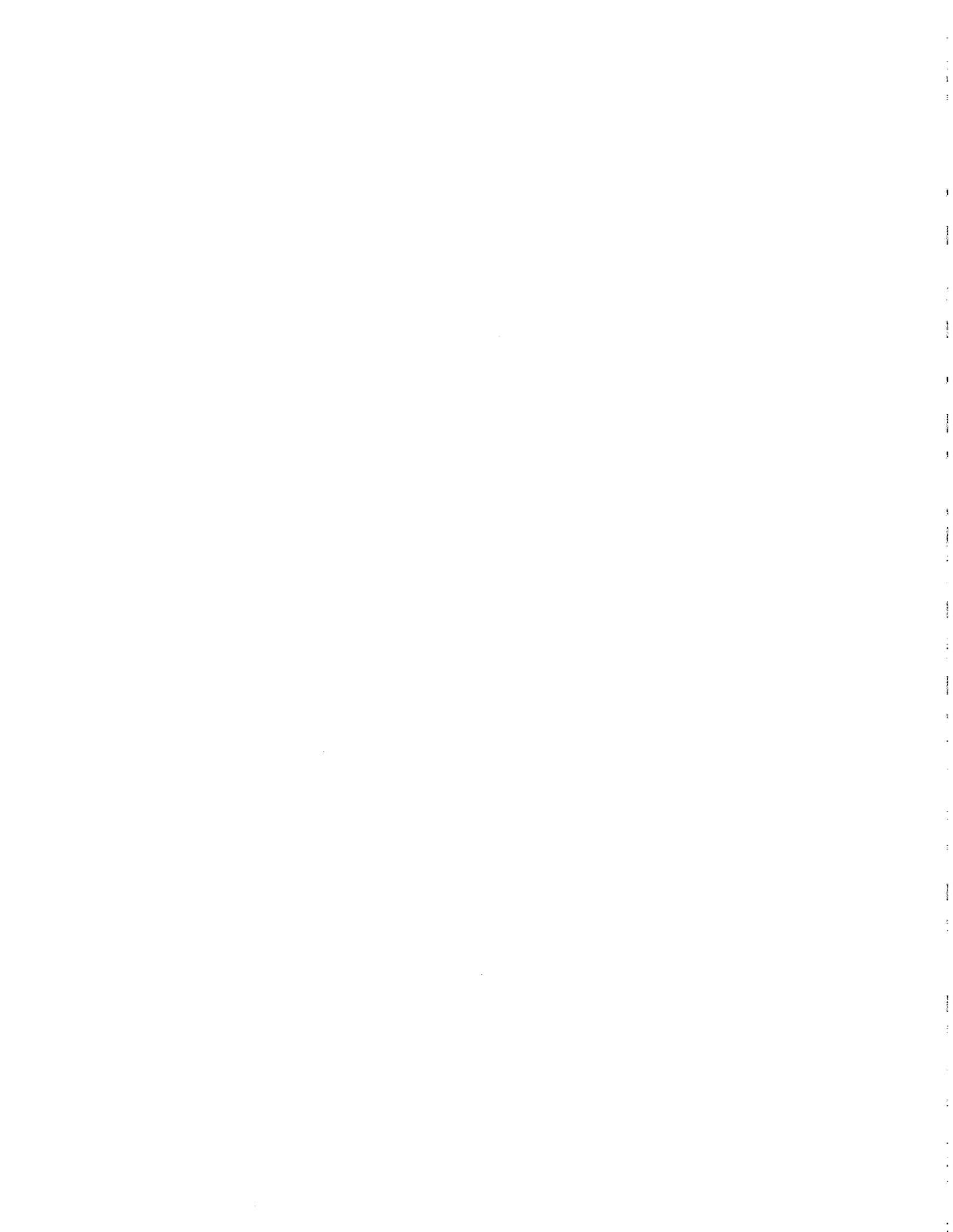
Regulatory Reform:  
How Can Congress Assess the Administration's Initiatives?

Summary of Statement by L. Nye Stevens  
Director  
Federal Management and Workforce Issues

The administration has announced a number of initiatives designed to address problems in federal regulations and the federal regulatory process. Some of these initiatives have been governmentwide in scope, while others have focused on particular agencies.

Different approaches could be used to assess these regulatory reform initiatives. One approach would be to take each initiative, break it down into its constituent parts, and determine whether each part has or has not been implemented. That approach would reveal little about the administration's overall reform effort and would focus primarily on whether actions have been taken, not whether the administration has achieved its underlying goals. A more comprehensive and valid approach would be to gain an understanding of what goals the administration's regulatory reform initiatives are generally attempting to accomplish and then develop accurate measures for gauging the extent to which those overall goals are being met.

