DOCUMENT RESUME

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Report to Rep. John E. Anderson; by Harry S. Havens, Director, Program Analysis Div.

Contact: Program Analysis Div.
Congressional Relevance: Rep. John E. Anderson.
Authority: OMB Circular A-40. NASA Management Instruction 2312.2. DOD Directive 5000.19. DOD Directive 5000.22.

Statistics were compiled on congressional reporting requirements. The average growth in recurring reports over the decades 1920-1970 was 76.4 per decade (15%); for the annual periods 1962-1978, the growth was 57.8 per year (7%). In the largest category--reports submitted by cabinet level agencies--the number of reports fluctuated considerably between 1920 and 1960 but was little higher at the end of this period than at the beginning. In the decade 1960-1970, there was a significant increase in this category, 65%, with the greatest increases in requirements levied on cabinet level agencies. In the 1962-1968 period, the total number of reports increased 199%; those required to be submitted by the President increased 541%. The results of interviews on report preparation and management procedures by agencies were provided. Most agencies indicated that they use the "Guide to Estimating Reporting Costs" to calculate costs for reports preparation, but there were wide variances in reported cost data for similar reports. A more rigorous review of costs of reports must be conducted before accurate cost assessments can be made. (HTW)

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

PROGRAM ANALYSIS DIVISION

IN REPLY REFER TO:

JUL 25 1978

The Honorable John E. Anderson
House of Representatives

Dear Mr. Anderson:

In response to your letter of May 19, 1978, we have compiled the statistics on congressional reporting requirements which you requested. We have also included some typical management procedures followed by Federal agencies in meeting these requirements.

Statistical tables and charts relating to the decades 1920-1970 and to the annual periods from 1962-1978 are contained in Enclosure I. The source for this data is the House Document for the respective year entitled Reports to be Made to Congress. We have extracted from these documents the number of recurring reports in effect at the beginning of each year. As you know, these reports relate only to the statutory requirements of the Congress. We estimate from the GAO data base that an additional 15 percent of nonstatutory reporting requirements are levied on Federal agencies by congressional committees, by individual members, or by a House or Senate report; but we have no data to support this estimate over any extended period. Our data base was established in 1975 and consequently we have no means of making comparisons from it during the time frames in which you expressed an interest.

The average growth in recurring reports over the decades 1920-1970 is 76.4 per decade (15 percent). For the annual periods 1962-1978 the growth is 57.8 per year (7 percent). Considering the largest category--reports submitted by cabinet level agencies--the number of reports fluctuated considerably between 1920 and 1960, but was little higher at the end of this period than at the beginning. In the decade 1960-1970, however, there was a significant increase in this category from 272 to 450 reports (a 65 percent increase). The more detailed year-by-year comparisons also reveal that the greatest increases were in requirements levied on the cabinet level agencies. In the 1962-1968 period, the total number of reports increased 199 percent; those required to be submitted by the President of the United States increased 541 percent.

To determine the report preparation and management procedures, we interviewed reports/information managers at NASA, HEW, and DOD. Each agency

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interviewed has written procedures for managing and preparing reports. We have included the pertinent facts from our interview as Enclosure II. We have also included a schematic of the typical flow of a reporting requirement from receipt at the agency through the report being sent to Congress.

We cannot provide you with an accurate cost assessment for reports preparation. During our survey to collect information for Requirements for Recurring Reports to the Congress, we requested each agency to provide cost for each report prepared. Most agencies indicated that they use the Guide to Estimating Reporting Costs (See Enclosure III) to calculate costs. An examination of the reported cost data reveals wide variances in both dollars and staffing for very similar reports. We believe a more rigorous review of costs of reports must be conducted before accurate costs assessment can be made. We would favor assessing costs in terms of staff hours, which is the measurement used by the Commission on Federal Paperwork, rather than the detail complex dollar value recommended in the National Archives and Record Service Costs Guide.

Sincerely yours,

(Signed) Harry S. Havens

Harry S. Havens
Director

Enclosures - 3

bc: Mr. Horan (OP)
Mr. Fitzgerald (OCR)
Mr. Crowther (PAD)
Mr. Myers (PAD)
Mr. Hunter (PAD)
Mr. Kardokus (PAD)
Mr. Jaxel (PAD)
Mr. Jenney (PAD)
Mr. Sperry (PAD)
Mr. Frazier (PAD)
Index and Files

JBowen:sjh 7/24/78

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TABLE 1

PERCENTAGE CHANGE (BASE YEAR/YEAR-TO-YEAR)

**Reports to be Made to Congress - 1962-1974

YEAR	TOTAL NUMBER OF REPORTS	PERCENTAGE CHANGE FROM BASE YEAR*	YEAR TO YEAR PERCENTAGE CHANGE
1962	464		
1963	516	11	11
1964	523	13	1
1965	560	21	7
1966	576	24	3
1967	630	36	9
1968	681	46	8
1969	738	59	8
1970	759	64	3
1971	815	76	7
1972	882	90	8
1973	822	77	-7
1974	899	94	9
1975	1029	122	13
1976	1118	141	9
1977	1271	174	14
1978	1388	199	9

* Base Year 1962.

