



UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON GOVERNMENT REFORM — MINORITY STAFF  
SPECIAL INVESTIGATIONS DIVISION  
JULY 18, 2006

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**GOVERNMENT PAPERWORK BURDENS HAVE  
INCREASED SUBSTANTIALLY UNDER  
THE BUSH ADMINISTRATION**

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**PREPARED FOR**

**REP. HENRY A. WAXMAN**

**AND**

**REP. STEPHEN F. LYNCH**

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## GOVERNMENT PAPERWORK BURDENS HAVE INCREASED SUBSTANTIALLY UNDER THE BUSH ADMINISTRATION

### EXECUTIVE SUMMARY

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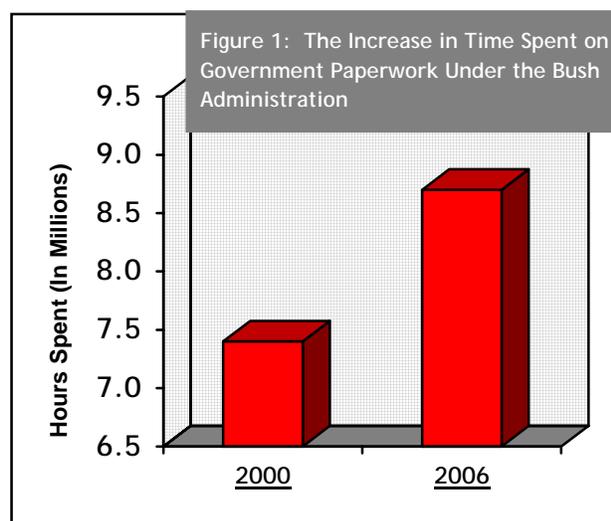
Over the last five years, the Bush Administration has employed a “bait and switch” approach to government paperwork. In public statements, President Bush has promised that reducing the burdens of completing government paperwork would be a key item in his economic agenda. In speech after speech, he has emphasized that “we must reduce unnecessary government regulation and red tape so businesses can focus on consumers and customers, not paperwork.”

Contrary to the President’s rhetoric, however, the total time spent completing government paperwork has increased substantially under the Bush Administration to a record 8.4 billion hours in fiscal year 2005. This is one billion more hours filling out government paperwork than in the last year of the Clinton Administration. In fiscal year 2006, the total paperwork burden is expected to grow even further to 8.7 billion hours.

As a result of these increases, the average adult in the United States will spend 39 hours this year completing government paperwork.

Statutory changes promoted by President Bush and enacted by Congress are major causes of the increased paperwork burden. Over half of the increase in paperwork last year, 224 million hours, is attributable to the complicated new Medicare prescription drug program. The program added approximately 10 hours of government red tape for every person enrolled in a Medicare drug plan

The tax legislation passed in 2001 and 2003 also added substantially to government red tape, increasing paperwork burdens by 47 million hours in 2002 and 114 million hours in 2003.



## I. PRESIDENT BUSH'S PROMISES TO REDUCE PAPERWORK

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President George W. Bush has frequently promised to reduce the amount of “paperwork” required by the federal government. From the very outset of his campaign for the presidency, President Bush emphasized his commitment to reduce government paperwork. In an address in Los Angeles in September 1999, for example, President Bush said:

The only thing we know for sure is that federal money comes with a lot of regulations and paperwork. By one estimate, this consumes about 50 million hours each year — the equivalent of 25,000 full-time employees just to process the forms . . . . New layers of federal mandates and procedures have been added to the old until their original purpose is long forgotten. It is a sad story of high hopes, low achievement, grand plans, and unmet goals. My administration will do things differently.<sup>1</sup>

Since being elected, President Bush has continued to promise to reduce government paperwork burdens. He argues that paperwork “stifle[s] innovation and the entrepreneurial spirit,”<sup>2</sup> and he has said that “we must reduce unnecessary government regulation and red tape so businesses can focus on consumers and customers, not paperwork.”<sup>3</sup> In 2004, President Bush said: “We need to stop harassing small business owners and entrepreneurs with endless amounts of regulation and paperwork.”<sup>4</sup>

President Bush has repeatedly stated his commitment to reducing federal paperwork requirements and he made reducing paperwork a key element of his “Six-Point Plan for the Economy.”<sup>5</sup> President Bush’s mid-session budget review sent to Congress just last week states: “The President has worked with the Congress to strengthen the economy through a number of initiatives including . . . limiting the burden of Government paperwork and regulations.”<sup>6</sup>

President Bush has also touted actions he has taken to reduce paperwork. In May 2003, he highlighted the establishment of a task force on reducing paperwork:

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<sup>1</sup> *Governor George W. Bush (R-TX) Delivers Remarks to the Latin Business Association in Los Angeles, CA*, FDCH Political Transcripts (Sept. 2, 1999).