At least two central themes run through many of the regulatory reform proposals: (1) an attempt to reduce the burden federal regulations and regulatory agencies impose on the regulated public and (2) an attempt to change federal agencies' regulatory approach from a focus on compliance with detailed procedures to a focus on achieving desired outcomes. However, regulatory burden and agencies' outcomes are each very difficult to measure. Various measures of regulatory burden have been used in the past. GAO's previous work indicates that these measures, such as the time required to complete federal paperwork and the overall cost of complying with regulations, must be interpreted very carefully. The Government Performance and Results Act of 1993 requires agencies to develop clear statements of what their regulations are intended to accomplish. Some agencies are beginning to do so, but many still focus on outputs (e.g., the number of safety inspections completed), not outcomes (e.g., whether fatality rates are declining). The act recognized that several years would be required to change agencies' emphasis from process to results.



Madam Chair and Members of the Committee:

I am pleased to be here today to discuss the administration's regulatory reform initiatives and how they might be assessed. I would first like to describe those initiatives, then discuss what we know about their implementation, and finally present some thoughts regarding how the success of those proposals could be measured. My comments are based on our ongoing monitoring of the administration's "reinventing government" program and prior work we have done on regulatory and management issues. (See attachment I for a list of selected GAO products on regulatory issues.)

In essence, we believe that the best way to assess the administration's regulatory reform proposals would be to first identify what goals those proposals are generally trying to accomplish and then develop valid measures of how well those goals are being achieved. We believe that at least two central themes run through many of the administration's proposals: (1) an attempt to reduce the burden federal regulations and regulatory agencies impose on the regulated public and (2) an attempt to change federal agencies' regulatory approach from a focus on compliance with detailed procedures to a focus on achieving desired outcomes. However, regulatory burden and agencies' outcomes are each very difficult to measure.

We are encouraged by this Committee's intention to monitor the administration's progress in this area. Congressional oversight is essential to encouraging sustained attention to and attaining agreement on how to enhance and assess the ongoing regulatory reform efforts. By focusing its oversight activities on whether agencies are achieving the administration's overall goals, this Committee can play an important role in improving the government's regulatory performance.

Regulatory reform is believed needed because many of the previous reforms have not worked as well as expected. For example, we reported last year that some agencies were consistently viewed by the Small Business Administration as not complying with the Regulatory Flexibility Act of 1980, which was intended to ensure that the interests of small entities are protected in the rulemaking process.<sup>1</sup> We recommended several changes in the administration of the act to improve agencies' compliance, some of which have already taken place. Nevertheless, calls for reform continue.

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<sup>1</sup>Regulatory Flexibility Act: Status of Agencies' Compliance  
(GAO/GGD-94-105, Apr. 27, 1994).

## THE ADMINISTRATION'S REGULATORY REFORM INITIATIVES

During the past 2 years, the administration has announced a series of initiatives designed to address problems in the federal regulatory process and in the regulations themselves.

- o The September 7, 1993, National Performance Review (NPR) report contained 10 recommendations to improve regulatory systems, including (1) the creation of an interagency regulatory coordinating group to share information and coordinate approaches; (2) encouragement of the use of innovative regulatory approaches and negotiated rulemaking; (3) increased use of alternative means of dispute resolution; and (4) a ranking of the seriousness of environmental, health, or safety risks.<sup>2</sup> The NPR report also contained a number of agency-specific recommendations that involved regulatory issues. For example, NPR recommended that the Environmental Protection Agency (EPA) amend the regulations it determines are most troublesome for local governments to allow alternative, flexible approaches to meeting environmental mandates. NPR also recommended that the Department of Labor shift responsibility for workplace safety and health to employers by issuing regulations requiring self-inspections and implementing a sliding scale of incentives and penalties to ensure safety standards are met.
  
- o On September 30, 1993, the President issued Executive Order 12866, "Regulatory Planning and Review," which began the administration's program to reform the regulatory process and make it more efficient.<sup>3</sup> Among other things, the order (1) established the administration's overall regulatory philosophy and principles, (2) instituted a set of procedures to allow the administration to plan its regulatory program, (3) required each agency to submit a program for periodic review and possible elimination or modification of its existing significant regulations, and (4) delineated the responsibilities of agencies and the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs (OIRA) for the centralized review of regulations.

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<sup>2</sup>From Red Tape to Results: Creating a Government That Works Better and Costs Less, report of the National Performance Review, Vice President Al Gore, September 7, 1993.

<sup>3</sup>The order revoked Executive Orders 12291 and 12498, which established regulatory principles and the review process during the Reagan and Bush administrations.