** Reports submitted in response to statutory recurring reporting.

TABLE 2

PERCENTAGE CHANGE (BASE DECADE/DECADE-TO-DECADE)

**Reports to Be Made to Congress - 1920-1970

YEAR	TOTAL NUMBER OF REPORTS	*PERCENTAGE CHANGE FROM BASE DECADE	DECADE TO DECADE PERCENTAGE CHANGE
1920	377		
1930	197	- 48	- 48
1940	235	- 37	16
1950	407	8	42
1960	470	25	13
1970	759	101	38

*Base Decade 1920.

**Reports submitted in response to statutory recurring reporting.

TABLE 3

REPORTS* TO BE MADE TO CONGRESS BY DECADE (1920 - 1970)

Category of Submission	Number of Reports					
	1970	1960	1950	1940	1930	1920
Total	759	470	407	235	197	377
President of the United States	84	47	42	18	18	15
Head of Each Department and Agency	10	6	9	4	4	15
Cabinet Level Directly to Congress	450	272	212	119	112	249
Independent Agencies Directly to Congress	110	93	95	62	36	71
Judicial and Legislative Branches	44	38	37	30	26	23
Semi-Independent Boards, Commissions, Agencies	2	4	2	1	--	2
Federally Chartered Private Corporations	59	10	10	1	1	2

*Reports submitted in response to statutory recurring reporting requirements.

TABLE 4

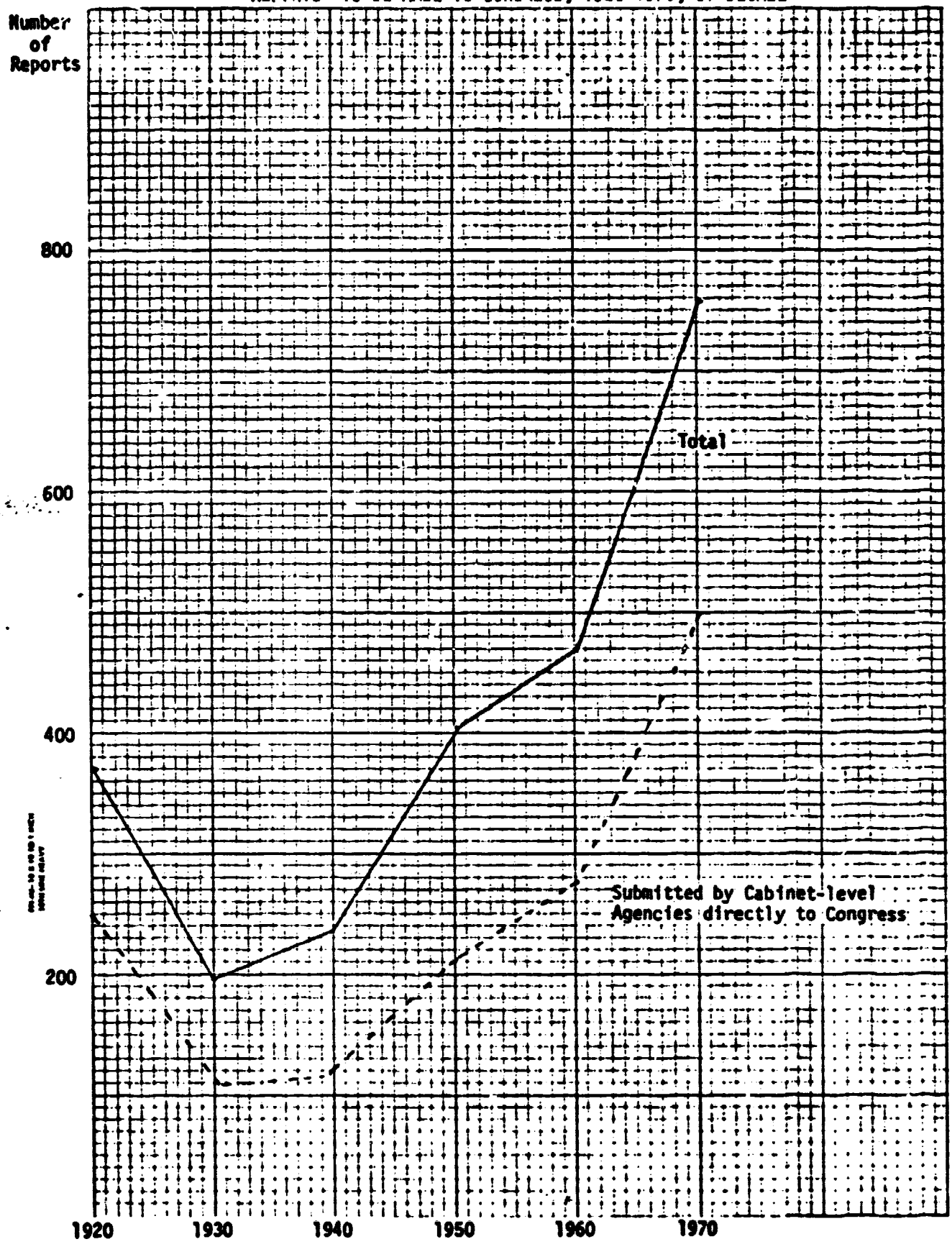
REPORTS* TO BE MADE TO CONGRESS BY YEAR (1962-1978)