<sup>2</sup> *George W. Bush Delivers Remarks in a Conversation on the Economy*, FDCH Political Transcripts (Feb. 16, 2004).

<sup>3</sup> *George W. Bush Delivers Weekly Radio Address*, FDCH Political Transcripts (Dec. 6, 2003).

<sup>4</sup> *George W. Bush Delivers Remarks on the Economy*, FDCH Political Transcripts (Mar. 30, 2004).

<sup>5</sup> White House, *Press Release: President Bush Outlines Six Point Plan for the Economy* (Sept. 4, 2003) (online at [www.whitehouse.gov/news/releases/2003/09/20030904-5.html](http://www.whitehouse.gov/news/releases/2003/09/20030904-5.html)).

<sup>6</sup> Office of Management and Budget, *Fiscal Year 2007 Mid-Session Review Budget of the United States Government*, 1-2 (July 2006).

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To enhance economic security for working people throughout the economy we must reduce the burden of regulation and litigation on small businesses as well. Employers don't want to spend their time and resources filling out forms or fighting junk lawsuits. They want to be out on the shop floor or behind the cash register creating profits and jobs. And that is why this administration has launched a task force to find ways to reduce paperwork for small-business owners in America. We must enact regulatory and lawsuit reforms so that our business owners can do what they do best, create jobs.<sup>7</sup>

In June 2003, President Bush took credit for an executive order that purported to reduce paperwork burdens, stating: "I'm concerned and mindful about what paperwork and regulations do to small businesses. So I put down an executive order that requires all federal regulatory agencies to minimize the burden on our small businesses."<sup>8</sup>

In February 2005, President Bush claimed that his Administration has reduced the paperwork burden on small businesses:

A pro-growth strategy must roll back excessive federal regulation. Many of you in this room probably spend hours filling out paperwork to send to Washington, DC. I can't promise you any of it has ever been read. We've got to understand that. People writing the regulations must understand, the people who are implementing regulations must understand that. And we're making some progress. We streamlined tax reporting requirements for small businesses, and that saved American entrepreneurs an estimated 50 hours — 50 million hours of unproductive work. And there's more to be done. We've got to strip away unnecessary mandates. You know, we want people figuring out how to hire people, not hiring people to fill out forms.<sup>9</sup>

## II. PURPOSE AND METHODOLOGY

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At the request of Rep. Henry A. Waxman and Rep. Stephen F. Lynch, this report examines whether President Bush has met his promises to reduce the burden of government paperwork. The report updates a 2004 report on government

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<sup>7</sup> *George W. Bush Signs Jobs and Growth Tax Relief Reconciliation Act of 2003*, FDCH Political Transcripts (May 28, 2003).

<sup>8</sup> *George W. Bush Delivers Remarks to New Jersey Business Community*, FDCH Political Transcripts (June 16, 2003).

<sup>9</sup> White House, *President Discusses Economy, Budget at Detroit Economic Club*, (Feb. 8, 2005) (online at [www.whitehouse.gov/news/releases/2005/02/20050208-3.html](http://www.whitehouse.gov/news/releases/2005/02/20050208-3.html)).

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paperwork burdens prepared by the Special Investigations Division at the request of Rep. Waxman and Rep. John F. Tierney.<sup>10</sup>

This report is based primarily on information about paperwork burdens reported to Congress by the Office of Management and Budget under the Paperwork Reduction Act. Under the Paperwork Reduction Act, each federal agency is required to submit an annual report to OMB that provides an estimate of the number of paperwork burden hours that the agency imposed during the previous year. This information is compiled by OMB and submitted to Congress every year. OMB's annual report for fiscal year 2005 was submitted to Congress on June 30, 2006.<sup>11</sup>

In addition, the report draws on analyses of government paperwork burdens by the Government Accountability Office.

### III. PAPERWORK INCREASES UNDER THE BUSH ADMINISTRATION

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There is a large gap between President Bush's rhetoric about the need for paperwork reduction and the performance of his Administration. According to data from the Office of Management and Budget and the Government Accountability Office, the burden of government paperwork on American citizens has increased — not decreased — under the Bush Administration. At the same time as President Bush has been promising to reduce paperwork burdens, Americans are actually spending more time doing paperwork than ever before.

#### A. Total Paperwork Burdens

The annual paperwork burden today is one billion burden hours higher than it was when President Bush took office. In fiscal year 2000, the annual paperwork burden imposed by the federal government was measured at about 7.4 billion hours.<sup>12</sup> By the end of fiscal year 2005, the annual paperwork burden stood at 8.4 billion burden hours.<sup>13</sup> This is an increase of nearly 14%.

