FINAL REPORT

OF THE

SMALL BUSINESS

PAPERWORK RELIEF

TASK FORCE

June 27, 2003
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1. **EXECUTIVE SUMMARY**

The Small Business Paperwork Relief Act of 2002 (SBPRA) was enacted June 28, 2002. The goal of the SBPRA is to reduce the burden of Federal paperwork on small businesses. The SBPRA requires the Federal government to (1) publish an annual list of the compliance assistance resources available to small businesses, (2) establish a single point of contact within agencies to interact with small businesses, and (3) establish an interagency Task Force to study and recommend additional means of reducing the burden on small businesses. This report addresses activities of the Small Business Paperwork Relief Task Force and is due to Congress by June 28, 2003.

When asked “What is the single greatest problem created for your business by government regulation,” the largest percentage of small businesses in three size groups singled out *extra paperwork*, with the number of votes increasing as the number of employees decreased. The second most frequently selected problems, sharing an equal number of votes, were: (1) *difficulty understanding what (a business must do) to comply*, and (2) *dollars spent to comply*. This poll supports the conclusion that the Small Business Paperwork Relief Task Force should focus on reducing federal burden on small businesses.

The Task Force examined the following three issues: 1) feasibility and desirability of consolidating information collection requirements within and across the Federal agencies; 2) feasibility and benefits of publishing an organized list of data collections that could be searched to identify specific forms and requirements by sector; and 3) implementing electronic submissions of information to the Federal government.

The Small Business Paperwork Relief Task Force is recommending several options to reduce paperwork burden on small businesses including the use of information technology. The President’s E-Government Management Reform Initiatives, the Federal Enterprise Architecture Program Management Office, and the CIO Council Architecture and Infrastructure Committee are examples of efforts across the Federal government that help to reduce cost and burden to citizens and businesses.

The Presidential E-Government Initiatives, such as the Business Compliance One Stop Initiative, Expanding Electronic Tax Products for Businesses, and e-Authentication help to overcome the technology and policy barriers involved with consolidating information collection requirements, publishing an organized searchable list of data collections, and implementing electronic submissions. In addition, the regulatory policy barriers to reducing burden could be addressed using the eRulemaking Initiative, which is centralizing the rulemaking function of Federal agencies.

The Task Force recommends that the Business Compliance One Stop Initiative should focus more specifically on reducing paperwork burden for small businesses. Accordingly, BCOS will reduce paperwork burden on businesses by consolidating and harmonizing federal paperwork requirements with similar data elements across the Federal government. The first milestone will create an integrated e-forms solution (“Business Gateway”) that will allow businesses to find the forms and information collection requirements that apply to them and then submit information.
electronically to the Federal government one time. Once the information is submitted, the
information could be shared securely across Federal agencies. By undertaking this new focus,
BCOS would help to meet the goals of the Government Paperwork Elimination Act, Paperwork

In addition to E-Government opportunities for reducing burden, the Task Force recommends that
Federal agencies continue to examine such opportunities for small businesses through
partnerships within Federal agencies, across the government, and with stakeholders. Further, the
task force recommendations encourage Federal agencies to improve outreach to small
businesses, and use partnerships to identify streamlining opportunities.

The Task Force found that reducing small businesses paperwork burden is a challenge fraught with
both regulatory drivers and information technology issues. The report examines some of these
challenges to reducing burden specifically on small businesses and lays out many issues that will
need to be addressed as the Business Compliance One Stop Initiative takes on a paperwork
burden reduction focus through an integrated e-forms solution. A critical success factor is a
serious commitment from Federal agencies to collaborate with other agencies, stakeholders, state
governments, and the business sector. This effort will also require a governance structure,
resources, and technology to create an integrated e-forms solution.

In Fiscal Year 2003, the Office of Management and Budget estimated that it took businesses and
citizens approximately 8.2 billion hours and $320 billion dollars to collect and submit data to the
Federal government. The Federal government alone has over 8,000 separate information
collection requests authorized by OMB. Reducing citizen and business burden and automating
internal processes to reduce costs and burden are key elements of the Business Compliance One
Stop project. The Government Paperwork Elimination Act drives Federal agencies to provide the
option for electronic filing and electronic signature capabilities for the full range of government
activities by October 21, 2003. This integrated e-forms solution will increase Federal agencies’
Government Paperwork Elimination Act compliance to at least 75% by September 2004. The
development of a Business Gateway will be beneficial to businesses and citizens by providing
the foundation to consolidate information collections and reduce redundant data by at least 10%
and reduce the number of Federal forms by at least 10%.
2. **Introduction: The Problem of Paperwork Burden for Small Business**

This is the first report of the Task Force created under the Small Business Paperwork Relief Act of 2002 (SBPRA)\(^1\). In an effort to reduce paperwork burden on small businesses, the SBPRA requires the Federal government to (1) publish an annual list of the compliance assistance resources available to small businesses, (2) establish a single point of contact within agencies to interact with small businesses, and (3) establish an interagency Task Force to study and recommend additional means of reducing the burden on all small businesses. This report addresses activities of the Small Business Paperwork Relief Task Force. It contains findings and recommendations intended to reduce the burden imposed on small businesses by government paperwork information collection requirements.

### Small Businesses…

- Represent more than 99% of all employers
- Employ more than half of private-sector workers
- Represent nearly all of the self-employed
- Provide 60% to 80% of new jobs
- Produce 51% of private-sector output
- Represent 96% of all exporters of goods
- Obtain 22.8% of Federal prime contract dollars

*Source: “Small Business by the Numbers,” at [www.sba.gov/advo](http://www.sba.gov/advo)*

Small businesses have always been the backbone of our economy. They represent 99.7% of all employers. Of the Nation’s 22.4 million businesses, only 17,000 are large (with more than 500 employees).\(^2\) Within the business community, 90% have fewer than 20 employees.\(^3\) Given the enormous collective impact that small businesses have on the Nation’s overall economy, it is vital that government do all it can to create the climate they need to thrive.

For the purposes of SBPRA, “the term ‘small business concern’ has the meaning given under section 3 of the Small Business Act (15 U.S.C. 632).” This definition includes *any firm that is independently owned and operated” and is “not dominant in its field of operation.*” The Small Business Administration (SBA) has developed size standards to carry out the purposes of the Small Business Act and those size standards can be found in 13 C.F.R. 121.201.\(^4\) Depending on the type of industry, the size standard generally is (a) 500 or fewer employees, or (b) $6 million or less in receipts.

While SBPRA applies to all small businesses, the Act further specifies that agencies make further efforts to “reduce the information collection burden for small business concerns with fewer than 25 employees.”

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3 W. Mark Crain & Thomas D. Hopkins, “The Impact of Regulatory Costs on Small Firms”, Report to the Small Business Administration, RFP No. SBAHQ-00-R-0027 (2001), at 2. The opinions and recommendations of the authors of this study do not necessarily reflect official policies of the SBA or other agencies of the U.S. government. For more information, write to the Office of Advocacy at 409 Third Street S.W., Washington, DC 20416, or visit the office’s Internet site at [www.sba.gov/advo](http://www.sba.gov/advo).
4 For more information, visit [www.sba.gov/size/](http://www.sba.gov/size/).
2.1. **What is the Government’s Paperwork Burden and how heavily does it impact small businesses?**

The term “paperwork” refers to the traditional method for collecting information, paper forms. However, SBPRA applies to any information collection, including those via the Internet, telephone, or other medium. SBPRA uses the broad definition for ‘collection of information’ in section 3502 of the Paperwork Reduction Act of 1995 (PRA). It means “obtaining, causing to be obtained, soliciting, or requiring the disclosure to third parties or the public, of facts or opinions by or for an agency, regardless of form or format, calling for either—

- Answers to identical questions posed to, or identical reporting or recordkeeping requirements imposed on, *ten or more persons*, other than agencies, instrumentalities, or employees of the United States; or,
- Answers to questions posed to agencies, instrumentalities, or employees of the United States which are to be used for general statistical purposes."

Burden is also defined in the PRA. It goes beyond the effort required to complete a form and includes “time, effort or financial resources expended by persons to generate, maintain, or provide information to or for a Federal agency, including the resources expended for—

1. Reviewing instructions;
2. Acquiring, installing, and utilizing technology and systems;
3. Adjusting the existing ways to comply with any previously applicable instructions and requirements;
4. Searching data sources;
5. Completing and reviewing the collection of information; and
6. Transmitting or otherwise disclosing the information.”

Government agencies must collect information from the public to administer important programs and fulfill their intended missions.

<table>
<thead>
<tr>
<th>Purpose of government collection:</th>
<th>Examples:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To obtain or retain a benefit for the business</td>
<td>License and permit applications</td>
</tr>
<tr>
<td>To demonstrate compliance with regulations</td>
<td>Water discharge monitoring reports</td>
</tr>
<tr>
<td>Recordkeeping requirements</td>
<td>Training certifications</td>
</tr>
<tr>
<td>For statistical purposes or rule development</td>
<td>Industry surveys</td>
</tr>
<tr>
<td>For use by third parties</td>
<td>Nutrition labels</td>
</tr>
</tbody>
</table>
The Office of Management and Budget (OMB) is responsible for reviewing and approving information collections. The Federal government alone now has over 8,000 separate information collection requests authorized by OMB. These OMB approved information collections fall into three categories.

- **38.4% are mandatory** where failure to provide the information required can result in civil, or criminal, sanctions;
- **39.7% are required to obtain or retain some kind of benefit** for the respondent; and,
- **21.9% are voluntary** where a response is entirely discretionary and has no direct effect on any benefit or privilege for the respondent.\(^5\)

This report focuses on the first two categories, which generally evolve from regulations. It is important to note that agencies generally collect, or require those regulated to keep records, as part of their regulatory provisions. The information-related provisions are designed to help the agency ensure compliance with the rule. For example, EPA requires certain businesses to monitor and keep records of pollutants to ensure that certain emission thresholds are not exceeded. The substance (and primary cost) of such a rule is the action the businesses must take to reduce their pollution emissions. The recordkeeping is a secondary requirement, although it may be a significant one. Consequently, when considering reductions of paperwork burden on small businesses, we must also take into account the regulatory provisions that the reporting or recordkeeping are meant to support. It would be misleading to focus attention only on information collection burdens without making clear this connection with the related substantive regulatory provisions.

OMB estimates the cost to provide data required by all approved information collection requests in Fiscal Year 2003 was approximately 8.2 billion hours and $320 billion.\(^6\) OMB’s estimates reflect data provided by the collecting agencies, and may understate the actual burden imposed on the public. Further, information collections are only part of the full impact of the Federal regulatory process. According to a 2001 report, “The Impact of Regulatory Costs on Small Firms” by W. Mark Crain and Thomas D. Hopkins, the total costs of Federal regulations were estimated to be $843 billion in 2000, or 8 percent of the U. S. Gross Domestic Product.\(^7\) Of these costs, $497 billion fell on business and $346 billion fell on consumers or other governments.\(^8\)

Government places a heavy and expensive reporting and recordkeeping burden on all businesses, with small businesses bearing a disproportionate share of the total regulatory burden because of the overwhelming percentage of businesses that are small.\(^9\) Additionally, the burden is most keenly felt in the smallest firms, with the fewest employees available to address the burden. For firms employing fewer than 20 employees, the annual regulatory burden is $6,975 per

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\(^6\) Id. Dollar cost figures do not include the cost represented by the hour burden reported.
\(^7\) Crain & Hopkins, at 1.
\(^8\) Crain & Hopkins, at 25.
\(^9\) Crain & Hopkins, at 2.
employee—nearly 60 percent more than that for firms with more than 500 employees, at $4,463.\textsuperscript{10} Table 1 provides a comparison by sector.

<table>
<thead>
<tr>
<th>Type of Regulation</th>
<th>All Firms</th>
<th>&lt;20 employees</th>
<th>20-499 employees</th>
<th>500+ employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Regulations</td>
<td>$4,722</td>
<td>$6,975</td>
<td>$4,319</td>
<td>$4,463</td>
</tr>
<tr>
<td>Environmental</td>
<td>$1,213</td>
<td>$3,328</td>
<td>$1,173</td>
<td>$717</td>
</tr>
<tr>
<td>Economic</td>
<td>$2,065</td>
<td>$1,616</td>
<td>$1,648</td>
<td>$2,485</td>
</tr>
<tr>
<td>Workplace</td>
<td>$779</td>
<td>$829</td>
<td>$873</td>
<td>$698</td>
</tr>
<tr>
<td>Tax Compliance</td>
<td>$665</td>
<td>$1,202</td>
<td>$625</td>
<td>$562</td>
</tr>
</tbody>
</table>

* Note to Table 1: These aggregate cost data use employment shares to weight the respective business sectors. The estimates are for 2000 and are denominated in 2000 dollars.

Source: *The Impact of Regulatory Costs on Small Firms*, an Advocacy-funded study by W. Mark Crain and Thomas D. Hopkins.

In a December 2001 small business poll conducted by the National Federation of Independent Business (NFIB), respondents shared their perspectives on the impacts of the regulatory workload on their firms. When asked “is government regulation a very serious, somewhat serious, not too serious, or not at all serious problem for your business,” nearly half, or 43.6 percent, answered “very serious” or “somewhat serious.”\textsuperscript{11} When asked “which level of government creates the most serious regulatory problems for you,” 49 percent chose the Federal government, 35 percent State government and 13 percent local government.\textsuperscript{12}

When asked “What is the single greatest problem created for your business by government regulation,” the largest percentage of small businesses in three size groups singled out *extra paperwork*, with the number of votes increasing as the number of employees decreased.\textsuperscript{13} The second most frequently selected problems, sharing an equal number of votes, were: (1) *difficulty understanding what (a business must do) to comply*, and (2) *dollars spent to comply*.\textsuperscript{14} This poll supports the conclusion that SBPRA focuses on issues of importance to small business concerns.

Several factors contribute to the difficulty small businesses experience when trying to find out what they must do to comply with regulations and related information collections:

**Volume** -- It is well known that the Code of Federal Regulations (CFR) continues to expand despite efforts to curtail further growth. The CFR grew from 71,000 pages in 1975 to 135,000 pages in 1998. Annually, there are more than 4,000 regulatory changes introduced by the

\textsuperscript{10} Crain & Hopkins, at 3.
\textsuperscript{11} *Coping with Regulation*, NFIB National Small Business Poll, Volume 1, Issue 5 (2001), ISSN-1534-8326, at 9. The poll is available for viewing at www.nfib.com
\textsuperscript{12} *Id.*
\textsuperscript{13} *Id.*
\textsuperscript{14} *Id.* It is not clear whether the difficulty in understanding how to comply referred to compliance reporting, compliance with the substantive regulatory standards, or both.
Federal government alone. Businesses must find ways to navigate the maze of requirements to identify the rules and information collections that apply to them.

**Multi-Jurisdictional System** -- Businesses are regulated by numerous agencies at Federal, State and local levels, all imposing separate requirements on individual businesses -- adding to the confusion and time needed to become compliant. For example, for the trucking industry, there are over 40 information collection requirements from 11 Federal entities and at least 5 standardized transactions imposed by every state.