Category of Submission	Number of Reports																
	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962
Total	1388	1271	1116	1029	899	822	882	815	759	738	681	630	576	560	523	516	464
President of the United States	327	274	244	228	170	147	137	100	84	77	80	75	56	53	54	59	51
Head of Each Department and Agency	18	18	15	15	8	8	11	10	10	10	8	8	9	9	6	6	6
Cabinet Level Directly to Congress	576	552	488	459	412	390	487	475	480	434	387	356	332	320	315	308	261
Independent Agencies Directly to Congress	241	217	177	148	143	125	118	114	112	110	106	101	92	93	75	71	72
Judicial and Legislative Branches	90	89	81	76	70	66	60	55	44	45	39	36	33	31	37	36	34
Semi-Independent Boards Commissions, Agencies	40	44	38	30	27	16	5	4	4	4	3	3	3	3	3	3	2
Federally Chartered Private Corporations	96	77	75	73	69	70	64	57	55	53	58	51	51	51	33	33	38

*Reports submitted in response to statutory recurring reporting requirements.

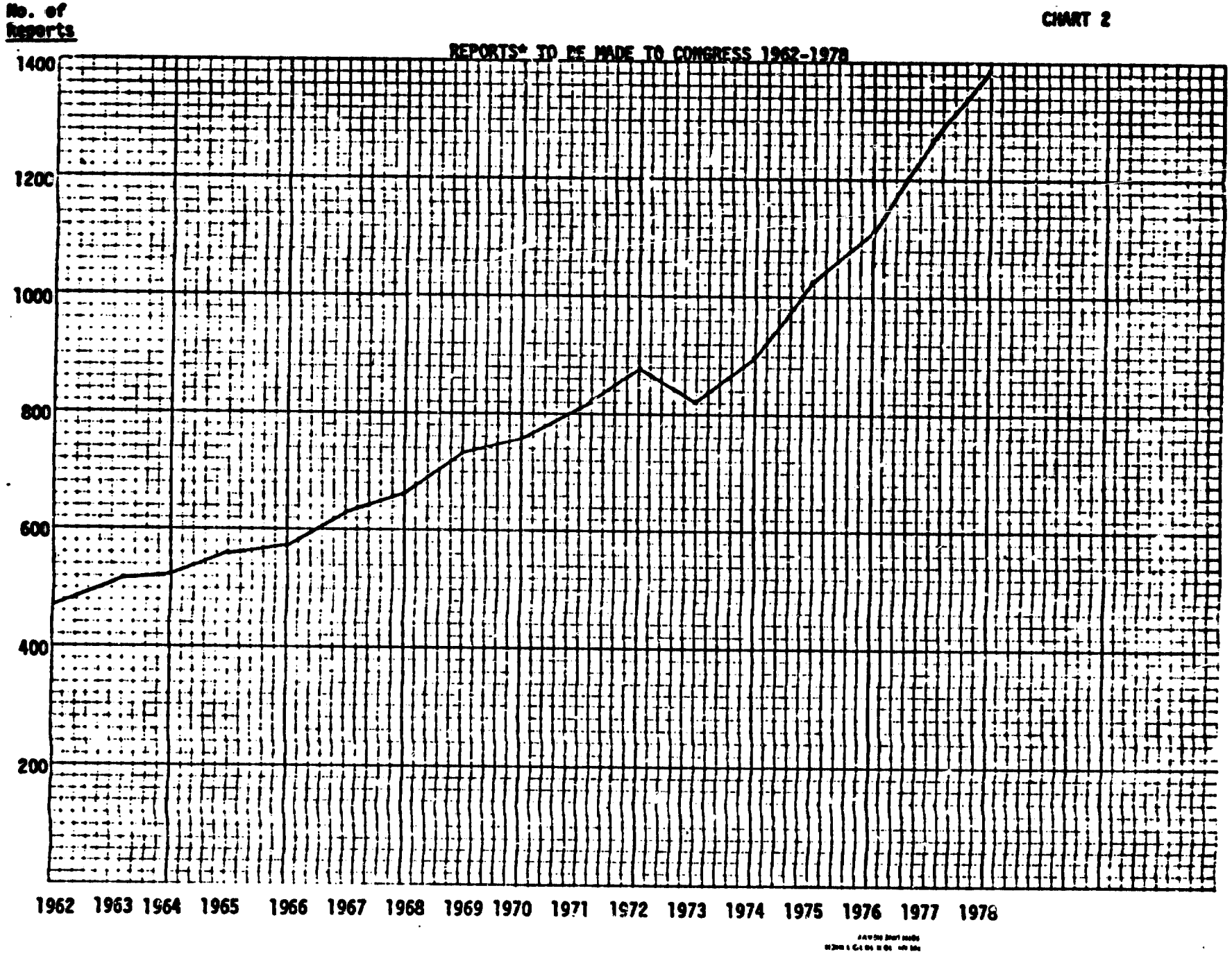
CHART I

REPORTS* TO BE MADE TO CONGRESS, 1920-1970, BY DECADE



*Reports submitted in response to statutory recurring reporting requirements.

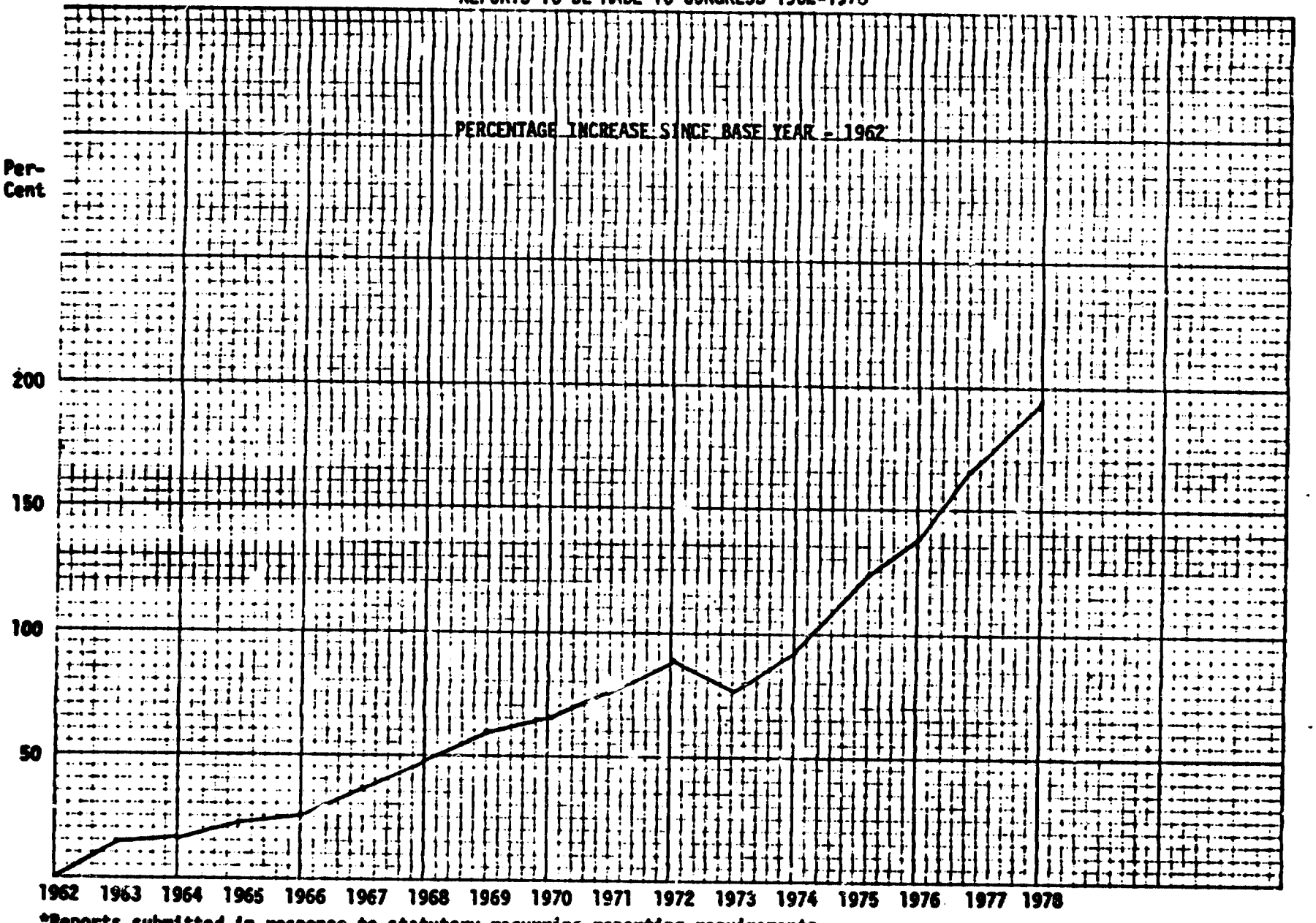
CHART 2



*Reports submitted in response to statutory recurring reporting requirements.