The Internal Revenue Service (IRS) accounts for more paperwork than any other

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<sup>10</sup> Minority Staff, Special Investigations Division, House Committee on Government Reform, *Government Paperwork Burdens Have Increased Substantially Under the Bush Administration* (Apr. 2004, revised May 2004) (online at <http://www.democrats.reform.house.gov/Documents/20040608080416-64435.pdf>).

<sup>11</sup> Office of Management and Budget, *Information Collection Budget of the United States Government Fiscal Year 2006* (June 2006).

<sup>12</sup> U.S. General Accounting Office, *Paperwork Reduction Act: Burden Estimates Continue to Increase* (Apr. 2001) (GAO-01-648T).

<sup>13</sup> OMB, *supra* note 11.

federal agency, with 76% of the total paperwork hours.<sup>14</sup> In contrast, EPA and the Department of Labor, including OSHA, each account for only 2% of the federal paperwork burden.

## **B. Record Increases in Paperwork Burden**

The largest increases in paperwork burden ever measured have taken place during the Bush Administration. The first two years of the Bush Administration saw large increases in the number of hours of paperwork burden. In fiscal year 2001, the federal government required 7.6 billion hours of paperwork, an increase of 290 million hours from the year before.<sup>15</sup> In fiscal year 2002, the increase in the paperwork burden was approximately 570 million hours. This was the largest increase in paperwork since the Paperwork Reduction Act was amended in 1995.

In 2003, the Administration reported a small decline in the overall number of reported paperwork burden hours from 8.2 billion hours in 2002 to 8.1 billion hours.<sup>16</sup> According to the Government Accountability Office, however, the purported drop in government paperwork in fiscal year 2003 was entirely due to “adjustments” that “are not the result of direct federal government action but rather are caused by factors such as ... agency reestimates of the burden associated with a collection of information.”<sup>17</sup> GAO found that the total paperwork burden for fiscal year 2003, excluding adjustments, actually increased by about 72 million burden hours.<sup>18</sup>

OMB reported the total paperwork burden for fiscal year 2004 at 8 billion hours. Excluding adjustments, the paperwork burden in fiscal year 2004 increased by 22 million hours.<sup>19</sup>

In fiscal year 2005, the paperwork burden grew to the highest level ever recorded: 8.4 billion hours. This represents a 441 million hour increase over fiscal year 2004.<sup>20</sup>

Additional paperwork increases are likely in fiscal year 2006 and future years under policies being pursued by the Bush Administration. OMB estimates that the paperwork burden will go up another 303 million hours in fiscal year 2006,

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<sup>14</sup> *Id.*

<sup>15</sup> U.S. General Accounting Office, *Paperwork Reduction Act: Burden Increases and Violations Persist* (Apr. 2002) (GAO-02-598T).

<sup>16</sup> U.S. General Accounting Office, *Paperwork Reduction Act: Agencies' Paperwork Burden Estimates Due to Federal Actions Continue to Increase* (Apr. 2004) (GAO-04-676T).

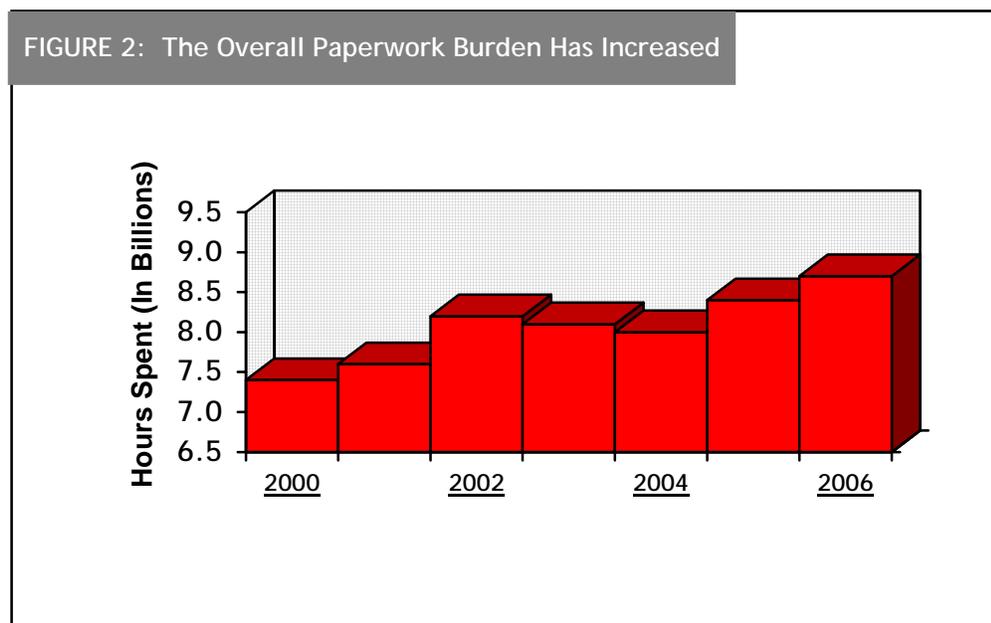
<sup>17</sup> *Id.* at 7.