**Complexity** -- Many of the laws and regulations are extremely complex and difficult to understand, causing businesses to spend additional money hiring service providers such as attorneys, accountants, and permit agents. Paying taxes, acquiring licenses and permits, and managing employees are reportedly the three most burdensome areas of laws and regulations affecting businesses, particularly for the most regulated industries (e.g., transportation, food, chemicals, auto, and health care).

**Inaccessibility** -- Currently, businesses must search through multiple sources of information, such as the *Federal Register*, Federal/State/local agency and trade web sites, and trade publications to try to locate all the rules and regulations that affect them. They may also learn of requirements through the media, at professional conferences and from other business persons. Not all sources are accessible 24 hours, 7 days per week, and many remain informational only, without the kind of compliance assistance many small businesses need.

2.2. **TWO PERSPECTIVES ON REGULATORY INFORMATION**

Regulatory agencies and small businesses have different perspectives on information collections associated with regulations. Understandably the regulator views the information burden from the perspective of its role in meeting the goals of each specific regulation, e.g., cleaner air, safer automobiles or workplaces, sounder financial practices. This burden is seen as part of the costs of regulatory compliance and is borne by small business and others who must comply. The analytical framework for reviewing the burden revolves around the regulation — can it be harmonized with other agency regulations, or do the societal benefits justify the societal costs, including the costs of paperwork and compliance efforts? The following chart depicts the regulator-centered points of view. In this case, reduction in burden focuses on individual regulations a, b, c, 1, 2, and 3.
2.2.1. The Regulatory Information Demand Chain

An alternative way of analyzing the regulatory burden is from the perspective of the information supplier, i.e., the regulated businesses. Effectively managing regulatory burden requires understanding the viewpoints of clusters of “regulated” communities and finding ways to streamline and harmonize regulatory information collected from these clusters. The graphic below shows the environment from the information provider point of view. In this case, burden reduction focuses on clusters of regulatory requirements from all Federal, State, and local governments that affect a particular regulatory community.

2.2.2. Small Business Regulatory Information Supply Chain
3. **BACKGROUND: EFFORTS TO ADDRESS THE PROBLEM**

3.1. **WHAT PRIOR EFFORTS HAVE BEEN MADE TO ADDRESS THE INFORMATION COLLECTION BURDEN?**

Historically, the Federal government has enacted many statutes to address the increasing information collection burden. The following statutes demonstrate the Federal government’s commitment to paperwork burden reduction.

3.1.1. **Federal Reports Act of 1942**

The Federal Reports Act (FRA) of 1942\(^\text{15}\) gave OMB’s predecessor agency, the Bureau of the Budget, the authority to approve Federal information collections. OMB’s Division of Statistical Standards was given responsibility for approving federal forms. After World War II, the Division concentrated mostly on increasing the use of statistical sampling and other techniques to reduce the costs of Federal information collections.

3.1.2. **Paperwork Reduction Act of 1980**

Congress first passed the Paperwork Reduction Act (PRA) in 1980\(^\text{16}\). The PRA eliminated the exemptions granted under the FRA to the Internal Revenue Service, bank regulatory agencies, and independent regulatory commissions. It also made clear that OMB would approve all Federal information collections, including recordkeeping and reporting requirements contained in regulations.

The PRA also added a “bottom up” component to paperwork review; each agency is required to perform an internal review of each information collection request before submitting it to OMB for approval. The PRA also requires public notice and the opportunity for public comment on proposed information collections.

3.1.3. **Regulatory Flexibility Act of 1980**

The Regulatory Flexibility Act (RFA) of 1980\(^\text{17}\) recognized that small entities may be less able to manage the burdens imposed by Federal regulation, or even unable to achieve compliance, than large entities. The RFA requires agencies to specifically examine the effects on small businesses of rules under consideration, to involve small businesses in the rulemaking process, and to consider alternatives that will reduce the costs imposed or increase the benefits to small businesses.

3.1.4. **Paperwork Reduction Act of 1995**

In 1995, Congress amended the PRA to emphasize, clarify, and reaffirm several purposes of the

\(15\) P.L. 77-831.
\(16\) P.L. 96-511.
\(17\) P.L 96-354.
original PRA, specifically that --

- The PRA applies to all Federal government-sponsored collections of information, including those that do not require submission of information directly to a Federal agency (e.g. third-party reporting requirements, Federal-sponsored academic research);

- That the fundamental purpose of the PRA is to minimize the burden imposed by Federal paperwork on the public; and

- That each Federal agency is responsible for minimizing its paperwork burden and fostering paperwork reduction.

In addition, the 1995 PRA assigned responsibility for agency review of information collections to the agency Chief Information Officer.

3.1.5. **Small Business Regulatory Enforcement Fairness Act of 1996**

**Executive Order 13272.** In August, 2002, following the enactment of SBPRA, President Bush issued Executive Order 13272. The Executive Order reaffirmed the principle behind the RFA and SBREFA, instructing agencies to give appropriate consideration to small entity effects when preparing regulations. Agencies are instructed to consult with SBA’s Office of Advocacy when preparing rules with effects on small entities.


In 1996, Congress amended the RFA and strengthened its protection for small entities. The Small Business Regulatory Enforcement Fairness Act of 1996\(^{18}\) (SBREFA) subjected agency RFA determinations to judicial review, subjected agency actions with large impacts on the economy as a whole or a specific sector of the economy to congressional review, and required agencies to provide additional compliance assistance to small entities. In addition, SBREFA required the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA) to convene a panel of agency employees, SBA’s Office of Advocacy, and OMB to solicit advice from small businesses before the agency issues a proposed rule that may have a significant economic impact on a substantial number of small entities.


The Government Paperwork Elimination Act (GPEA) of 1998\(^{19}\) requires Federal agencies, by October 21, 2003, to allow individuals or entities that deal with the agencies the option to submit information or transact with the agency electronically, when practicable, and to maintain records electronically, when practicable.

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\(^{18}\) P.L. 104-121.

\(^{19}\) Public Law 105-277, Title XVII, 112 Stat. 2681-749.
3.1.7. Small Business Paperwork Relief Act of 2002

The Small Business Paperwork Relief Act of 2002 (Public Law 107-198) is part of a more comprehensive effort to further help reduce the burden of paperwork on small businesses. It requires the Federal government to (1) publish an annual list of the compliance assistance resources available to small businesses, (2) establish a single point of contact within agencies to interact with small businesses, and (3) establish an interagency Task Force to study and recommend additional means of reducing the burden.

In response to the first two requirements under the Small Business Paperwork Relief Act, OMB, in cooperation with the Small Business and Agriculture Enforcement Ombudsman (SBA Ombudsman) in the Small Business Administration, has assembled a list of the compliance assistance resources available to small businesses as well as points of contact. Those lists are available on OMB’s web site at http://www.whitehouse.gov/omb/inforeg/infocoll.html. The SBA Ombudsman is also making these lists available on the SBA Ombudsman’s web site at http://www.sba.gov/ombudsman. This Small Business Paperwork Relief Task Force addresses the third requirement of the SBPRA and recommends additional means of reducing burden on small businesses.

4. THE SMALL BUSINESS PAPERWORK RELIEF TASK FORCE

4.1. INTRODUCTION

4.1.1. What specific functions are assigned to the Task Force?

SBPRA requires the Director of OMB to convene and chair a Task Force “to study the feasibility of streamlining requirements with respect to small business concerns regarding collection of information and strengthening dissemination of information.” More specifically, the Small Business Paperwork Relief Task Force is charged with examining five ways to reduce the information collection burden placed by government on small business concerns. They are:

1. Examine the feasibility and desirability of requiring the consolidation of information collection requirements within and across Federal agencies and programs, and identify ways of doing so.

2. Examine the feasibility and benefits to small businesses of having OMB publish a list of data collections organized in a manner by which they can more easily identify requirements with which they are expected to comply.

3. Examine the savings and develop recommendations for implementing electronic submissions of information to the Federal government with immediate feedback to the submitter.

4. Make recommendations to improve the electronic dissemination of information collected under Federal requirements.
5. Recommend a plan to develop an interactive Government-wide Internet program to identify applicable collections and facilitate compliance.

While carrying out its work, the Small Business Paperwork Relief Task Force is asked to consider opportunities for the coordination of Federal and State reporting requirements, and coordination among individuals who have been designated as the small business “point of contact” in their agencies.

The Task Force is required to submit a report of its findings on the first three questions no later than one year after enactment, or June 28, 2003. A second report on the final two questions is required no later than two years after enactment, or June 28, 2004. Both reports must be submitted to --

- the Director of OMB;
- the Small Business and Agriculture Regulatory Enforcement Ombudsman designated under section 30(b) of the Small Business Act (15 U.S.C. 657(b)); and,
- the chairpersons and ranking minority members of:
  - the Senate Committees on Governmental Affairs and Small Business and Entrepreneurship; and,
  - the House Committees on Government Reform and Small Business.

4.1.2. Which agencies are represented and who are the Small Business Paperwork Relief Task Force members?

The Director of OMB appointed Dr. John D. Graham, Administrator of the Office of Information and Regulatory Affairs, and Mark A. Forman, Administrator of the Office of E-Government and Information Technology, to co-chair the Small Business Paperwork Relief Task Force. Dr. Graham is responsible for administering the Paperwork Reduction Act and for overseeing the Federal regulatory process. Mr. Forman is responsible for overseeing the President’s Expanding E-Gov Initiative, including a Government-to-Business Portfolio of projects. Thus, both organizations are equally vested in the Task Force’s mission.

The Act specifies the following agencies to be represented on the Task Force:

- Department of Labor (including the Bureau of Labor Statistics, and the Occupational Safety and Health Administration);
- Environmental Protection Agency;
- Department of Transportation;
- Office of Advocacy of the Small Business Administration;
- Internal Revenue Service;
- Department of Health and Human Services (including the Centers for Medicare and Medicaid Services);
- Department of Agriculture;
- Department of Interior;
• General Services Administration;
• Two other participants to be selected by the Director of OMB (the Department of Commerce and additional representation from the Small Business Administration were chosen).

The Small Business Paperwork Relief Task Force members are listed by name at Appendix 2. A list of other participating staff is included at Appendix 3.

4.1.4. What are the Goals, Objectives, and Operating Principles

GOAL: Identify effective, realistic ways to reduce the burden on small businesses by making it easier to find, understand, and comply with government information collections.

OBJECTIVE 1: Recommend actions that can make it easier for small businesses to find out what information collections apply to them from individual Federal agencies, across all Federal agencies, and from State and Local governments, where practicable.

OBJECTIVE 2: Recommend actions that can reduce the difficulty, frequency, redundancy and expense of compliance for small businesses.

OBJECTIVE 3: Recommend actions that will help small businesses understand why information is being collected and how it benefits them.

OPERATING PRINCIPLES:

- Recommendations should be consistent with principles of the President’s Management Agenda:
  • Citizen-centered, not bureaucracy-centered.
  • Small businesses concerns and burden reduction are a priority for the Federal government.
  • Results-oriented. Success should be measured by benefits that are demonstrable.
  • Market-based, actively promoting innovation.
- Recommendations must be technically feasible.
- Recommendations should be supportable within existing government agencies and management structures.
- Recommendations must be achievable given existing Agency resources, or sufficient case must be made to support additional costs.
- Recommendations should address both short term and long term remedies.
- Recommendations should leverage and build on efforts underway that address the Task Force’s goals.
- Recommendations should be consistent with lessons learned and based on best practices from past efforts.

The President Urges Agencies to Work Together

“Our success depends on agencies working as a team across traditional boundaries to better serve the American People, focusing on citizens rather than individual agency needs…I thank agencies who have actively engaged in cross-agency teamwork, using E-Government to create more cost-effective and efficient ways to serve citizens, and I urge others to follow their lead.”--George W. Bush

President’s Memorandum, Electronic Government’s Role in Implementing the PMA
July 10, 2002
The Task Force recommendations are intended to build upon, rather than duplicate, the efforts required by the Paperwork Reduction Act of 1980 and 1995, the Regulatory Flexibility Act of 1995, and the Small Business Regulatory Flexibility Act of 1996. The recommendations concentrate on ways to minimize the burden associated with existing requirements, rather than eliminate requirements. The report is not intended to overshadow the existing statutory requirements, but emphasize the responsibility of Federal agencies and OMB to reduce burden on small businesses. Furthermore, the Task Force recommendations help to devise solutions to overcome existing barriers to burden reduction.

4.1.5. What methods did the Task Force use to derive its recommendations?

The Small Business Paperwork Relief Task Force began its work with a meeting of the full membership to develop a common understanding of the law, project goals, scope, roles and responsibilities, resource requirements, strategy, timeline and deliverables.

After the initial meeting the Task Force divided into three subcommittees to examine the three questions in greater detail. Additional staff experts from Federal agencies joined the effort. The subcommittees used methods such as:

- assigning specific questions to experts for research;
- in-person and virtual brainstorming with a wider group of experts;
- inventorying and investigating activities and projects already underway;
- studying best practices and lessons learned from prior/current activities; and
- studying the results of public outreach conducted by the Small Business Administration’s (SBA) Office of Advocacy and other reference material intended to provide input from the business community and other stakeholders.

The subcommittee members and staff experts worked together to develop findings and recommendations. The initial drafts were reviewed, modified, and finally adopted by the subcommittees, then presented to the full Task Force for consideration. Again the material was reviewed, modified and adopted for publication in the Federal Register.

At the request of the Small Business Paperwork Relief Task Force, SBA’s Office of Advocacy held a public meeting on March 4, 2003, to solicit the views of interested persons regarding SBPRA. The Chief Counsel for Advocacy convened the meeting both in his Advocacy role and as a Task Force member. Following the meeting, written input was accepted, including the results of two surveys conducted about SBPRA by the U.S. Chamber of Commerce and the National Federation of Independent Business. The Office of Advocacy published the written proceedings of its outreach activities which is included as Appendix 4.

The Small Business Paperwork Relief Task Force published the draft report in the Federal Register for public comment on May 9, 2003. The comment period closed June 4, 2003, and the Task Force has considered the comments for this Final Report (see Appendix 8).
4.2. FINDINGS AND RECOMMENDATIONS

4.2.1. Task #1: Consolidated Information Collections
(See, 44 U.S.C. 3520(c)(1)).

PROBLEM STATEMENT

As noted earlier in this report, reporting and recordkeeping requirements place a heavy and expensive burden on businesses, particularly small businesses. Compliance with these requirements is made more difficult by the number and complexity of regulations which impose direct burdens of compliance. Businesses are often subject to regulations enforced by multiple Federal agencies. The need to report information to several different government entities also increases compliance costs, particularly when reporting or recordkeeping requirements are not coordinated across agencies. The Task Force has considered ways to reduce the paperwork burden on small businesses by identifying and consolidating similar collections of information across Federal agencies. This section reports our findings and recommendations for accomplishing these goals.