CHART 3

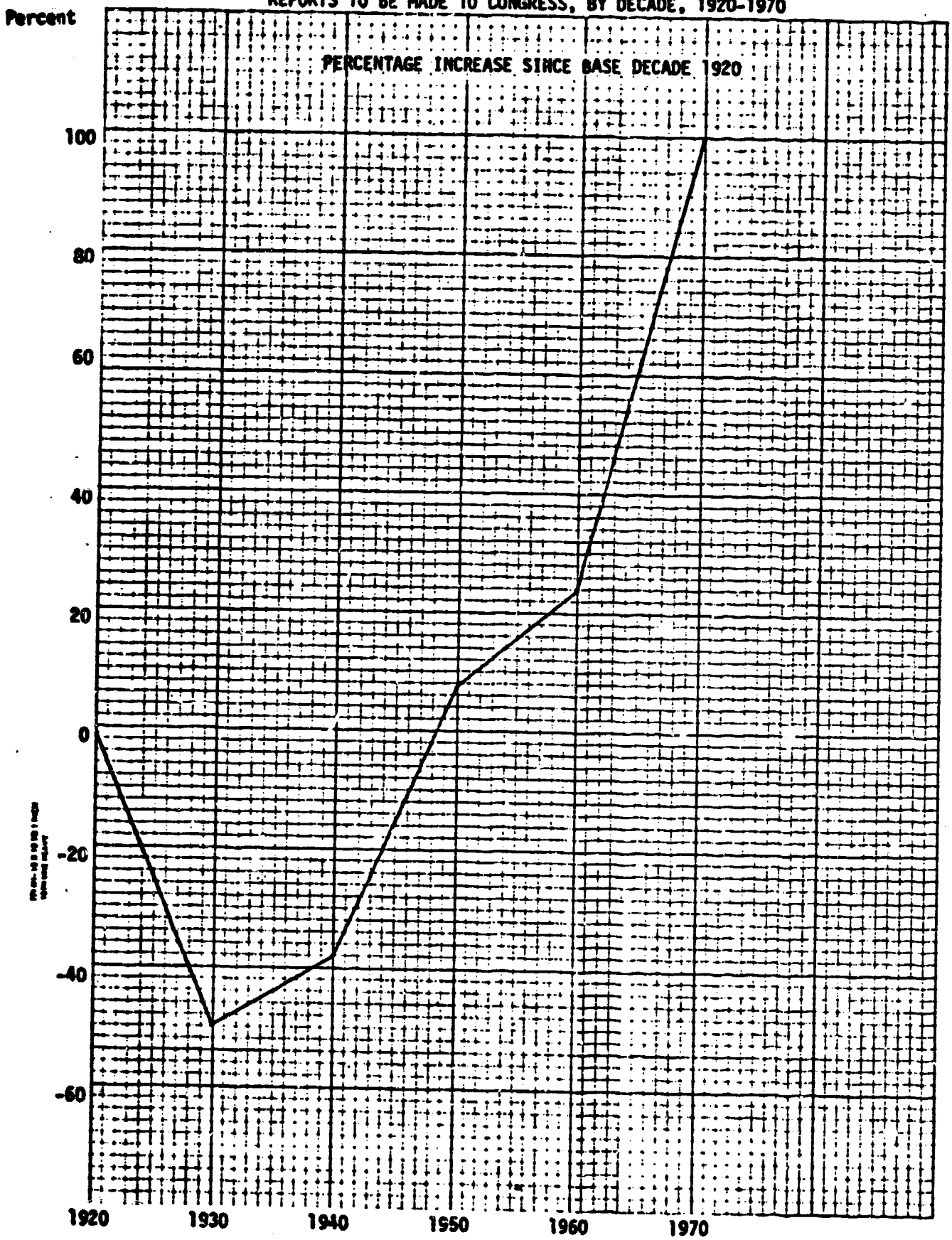
REPORTS TO BE MADE TO CONGRESS 1962-1978



*Reports submitted in response to statutory recurring reporting requirements.

CHART 4

REPORTS TO BE MADE TO CONGRESS, BY DECADE, 1920-1970



*Reports submitted in response to statutory recurring reporting requirements.

SOME TYPICAL MANAGEMENT PROCEDURES IN MEETING CONGRESSIONAL REQUIREMENTS

1. National Aeronautics and Space Administration

   A. The Reports Management Office is responsible for the monitoring of congressional requirements and reports, for the establishment of an inventory, and for the monitorship and review of all reporting requirements.

   B. Procedures for reports preparation are contained in NASA management instruction 2312.2, "NASA Reports Management Policy," May 1978.

   C. The Congressional Affairs Office is the central point for the receipt of congressional requirements and their assignment to the appropriate functional area.