- o In early 1995, the administration announced a regulatory reinvention initiative as part of "Phase II" of NPR. On March 4, 1995, the President sent a memorandum to the heads of departments and agencies describing plans for changing the federal regulatory system because "not all agencies have taken the steps necessary to implement regulatory reform."<sup>4</sup> The President directed each agency to do the following:
  - (1) Conduct a page-by-page review of all its regulations in force and eliminate or revise those that were outdated or in need of reform.
  - (2) Change the way the performance of both the agency and frontline regulators are measured so as to focus on results, not process and punishment.
  - (3) Convene groups of frontline regulators and the people affected by their regulations around the country and create "grassroots partnerships."
  - (4) Expand their efforts to promote consensual rulemaking.
- o On March 16, 1995, the President announced a number of regulatory reform initiatives at EPA and the Food and Drug Administration (FDA) as well as some reforms all federal agencies were to initiate. They were as follows:
  - o EPA was directed to undertake 25 reforms to improve its regulatory program, including (1) reducing existing paperwork burdens by 25 percent, with the reductions focusing on with local governments and small businesses; (2) providing incentives through reduced penalties for self-disclosure and correction of certain violations; (3) making greater use of market-based regulations;<sup>5</sup> and (4) focusing hazardous waste and drinking water treatment requirements on areas with the greatest risk.

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<sup>4</sup>The March 4, 1995, memo represented the written instructions that followed a February 21, 1995, White House event on these issues.

<sup>5</sup>Examples of market-based regulations include open-market air emissions trading and effluent trading in watersheds. Emissions trading is a way of reducing pollutant emissions to the environment by applying pollution-reduction measures at the places where reductions are most cost-effective. Under an effluent trading program, a discharger that can reduce pollution below the minimum level required to meet water quality standards can sell its excess pollution reductions to other dischargers within the same watershed.

- o FDA was directed to make a number of changes to its regulatory program, including (1) allowing manufacturing changes without FDA preapproval if the risk is negligible; (2) exemption of up to 138 additional categories of low-risk medical devices (e.g., oxygen masks and syringes) from premarket review; and (3) elimination of virtually all environmental assessments for human drugs and biologics and animal drugs.
- o All federal agencies were directed to adopt policies that would allow small businesses that had acted in good faith but were first-time violators of a regulation (1) an opportunity to avoid punitive actions by correcting the violations within an appropriate period, and (2) a waiver of up to 100 percent of agency fines when a violation did not involve significant health or safety threats or criminal wrongdoing and the fine will be used to correct the underlying problem. Also, agencies were directed to require regularly scheduled reports to the federal government only half as often unless the agency head determines that the change is not legally possible, would not properly protect public health or the environment, or would otherwise not be in the best interests of the nation.
- o On May 16, 1995, the President and the Vice President announced three sets of initiatives intended to reform regulatory procedures at the Occupational Safety and Health Administration (OSHA): (1) increasing assistance to and lessening inspections and penalties for employers with aggressive health and safety programs; (2) streamlining and rationalizing OSHA's regulations by identifying priorities, eliminating or fixing outdated or confusing standards, and working with business and labor groups; and (3) changing the way OSHA enforces rules, including the redesign of field office operations and the use of information technology to inform employers and others about OSHA rules.
- o On June 12, 1995, the President proposed 28 changes in federal pension rules that affect small businesses, including (1) allowing employers with 100 or fewer employees to have a simplified pension plan that eliminates certain requirements and eases other rules, (2) improving and expanding 401(k) plans, (3) eliminating excessive testing and simplifying certain definitions in pension rules.
- o On July 11, 1995, the Vice President and the First Lady announced changes to the Medicare and Medicaid programs run by the Health Care Financing Administration (HCFA). Among these changes were (1) eliminating "physician attestation" forms for Medicare patients, (2) giving states more power to

approve training programs offered in nursing homes for nurse aides, (3) reducing paperwork and costs for laboratories in doctors' offices, and (4) eliminating unnecessary process requirements and developing outcome-based performance standards.

### Pending Announcements

In addition to the regulatory reinvention initiatives that have been announced to date, NPR has said that announcements are pending in several areas: banking, education, food, natural resources, science and technology, and transportation.

### IMPLEMENTATION OF REGULATORY REFORM INITIATIVES

Some of the regulatory reform initiatives the administration has announced have already begun to be implemented. In December 1994, we reported that 6 of the 10 NPR recommendations on improving regulatory systems had been partially implemented and that 1 had been fully implemented.<sup>6</sup> For example, Executive Order 12866 created the recommended regulatory working group and established the use of innovative regulatory approaches as administration policy. A September 30, 1993, presidential memorandum directed each federal regulatory agency to identify at least one rulemaking in which it would use negotiated rulemaking within the next year; by late 1994, 16 agencies had done so. However, we also reported that most of the agency-specific NPR regulatory proposals had not been even partially implemented. (See attachment II for a listing of the NPR regulatory recommendations and a summary of each recommendation's implementation status as of late 1994.)