ASSUMPTIONS

In developing these recommendations, the Task Force made the following assumptions:

- There are several barriers to burden reduction that must be recognized.
  - Information Needs. Federal agencies have specific statutory and programmatic responsibilities and require information in order to fulfill those responsibilities. Paperwork can only be reduced in ways that will not negatively impact the effectiveness of the laws and regulations for which the agency is accountable.
  - Expanded Responsibilities. The need for information increases as new Federal programs are created, existing programs are expanded, additional health, safety or environmental protection laws are enacted, and the tax laws become more complex.

ISSUES

The Task Force was asked to specifically consider the feasibility of: (1) synchronized reporting times and frequencies, (2) consolidated reporting requirements within and across agencies, and (3) small business compliance assistance and submission of information through a single point of contact within an agency. The Task Force conducted a review, which identified a number of Federal government initiatives to reduce or streamline reporting requirements for businesses.
Several of these initiatives are described in Appendix 5. The Task Force understands that each of the options outlined in the law may be desirable and feasible under the appropriate circumstances; however, there are several barriers that need to be addressed.

**Synchronized Reporting**

Synchronized reporting would control the frequency of information submission to the government. To the extent that similar information is required within or across agencies, synchronized reporting should be undertaken, provided changing the reporting frequency would not negatively impact the effectiveness of the underlying law or regulation. However, synchronizing reporting frequency does pose some challenges. This option seems to have the least potential for burden reduction because not all information that businesses are required to report is submitted to the Federal government on a regular basis. Some reporting occurs only at the time of an event, such as admission of a patient to a nursing home, or a chemical spill. Timely submission of this information is critical to fulfill agency responsibilities.

Even for information that is submitted to the government on a regular basis—monthly, quarterly or annually—a synchronized reporting time may not be desirable. In the public meeting held by SBA on March 4, 2003, small businesses expressed concern about synchronized reporting times. A requirement to provide all information required by the Federal government on a single date has the potential of creating a greater workload burden for business than when the reporting is spaced throughout the year. Clearly, some small businesses prefer spreading reporting throughout the year. Further, for many reporting requirements, the reporting frequency is mandated in statute or regulation. Synchronizing reporting frequency would require legislative or regulatory action.

**Consolidated Information Collections**

The Task Force believes that there is opportunity for improved consolidation of similar information collections and reporting requirements across the Federal government. This report outlines several recommendations for accomplishing this task. However, the Task Force recognizes that, given the diversity of Federal government activities, no one method or template for reporting would fit all information collections. Seemingly duplicative information collections may not be appropriate for consolidation due to the nature or utility of the data collected. For example, definitions across similar data collections may not be harmonized due to differences across industries or underlying statutes. Consolidation of such reporting requirements may lead to confusion, rather than simplification.

The use of electronic systems to collect and disperse information to the appropriate agencies is the easiest approach for the consolidation of information collection. More than simply converting forms to an electronic format, they offer the opportunity for re-engineering the entire information process, encouraging synchronized reporting and harmonized definitions. They can also mitigate the issue of increased workload in short time frames raised by small businesses.
The following possible templates for consolidation include:

- **Traditional Single Agency, Single Report** – Each agency develops its own reporting application for each report.
- **One-Stop Reporting** – Businesses making a single report to a single government agency, with that agency separating and forwarding the appropriate data to other government agencies.
- **Combined Reporting** – Businesses filing separate reports with or through a single agent or agency, with that recipient forwarding the various reports to the appropriate agencies.
- **Single Point of Preparation with Split Filing** – Businesses using software products to extract the necessary data from their records systems, populate the various reports for the various agencies, and then forwarding the reports separately to each agency.

It should be noted that the strategies discussed above are not mutually exclusive. For example, if several forms are consolidated into a single format, then synchronized reporting for information submissions having the same frequency with respect to timing would logically follow. Greatest efficiencies from consolidated reporting are to be found where the same information is being collected more than once. Agencies should focus resources to identify and merge these collections when feasible. Small businesses and their associations should also participate in this process, by utilizing existing and planned communication mechanisms to inform agencies and OMB of duplicative collections.

Consolidated reporting, particularly among agencies, and even more so between Federal, state and local agencies will pose additional barriers that will need to be addressed. Consolidation issues include cost sharing, validation routines, enforcement, and confidentiality and privacy rights. For example, statistical agencies collecting data under a confidentiality pledge cannot share information with other agencies such as OSHA and IRS. Nor can the IRS share taxpayer information absent statutory authority or the authorization by the taxpayer to do so. This holds true, even when the disclosure of such information is for the purpose of validating the same information provided by the taxpayer to another agency. Additionally, the IRS accepts, with electronic Federal Income Tax Returns, state tax returns for 38 states. While the IRS validates information provided on Federal returns, it does not validate the information specific to state returns. IRS also does not have the authority to return a state return to the submitter to correct errors, as it does with Federal returns before they are accepted as filed. Furthermore, many agencies run validation routines, matching incoming data against databases in-house. Absent the full sharing of these databases across all of the participatory agencies, it is not clear how this data validation would take place and in what time frame. Therefore, a consolidated reporting option would require collaboration with IRS to address these issues.

**Single Small-Business Point of Contact**

Establishing a single point of contact for small businesses appears to be both feasible and desirable and is a requirement under the Small Business Paperwork Relief Act. Small business participants in the SBA public meeting were very supportive of this measure. The point of contact should be able to provide information about regulatory reporting requirements enforced by the Agency, and technical assistance in fulfilling those requirements. While the desirable traits of such a point of contact are easily stated, defining how each agency should accomplish
this educational service and assistance is more difficult. An agency with a single reporting requirement, applicable to a discrete group of businesses, may find it easy to provide a telephone service to address all of the relative issues. More difficult would be the provision of knowledgeable assistance and services to a large number of businesses across many populations with different reporting requirements. A possible addition to having a single small-business point of contact could be to provide a well-designed website which lists more details.

RECOMMENDATIONS

The Task Force has developed several recommendations to achieve the SBPRA goals. The recommendations discussed below are consistent with the Operating Principles of the Task Force. They have been limited to options considered technically feasible, supportable within existing government management structures, and achievable given existing agency resources. The Task Force also considered the previous legislative efforts to address paperwork burden, discussed above, when developing the recommendations. The recommendations listed below do not duplicate these prior efforts, nor do they alleviate the need to continue them. The Task Force determined that more can and should be done within the existing framework created by these Acts to reduce paperwork burden on small businesses. For example, the Paperwork Reduction Act requires agencies to ensure that data collections minimize burden and maximize practical utility. Greater emphasis should be placed on these criteria for collections from small businesses. The following are some examples of opportunities for improvement.

Practical Utility

- Agencies should periodically review laws and regulations to assure the continued usefulness of reporting and recordkeeping requirements.
- Eliminate those requirements found to have little practical utility. For example, OSHA does not require certain small businesses in service producing industries with a low frequency of injury and illness to keep worker injury and illness logs.

Minimize Burden

- Review reporting forms and instructions for simplicity and ease of understanding.
- Conduct periodic reviews of existing collections to explore less burdensome ways to obtain data.
- Harmonize definitions across similar data elements and use existing classification systems when feasible.

A number of government projects, including multi-agency projects, have proven the feasibility and desirability of the consolidation of information reporting activities. While there are significant barriers to the establishment of a unilateral requirement or mandate to do so, a number of steps can be recommended to encourage consolidation. Based on the analysis of the problem and issues discussed above, the Task Force recommends the following actions to reduce paperwork burden on small businesses though simplification and consolidation of reporting requirements. These recommendations should not be viewed as discrete actions; the recommended steps flow toward a final goal.
1. **Require Agencies to Develop a SBPRA Plan.** The plan would outline specific steps the agency would take to reduce paperwork burden on small businesses, set goals and establish timelines for achieving those goals. The Task Force envisions that the initial plan would include steps to develop a complete inventory of agency recordkeeping and reporting requirements, followed by a detailed mapping of those requirements to the agency’s business lines/programs or underlying regulations. Based on this analysis, agencies would identify and prioritize opportunities for burden reduction through information reporting consolidation. Additionally, agencies would include their identified small business point of contact as part of their SBPRA plan. The Task Force envisions that over time the single point of contact would become familiar with the paperwork requirements imposed by the agency, be able to identify duplicative or obsolete requirements, and provide some level of compliance assistance to the public.

2. **Require Agencies To Submit Annual SBPRA Reports To OMB.** Agencies would be required to submit to OMB their SBPRA plans, or updated plans, status reports, and whether goals have been met. This report would also include updates on the existing compliance assistance initiatives to help stimulate ideas for burden reduction opportunities. This information would be included in the annual OMB Information Collection Budget.

3. **Review Privacy Issues.** Consolidated reporting may raise privacy issues amongst the agencies and businesses. Therefore, a study could be conducted to address privacy issues if consolidated reporting is implemented.

4. **Adopt Common Technology Standards.** E-Government initiatives as part of their mission should leverage commercial versus unique standards across Federal agencies for technology, software, and protocols to facilitate consolidated reporting for businesses (i.e. XML standards).

5. **Improve Outreach To Small Businesses.** Design a simple process for small businesses to comment on pending or active information collections. Although mechanisms exist for the public to comment on new and existing information collections, many small businesses have criticized the existing comment process as overly complex and burdensome. The eRulemaking Initiative, which is also one of the 24 Presidential E-Government projects, has designed a one stop portal, www.regulations.gov, to give the public the ability to see and comment on proposed regulations via the Internet.

   Agencies should also take steps to improve outreach to small businesses, including the conduct of public meetings and announcements of public comment periods in industry publications, on all highly burdensome (defined as over 1,000,000 burden hours) information collections expected to affect small businesses. Additional outreach efforts would significantly improve an agency’s efforts to identify opportunities for burden reduction.

6. **Create Partnerships among Agencies with Similar or Overlapping Regulatory Authority.** Agencies should take steps to identify other agencies, including state and local government agencies, with similar reporting requirements and partner with them to develop consolidated reporting systems. Agencies should eliminate duplication and maximize data sharing when
feasible.

7. **Develop OMB Guidelines to Achieve Burden Reduction through E-Government.** The Task Force recommends that the Office of Management and Budget require each agency to incorporate burden reduction as a goal of its E-Government initiative, and issue guidelines to aid agencies in doing so. All Executive Branch Departments have existing E-Gov working groups which could take the lead in this effort. We envision E-Government as more than supporting electronic submission of existing forms. The E-Gov initiative should be a tool to achieve further burden reduction through process re-engineering when feasible. In this way the E-Gov working groups would compliment, rather than duplicate, other burden reduction efforts within the agency.

8. **Continue the Business Compliance One Stop Initiative.** The Business Compliance One Stop (BCOS) project is one of the President’s 24 E-Government initiatives, located at [www.BusinessLaw.gov](http://www.BusinessLaw.gov). It is designed to ultimately provide small businesses a single point of entry for regulatory compliance information. The Task Force believes BCOS shows promise as a means for achieving the purpose of SBPRA. Since its inception in March 2002, BCOS has streamlined a number of paperwork reporting requirements and transactions from a business-centric perspective. It is a solution that is expected to be ongoing for several years. More information on BCOS is provided in Appendix 6.

### 4.2.2. Task #2: Organized List of Information Collections
(See, 44 U.S.C. 3520(c)(2)).

**PROBLEM STATEMENT**

Small businesses can be unaware of all the Federal regulatory requirements that apply to them and the reports they must file and records they must keep in order to demonstrate compliance. Further, they may not know how to comply or where to go for compliance assistance. As a result, the agency’s intent for Federal information collection requirements may not be achieved. Ideally, small businesses would have access to compliance assistance tools and a system that enables them to quickly and easily generate a list of all requirements that apply to their operation. The Task Force considered ways to facilitate small business access to a comprehensive list of information collection requirements with which they are expected to comply.

**ASSUMPTIONS**

To be most useful, a tool for meeting small businesses’ need for information about reporting and recordkeeping requirements would provide a list that is:

- tailored to specific industry sectors, (e.g., dry cleaning, printing),
- comprehensive,
- user-friendly, and
ISSUES

Creating a tool for identifying applicable requirements for small businesses will require resolving a number of policy, technical, management, and resource issues.

Policy Issues

Relating Paperwork and Regulatory Requirements to the Individual Business

In order to be useful to a business, the system must provide the user with a comprehensive list of the recordkeeping and reporting requirements for which the business is responsible. However, there is no Federal guidance that addresses how agencies should specify reporting and recordkeeping requirements applicable to a particular business size or sector.

Businesses are most often described by industry characteristics or NAICS codes (e.g., dry cleaning, painting, furniture manufacturing). Classification systems such as North American Industry Classification System codes (NAICS codes) do not indicate applicability to specific small business sectors. These codes are the nation’s industry classification system widely used for many purposes. However, OMB estimates that approximately 70% of information collections apply to many, or all, NAICS codes. For example, all businesses are subject to requirements for reporting taxes to the IRS. Many businesses’ activities are characterized by multiple NAICS codes. A list of reporting and recordkeeping requirements listed by NAICS codes alone would require many businesses to review multiple requirements listed under several NAICS codes. Such listings likely would include duplicative requirements.

Size is a factor to be considered. Some statutes and regulations differentiate among businesses based on the size of the business and the agencies, in general, use different criteria to determine what is a large or a small business. In addition, agencies separate businesses using other criteria, for example, organizational structure (a sole proprietorship or a corporation) or its status within a business life cycle (e.g. a new business, employer) or other unique criteria. As a result of the different descriptors used by agencies, no single criteria can be used to identify all of the reporting and recordkeeping requirements with which a single business must comply.

Identifying the Source of the Information

A second prerequisite for developing a list of applicable reporting and recordkeeping requirements is access to a complete inventory of all Federal information collections that are tagged with the business profile criteria. There is only one source for a listing of all Federal agency forms, OMB’s Reports Management System (RMS).

RMS stores only generally descriptive information from the clearance packages (for forms) it reviews as part of its approval process. There are currently over 8,000 approved information collections. However, there are three issues that limit RMS’s usefulness for small business:
The system only contains a brief overall title of the information collections or groups of information collections for which OMB grants approval. The system does not contain the actual requirements imposed on small businesses. Small businesses would have to go to the agency or the Code of Federal Regulation (CFR) to learn the details of what is required.

The quality, accuracy and comprehensiveness of the data submitted by agencies on OMB form 83-I varies.

While the Form 83-I and database do include key words that can help identify applicability, there are no standards that would provide easy categorization and selection for a list based on a business’s profile.

An alternative is to use the lists maintained by each of the Federal agencies. Many of the agencies have established Web Sites that not only list their forms, but provide access to them. Access might mean the ability to order the form, to see it on the screen, to print it, to complete it on screen and print it, or to complete the form and file it using the Internet. In addition, many of the web sites provide information on who must file the form and assistance in completing the form. However, as with OMB’s Reports Management System, there is no systemic method of identifying a comprehensive list of reporting and recordkeeping requirements based on the profile of a business, neither within an agency, nor across all agencies.