   D. The costing of reports (staff hours spent in record maintenance, data gathering and assembly) is as follows:

professional staff hours	$15 an hour
clerical staff hours	$ 5 an hour
mixture of hours	$10 an hour
material cost	$.05 per page
administrative costs	100 percent added to above costs

2. Department of Health, Education, and Welfare

   A. Chapter 10 of the HEW General Administrative Manual establishes guidelines and procedures for congressional reporting.

   B. Each bureau within HEW has an individual assigned to coordinate reporting requirements.

   C. HEW maintains a list of reporting requirements; the list is periodically reviewed for modification and possible eliminations.

D. The Secretary of HEW recently required that the cost of producing congressional reports be placed on the cover of each report.

E. The bureaus are asked to utilize the NARS "Guide for Estimating Costs," (Enclosure III) as stipulated in the manual.

3. Department of Defense

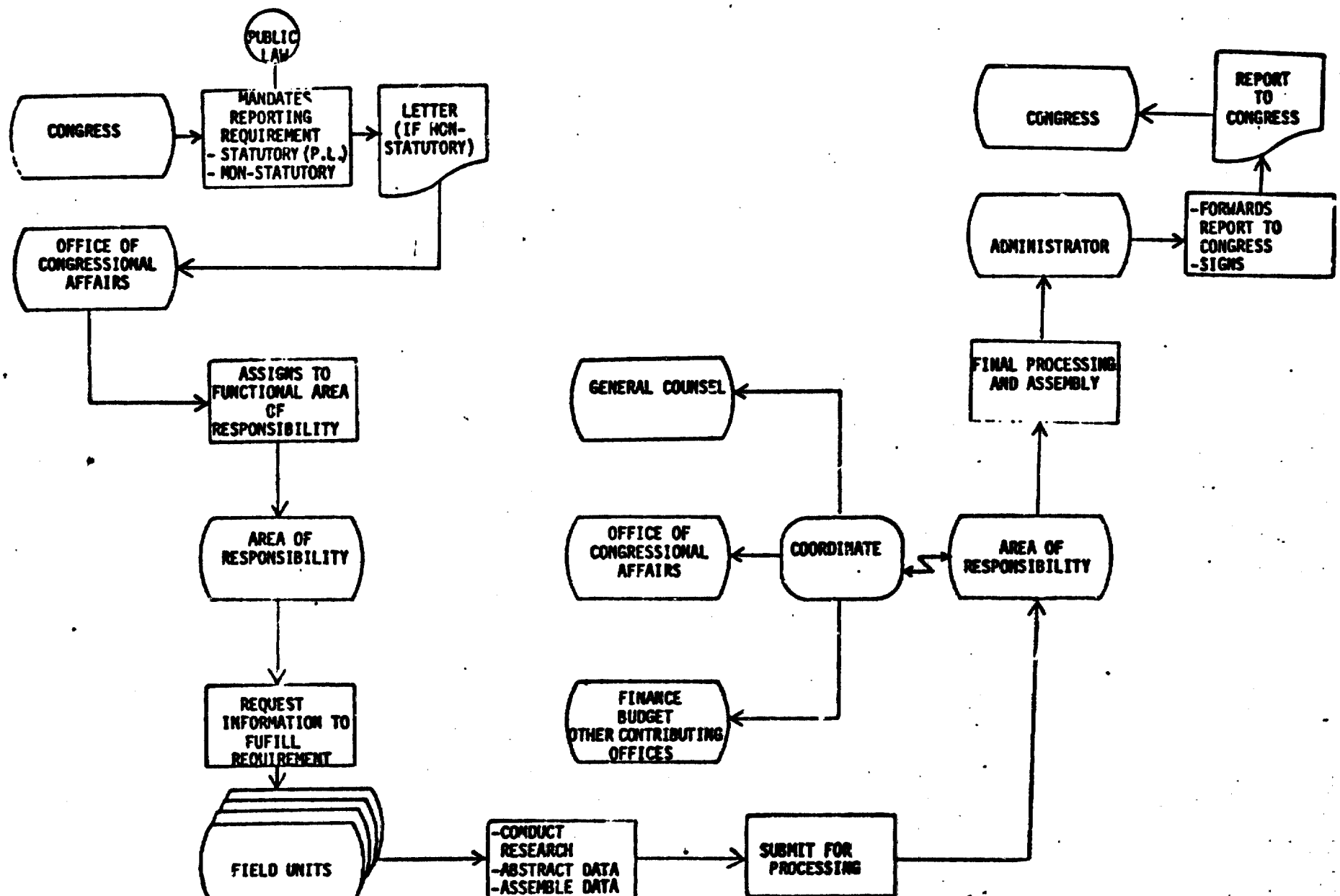
A. Department of Defense Directive 5000.19, Policies for Management and Control of Information Requirements, establishes guidelines and procedures for congressional reporting.

B. The responsibility for calculating cost and developing systems capability for reporting rests with the functional areas that have primary responsibility for the requirements.