We have not assessed the administration's other regulatory reform initiatives. However, the administration has released information about the implementation of some of these efforts. For example, OIRA issued a report in 1994 describing the progress that had been made during the first year of Executive Order 12866. The OIRA report noted numerous difficulties associated with measuring the success of the order (e.g., judging whether agencies are producing "smarter" regulations) but stated

"we are . . . confident that the Executive Order is making a difference, that the Administration is moving in the right direction, and that there is much to be proud of . . . [H]owever, our optimism is guarded;

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<sup>6</sup>Management Reform: Implementation of the National Performance Review's Recommendations (GAO/OCG-95-1, Dec. 5, 1994).

we know full well that there is much to be done to obtain the benefits we are seeking to realize."<sup>7</sup>

Although agencies were supposed to prepare a report for release on June 15, 1995, summarizing agency actions on all four of the tasks in the President's March 4, 1995, memorandum, OMB has not released those reports. However, on June 12, 1995, the President told the White House Conference on Small Business that the page-by-page review of existing federal regulations had resulted in proposals to eliminate 20 percent and modify another 35 percent of the 140,000 page Code of Federal Regulations. He said the 16,000 pages of regulations eliminated weighed 39 pounds and would stretch 5 miles if put end-to-end. He also said that another 31,000 pages of rules would be modified either through administrative or legislative means.

#### ASSESSING THE ADMINISTRATION'S REGULATORY INITIATIVES

The Committee has asked how Congress might go about assessing the administration's regulatory proposals. One way to do so would be to take each initiative, break it down into its constituent parts, and determine whether each part has or has not been implemented. Using the President's March 4, 1995, memo as an example, one could ask whether all departments and agencies had

- o conducted a page-by-page review of their regulations and eliminated or revised those that are in need of reform;
- o changed the way they measure their performance and the performance of their frontline regulators;
- o created "grassroots partnerships" between frontline regulators and those affected by the regulations; and
- o expanded their efforts to promote consensual rulemaking.

Each of the agency- or issue-specific announcements made since March of this year could be reviewed in the same manner. For example, what progress has EPA made concerning each of the 25 actions delineated in the March 16, 1995, announcement? Which of the 28 changes in federal pension rules announced on June 12, 1995, have been implemented?

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<sup>7</sup>Another group examined the implementation of the executive order and reached a negative appraisal. An April 1995 study by the Institute for Regulatory Policy concluded that only a limited number of EPA rulemaking notices published in the Federal Register demonstrated compliance with key directives in the executive order.

Although this approach may be instructive in some respects, the end result may ultimately be somewhat unsatisfying for at least two reasons. First, a proposal-by-proposal assessment would lack the overall focus needed to reach conclusions about the administration's effort as a whole. Congress would learn a great deal about individual "trees" in the regulatory "forest," but not much about the forest itself. Second, focusing on the implementation of each initiative would indicate whether the recommended changes have been adopted, but may not reveal whether the administration has achieved its underlying goals.

If Congress is interested in developing a "report card" that substantively assesses all of the administration's regulatory reform proposals, it should review those efforts in a crosscutting manner that goes beyond surface-level descriptions. Congress should focus on the goals the regulatory reform initiatives are generally attempting to accomplish and then use valid measures of how well those goals are being accomplished to assess the administration's progress.

Although the administration's regulatory reform initiatives address a wide variety of issues and involve a number of different actions, at least two central themes run through many of the proposals: (1) an attempt to reduce the regulatory burden agencies impose on businesses and the public and (2) an attempt to change agencies' regulatory approach from a focus on compliance with detailed procedures to a focus on achieving outcomes.

### Regulatory Burden

Perhaps the most obvious example of the administration's attempt to reduce regulatory burden is its effort to eliminate obsolete regulations. Even before the March 4, 1995, memo's call for such cuts, section 5 of Executive Order 12866 required each agency to submit to OIRA a program under which the agency would periodically review its existing significant regulations to determine whether they should be eliminated or modified. The first listed reason for this review is "to reduce the regulatory burden on the American people."

To determine the effect of the administration's initiatives on regulatory burden, the amount of burden before and after the implementation of those initiatives must be accurately measured. A variety of measures of regulatory burden have been used in the past, some of which are more valid than others. Each of these measures of burden should be carefully examined to ensure that it accurately reflects the impact of regulatory action on businesses and the public.