Clearly, in order for a business to obtain a comprehensive list of reporting requirements, each reporting requirement must be tagged with the applicable criteria used to profile businesses. Once a methodology for profiling a business, including a list of criteria, is developed, all Federal information collections could be updated to reflect the criteria.

Incorporating identification elements into reporting requirements all at once would overwhelm most regulatory agencies. However, under Federal law, agencies must update their information collection requests that are associated with those requirements every three years. OMB Form 83-I could be modified to require the new identification element. The information could be updated in the Reports Management System database and the agency web sites on a continual basis as the agencies’ information collection requests are submitted. OMB’s review would help to ensure that all requests include the identification elements and agency review could help to ensure the accuracy of the information. In this way, the profiling criteria needed to specify applicability could be added to all information collections and housed in searchable databases within three years. It should be noted that while this effort could be completed over a three year period, it could still represent a significant workload for agencies that would have to evaluate the applicability of their requirements.

Technical Issues

Creating the list.

Because of the issues described above, creating a government-generated list, or lists of reporting and recordkeeping requirements based on a single criteria, such as the NAICS code, would not
meet the information needs of small businesses. Such a list, or groups of lists, would include every requirement that potentially could apply to a particular NAICS code. The list of potentially applicable requirements for a particular NAICS code would not be significantly shorter than the list of all existing information collection requirements. Moreover, if a small business were listed under more than one NAICS code, the research needed to determine applicability would be even greater.

One alternative would be to sort the requirements into multiple categories and have the user search for those requirements that would be applicable to the business. The categories could be listed by industry code and other distinguishing criteria, such as the kinds of businesses subject to environmental or worker safety reporting and recordkeeping requirements. A list organized in this manner would require the user to search under multiple categories and to cross-reference the requirements that appear under each one. It would be time consuming, but could lead to a more accurate result than a listing using a single criterion, depending on how knowledgeable the user is about his or her operation. The user would have to know which headings to search. This process would likely be tedious and time consuming. Moreover, even sophisticated users might overlook or miss applicable categories, leading to an incomplete result.

A second alternative would be to build an automated, interactive system that enables users to self-identify applicable criteria that profile their business. Such a system enables the user to research requirements using multiple screening tools. The user answers questions relating to business type, size and other factors that enable the search engine to narrow the results. Depending on the answers, the user may be asked for more details to narrow the search further. For example, if the user indicates an interest in environmental regulations, he or she may be asked about the hazardous materials used in their operation. Of the three systems, this appears to be the best alternative for meeting the user’s needs.

SBA has been working with a number of agencies to build an automated, query-based system under the goals of the Business Compliance One Stop initiative. Recognizing the power of automated search engines, the BCOS project is designing an Internet portal with a sophisticated multi-criteria search capability. However, SBA estimates that having a complete system for serving all sectors is a number of years away.

Ensuring access to the list

Providing access to a search engine over the Internet would provide the most accessible and cost-effective means of meeting small business information needs. But many small businesses do not have Internet access. SBA estimates that over 10% of small businesses will not use computers in the next five years. Of those that do, owners and employees may not have the time to access and download all of the necessary information while juggling other on-the-job demands. Providing a list of applicable requirements in a quick, easy to download and printer-friendly format would allow downloading at work or in other places, such as homes or libraries, where Internet access is available. Users would be able to return, in an organized manner, to obtain additional information available under each reporting/recordkeeping requirement as their time allows. Further, having an order-form of relevant publications that could be downloaded may be helpful
for small business owners who do not have time or capacity to download and print documents regardless of where they physically conduct their Internet searches.

Management Issues

Coordinating among multiple Federal agencies

At least thirty-six agencies impose reporting and recordkeeping requirements on small businesses, and all of them have unique organizational structures, processes, and strategic planning for managing these responsibilities. Agreement among these agencies on the development project and support of the systems application on an ongoing basis will require extensive coordination.

Given the number of agencies involved, a single Federal entity would need to be charged with overseeing the development and long-term maintenance of the application. However, the best means of ensuring continued support for the project is to establish a multi-agency Governing Board, a government-wide strategic planning process, and a business case requirement for each phase of the project and new application, including a sequencing plan for the business profiling criteria.

Resources Issues

Cost of system development. This report provides no analysis of the cost to be incurred by BCOS to build the search engine and forms portal. However, SBA estimates building a functioning, but limited profiler or “intelligent agent” that asks the user a number of questions and based on the answers takes the user to the appropriate information collection requirement will cost a minimum of $200,000. The limitation is based on providing access to environmental, employment, taxation, and trucking regulations only. A business case that provides a maximum as well as a minimum cost, covering all regulations, is needed before development is undertaken.

Cost of system operation and maintenance. A system that enables users to identify applicable reporting and recordkeeping requirements must be operated and maintained continuously. The BCOS project needs to provide a basis for estimating the cost of operating and maintaining a more comprehensive system as part of its preliminary business case and to the extent that such costs must be absorbed by the participating agencies; the funding must be incorporated in the agencies’ strategic plans and priorities.

Staffing needs. Building and maintaining the proper links to each agency’s websites will require coordination among agency staffs most familiar with reporting and recordkeeping responsibilities, as well as website contents.

OPTIONS CONSIDERED

The Task Force identified and evaluated several existing Federal information resources that potentially could be used to generate a list of applicable requirements.
• The Paperwork Requirements website:  
[http://www.whitehouse.gov/omb/inforeg/infocoll.html](http://www.whitehouse.gov/omb/inforeg/infocoll.html)  
This website is managed by OMB and provides an inventory of current approved information collections. Information collection requests are listed by agency and are not searchable by business size or sector.

• RISC/OIRA Consolidated Information System (ROCIS):  
The Office of Information and Regulatory Affairs (OIRA) within OMB is working with GSA's Regulatory Information Service Center (RISC) to develop ROCIS. ROCIS will provide for electronic submission, review, and approval of information collections. It will also give the public the ability to see, via the Internet, what information collections agencies have submitted to OMB for review, and give the public the ability to comment electronically to OIRA about these information collections. The public will also be able to see precisely what is currently approved under the PRA.

ROCIS also collects basic information about the information collections. ROCIS is not sophisticated enough to be able to determine the precise information collections that apply to specific businesses. However, there will be information about the regulatory provisions with which an information collection is associated.

OIRA intends for ROCIS to be in place before December 2003. However, because approvals under the PRA can be good for up to three years, ROCIS will not form a complete database of information collections approved under the PRA until 2006.

• The Business Compliance One-Stop (BCOS) Initiative:  
[http://www.businesslaw.gov](http://www.businesslaw.gov)  
This project is managed by SBA and is part of the Government to Business Portfolio in the President’s Management Agenda for E-Government. The website provides access to a variety of tools and resources related to Federal, state, and local requirements. At the Federal level, it includes information about the Federal regulatory process and access to the Federal Register. It also offers plain English compliance assistance guides that can be used to help determine requirements.

Business Compliance One Stop will focus on paperwork burden reduction for specific industry sectors by designing an integrated e-forms solution that will allow businesses to find the forms and information collection requirements that apply to them and then submit information electronically to the Federal government. This information will be collected and shared through the use of a government-wide XML central repository. This central repository will contain common data definitions and descriptions of electronic forms for the Federal government.

This project will help to reduce paperwork burden on businesses and allow them to interact electronically with the Federal government. BCOS will help to meet the goals of the Government Paperwork Elimination Act, Small Business Paperwork Relief Act, Paperwork Reduction Act, E-Government Act, and other statutes that help to reduce
burden and make it easier to interact with the Federal government.

BCOS will allow businesses to identify what regulations apply to them and learn about how to comply with Federal paperwork and regulatory requirements using compliance assistance tools. The short-term goal for burden reduction is for BCOS in collaboration with GSA to create a central online repository for Federal forms for the heavily regulated industry sectors: trucking, mining, food, health care, and chemicals. BCOS will help to reduce burden on small businesses by consolidating and harmonizing information collections and forms with similar data elements across the industry sectors throughout the Federal government.

The long term goal for BCOS is to provide the ability to complete transactions online. Furthermore, BCOS will need to address privacy and e-Authentication for completing transactions online for businesses to interact more efficiently with the Federal government.

- The eRulemaking Initiative:

  "Regulations.gov website: [http://www.regulations.gov](http://www.regulations.gov)

  This project is managed by EPA and is also part of the Government-to-Business Portfolio in the President’s Management Agenda for E-Government. The eRulemaking initiative will transform the current rulemaking process by improving the access to and quality of, the rulemaking process for individuals, businesses, and other government entities while streamlining and increasing the efficiency of internal agency processes. This initiative will improve public and business access and participation in the Federal government’s rulemaking process through a single, Internet-based system that posts regulations and accepts public comments twenty-four hours a day; improve the efficiency and streamline the process to develop regulations; and, reduce duplicative approaches and systems thereby reducing costs across the executive branch.

  The project has built a central web front-end for government-wide eRulemaking. This activity launched an internet portal to provide a single, uniform access point to existing Federal government online and paper-based dockets. This allows the public and businesses to submit comments on any Federal rulemaking currently open for comment. This effort in turn will be a means to create a comprehensive and central Federal-wide electronic Docket (eDocket) system that addresses all the components of the Federal regulatory development process, which includes rule development, docketing, and submitting comments.

RECOMMENDATIONS

Following a comprehensive discussion of each of the systems, the Task Force found the BCOS project to have the most promising approach to development of an automated, interactive application that will enable small businesses to self-identify a comprehensive list of applicable requirements. This system would include a powerful search engine that could use multiple search elements for identifying reporting and recordkeeping requirements. By searching across all Federal information collections at the time of query, BCOS could provide a complete and up-to-
date list. In addition, BCOS, as a one stop portal, provides businesses access to additional information and assistance, an organized, efficient and flexible means of learning more about their reporting and recordkeeping requirements.

A complete listing of all reporting and recordkeeping requirements for small businesses will need to take into account a number of criteria that will make up the profile for a business. Websites maintained by the individual agencies are the best source of reporting and recordkeeping requirements, and provide further access to additional information and assistance. In order to be useful, all reports will need to be tagged with the profiling criteria appropriate for the businesses which must comply with the regulatory requirements associated with the report. The BCOS project provides the best approach to a search engine application that will link with the various agencies’ websites and provide comprehensive lists of reporting requirements over the Internet. While management by a single agency is the most efficient means of developing and operating the project, the extensive coordination necessary to maintain the usefulness of the system indicates the need for a multi-agency Governing Board for purposes of strategic and resource planning.

The following list summarizes the recommendations.

1. Designate a Federal agency to be in charge of system development. The Office of E-Government and Information Technology at OMB has a governance structure for E-Government projects under its sponsorship, and has designated SBA to manage the Business Compliance One Stop Initiative.

2. Establish a multi-agency Governing Board to oversee the strategic planning for and resourcing of the project, to coordinate across agencies to reach agreement on the application design, and to obtain support for the application and commitments for resources. Validate the profile criteria and search engine design with stakeholders to assure the usefulness of the application.

3. Develop an application design and business case. Consult with private, nonprofit, and/or academic experts with specialized expertise in delivering tailored information to clients. Also evaluate regulatory development and tracking systems managed by individual agencies to determine whether there are good models and/or system features already in use that should be incorporated – a “Best Practices” approach.

4. Issue Federal guidance for adding identification elements to all information collection requests. Once categorization methods are developed, OMB should consider requiring agencies to report them on the Form 83-I and allow the public to search ROCIS based on the categorization. Because it may be impossible to include some elements of the BCOS categorization in ROCIS, OMB should review each element of the BCOS categorization to ensure that OMB only requires agencies to submit information that will be useful in the simple-search format that ROCIS provides.

5. Complete ROCIS and link to it in Businesslaw.gov. Provide a link on businesslaw.gov pointing to the ROCIS system as one way to begin identifying applicable information collection
requirements.

6. Create a Federal Information Collection Joint-Agency Workgroup
Form a Cross-Agency group to develop a single electronic system to standardize the front-end process of developing, tracking, and reporting information collection requests. This group could operate in conjunction with the eRulemaking project because rulemaking and agency information collection requests are often closely related. The Joint-Agency team would build off of an existing system and create one centralized system that is consistent with the eRulemaking system and ROCIS design. Centralizing the ICR function across the Federal government will help reduce inconsistencies within burden calculations and operate with one electronic tracking and ICR submission system.

4.2.3. Task #3: Interactive Electronic Systems
(See, 44 U.S.C. 3520(c)(3)).

PROBLEM STATEMENT

The Small Business Administration’s (SBA’s) Office of Advocacy estimates\(^{20}\) the following paperwork regulatory information burden to businesses, categorized by number of employees:

- Firms with fewer than 20 employees - $2,000 per employee per year.
- Firms with 20-499 employees - cost $1,931 per employee per year.
- Firms with 500 or more - cost $1,086 per employee.

OMB estimates that the total Federal paperwork burden is 7.7 billion hours annually of which 6.6 billion hours stem from the Department of Treasury. Evaluations of modern forms management systems which include interactive, electronic forms as well as streamlining collection processes and harmonizing data requirements across agencies have the potential to reduce by 50 percent agency costs and the small business burden using the following three e-forms strategies:

1. Reduce the information required through analyzing if information is needed, if definitions in different forms and forms in different agencies can be harmonized to reduce overlap;
2. Increase the effectiveness of data collection processes by collecting once and sharing data among programs and agencies;
3. Reduce the work of submitting data by using interactive, electronic, forms that aid the user.

The electronic submission of reports offers numerous opportunities to reduce the reporting burden on small businesses resulting from complex regulations often requiring the same information within and across agencies at the Federal, state and local levels. At the same time, electronic submission provides significant savings to government agencies and opportunities for increased compliance. The Task Force has considered the savings available to businesses through electronic submissions, the barriers to implementation of successful systems, and makes

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\(^{20}\) These figures are derived from *Impact of Regulatory Costs on Small Firms*, an Advocacy-funded study by W. Mark Crain and Thomas D. Hopkins.
a number of recommendations based on its findings.

ASSUMPTIONS

In developing these recommendations, the Task Force made the following assumptions:

- The technology for submission of reports in an electronic environment that provides immediate feedback to the submitter is available and has been successfully demonstrated.
- Creating an electronic environment for electronic submissions is expensive for an agency and, absent substantial participation by the business community, that expense can not be substituted for the cost of maintaining the paper environment.
- Resources available to agencies are limited and are prioritized by the individual missions of each agency. Changes or re-direction of resources must be part of strategic planning.
- Despite the financial barriers, the long term benefits of moving to an electronic environment are significant and Federal agencies are firmly committed to increasing electronic transmissions between government and businesses.
- The Internet is a primary regulatory communication channel; however, it cannot be the sole means of providing compliance assistance.
- Small businesses may be reluctant to adopt electronic submission options for a variety of reasons. Therefore, it is important to have adequate outreach efforts to the business community when electronic submission options are available.