<sup>18</sup> *Id.*

<sup>19</sup> OMB, *supra* note 11.

<sup>20</sup> *Id.*

bringing the total paperwork burden to a new record of 8.7 billion hours.<sup>21</sup>



### C. Causes of the Paperwork Increases

Much of the increase in paperwork burden since fiscal year 2000 has been driven by statutory changes proposed by the Administration and passed by Congress.

OMB reports that 95% of the 441 million hour increase in the paperwork burden in fiscal year 2005 was caused by statutory changes. The Medicare Prescription Drug Improvement and Modernization Act of 2003 alone was responsible for an increase in burden of 224 million hours.<sup>22</sup> The increase in paperwork from the new Medicare prescription drug benefit nearly doubled the total paperwork burden for HHS.

As of June 11, 2006, 22.5 million people were enrolled in the new Medicare drug program.<sup>23</sup> The complicated design of the new Medicare drug program has added 10 hours of government paperwork for every person enrolled in the new program.

Most of the increases in government paperwork burdens associated with the new Medicare prescription drug plan are the result of policy choices made by President Bush and Republican congressional leaders. The Medicare drug plan

<sup>21</sup> *Id.*

<sup>22</sup> OMB, *supra* note 11.

<sup>23</sup> Henry J. Kaiser Family Foundation, *Medicare Drug Coverage Among Medicare Beneficiaries* (June 2005).

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uses a complicated structure that forces seniors to choose from up to 50 competing private drug plans, each with a bewildering array of differences in premiums, co-pays, formularies, and drug restrictions. This complex structure benefits private health insurers, who get large subsidies for offering Medicare drug plans, and the pharmaceutical industry, which has avoided pressure to lower drug prices. But it has resulted in a vastly more difficult program for seniors and other Medicare beneficiaries to understand and navigate.

The CAN-SPAM Act was also a significant cause of the fiscal year 2005 increase in the paperwork burden. The CAN-SPAM Act requires unsolicited commercial email to include information about how consumers can opt-out of email lists, increasing the paperwork burden by 116 million hours.<sup>24</sup> The CAN-SPAM Act preempted laws in 38 states, including many state laws that were less burdensome and more protective for consumers.<sup>25</sup> For example, California's anti-spam law, which was preempted by the CAN-SPAM Act, reduced paperwork burdens and increased consumer protection by requiring consumers to opt-in to email lists rather than opt-out as CAN-SPAM requires.<sup>26</sup>

The largest source of statutory increases in paperwork have been the recent tax law changes, which have introduced substantial additional complexity and burden for individuals and small businesses in filing tax forms. The Jobs and Growth Tax Relief Reconciliation Act of 2003 increased the paperwork burden 114 million hours in fiscal year 2003.<sup>27</sup> The Economic Growth and Tax Relief Reconciliation Act of 2001 increased the annual paperwork burden an estimated 47 million hours in fiscal year 2002.<sup>28</sup>

## CONCLUSION

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As a candidate, George Bush railed against government paperwork burdens and promised that “[m]y administration will do things differently.” As President, Mr. Bush continues to urge reductions in government paperwork burdens. But in practice, the Bush Administration has actually increased paperwork burdens. Today, Americans are filling out more paperwork under the Bush Administration than ever before.

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<sup>24</sup> OMB, *supra* note 11.

<sup>25</sup> Minority Staff, Special Investigations Division, House Committee on Government Reform, *Congressional Preemption of State Laws and Regulations* (June 2006) (online at <http://www.democrats.reform.house.gov/Documents/20060606095331-23055.pdf>).

<sup>26</sup> *Id.*

<sup>27</sup> House Committee on Government Reform, Testimony of IRS Commissioner Mark W. Everson, *What is the Bush Administration's Economic Growth Plan Component For Paperwork Reduction*, 108<sup>th</sup> Cong. (Apr. 20, 2004) (H Rept. 108-197).

<sup>28</sup> Office of Management and Budget, *Managing Information Collection and Dissemination Fiscal Year 2003* (Apr. 2003).