For example, representatives of both government and industry have sometimes described regulatory burden in terms of the absolute

number of rules, the number of pages in the Code of Federal Regulations, the length of the Code on a bookshelf, the weight of the rules, or the length of all of the rules if each sheet of paper were placed end to end. Other observers have used the number of federal employees involved in regulatory activities or the size of federal regulatory agencies' budgets as a measure of regulatory burden.<sup>8</sup> Although these measures are relatively easy to develop and are appealing in some respects, they may not accurately reflect the regulatory burden imposed on the public or a small business. For example, if an agency eliminates 1,000 pages of regulations that rarely if ever affect small businesses, the regulatory burden those businesses feel will be relatively unchanged. A regulatory agency that has less than 1,000 employees may impose a greater regulatory burden on small businesses than another agency that has 10 times as many employees simply by virtue of the regulatory issues involved and the way those regulations are enforced. Therefore, the number or length of regulations, the number of regulatory employees, and similar types of measures may be poor proxies for regulatory burden.

Another way that regulatory burden has been measured is the total number of hours needed to fill out federal paperwork. The Paperwork Reduction Act requires OMB to prepare an information collection budget that measures paperwork requirements imposed on everyone outside the federal government.<sup>9</sup> However, care must also be taken to properly interpret these statistics as well. In December 1993, we reported that the burden hour estimate increased by 261 percent between 1987 and 1992--from more than 1.8 billion hours to nearly 6.6 billion hours.<sup>10</sup> However, most of this change was due to a Department of the Treasury reestimate of the time spent in dealing with burdens, not the imposition of new burdens. OMB's burden hour estimate can also be affected by changes in respondent population size, revisions to data collection instruments, and other factors. Therefore, even though the burden hour estimate declined 6 percent between 1992

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<sup>8</sup>See, for example, Melinda Warren, Reforming the Federal Regulatory Process: Rhetoric or Reality?, Occasional Paper No. 138. St. Louis: Center for Study of American Business, Washington University, June 1994.

<sup>9</sup>Agencies usually develop an estimate of the average time each respondent requires to comply with a particular collection of information and of the total number of respondents who must comply with the collection requirement. The total burden is calculated by multiplying the average response time per respondent by the expected number of respondents.

<sup>10</sup>Paperwork Burden: Reported Burden Hour Increases Reflect New Estimates, Not Actual Changes (GAO/PEMD-94-3, Dec. 6, 1993).

and fiscal year 1993, all of these factors must be examined to determine whether the actual burden declined.

Another commonly used index of regulatory burden is the cumulative cost of complying with regulations--either on individual businesses or the economy as a whole.<sup>11</sup> Again, however, these cost measures must be carefully examined. We pointed out in a March 1995 report that estimates of total regulatory costs imposed on the economy can vary substantially depending on assumptions about what constitutes regulatory costs.<sup>12</sup> For example, some economists believe that transfers (e.g., the added cost a consumer pays for goods in the marketplace because of agricultural price supports) and process costs (e.g., costs associated with completing tax returns) should not be included in measures of total regulatory costs--two factors that account for more than half of some estimates.

Similarly, measures of regulatory costs for individual businesses depend on the assumptions used in the analysis. For example, although a business may be able to provide data on the overall cost of its health and safety programs, it may not be able to differentiate costs associated with regulatory compliance from costs it incurs in the normal course of business in order to protect its employees. A more accurate measure of regulatory costs would be costs a business incurs that are over and above what it would incur without federal regulations.

Therefore, although changes in regulatory burden can be a key indicator of the success or failure of the administration's regulatory initiatives, the definition and measurement of that burden is very difficult. Whatever measures are used, all stakeholders--Congress, the administration, regulated businesses, and others--should be involved in determining how regulatory burden will be assessed. It is only with an agreed-upon definition and measurement process that a meaningful assessment can be provided of the administration's burden reduction efforts.

### Regulatory Outcomes

Several of the administration's regulatory reform initiatives attempt to focus regulatory action on the achievement of outcomes rather than procedural compliance. For example, one of the

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<sup>11</sup>See, for example, Thomas D. Hopkins, Cost of Regulation, A Report to the Regulatory Information Service Center, August 1991; and "Federal Regulatory Burdens," RIT Public Policy Working Paper, Rochester, N.Y.: Rochester Institute of Technology, 1993.

<sup>12</sup>Regulatory Reform: Information on Costs, Cost-Effectiveness, and Mandated Deadlines for Regulations (GAO/PEMD-95-18BR, Mar. 8, 1995).

principles Executive Order 12866 established was that agencies should, to the extent feasible, "specify performance objectives, rather than specifying the behavior or manner of compliance that regulated entities must adopt." The President's March 4, 1995, memo stated that a focus on results, not process and punishment, was an integral part of the administration's regulatory reform initiative. One of the principles FDA reportedly followed in reforming its procedures and requirements was the use of performance standards, not "command and control" regulations, as much as possible. The most recent announcement of regulatory changes at HCFA included changes to "current regulations that focus solely on requirements for measuring processes, rather than outcomes of care." Instead, HCFA is to develop outcomes-based performance standards and is to measure its progress toward the achievement of those standards.