ISSUES

Savings to businesses from electronic submissions

Electronic submissions offer businesses significant savings due to reduced errors, automatic replication of data elements, ability to meet multiple reporting requirements through a consolidated approach to those requirements, consistency of data held by the business and the government agency, acknowledgement of the receipt of the report by the agency, and faster, more comprehensive availability of reports for problem resolution.

Reduced Errors

Agencies and software providers are able to build a number of routines into software that ensure correct information and reduce errors. These include:

- Establishing acceptable parameters for data input, (e.g. alpha or numeric, state and zip code matches)
- Automated calculations to avoid incorrect computations and resulting erroneous reports
• The ability to validate data that is submitted and return the report for correction, prior to acceptance of the report, thus avoiding enforcement action. (e.g. the name of the business and its identification number match, consistency of data elements with previously reported information)

Replication of Data Elements
Routines can be included to use information in one section to populate additional requirements for the same information in other sections of the report (e.g. the name and identifying number of the business at the top of each page of the submission, a number used for multiple computations)

Consolidated Reporting
Multiple reports can be consolidated into a single reporting mechanism as a means of reducing burden on businesses. Appendix 5 lists a number of efforts to implement consolidation. Electronic submissions provide the most efficient method for the consolidation of reports and distribution of information to a number of agencies.

Consistent Data
Electronic submission of reports assures the business that the information reported is the same information included in the recipient agency’s files. In the paper environment, the information submitted is often transcribed by agency employees and is subject to error. Such errors can result in additional contacts with the business, resulting in time expended to respond and correct the data record.

Acknowledgement of Receipt
Knowing that a submission has been received by an agency reduces anxiety for a business owner and provides documentation of the business’s compliance.

Availability of the Report for Problem Resolution
Electronic submissions can be immediately posted to agencies’ databases and provide access to all of the information reported. It enables an agency to be responsive to a business’s request for assistance, for addressing compliance issues, providing copies of lost reports and validating the report to third parties in a timely manner.

Barriers to Small Business Participation
As indicated earlier in the report, SBA’s Office of Advocacy held a public meeting to solicit the views of interested persons regarding SBPRA. One of the findings was that small businesses have been slow to move into the electronic environment. IRS studies have found that there are many reasons that small businesses’ hesitate to operate in an electronic environment. In the example of IRS, they found that many businesses are small and the expenses associated with automation are often beyond their reach. Small businesses often do not have the training to quickly grasp new software applications, nor the staff to assign to the task. In addition, small businesses are often comfortable in the paper environment. They also often do not see electronic reporting as mutually beneficial to the government and their business.
Government Barriers

Standards for Technology
Traditionally, each agency has entered the electronic environment on its own. Some have developed systems in-house, others have contracted for the development of systems, and others have relied on the private sector to develop systems independently. But all have designed the systems, the software and applications, and the standards for private sector products and established definitions of data elements to meet their own need. The result is inefficiency, difficulty in achieving consolidated reporting and a lack of synergy that benefits business.

• Inefficiency results from every agency incurring costs, one report at a time, one system at a time, one contract at a time.

• With a lack of uniform standards, it is difficult for agencies to consolidate reports within their agency and even more difficult to consolidate reporting mechanisms across agencies, when the various outputs from the consolidated report must interface with different systems in the different agencies. Re-engineering to accommodate consolidated reporting is an expensive proposition.

• Absent standardized applications, formats, screens and data definitions, the business owner has to undertake costs, education and experience one report at a time.

Privacy and Security
The term “privacy” raises two issues. The first is respect for the privacy of the business as it applies to information mandated to be reported to a single agency. The second is to protect the information from unauthorized access or disclosure.

The Task Force recognizes that consolidating reports across agencies would raise policy issues relevant to privacy. Statutory protections for information, such as the non-disclosure statute covering taxpayer information (Internal Revenue Code Sec. 6103 for the IRS), are tied to maintaining the confidentiality of the information provided by the taxpayer. This requirement for confidentiality is extended to those who process the information for tax purposes before it reaches the IRS, and those agencies statutorily authorized to receive the information from the IRS.

Protection of information through appropriate security mechanisms is a technology and policy issue. It reflects policy decisions relative to the level of confidentiality applicable to the information processed through the system. It is important to build security applications into the architecture of a system early in the project.

Of the four consolidated reporting templates, only the Single Agency – Single Report and the Single Point Preparation with Split Filing, provides privacy for the information reported, absent additional systemic applications. The consolidations of a number of
reports at the agency level may mean subjecting all information reported to non-
disclosure standards and security measures that meet those required for the report
requiring the highest security standards. To the extent that new systems are developed to
receive consolidated reports, as opposed to adapting old systems with security features
already imbedded in the system’s architecture, the cost will be significantly increased.

Product Development for the User
A key element for electronic reporting is who will pay for the process. Across all
agencies, there have been significantly different approaches, resulting in great variances.
In some agencies, the reporting mechanism has been built into its website applications or
an application has been built for reporting by telephone. The business has only to access
the Internet, fill out the appropriate form and submit it, or dial up and tap the information
in using the buttons on their phone. These are simple processes and work well for simple
applications. Both the submission and the receipt applications are built by the
government. The government is able to make the most efficient use of the programming
and the cost is borne fully by the government.

At the other end of the spectrum, are systems that rely fully on the private sector for
development and interface between the business and the agency. For example, the IRS
relies on contractors to build its internal systems and establishes standards for the private
sector to build tax preparation software for the use of tax practitioners and taxpayers.
Often times there are no efficiency savings because the two interfacing programs are built
separately. In many instances, the software packages sold to users require the user to file
the return through a third party, who forwards it to the IRS. Due to the complexity of tax
laws, the taxpayer incurs significant costs for bookkeeping or accounting software or
services, the services of a tax professional, the cost of software, which covers the cost of
the operating the public-use software, and the fee for transmission of the return to the
government.

In addition to consolidated reporting as a means of reducing the cost to the business
taxpayer, combining recordkeeping and reporting software may produce similar savings.
Most reporting requirements depend on recordkeeping to support accurate reports. The
cost for recordkeeping has traditionally been absorbed by businesses. One opportunity to
benefit businesses and the government is to support the expansion of software products
that address both the recordkeeping and reporting requirements. Software that would
combine a recordkeeping system with consolidated reporting applications (Single Point
Preparation with Split Filing) would be a powerful product with built-in efficiencies. It
would also address a number of the privacy concerns raised previously.

Strategic Planning and Implementation
Each agency is responsible for carrying out its own mission, and consistent with that
mission for implementing a Strategic Plan that establishes priorities. The budget for each
agency reflects this planning process and the priorities that must be met. If government-
wide technology standards were established, or consolidated reporting mechanisms were
designed, each agency would have to sequence implementation of these new
requirements within its mission and priorities. This is particularly important when
ongoing processes must be supported at the same time the new systems are being designed, developed and implemented. Absent an influx of additional funding, these steps must be taken in phases and must allow each agency the ability to continue to meet its strategic priorities.

RECOMMENDATIONS

Electronic reporting offers businesses, as well as agencies, significant savings. There are a number of barriers that must be overcome to reduce the inefficiencies, skepticism, concerns and ultimately the cost to businesses before those savings can become reality. To achieve these things, the Federal government must address a number of policy issues and create a strategic plan that provides a multi-phase road map for agencies. The Business Compliance One Stop project shows promise to achieve this goal of interactive electronic submissions that will in turn reduce burden on small businesses.

_Business Compliance One Stop Initiative_

The Business Compliance One Stop project can be a vehicle for implementing regulatory paperwork burden reduction for small businesses. BCOS will provide businesses with compliance assistance tools to legal and regulatory information requirements and an e-forms solution that will help businesses interact electronically with the Federal government. Its goal is to reduce the regulatory information burden on business owners by making it easy to find, understand, and comply with government laws and regulations.

BCOS will offer the following functionalities to the business community:

1. **Find**: efficient access to laws and regulations at all levels of government (helps you find what applies to you as a business owner, where you live);
2. **Understand**: compliance assistance digital guides or expert tools that will help businesses determine if they are in compliance and how to comply;
3. **Comply**: online transactions, such as allowing businesses to register their business, apply for licenses and permits, and file information electronically.

The short-term goal for the project is to create in collaboration with GSA a central online repository for Federal forms, which will help the Federal government meet the goals of the Government Paperwork Elimination Act and paperwork burden reduction. The project will also focus on consolidating electronic forms for the following highly regulated industry sectors to reduce burden: trucking, mining, food, health care, and chemicals.

The long term goal for BCOS is to reduce Federal paperwork burden for all businesses and provide the ability complete transactions online. BCOS will reduce burden on businesses by consolidating and harmonizing information collections and forms with similar data elements across the industry sectors throughout the federal government. BCOS will work with existing efforts to address privacy and e-Authentication in its architecture for completing transactions online for businesses to interact more efficiently with the Federal government. BCOS will develop an integrated e-forms solution in a manner that will consider agencies’ needs and
existing business processes.

BCOS has demonstrated that using interactive electronic systems (Internet) is a cost effective way of reducing regulatory burden. Currently there are over 270,000 accesses per week to the BCOS platform, Businesslaw.gov, which features a number of results, to include:

**BusinessLaw.gov portal:** BCOS uses BusinessLaw.gov as its platform for electronic interaction with users. This portal provides nearly 20,000 links to Federal and state legal and regulatory information on 39 different topics, where to go to complete transactions such as licenses and permits, and a host of information on rulemaking, compliance assistance, and regulatory fairness. The portal also offers useful information on where to get help, how to contact Congress and associations, and principal considerations in choosing legal help. The site is adding new navigation aids, additional digital guides or expert tools, and user-friendly transactions. More information about BCOS and its progress to date is included in Appendix 6.

The following list includes recommendations for the Business Compliance One Stop project help align the Federal government to create interactive electronic submission systems.

1. **Adoption of a Set of Technology Standards** - To provide opportunities for consolidated reporting and information sharing, the government should adopt standards that are consistent with industry standards when appropriate. The adopted set of standards should address format, design, security measures and architecture. For example, harmonizing data elements, business rules and XML standards would allow for consolidated reporting and burden reduction. Adopting technology standards will enable sharing between Federal, state and local agencies and can create a synergy that will provide certainty for software and systems developers and efficiencies for government and businesses.

2. **Review Privacy Issues** – Implement the multi-agency study recommended by the Task Force, to educate and inform those developing the technology standards recommended above. Include small businesses and their representatives in development and validation of the policy.

3. **Study of Costs for Users** – Initiate a study to determine appropriate cost burden estimates for businesses to meet reporting and recordkeeping mandates. Establish a policy that reflects appropriate cost burden calculations.

4. **Strategic Plan** – Establish a strategic plan or business case that takes a synergistic approach to an integrated e-forms solution across all Federal agencies. The Federal government should work together to create a road map to implement the plan, within each agency’s strategic planning and budget processes. The strategic plan should include burden reduction goals for small businesses.

5. **Outreach Efforts to Small Business** – Once reporting products become available meeting the government-wide standard, agencies should develop a multi-agency plan for
marketing the products and services, and training and assisting small businesses to use them.

6. **Work with Businesses and Associations** - Determine fruitful areas for streamlining and harmonizing data requirements and look for ways that businesses and associations can become viable trusted collection and dissemination points. This includes determining specific forms or industries where the return on investment for using interactive electronic transmission of information is high (e.g., the IRS 2290 for truckers).

7. **Approach Change Incrementally** - Select each year a limited group of stakeholders to provide input on reducing information collection burdens. For example, one could approach reducing the information burden industry-by-industry with clearly established goals set for improvement. Start with the five major industry clusters the first year, and then address the next five industries the following year. This process could involve setting up panels with members from the affected industries to assist in identifying information requirements, as well as members from State governments, other affected stakeholders, the general public, and Federal agencies.

8. **Identify duplication through electronic forms management** - The PRA requires agencies to self-certify that existing and proposed information gathering systems do not duplicate or overlap those of other systems in the same agency/department. Agencies should participate in the BCOS initiative to provide a common front end for regulatory requirements industry-by-industry.

9. **List Laws, Regulations And Compliance Assistance Tools on BusinessLaw.gov** - Require Agencies to post and maintain list by industry of applicable regulations and laws as well as compliance assistance tools and publications on BusinessLaw.gov

10. **Encourage Agencies to Utilize “Smart” Electronic Forms** - Consistent with the Government Paperwork Elimination Act (GPEA), “smart” electronic forms would go one step further than just providing the forms online. These forms would include components that provide immediate feedback to assure that data being submitted meets requirements of format and are within the range of acceptable options for each data field. This would be similar to the aforementioned tax preparation software. On these programs, if you enter an illegal value in a blank, you are given an immediate error message. Or, if the program finds that you need to fill out a Schedule C, it automatically sends you over to that schedule, you fill it out, and it sends you back to the your form 1040, and translates the data from the Schedule C onto the form 1040. These programs also have handy pop-up windows that explain terms and definitions, and provide cross-references to the regulations. This should be a model of the user friendliness and efficiency that we should strive to implement in government forms. Agencies should accept electronic submission of forms to avoid errors when paper forms are manually transcribed.
CRITICAL SUCCESS FACTORS

The Task Force envisions several critical success factors in achieving the desired paperwork burden reduction and user-friendly compliance assistance for small businesses:

- Commitment from all levels of the Federal government to make burden reduction a priority through the use of technology solutions;
- Collaboration among the federal government and the regulated community;
- Use of proven, affordable technologies to deliver compliance assistance to small businesses in a one-stop, single-format manner;
- Agreement on appropriate responsibility of ownership and maintenance of the web services for this burden reduction initiative;
- Agreement on financing strategy that highlights shared services and clarifies the roles of the agencies, businesses and associations, and OMB.
4.3. **APPENDIX 1--44 U.S.C. 3520, P.L. 107-198**

[[Page 116 STAT. 729]]

Public Law 107-198
107th Congress

An Act

To amend chapter 35 of title 44, United States Code, for the purpose of facilitating compliance by small business concerns with certain Federal paperwork requirements, to establish a Task Force to examine information collection and dissemination, and for other purposes.

June 28, 2002

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TITLE.

This Act may be cited as the "Small Business Paperwork Relief Act of 2002".

* * * *

[[Page 116 STAT. 730]]

* * * *

SEC. 3. ESTABLISHMENT OF TASK FORCE ON INFORMATION COLLECTION AND DISSEMINATION.

(a) In General.--Chapter 35 of title 44, United States Code, is amended--

(1) by redesignating section 3520 as section 3521; and

(2) by inserting after section 3519 the following:

``
Sec. 3520. Establishment of Task Force on information collection and dissemination.

(a) There is established a Task Force to study the feasibility of streamlining requirements with respect to small business concerns regarding collection of information and strengthening dissemination of information (in this section referred to as the 'Task Force').

(b)(1) The Director shall determine--

(A) subject to the minimum requirements under paragraph (2), the number of representatives to be designated under each subparagraph of that paragraph; and

(B) the agencies to be represented under paragraph (2)(K).