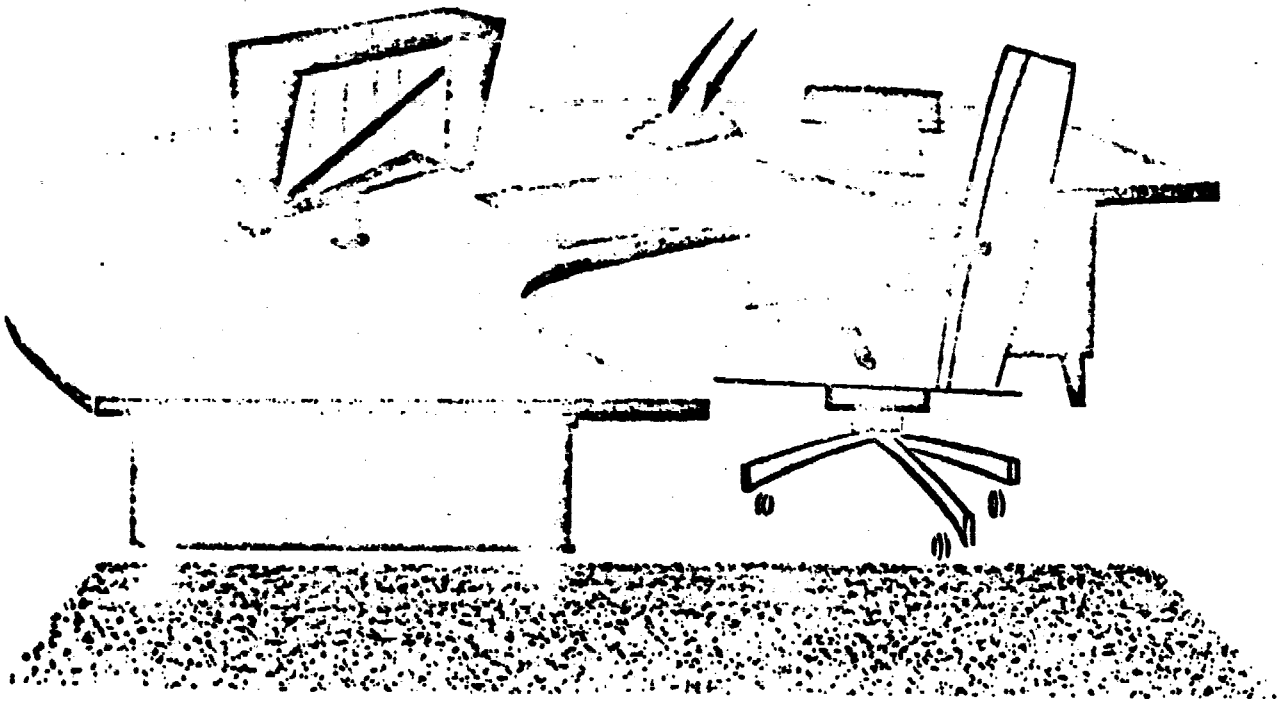
C. Requirements from appropriations committees are handled by a central office. These are one-time requirements.

D. DOD directive 5000.22 establishes guidelines for establishing cost on information requirements. These guidelines are based on the NARS "Guide for Estimating Costs".

TYPICAL FLOW OF A CONGRESSIONAL REPORTING REQUIREMENT



GUIDE TO ESTIMATING REPORTING COSTS



DECEMBER 1973

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OFFICE OF RECORDS MANAGEMENT

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INTRODUCTION

Office of Management and Budget Circular No. A-40, Revised, dated May 3, 1973, on the subject of "Management of Federal reporting requirements" contains a provision that the General Services Administration will "issue standard costing criteria defining what must be included in cost estimates and how they are to be developed." This guide is issued in compliance with that provision. It is applicable to interagency and internal reporting as defined in OMB Circular A-40.

It is the purpose of this guide to assure that adequate cost estimates are developed. The degree of accuracy sought in a given cost estimate may vary with the general magnitude of the reporting requirement. Short-cuts may be used to make an estimate consistent with the desired degree of accuracy.

FACTORS INVOLVED IN REPORTING

In order to facilitate the gathering of information necessary to implement OMB Circular A-40, Revised, May 3, 1973, costs have been separated into three categories -- developmental, operational, and user costs.

The factors outlined below provide a basic checklist for costing either a manual or an automated individual report or reporting system. All of these factors may not apply in any given cost study, and there may be additional factors applicable to a specific costing situation.

A. Developmental Costs. Developmental costs result from those activities necessary for establishing a new reporting requirement or modifying an existing reporting requirement. Developmental costs include:

1. Specification of reporting requirement -- those activities preliminary to and including the basic working agreement between the organizational components involved with the reporting system design project, including:

   a. Determining the specific need.

   b. Identifying the scope and objectives of the reporting system.

   c. Appraising the impact on planned and existing operating systems, considering interface with existing reporting systems, and determining benefits to be derived from the reporting system.

   d. Developing a working agreement between organizational components which will be involved with designing the reporting system.