We believe that this focus on outcomes rather than solely procedural compliance is a positive step. Although process measure may also be of value, it is more important that a regulated entity achieve a desired goal (e.g., reduced levels of pollution or a safer working environment) than it comply with specific procedural steps that presumably lead to the achievement of that goal. Some regulated entities may be able to develop more efficient ways to achieve agencies' goals using alternative procedures. It is also more important that regulatory agencies focus on measuring whether they are achieving their missions than counting how many inspections have been made or how many enforcement actions have been taken.

For agencies to achieve this focus on outcomes, new types of data will need to be developed. For example, rather than count the number of procedural violations that are found during an inspection, outcome-oriented agencies would focus on measures of performance, such as environmental quality or worker safety. Because of these new data needs and because this focus on outcomes represents a very different orientation for regulatory agencies, it will probably take some time before these changes can be fully realized.

The Government Performance and Results Act of 1993 (GPRA) charged federal agencies with developing outcome-based goals and performance measures for all of their programs. As the President noted in his March 4, 1995, memo, GPRA applies to agencies' regulatory programs and therefore requires agencies to develop clear statements of what their regulations are intended to accomplish. Some agencies are beginning to do so, as can be seen in the following examples.

- o The National Highway Traffic Safety Administration (NHTSA) as a whole is a pilot project under GPRA. NHTSA is measuring the effectiveness of its regulatory programs against its overall goals, which include reducing motor

vehicle fatality and injury rates and decreases in alcohol involvement in crashes.

- o The Coast Guard's Marine Safety and Security program's 5-year goals include reducing accidental deaths and injuries from maritime casualties and the risk of passenger vessel casualty with major loss of life by 20 percent.

However, many of the regulatory agencies' performance goals are still focused on outputs (e.g., the number of inspections completed, the number of fines issued, the number of regulations produced), not outcomes. Agencies are not accustomed to measuring outcomes, and measures of outcomes are often much more difficult to develop than are process measures. As a result, it may take years for some agencies to shift their regulatory focus.

GPRA recognizes the time needed to change agencies' perspective by not requiring the submission of performance plans until the fall of 1997 and the submission of annual program performance reports until March 31, 2000. Although the development of results-oriented goals and measures of regulatory performance may be slow in coming, we believe they are essential to any assessment of regulatory reform. As was the case concerning the development of measures of regulatory burden, we believe that all stakeholders (Congress, agencies, the regulated public, and potential beneficiaries) should be involved in the development of these goals and measures.

#### CONCLUSIONS

Burden reduction and a focus on agencies' outcomes are two crosscutting themes that appear to run through the administration's regulatory reform proposals. There may be others that the Committee or Congress can identify and would chose to use in assessing the administration's efforts. For example, the Committee may want to focus its efforts on whether or not the administration is consulting with the business community in the development and administration of its regulatory agenda--creating the "grassroots partnerships" and consensual rulemaking that were described in the President's March 4, 1995, memo. Whatever approach is used, I would urge this Committee to think carefully about how concepts such as regulatory burden and outcomes are defined and measured before using them to determine whether particular initiatives have succeeded or failed.

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Madam Chair, this concludes my prepared statement. I would be pleased to answer any questions.

SELECTED GAO PRODUCTS ON REGULATORY ISSUES

Regulatory Reform: Information on Costs, Cost-Effectiveness, and Mandated Deadlines for Regulations (GAO/PEMD-95-18BR, Mar. 8, 1995).

Tax System Burden: Tax Compliance Burden Faced by Business Taxpayers (GAO/T-GGD-95-42, Dec. 9, 1994).

Environmental Regulation: Differences Remain Between EPA and OMB Over Paperwork Requirements (GAO/RCED-94-254, Aug. 23, 1994).

Workplace Regulation: Information on Selected Employer and Union Experiences (GAO/HEHS-94-138, June 30, 1994). Volumes I&II

Paperwork Reduction Act: Opportunity to Strengthen Government's Management of Information Technology (GAO/T-AIMD/GGD-94-126, May 19, 1994).

Regulatory Flexibility Act: Status of Agencies' Compliance (GAO/GGD-94-105, Apr. 27, 1994).

Paperwork Reduction: Reported Burden Hour Increases Reflect New Estimate, Not Actual Changes (GAO/PEMD-94-3, Dec. 6, 1993).