(2) After all determinations are made under paragraph (1), the members of the Task Force
shall be designated by the head of each applicable department or agency, and include—

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(A) 1 representative of the Director, who shall convene and chair the Task Force;
(B) not less than 2 representatives of the Department of Labor, including 1 representative of the Bureau of Labor Statistics and 1 representative of the Occupational Safety and Health Administration;
(C) not less than 1 representative of the Environmental Protection Agency;
(D) not less than 1 representative of the Department of Transportation;
(E) not less than 1 representative of the Office of Advocacy of the Small Business Administration;
(F) not less than 1 representative of the Internal Revenue Service;
(G) not less than 2 representatives of the Department of Health and Human Services, including 1 representative of the Centers for Medicare and Medicaid Services;
(H) not less than 1 representative of the Department of Agriculture;
(I) not less than 1 representative of the Department of the Interior;
(J) not less than 1 representative of the General Services Administration; and
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(K) not less than 1 representative of each of 2 agencies not represented by representatives described under subparagraphs (A) through (J).
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(c) The Task Force shall—
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(A) to 1 point of contact in the agency;
(B) in a single format, such as a single electronic reporting system, with respect to the agency; and
(C) with synchronized reporting for information submissions having the same frequency, such as synchronized quarterly, semiannual, and annual reporting dates;
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(2) examine the feasibility and benefits to small businesses of publishing a list by the Director of the collections of information applicable to small business concerns (as defined in section 3 of the Small Business Act (15 U.S.C. 632)), organized—
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(A) by North American Industry Classification System code;
(B) by industrial sector description; or
(C) in another manner by which small business concerns can more easily identify requirements with which those small business concerns are expected to comply;
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(3) examine the savings, including cost savings, and develop recommendations for implementing—
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(A) systems for electronic submissions of information to the Federal Government; and
(B) interactive reporting systems, including components that provide immediate
feedback to assure that data being submitted-
``(i) meet requirements of format; and
``(ii) are within the range of acceptable options for each data field;
``(4) make recommendations to improve the electronic dissemination of information collected under Federal requirements;
``(5) recommend a plan for the development of an interactive Governmentwide system, available through the Internet, to allow each small business to--
``(A) better understand which Federal requirements regarding collection of information (and, when possible, which other Federal regulatory requirements) apply to that particular business; and
``(B) more easily comply with those Federal requirements; and
``(6) in carrying out this section, consider opportunities for the coordination-
``(A) of Federal and State reporting requirements; and
``(B) among the points of contact described under section 3506(i), such as to enable agencies to provide small

business concerns with contacts for information collection requirements for other agencies.
``(d) The Task Force shall--
``(1) by publication in the Federal Register, provide notice and an opportunity for public comment on each report in draft form; and
``(2) make provision in each report for the inclusion of--
``(A) any additional or dissenting views of Task Force members; and
``(B) a summary of significant public comments.
``(e) Not later than 1 year after the date of enactment of the Small Business Paperwork Relief Act of 2002, the Task Force shall submit a report of its findings under subsection (c) (1), (2), and (3) to--
``(1) the Director;
``(2) the chairpersons and ranking minority members of-
``(A) the Committee on Governmental Affairs and the Committee on Small Business and Entrepreneurship of the Senate; and
``(B) the Committee on Government Reform and the Committee on Small Business of the House of Representatives; and
``(3) the Small Business and Agriculture Regulatory Enforcement Ombudsman designated under section 30(b) of the Small Business Act (15 U.S.C. 657(b)).
``(f) Not later than 2 years after the date of enactment of the Small Business Paperwork Relief Act of 2002, the Task Force shall submit a report of its findings under subsection (c) (4) and (5) to--
``(1) the Director;
``(2) the chairpersons and ranking minority members of-
``(A) the Committee on Governmental Affairs and the Committee on Small Business
Business and Entrepreneurship of the Senate; and
``(B) the Committee on Government Reform and the Committee on Small Business of the House of Representatives; and
``(3) the Small Business and Agriculture Regulatory Enforcement Ombudsman designated under section 30(b) of the Small Business Act (15 U.S.C. 657(b)).
``(g) The Task Force shall terminate after completion of its work.
``(h) In this section, the term 'small business concern' has the meaning given under section 3 of the Small Business Act (15 U.S.C. 632)."

(b) Technical and Conforming Amendment.--The table of sections for chapter 35 of title 44, United States Code, is amended by striking the item relating to section 3520 and inserting the following:
``3520. Establishment of Task Force on information collection and dissemination.
``3521. Authorization of appropriations.".
### 4.4. **APPENDIX 2—SMALL BUSINESS PAPERWORK RELIEF TASK FORCE MEMBERS**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Member</th>
<th>Title</th>
</tr>
</thead>
<tbody>
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<td>Office of Management and Budget</td>
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<td>Department of Labor</td>
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<tr>
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<td>Internal Revenue Service</td>
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<tr>
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<td>Daniel Troy</td>
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<tr>
<td>Department of Health and Human Services</td>
<td>Ruben King Shaw</td>
<td>Deputy Administrator and Chief Operating Officer, Centers for Medicare and Medicaid Services</td>
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<tr>
<td>U. S. Department of Agriculture</td>
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<td>Department of Interior</td>
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<td>Director, Small and Disadvantaged Business Utilization</td>
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<tr>
<td>Environmental Protection Agency</td>
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<td>Deputy Chief Information Officer</td>
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### 4.5. Appendix 3—Contributing Staff

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<tr>
<th>Agency</th>
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<tbody>
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<td>Environmental Protection Agency</td>
<td>Sandy Germann</td>
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<tr>
<td>Environmental Protection Agency</td>
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<td>Environmental Protection Agency</td>
<td>Jim Edward</td>
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</tr>
<tr>
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<td>Role</td>
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<tr>
<td>Environmental Protection Agency</td>
<td>Tracy Back</td>
<td>Office of Enforcement and Compliance Assurance</td>
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<td>Director, Office of Intergovernmental Solutions</td>
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<td>Department of Health and Human Services</td>
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4.6. **APPENDIX 4—RESULTS OF SBA OFFICE OF ADVOCACY’S OUTREACH ACTIVITIES**

**SBA Office of Advocacy Observations Regarding Implementation of the Small Business Paperwork Relief Act of 2002, Based on Comments Submitted to the Office of Advocacy By Small Business Representatives**

1. **Single Point of Contact.** Small business representatives stated that a single point of contact for paperwork/information collection requirements within each agency would be extremely beneficial. They recommend that the single point of contact be the Chief Information Officer (CIO) or an analogous official within each agency who is responsible for compliance with the Paperwork Reduction Act (or that person's representative). Small business representatives believe that the single point of contact needs to have sufficient authority and the resources to be able to truly function as a single point of contact. Finally, they suggest that the single point of contact within each agency be clearly identified to the public and to agency personnel. From the Office of Advocacy's experience in communicating with small businesses, the designation of an effective single point of contact within each agency will be critical in achieving the burden relief objectives of the Act.

2. **Overlapping/Duplicative Reporting.** Small business representatives cited the need to repeatedly submit the same information to a single agency as a major paperwork burden. They suggest that agencies periodically review and eliminate duplicative reporting requirements. The single point of contact for paperwork within each agency would be uniquely situated to identify such overlapping, duplicative reporting requirements and recommend their elimination.

3. **Compliance Assistance.** Small business representatives stated that agencies should provide more effective paperwork compliance assistance to small businesses. Concise, plain-language compliance guides would be helpful. Currently, small business representatives complain about compliance guidance that is complex, outdated, misleading, or voluminous, leaving the small business more confused that when the guidance was first consulted. Small businesses have told the Office of Advocacy that compliance hotlines are also very useful. Certainly, compliance assistance hotlines such as the Internal Revenue Service's Tele-Tax assistance network have proven to be very helpful to regulated entities.

4. **Paperwork Utility Review.** Small business representatives believe that it would be beneficial for agencies to periodically review their information requirements and assess whether the required information is still necessary or even useful.

5. **Catalogue of Required Paperwork Requirements.** Small business representatives stated that a catalogue of reporting requirements would be useful and would enhance their ability to identify and comply with paperwork and information collection requirements. They believe that such a catalogue can and should be categorized by NAICS code. Ultimately, small businesses would like to be able to enter their industry code and see all of the paperwork requirements that apply to them.

6. **Use of Enforcement Discretion.** Small business representatives suggested that agencies
waive penalties for first-time paperwork violations, especially where a small business has sought out and followed advice from a hotline or other agency contact. One suggestion is for agencies to develop a mechanism to track calls to hotlines or other compliance assistance requests (e.g., a confirmation number is provided to the small business at the conclusion of the contact), so that the small business can demonstrate that the contact was made. Agencies can use their existing enforcement discretion on a case-by-case basis to respond to these situations.

7. Paperwork Retention Requirements. Small business representatives noted their concern with record retention requirements that may add significantly to the overall paperwork burden. They believe that paperwork retention requirements should be periodically evaluated and unnecessarily long retention periods should be shortened where appropriate.

8. Electronic Paperwork Reporting. Small business representatives pointed out that many small businesses still rely on paper, and are unlikely to become computerized in the near future. Agencies should not assume that Web-based paperwork filing is a solution to the paperwork burden.

Summary of Public Comments on Implementing the Small Business Paperwork Relief Act of 2002, Excerpted from the Transcript of a Public Meeting Held March 4, 2003, and Written Comments Submitted to the Office of Advocacy

1. Paperwork retention requirements

- "Part of the problem with understanding paperwork on small business is...the amount of time that [small businesses] have to spend in collecting the data that back those forms for that data, and certainly retaining that data in a manner in which they're able to replicate it for organizations like the IRS." Giovanni Coratolo, U.S. Chamber of Commerce, p. 18

- "[W]e may want to add to the discussion...recordkeeping in terms of how long folks have to keep these records. I mean I know it varies whether it's 30 years, by agency, but shoot, I would love to know the compliance rate on that in terms of folks. I think that's something that also needs to be looked at." Susan Eckerly, National Federation of Independent Business, p. 32

- "[O]ne of the things that we frequently hear about, particularly in the tax area, the burden of having to keep those records. And you've got to remember, as I pointed out earlier, not everybody has an empty CD-ROM of all this, which is probably one good way to store it. A lot of people just have huge—you know, think of a tool and die shop, just huge file folders in a dusty corner of a room with all this stuff in it, or think of a gas station, if they even have it anymore." Susan Eckerly, NFIB, p. 83

- "The House Small Business chairman in 1995 amended the '95 Paperwork Reduction Act to require that the clearance process and the single agency officials put on every single recordkeeping requirement that exists in the system a record retention
requirement. That is a matter of law. It reads in 3506(f) now, for each recordkeeping requirement, the length of time a person's required to retain their records specified....we would save hundreds of millions of dollars if we could just move to that point....I think if you go into the existing inventory today, which exists—you can look at it-and count the number of times we have recordkeeping requirements established in law that do not express what the record retention requirement is, you would be in the thousands of specific examples, thousands....They're there now and thousands of examples amounting to hundreds of millions of dollars in burden." *Bob Coakley*, p. 86-9.

2. **Duplicative Paperwork Requirements**

- "With the IRS, one area that I thought was very good that had some momentum behind it was the STAWRS [Simplified Tax and Wage Reporting System] program, where the IRS eliminated the duplication of submissions to the IRS and the states and from what I understand, that program's completely-not only has it not gone forward, it is completely erased." *Giovanni Coratolo, U.S. Chamber of Commerce*, p. 19

- "I do a lot of OSHA issues and I know OSHA last year had put forward a proposal as part of the Paperwork Reduction Act to get rid of a lot of duplicative and excessively redundant stuff. I think that's a good start they've done, which they need to be commended for doing that." *Chris Tampio, National Association of Manufacturers*, p. 21-2.

- "I hear a lot about duplicative reporting about EPA. There are four different media offices. They all ask the same questions in different ways and people end up reporting the same data with a slightly different twist and I don't know if this report can address that because many, many of those requirements are statutory..." *Fern Abrams, IPC*, p. 26.

- "I know with the IRS, they just deleted the requirements of filling out Schedule L and M and when they examined it they found it was not used. Here were millions of hours of paperwork that was being required, plus the data collection by small businesses, and they weren't being used." *Giovanni Coratolo, U.S. Chamber of Commerce*, p. 34.

- "Another thing with regard to the single electronic reporting system or sort of addressing the duplication, we tried to ask our members what agencies are the worst with regard to duplicative paperwork. The anecdotal information we received, they tend to say that duplications within the agencies...if there are two representatives from the Department of Labor, ask them have you ever taken the Wage and Hour paperwork requirements, reporting requirements, matched them up with OSHA? Those are some instances that we hear about. And is there any way you can try and merge that? That would be a suggestion with respect to that." *Susan Eckerly, NFIB*, p. 82-3.
"I'd ask if it's within the purview of this Task Force to look at where state regulations can be synched-up more with Federal regulations because there's a lot of duplications there, as well." Fern Abrams, IPC, p. 85.

Examples of Duplicative Reporting in the environmental arena:
- Hazardous waste shipments on both RCRA biennial and annual SARA TRI.
- Annual air emission fees (for those states or air districts that require them) and SARA TRI reports-pound for pound TRI chemicals virtually identical.
- WW discharges for certain pollutants that are SARA TRI reportable. Although most WW reports are concentration based, some are mass based and getting annual totals is a matter of adding.
- Tier II reports and California HMBP were duplicative until Reg. 9 issued July 27, 2001 letter confirming that California facilities submitting HMBP annual reports did not have to file Tier II reports.
- Some states duplicate Federal TRI reporting with same chemicals. (Massachusetts and Form S)
- Some states require duplication of hazardous waste quantities for waste min/P2 reports (New York's HWRP and California's SB 14)
- All compiled by Fern Abrams, IPC.

3. Single Point of Contact

"I think small business people, they want to comply with regulations and paperwork and stuff but the biggest problem they have is compliance assistance. In all the agencies, in IRS, in OSHA, at the Department of Labor, in Wage and Hour and everywhere, I think having more people there to help with compliance assistance is a key that these people want." Chris Tampio, National Association of Manufacturers, p. 20-1.

"[O]ur members really do need help with some of this paperwork. A lot times it's very-I mean you get down to environmental reporting on very technical issues and they're very specific and what they really need is simplification. They don't need more long written guides or helpful compliance guides where instead of now having 20 pages of forms with 200 pages of directions, we now have 300 pages of guidance on top of that, which is often more regulatory interpretation instead of really being helpful." Fern Abrams, IPC, p. 27.

"If we create a series of single agency contacts outside the rubric of these chief information officers and their statutory authority and responsibilities, how can we expect them to work? It's either got to be them, a point Susan [Eckerly] alluded to, or it's got to be somebody reporting to them. Then the CIO's have to understand that [information resources management] includes public burden and small business. And if they think about it and if they follow what the president...wants done, small business would be pretty high on that list and we will begin to see an ability to attach these problems." Bob Coakley, p. 50.
"[i]f each [agency] had the list, not only their chief information officer but all the ombudsmen they have or all the points of contact, that potentially small business would go to, that might be a useful exercise, to just get all those, everybody's list together in terms of when you try to figure out who should be the single point of contact." Susan Eckerly, NFIB, p. 73.

"Not only is there a complex web of who is a small business ombudsmen, and I'm using that as just a general term, but there's no mechanisms for accountability in a lot of agencies... So there's been a long-term problem. Department of Labor I'll use. They have -and I don't even know if this position's filled now because I just ignore it-their small business outreach person or ombudsmen for the entire department and it's always just this office that they'd say hi, we'll send you a brochure. So it never was very useful. And what's important on that point, not only is the person accountable but the agency's accountable..." Anita Drummond, ABC, p. 73-4.

"Imagine being somebody out in Loma Linda, California or whatever, calling Washington, D.C. information and asking for the Department of Labor. They say I'm a small business and I'm trying to comply with the wage and hour laws; who can I talk to? Well, if the personnel operator, the operator who answers that line, I think that's the key thing right there. Those front-line telephone operators need to be able to direct that person, ...no matter who [is the single point of contact], whether we have them set up as a full department, an ombudsman, or one-stop call..." Larry Fineran, National Association of Manufacturers, p. 91.

"We should examine the possibility of recommending to the agencies the responsibilities this [single point of contact] should be assigned....should the appointed small business official report annually to the Office of [Advocacy]?" Jim Tozzi, Center for Regulatory Effectiveness.

"It's important to establish what the relationship will be between the point of contact identified by the legislation and 1) the chief information officer who is charged with administering the Paperwork Reduction Act; 2) the small business ombudsperson who is appointed by several agencies; and 3) the office of small business that various Cabinet departments have set up. If this provision is to be implemented effectively, it is important that not another overlapping office be created to meet this requirement in the 2002 law." Susan Eckerly, NFIB.
4. **Catalogue of required reporting**

- "One thing that we...consistently argued for is the catalogue of reporting requirements...I think that it doesn't make sense to me that you can't go one place, maybe not every single paperwork requirement, but most of them, divided by SIC code. It just doesn't make sense to me that you can't have that." *Susan Eckerly, NFIB*, p. 81-2.

- "But in addition to that idea of a catalogue, a nifty electronic edition that be (sic) an export system along the lines of Tax Cut, where you put in your SIC code and start answering very basic questions that would then take you to the regulations that would apply to you." *Fern Abrams, IPC*, p. 84-5.

- "The catalogue of reporting requirements. That system of information, that database already exists. It shouldn't be hard...it should not be a task." *Bob Coakley*, p. 86.

- "The Task Force should clearly identify and recommend that any catalog of regulatory paperwork collection requirements be broken down according to these different manufacturing processes. Creating a catalog in such a manner would greatly enhance the ability of small business owners to comply with underlying laws and regulations on paperwork and information collections." *Danielle Waterfield, Screenprinting and Graphic Imaging Association International.*

- "The Federal government should have in one place a definitive list of the paperwork requirements imposed on small business...Given the paperwork and regulatory demands placed on small business, the Federal government should be able to fulfill its end of the bargain and publish a list categorized by the NAICS code. It would be wonderful if businesses could access this via CD-ROM, through their trade association, or off the internet, among other places." *Susan Eckerly, NFIB.*

5. **Agency Accountability/Review of Agency Compliance with Paperwork Laws**

- "[w]e really have to look at what the agencies are spending and dedicating their efforts to...I know we have a Section 610 under SBREFA that asks agencies to review rules. Why shouldn't there be a 610 for paperwork, where they actually have to review the paperwork requirement every so often within the agency? And this should be under the guise of OMB to enforce this." *Giovanni Coratolo, U.S. Chamber of Commerce*, p. 18-9.

- "I recommend that this Task Force have some sort of recommendation of a 610-like provision where agencies could have a certain period of time where they would have to review their forms...so when I refer to 610 I'm not referring to 610 out of SBREFA but something similar that would be recommended by this Task Force to the agencies that every so often they would have to review these forms and have certain assets"
dedicated to examine whether this information is useful or not or is being used.”

- "The mantra of the small business community is we don't need new laws, we don't even need new administrative initiatives; what we need is an executive branch to follow up on the laws that exists so that we give integrity to the regulatory process and we can participate meaningfully...we need to get rid of the benign neglect and that'll take political leadership...we need the president to ask the agencies to make it a priority to follow the procedural requirements of law that we already have won and put in place and that ought to be done." Bob Coakley, p. 45-6.

- "My brother works for the Federal Trade Commission and he was reviewing a regulation one time with one of his colleagues and his colleague-this was before SBREFA was passed, by the way-he said, well what about this Reg Flex review? He said, "Don't worry about that. It's not enforceable anyway, so we don't have to do that." I think unfortunately that's the attitude of a lot of Federal officials, not all of them certainly, but many of them...I would suggest that you look at ways to implement the paperwork requirements that go beyond simply having them review them. Maybe some type of judicial review or maybe you need to create some kind of incentive from the agency's perspective." Brad Frisby, National Mining Association, p. 55-7.

6. Penalty Waivers/First time abatement of penalties.

- "I do a lot of OSHA issues and instead of having so many people that are there playing gotcha for a manufacturer that might have a paperwork violations, why not instead have someone go there and try to assist them in not just the recordkeeping but trying to make it a safer workplace instead of giving them a violation for not having their material safety data sheets or something like that...let's take some of the resources from a lot of their heavy-handed enforcement to compliance assistance." Chris Tampio National Association of Manufacturers, p. 23.

- "I also work with OSHA issues...and I actually view OSHA as much more of an outreach and helpful to small businesses and the like, and I'd like to see EPA go more that way, that OSHA actually has programs where they reach out and help businesses comply...” Fern Abrams, IPC, p.26

- "[t]here's a lot of problems with contractor-staffed hotlines where the people answering the questions don't really know the answers. They're making stuff up. And then the agencies, and I believe this is true of the IRS, as well, don't have to be held to the advice that is given out by their hotline. So someone can get advice, take it, and still be slapped later with an enforcement violation." Fern Abrams, IPC, p.27-8.

- "[w]hat's important...not only is the person accountable but the agency's accountable, and this is a problem that came up during the last administration and I can't remember
how it was resolved in the Department of Labor but they put out compliance guides and you could follow the compliance guide but you could still be cited if you follow the compliance guide because there was an error in the guide. So the agency was not accountable for having accurate assistance materials. The person wasn't accountable, the person or the program wasn't accountable, and the materials, there was no reliability in them. "Anita Drummond, ABC, p. 74-5.

- "I think it's incumbent on the Task Force to actually strengthen [the suggestion of first-time abatement of penalties] and recommend that [agencies] come out on record as saying that they will have a first-time abatement of penalties based on minor paperwork infractions." Giovanni Coratolo, U.S. Chamber of Commerce, p. 75-6.

- "[w]hat is the ultimate goal of the regulatory system? ...The ultimate goal is voluntary compliance...so to the extent that agencies make it easy to comply, then they are furthering their goal, whether it's a safer workplace or whether it's a better environment, what have you. So I think that the agency mindset still needs to be that voluntary compliance is their goal, not how many citations have they made..." Larry Fineran, National Association of Manufacturers, p. 90-1.

7. Electronic Paperwork Reporting

- "I'll be the first to say our members are way behind in [technology]. The average size of our membership...is very small, less than 10, and a lot of these people are now having computers but they don't use their computers necessarily to be on the Web, so they're not going to get on EPA's website and all of a sudden have one magic form and fill all that out." Susan Eckerly, NFIB, p.29-30.

- "[a]gencies...see a great opportunity in making everything electronic, that somehow this is going to achieve the greatest type of reduction and it's also perhaps the most cost-efficient for an agency, but the reality of small business, the reality of those that actually have to go through this if they're going to fill out their own forms, more often than not the electronic option isn't available to them. So although [electronic reporting] is often the main way...in which agencies choose to reduce their overall burden numbers...it still isn't taking care of those who have the toughest part of the burden, which is those that are still filling out paper." Rosario Palmeri, House Committee on Small Business, p. 533

- "I think there's still very large problems with the [EPA's] e-docket. I think it was a tool that was established to try to help small business...I even find it complicated and I've done this for 15 years. I get lost in it. I can't find some of the e-docket materials that EPA says are on the various dockets." Theresa Pugh, American Public Power Association, p. 65

- "[t]here are a lot of people who are still on paper, especially in the small businesses who don't have computers or worse yet, have computers but they're dial-up computers and they're on one person's desk and when you start looking at 500 or whatever page
things, it could take them hours to download it. So I think we need to look at the high-tech solutions that we didn't have a few years ago but we're not quite ready to replace the paper." Fern Abrams, IPC, p. 84.

- "I wanted to suggest that the Air Office, at least at EPA and perhaps some other agencies, have a bad habit of establishing databases to indicate both paperwork and actual regulatory compliance costs and on some small business areas it's left blank. If you don't know any better and you read that, it look like there's no regulatory requirement...it sort of leads one to believe that they're not being regulated when they will be regulated." Theresa Pugh, American Public Power Association, p. 93.

8. Miscellaneous Comments

- "...I sat through an IRS paperwork reduction meeting. It was part of their normal review of forms and instructions. This one happened to be on taxes filed by small farmers and they devoted, I think, about 25 minutes of their eight-hour session on this particular set of forms to paperwork reduction...But what we found is that the IRS, in figuring out who to put together in terms of a meeting to talk about paperwork reduction, they didn't have a single farmer, they didn't have a single representative from a farm trades or any other small group. They put together a group of practitioners who essentially were accountants...they start with the assumption that no small business and no farm is actually going to fill out their own taxes...and when they start from that basic assumption, they assume that the types of corrections and the types of things they want to do or make clarifications to are from a practitioner's standpoint rather than from the individual standpoint." Rosario Palmeri, House Committee on Small Business, p. 51-2.

- "If there were some way we could come up with a clever way of rewarding employees in various agencies...if there was a way that the regulatory agencies...would recognize the leadership of employees for taking a creative approach in trying to reduce regulatory burden in a responsible way...." Theresa Pugh, American Public Power Association, p. 66.

- "And I wanted to comment briefly on the same-time reporting option on your list...I hear negative feedback about that. Companies like that things are spaced out through the year so that they can spread the workload over the one or two or three people or however many they have who handle the reporting requirements, and that if it were all due at one time of the year, they couldn't have that one person." Fern Abrams, IPC, p. 85.
APPENDIX 5—FEDERAL GOVERNMENT INITIATIVES TO REDUCE OR STREAMLINE REPORTING REQUIREMENTS FOR BUSINESSES

Currently there are a substantial number of Federal government efforts in operation or in development that use one or more of the approaches to reduce paperwork burden for businesses, as described in the task one section of this report. Several examples follow:

1. The Food and Drug Administration (FDA) has harmonized its new drug application and biologics application forms which can be submitted electronically. Previously, there had been 21 different application forms. A second FDA example is its work underway with the European Union and Japan to harmonize product approval application requirements and adverse event reporting. As a result of this work, businesses will be able to collect and submit essentially the same information in the same format to satisfy many countries’ pre-approval and post-marketing requirements for drugs and biologics.

2. Below are two examples of cross agency consolidations of reporting requirements are instructive.

(a) The Single Source Coal Reporting project, which involves several Federal agencies plus at least 1 state, consolidates reporting by coal producers on their production activity to a single point; using one form, common data definitions where practical and beneficial, and synchronized reporting with respect to timing.

(b) The Employee Benefits Security Administration (EBSA), the Pension Benefit Guaranty Corporation (PBGC), and the Internal Revenue Service (IRS) jointly collect data from businesses on benefit plan operations using a single form. In the year 2000 the 3 agencies together streamlined the information required to be reported on the form and implemented an electronic filing and processing system. The single report is filed with a contractor who then distributes the appropriate information to each of the 3 agencies.

3. The IRS has expanded the use of the Internet and web-based technology to reduce burden on small businesses. The Small Business Community website provides a variety of information, tools and products to make it easier for small businesses to comply with tax laws.

4. The Social Security Administration (SSA) for many years has received Forms W-3, Transmittal of Wage and Tax Statements, and Forms W-2, Wage and Tax Statement, on behalf of both SSA and the Internal Revenue Service. SSA collects the data from employers, transcribes the paper documents not filed electronically, posts the data to its own files and provides the data to IRS.

5. The Occupational Safety and Health Administration (OSHA) and the Bureau of Labor Statistics (BLS) collect occupational injury and illness data from individual employers in annual sample surveys. By law, BLS cannot share micro-data collected from businesses with non-statistical agencies. Although BLS is barred from sharing data with OSHA, the two agencies have developed sampling methodology and reporting procedures designed to reduce
the burden on businesses in both surveys by minimizing overlap between the two surveys and providing businesses the opportunity to use a single form for reporting if they so choose.

6. The Department of Transportation (DOT) currently has two initiatives for consolidating reporting requirements. The first initiative consolidates reporting requirements for six of its agencies into a 1 page form for businesses to report the results of safety-related drug and alcohol tests for nearly 10 million safety-sensitive employees. This new form also reduces the number of data elements. The Coast Guard continues to participate in this system as well.

Another noteworthy effort underway at DOT is the creation of a new application form and uniform reporting requirements for the disadvantaged business enterprise (DBE) program. At this time a business seeking certification as a DBE must fill out a different form for three DOT agencies and for multiple state and local agencies. The new form will be used by Federal, state and local agencies.
APPENDIX 6—BUSINESS COMPLIANCE ONE STOP INITIATIVE AS A PLATFORM FOR REGULATORY BURDEN REDUCTION

BCOS Background

SBA is the managing partner for the Business Compliance One Stop (BCOS), an initiative that is a framework for achieving the goals of the (SBPRA) Task Force.

The following provides an overview of the Small Business Administration.

- **Core Mission** - Small businesses comprise 99 percent of all business. With its legislative mandate to help small businesses succeed, SBA “owns” the relationship with the intended beneficiaries of the initiative.
- **Relationship with the Regulatory Community** - SBA works closely with the Federal regulatory community through its congressionally created offices of Advocacy and National Regulatory Ombudsman.
- **Experience in Cross-Agency Web Portals** - SBA is the creator and manager of Businesslaw.gov, a legal and regulatory information gateway to all 50 states and the platform for BCOS.

The focus of the BCOS is to reduce the burden on business owners by making it easy to find, understand, and comply with governmental laws and regulations. The BCOS solution is to provide businesses with a single point of access to information and tools that will make it easy for them to comply. The portal offers value to the business community in three areas:

1. **Find**: efficient access to laws and regulations at all levels of government (helps you find what applies to you as a business owner, where you live);
2. **Understand**: compliance assistance digital guides that will help businesses determine if they are in compliance and how to comply;
3. **Comply**: online transactions, such as allowing businesses to register their business, apply for licenses and permits, and file information electronically.