Regulatory Burden: Recent Studies, Industry Issues, and Agency Initiatives (GAO/GGD-94-28, Dec. 13, 1993).

Paperwork Reduction: Agency Responses to Recent Court Decisions (GAO/PEMD-93-5, Feb. 3, 1993).

Risk-Risk Analysis: OMB's Review of a Proposed OSHA Rule (GAO/PEMD-92-33, July 2, 1992).

IMPLEMENTATION STATUS OF NPR REGULATORY RECOMMENDATIONS

In our December 1994 report on the implementation of NPR's recommendations, we placed each of the 384 recommendations into 1 of 6 implementation categories:

- (1) Fully Implemented. The entire recommendation and/or all action items in a related accompanying report have been fulfilled.
- (2) Partially Implemented. The recommendation and/or associated action items have been implemented in part but not in total.
- (3) Not Implemented--Action Taken. No part of the recommendation or associated action items has been implemented, but some action has been taken to implement the recommendation and/or the action items. For example, if legislation has been introduced that would address the recommendation but has not been enacted into law, we categorized the recommendation as "not implemented--action taken."
- (4) Not Implemented--No Action Taken. No part of the recommendation or associated action items has been implemented, and no action has occurred toward the implementation of the recommendation or the action items.
- (5) Insufficient Information. Insufficient or conflicting evidence prevented us from determining the status of implementation.
- (6) Other. Implementation action has occurred that, while not responsive to the letter of the recommendation, is generally consistent with its purpose.

We contacted agency officials identified by NPR as responsible for each recommendation and determined what had been done to implement the recommendations. Unless otherwise noted, the data were collected as of September 7, 1994--the 1-year anniversary of the NPR report.

NPR RECOMMENDATIONS ON  
IMPROVING REGULATORY SYSTEMS

NPR made 10 recommendations designed to improve federal regulatory systems in general.

REG01: Create an Interagency Regulatory Coordinating Group  
Create an interagency Regulatory Coordinating Group to share information and coordinate approaches to regulatory issues. **(Fully Implemented)**

REG02: Encourage More Innovative Approaches to Regulation  
Use innovative regulatory approaches and develop a Deskbook on Regulatory Design. **(Partially Implemented)**

REG03: Encourage Consensus-Based Rulemaking  
Encourage agencies to use negotiated rulemaking more frequently in developing new rules. **(Partially Implemented)**

REG04: Enhance Public Awareness and Participation  
Use information technology and other techniques to increase opportunities for early, frequent and interactive public participation during the rulemaking process and to increase program evaluation efforts. **(Partially Implemented)**

REG05: Streamline Agency Rulemaking Procedures  
Streamline internal agency rulemaking procedures, use "direct final" rulemaking for noncontroversial rules and expedite treatment of rulemaking petitions. **(Partially Implemented)**

REG06: Encourage Alternative Dispute Resolution When Enforcing Regulations  
Increase the use of alternative means of dispute resolution. **(Partially Implemented)**

REG07: Rank Risks and Engage in "Anticipatory" Regulatory Planning  
Rank the seriousness of environmental, health or safety risks and develop anticipatory approaches to regulatory problems. **(Partially Implemented)**

REG08: Improve Regulatory Science  
Create science advisory boards for those regulatory agencies that depend heavily on scientific information and judgments. **(Not Implemented--Action Taken)**

REG09: Improve Agency and Congressional Relationships  
Encourage agencies to establish technical drafting services for congressional committees and subcommittees. **(Not Implemented--No Action Taken)**

REG10: Provide Better Training and Incentives for Regulators  
Establish a basic training program for Presidential appointees assigned to regulatory agencies and expand existing training programs to cover career staff not currently being trained. (Not Implemented--Action Taken)

AGENCY-SPECIFIC NPR RECOMMENDATIONS  
WITH REGULATORY/BURDEN REDUCTION FOCUS

NPR made a number of agency specific recommendations with a regulatory or burden-reduction focus. Agencies to whom these recommendations were directed included the U.S. Department of Agriculture (USDA), the Department of Commerce (DOC), the Environmental Protection Agency (EPA), the Department of Health and Human Services (HHS), the Department of Interior (DOI), the Department of Labor (DOL), the Small Business Administration (SBA), the Department of Transportation (DOT), and the Department of the Treasury (TRE).