**BCOS Partners**
SBA presently has partnerships with nine Federal agencies, (i.e., DOT, DOI, DOE, EPA, IRS, DOL, OSHA, INS, and GSA) and seven states (i.e., Illinois, Georgia, Washington, Missouri, Iowa, New Jersey and Texas). SBA has also enlisted the partnership of several associations to represent the business customer, e.g., NGA, NFIB, NASCIO, ATA, etc. BCOS delivers these capabilities through an Internet portal (BusinessLaw.gov) providing content specific to particular industries as well as help for business in general.

**Purpose**
BCOS effort has primarily focused on compliance assistance in the areas of environment, workplace health and safety, taxes and employment. While continuing to make it easy to find, understand, and comply with governmental regulations, with the primary focus on creating compliance assistance tools, the BCOS initiative will now place a greater emphasis on reducing the paperwork burden, i.e., the regulatory burden that emanates from having to comply with government requests for information. To get short-term results, the BCOS initiative will
concentrate on highly regulated industries such as trucking, health care, food, and chemicals. The following compliance assistance tools have been developed to aid businesses.

**BusinessLaw portal**

BusinessLaw.gov provides nearly 20,000 links to Federal and state legal and regulatory information on 39 different topics, where to go to complete transactions such as licenses and permits, and a host of information on rulemaking, compliance assistance, and regulatory fairness. The portal also offers useful information on where to get help, how to contact Congress and associations, and principal considerations in choosing legal help. In concert with the goals of the BCOS team, the site is adding new navigation aids, additional digital guides or expert tools, and user-friendly transactions. Estimated savings: $56 million annually.

**Compliance Assistance Guides**

- Alien Employee Visa Classification eTool
- Employment Eligibility Verification tool
- OSHA emergency building evacuation procedures e-Tool
- Coal Mining Report Harmonization
- Integrated State Registration and Federal EIN Web Services Application
- Choosing a Legal Structure
- Auto Dismantler & Recycler Environmental Audit Advisor
- Motor Vehicle (Class V) Waste Disposal Wells Advisor

Estimated savings from a total of 30 expert tools: $300 million annually to businesses and $12 million to agencies.

**Coal Mining Report Harmonization**

This project is an excellent example of agencies working together to reduce the information burden on nearly 1,000 coal miners who submit reports to DOI, DOE, EPA, DOL, IRS, and State EPAs. Eighty percent of the data in these reports are identical and require about 50,000 hours annually. A tool developed by DOI provides a one-stop submission of data that is then distributed to participating agencies. Data metrics using different definitions is automatically changed to the metric required by each agency and results in an estimated 25,000 hours saved. As the project has been progressing, agencies have begun to look at streamlining definitions, reporting periods and the need for the information in the first place. Estimated savings: $1 million annually.

**Integrated State Registration and Federal Employer Identification Number Application**

This example demonstrates that significant savings can ensue when state and Federal processes are integrated and offered as a single web services. State business registration requires many of the same data elements as the Federal Employer Identification Number.
(FEIN) submission. This tool permits the user to apply on-line for a state registration and then elect to apply for a FEIN, which is pre-populated with data from the state application. For additional information, the application asks for additional data in an interview format. IRS estimates that more than 2.4 million businesses acquire EINs annually. Estimated savings: **$96 million** annually.

**Bureau of Citizenship and Immigration Services I-9 Interactive, Electronic Tool**

All U.S. employers are responsible for completion and retention of Form I-9s for each individual they hire to certify work eligibility in the United States. This includes citizens and non-citizens. On the form, the employer must verify the employment eligibility and identity documents presented by the employee and record the document information on the Form I-9. The U.S. Department of Homeland Security, Bureau of Citizenship and Immigration Services (BCIS), maintains the form. This tool developed by BCOS in cooperation with BCIS, guides the employer using an Intuit-type approach through a set of questions at the end of which the form is completed. Throughout the tool, educational material is provided in terms of instructions and answers to frequently asked questions. Estimated savings: **$12 million** annually with a substantial increase in the quality of the completed form.

**Trucking One-Stop Portal**

Trucking is an important industry, contributing to 1 out of every 12 jobs and local economies. A large part of the 900,000 plus trucking firms works interstate and needs to comply with information from the Federal and state governments. The Integrated Truck One-Stop is an example of how using harmonized data capture, electronic forms and transactions and offering web services for both Federal and state requirements can work for a specific industry. The planning phase is being completed for this project.

SBA has developed the data reference model for both Federal and state regulatory requirements. With this understanding, SBA can develop web services that let truckers submit data to a common front end portal that then processes the requests, distributes the data to the participating user states and Federal agencies, and returns credentials, licenses, permits and payment schedules. Additionally the trucking one-stop portal will provide compliance assistance information and tools to reduce the regulatory burden. The development of a trucking one stop portal with E-forms and streamlining and harmonization of data collection will yield an estimated savings of **$400 million** annually.

**The Profiler- Personalization for finding Compliance Assistance Resources**

This tool allows the user to characterize a firm in terms of where it is located, size, industry as well as what kind of assistance the user is looking for. The tool then locates available compliance assistance resources available from five major Federal agencies. The estimated savings are **$62 million** annually.
4.9. **APPENDIX 7—COMPLIANCE ASSISTANCE BEST PRACTICES**

Best practices and lessons learned are shown for three areas: cross-jurisdictional State-wide services, other cross-jurisdictional portal applications and specific compliance and permitting services. In addition, other sites representative of specific navigational practices and assistance tools are included in the discussion of challenges.

**Cross-jurisdictional State Portals**

The following sources are examples of State-wide services providing compliance assistance across multiple jurisdictions:

1. The **Georgia Technology Authority (GTA)** is designing an enterprise portal to integrate information from disparate sources throughout the Georgia State Government. The first to benefit from this portal are the projected 400,000 Georgians a year likely to renew their driver’s licenses online. It is one of the first Web services portals based on Simple Object Access Protocol (SOAP) and Extensible Markup Language (XML) to take advantage of cross-jurisdictional transactions.

2. **Washington State** has implemented a State portal that serves as a one-stop registry for companies to do business in the State by providing relevant information and supporting transactions online. It was developed with a comprehensive understanding of customers and their needs and deployed using a component-based architecture to support its growth and sustainability. It is one of the first and largest Government-to-Business (G2B) transaction sites available in the nation.

3. The **Commonwealth of Pennsylvania** has implemented a one-stop business services portal that allows businesses to electronically identify, complete and submit all business-specific registration data required to multiple State regulatory agencies. Three State agencies currently participate in the initial phase: the Department of Revenue, the Department of State, and the Department of Labor and Industry. Each agency performs critical approval and oversight functions in registering new enterprises. Fifteen hundred (1,500) businesses have submitted or changed their registrations online without incurring legal and accounting expenses previously required.

4. The **State of Virginia Department of Taxation** offers the ability for a business to file its sales and withholding tax online. It provides for electronic filing and payments by both individuals and businesses, and is jointly supported by the Virginia Employment Commission and the Virginia Department of Taxation. Future plans call for seamless transactions across State agencies and integration for Federal Internal Revenue Service (IRS) and Social Security Administration (SSA) transactions.

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5. **The State of Mississippi** has embarked upon a three-year initiative to develop a comprehensive State portal to provide E-Government services to its constituencies by building upon a flexible, open, and scalable technology foundation. Occupational license renewals for the Board of Architecture and payment processing were the first applications deployed with the initial release of the new portal in October 2001. Their success is based on a strategy of building a standards-based component architecture at the State level that can provide plug-and-play compatibility and interoperability for future applications.

**Other Cross-jurisdictional Portals**

The following sources are examples of other services providing compliance assistance across multiple jurisdictions:

1. **Inland Revenue, United Kingdom, Online Tax Filing** deployed a tax filing system for employers and agents filing pay-as-you-earn taxes on behalf of employees; and a self assessment filing system for individual taxpayers. This site is an example of the rapid integration of commercial-off-the-shelf (COTS) forms processing, transaction engines and business rules to support businesses filing tax information online.

2. **Miami-Dade County, Florida** has one of the largest local E-Government transaction-based systems, allowing businesses and individuals to request services, track and review status of service and make payments online. It supports a host of county services from occupational licensing to the payment of parking tickets. They created a component-based architecture that promotes interoperability and enables the easy addition of Web-based transactions and tools.

3. **Nova Scotia Atlantic Canada Online** electronic business system (in partnership with an industry provider and the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland) provides third-party client organizations with secure Internet access to Government information. Electronic access is provided to personal property registries and records, vehicle information, business registries, court filings and documents and more. The business model relies on an industry provider to invest $10M in the development, implementation and management of the business and technical infrastructure that supports the online services. Organizations such as banks and law firms establish online accounts, from which small fees are automatically deducted for each transaction.

**Specific Compliance and Permitting Applications**

The following sources are examples of services providing specific compliance and permitting transactions for specific jurisdictions:

1. **The Illinois Department of Revenue** focused on reducing the tax and wage-reporting burden on businesses by providing an integrated capability for electronic registration, simplified tax and wage reporting, and online filing and payments. The department achieved success by developing a solid understanding of its customers’ requirements and building the necessary infrastructure to provide secure digital transactions to more than 100,000 businesses. It defined a business model consistent with its mission and relied on a component-based architecture to
deliver the needed business services.

2. The Ohio Bureau of Workers Compensation allows injured workers to fill out insurance claims forms electronically. As many as 80 percent of Ohio workers using the new system have been able to file claims within seven days of receiving their job-related injury, as opposed to 25-27 days for paper-based claims. Nine hundred companies have paid their workers compensation premiums online using credit cards. This site demonstrates the ability of individuals and businesses to file forms electronically make payments online and have transactions synchronized across multiple State agencies within Ohio.

New Jersey’s DEPOnline is a one-stop environmental information sharing and regulatory compliance portal for business, industry and the public. DEPOnline seamlessly interoperates with the New Jersey Environmental Management System (NJEMS), an integrated enterprise regulatory management solution. The portal enables business users to access status of compliance information and up-to-date regulations, apply and pay for (by credit card or check) a variety of permits and licenses and submit compliance reports online.

General Findings

Most cross-jurisdictional portals, particularly those at the State level, are currently in development and are facing similar issues, integrating solutions across multiple jurisdictions, developing common repeatable frameworks and addressing the diverse needs of a large customer base. While most have not achieved their stated goals, they do reveal some useful lessons learned:

Start with a comprehensive understanding of the customers, and address the services that have the largest potential gains in reducing the compliance burden and promoting efficiencies;
- Define an effective business model for delivery of services to customers, consistent with the mission and leveraging agency core competencies;
- Develop a component enterprise architecture that exploits common, repeatable standards and supports continued growth, promotes interagency collaboration and addresses user privacy and security concerns;
- Deploy proven technologies and tools, particularly those currently in use by the more successful implementations from compliance organizations; and
- Achieve interagency and intergovernmental cooperation and collaboration, an essential element in providing a common, seamless One-Stop Business Compliance capability.
4.10. APPENDIX 8—RESPONSE TO COMMENT

The Office of Management and Budget received numerous comments about the Draft Small Business Paperwork Relief Task Force Report from the business community, Congress, and citizens. The Task Force is sympathetic to small businesses, and OMB is committed to implementing solutions to reduce paperwork burden. The Task Force recommends using technology, existing statutory authority, and innovative partnerships across the Federal government to help to reduce paperwork burden on small businesses. The Task Force Final Report has considered the public comments and is responding by the substantive issues listed.

**Establishing a Single Point of Contact**
Many commenters were concerned that the Draft Task Force Report recommended that establishing a single point of contact for small businesses within the Federal agencies was a desirable and feasible option. This single point of contact list is required by the Small Business Paperwork Relief Act of 2002. Therefore, the recommendation has been changed to reflect this requirement in the Final Report.

**Develop of Catalog of Requirements**
Commenters expressed concern that the Draft Report did not place enough emphasis on developing a usable catalog of government-wide requirements. Creating such a catalog presents many challenges that require technology and regulatory solutions. The Final Report addresses many of these challenges including sorting by NAICS codes. Furthermore, the report lays out the issues and then recommends that the Business Compliance One Stop (BCOS) project would devise a solution to create a usable catalog of government-wide requirements. Once the BCOS project has examined the challenges and devised appropriate solutions, implementing those solutions through BCOS would be the next step.

**Undermining the Paperwork Reduction Act of 1995**
There was a concern that the Draft Report undermines the intent of the Paperwork Reduction Act of 1995. OMB recognizes the authority of the Paperwork Reduction Act and the Small Business Paperwork Relief Act and the intent of these statutes. The report is not intended to overshadow the existing PRA requirements, but emphasize the responsibility of the agencies and OMB to reduce burden on small businesses. Furthermore, the Task Force recommendations help to devise solutions to overcome existing barriers to burden reduction.

**Reports Management System**
The commenters stated that OMB’s Reports Management System (RMS) was not adequate to serve the needs of the businesses or citizens. RMS was designed to be an internal to OMB system, whose design limits its functionality. In response to that concern, the Office of Information and Regulatory Affairs (OIRA) within OMB is working with GSA’s Regulatory Information Service Center (RISC) to develop ROCIS. This replacement system, ROCIS, will have full electronic submission and review capabilities and provide the public with all information collection requests reviewed by OMB, both during and after review. This will include copies of the information collection instruments, references to the appropriate regulatory provisions, and Internet hyperlinks to agency web sites with information about the collections. ROCIS will provide the public with a greater capability to search our database than OIRA itself.
has now with RMS. ROCIS is being designed to include classification information in order to ensure consistency with the Business Compliance One-Stop e-Gov initiative, as recommended in the Task Force Report.

Eliminate Duplicate Paperwork Requirements
Commenters felt that the Draft Report should emphasize the quality of the forms available and eliminating the duplicate submissions. The Final Report addresses this concern of duplicate submissions by looking to consolidate reporting as a solution. Although the report presents the challenges to consolidated reporting, the solutions are presented through the integrated e-forms solution that BCOS is pursuing as a result of the Task Force Report. By consolidating forms, many of the duplications and redundancies will be eliminated as well.

Synchronized Reporting
Comments expressed concern about why the Draft Report did not consider synchronized reporting to be a desirable recommendation. As the Final Report explains, synchronized reporting across the Federal government has many challenges due to statutory requirements when dealing with reporting frequencies. However, Federal agencies are encouraged and continue to pursue synchronized reporting as a means to reduce burden when feasible.

Estimates for Burden Hours
Comments expressed concern that there are inaccurate estimates for burden that should be examined and accounted for properly. The Task Force recommends centralizing the function of processing Information Collection Requests across the Federal agencies to one arena before the requests get sent to OMB for approval. Therefore, the best practices and methodologies can be shared to standardize the operating principles of burden calculations throughout the lifecycle of an information collection request.

Electronic Recordkeeping and Reporting Options
Small business associations have expressed that they are supportive of electronic recordkeeping and reporting options. Electronic methods may serve small business to reduce their large recordkeeping burden as well.

Outreach and collaboration
Commenters expressed the importance of outreach to the small business community when new electronic solutions and compliance assistance tools become available to them. They also suggested collaboration amongst the Federal agencies to harmonize reporting requirements to avoid duplication. These suggestions have been incorporated in the Final Report.