USDA04: Implement a Consolidated Farm Management Plan  
The farm management plan proposed by Secretary Espy provides an opportunity to simplify regulations for farm management and is a good way to consolidate competing requirements into a single plan for each farm. (Not Implemented--Action Taken)

DOC11: Eliminate Legislative Barriers to the Exchange of Business Data Among Federal Statistical Agencies  
Eliminate legislative barriers to the exchange of business data among federal agencies (the Census Bureau, Bureau of Labor Statistics, and Bureau of Economic Analysis) to reduce the reporting burden on American business. (Not Implemented--Action Taken)

DOD01: Rewrite Policy Directives to Include Better Guidance and Fewer Procedures  
DOD should clarify policy directives and procedures to reduce administrative burden and unnecessary regulatory controls. (Partially Implemented)

EPA01: Improve Environmental Protection Through Increased Flexibility for Local Government  
EPA should amend the regulations it determines are most troublesome for local governments pursuant to the Regulatory Flexibility Act of 1980. The goal is to provide alternative, flexible approaches to meeting environmental mandates. (Partially Implemented)

EPA02: Streamline EPA's Permit Program

Streamlining efforts include establishing a permit clearinghouse to serve as a single point of contact and piloting a cross-program permit tracking system. (Not Implemented--Action Taken)

EPA03: Shift EPA's Emphasis Toward Pollution Prevention and Away from Pollution Control

EPA needs to emphasize pollution prevention by implementing an effective pollution prevention strategy that includes amending regulations and motivating the private sector to invest in cleaner, less polluting technologies and practices. (Not Implemented--Action Taken)

EPA04: Promote the Use of Economic and Market-Based Approaches to Reduce Water Pollution

EPA should work with Congress to propose language amending the Clean Water Act to explicitly encourage market-based approaches to reduce water pollution. EPA should also identify wastewater discharge fees that could be included in the Clean Water Act reauthorization. (Not Implemented--Action Taken)

EPA05: Increase Private Sector Partnerships to Accelerate Development of Innovative Technologies

NPR recommends that EPA develop an action plan with specific milestones for improving the regulatory and statutory climate for innovative technologies. (Not Implemented--Action Taken)

HHS02: Reengineer the HHS Process for Issuing Regulations

HHS should improve the timeliness and quality of regulations issued and should involve stakeholders in the development of regulations. (Not Implemented--Action Taken)

DOI02: Redefine Federal Oversight of Coal Mine Regulation

To overcome organizational problems that inhibit an effective state-federal relationship, federal oversight of coal mine regulations should be redefined. (Not Implemented--Action Taken)

DOL03: Expand Negotiated Rulemaking and Improve Up-front Teamwork on Regulations

DOL should provide administrative guidance more quickly and cheaply through negotiated rulemaking and a streamlined team approach to the rules development process. (Not Implemented--Action Taken)

DOL06: Amend the ERISA Requirement for Summary Plan Descriptions  
The filing of summary plan descriptions by employee benefit plan administrators with DOL is intended to make the plans more readily available for participants and beneficiaries. Since requests for copies are received on only about one percent, the cost to maintain the system and the administrative burden on employers far outweighs the public benefit. **(Not Implemented--Action Taken)**

DOL07: Redirect the Mine Safety and Health Administration's Role in Mine Equipment Regulation  
Shifting the Mine Safety and Health Administration's regulatory role from one of in-house testing to one of on-site quality assurance would provide increased economic benefits to the mining industry and would allow DOL to redirect resources. **(Partially Implemented)**

DOL10: Refocus the Responsibility for Ensuring Workplace Safety and Health  
This recommendation proposes to shift responsibility for workplace safety and health to employers by issuing regulations requiring self-inspections and implementing a sliding scale of incentives and penalties to ensure safety standards are met. **(Not Implemented--Action Taken)**

SBA01: Allow Judicial Review of the Regulatory Flexibility Act  
Allow access to the courts when federal agencies develop rules that fail to properly examine alternatives that will lessen the burden on small businesses. **(Not Implemented--Action Taken)**

SBA04: Examine Federal Guidelines for Small Business Lending Requirements  
The federal government should examine the guidelines bank regulators set for small business lending by financial institutions to ensure that capital is available without undue barriers while maintaining the integrity of the financial institutions. **(Not Implemented--Action Taken)**

DOT06: Encourage Innovations in Automotive Safety  
NPR recommends allowing the National Highway Traffic Safety Administration to grant more exemptions from highway safety standards to develop new safety systems. **(Not Implemented--Action Taken)**

TRE05: Simplify Employer Wage Reporting  
The administrative burden caused by our current employer wage-reporting requirements could be reduced while maintaining or improving the effectiveness of government operations by developing and implementing a simplified wage reporting system. **(Partially Implemented)**

TRE09: Modernize the IRS

The IRS Tax System Modernization (TSM) initiative, currently in its initial stages, would ease taxpayer burdens due to manual return processing and inaccessible information, and enable IRS to provide a level of service comparable to private sector financial institutions. **(Partially Implemented)**

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