2. Analysis of reporting requirement -- the determination of the information to be provided by the reporting system, including:

   a. Certifying to satisfaction of need.

   b. Discussing and determining needed information.

   c. Selecting available or appropriate data sources, media, and processing requirements.

   d. Developing reporting system output requirements and specifications.

3. Design of reporting system -- the preparation of the written description of the proposed system.

   a. Determining needed processing of input documents.

b. Developing input and output documents, to include standard data elements where applicable.

c. Establishing data file and related documentation.

4. Installation of reporting system -- the conversion of the written plan to an operable on-going reporting system, including:

a. Programming and debugging computer-oriented reporting systems.

b. Acquiring and installing new equipment or modifying existing equipment.

c. Developing, writing, and issuing implementing directive and other instructions.

d. Scheduling and performing tests of reporting system during installation.

e. Scheduling and conducting training and orientation.

f. Preparing site (data processing installation).

B. Operational Costs. Operational costs result from those continuing activities necessary to prepare and transmit a report. Operational costs include:

1. Data collection -- the activity necessary to record the event and make data available at some other location or time, including:

a. Assembling and recording source data by the various preparing units.

b. Controlling the accuracy of source data.

c. Forwarding source data to a processing unit.

d. Storing source data for future reference.

2. Data processing -- the manipulation of data into the desired structure or format for evaluation and analysis.

a. Receiving, controlling, and editing source documents at the processing unit.

b. Summarizing source data and converting data to machine readable data.

c. Updating the data base file.

d. Extracting and compiling data for the desired report media or format.

e. Posting data to worksheets and developing narrative, statistical, or graphic displays.

3. Data transmission, including reproduction and distribution of completed reports from processing units.

C. User Costs. User costs result from those normal activities performed by the requiring office or the transmitted information. User costs include:

1. Refining, interpreting, and analyzing information received.

2. Reading, reviewing, discussing, and documenting information presented (e.g., hard copy report, briefing session, remote terminal response).

ACCURACY OF COST ESTIMATES

The importance of the cost estimate to management decision-making will have a direct bearing on the degree of accuracy that needs to be sought in the estimating. Management normally is more concerned with accuracy of estimates in the case of a high-cost, recurring report than in the case of a relatively inexpensive, one-time report. When the benefits of a report are not clearly and substantially beyond the probable costs, greater precision is necessary in order to permit a valid cost effectiveness evaluation.

Use of cost data developed by an agency reflecting the unique characteristics of its own operations generally will result in a more accurate estimate than can be obtained using other data, e.g., government-wide average costs.

COSTS TO INCLUDE IN THE ESTIMATES

Estimates of reporting costs should include the costs of all resources required for the particular reporting system being estimated, including contract costs. Developmental, operational, and user costs include the following: direct personnel costs, direct material costs, direct equipment costs, and other direct costs. In addition, an appropriate allowance for overhead costs (supervision, space, and administrative support) should be included in estimates of developmental, operational, and user costs.

Estimates of the developmental, operational, and user costs of a report should reflect a costing of the total resources required for the report rather than a costing of the net additional resources required for the report. If a new reporting requirement is being estimated which will replace an existing reporting requirement, estimated savings from the replacement should not be used to reduce the estimated cost of the new requirement.

Estimates of direct personnel costs should include the salary cost of an employee's non-productive time, such as sick and annual leave, as well as his productive time. The estimates should also include the contributions of the Government to insurance and retirement plans. Formulas to accomplish this are given in the section of this guide titled "Shortcuts for Estimating Reporting Costs."

Estimates of the equipment costs of a reporting system normally should be based on a pro-rated share with other uses made of the equipment. The costs pro-rated, in the case of purchased equipment, should stem from an amortization of total purchase costs over some realistic calendar period.

COSTS TO EXCLUDE FROM THE ESTIMATES

There are two kinds of costs that should be excluded when estimating the costs of a particular report:

A. Exclusion of the Costs of Independent Reports. If a reporting requirement uses a feeder report as input, and if the feeder report is an independent report which would continue if the reporting requirement being estimated did not exist, the cost of the feeder report should be excluded from the estimated costs of the reporting requirement. However, if the feeder report is modified to serve as input to the reporting requirement, then the developmental and operational costs resulting from the modification of the feeder report should be included in the estimated cost of the reporting requirement.

The latter situation can arise, for example, in the case of an interagency reporting requirement. The responding agency may need to make major or minor modifications to an existing report or reporting system in order to prepare and submit the required interagency report. Only the additional reporting costs resulting from the required modifications should be included in the estimated costs of the interagency report.

B. Exclusion of Non-Reporting Costs. Costs which are an integral part of an organization's functions and operations that would continue if reporting did not exist should be excluded from estimates of reporting costs, even though the reporting relies heavily upon or could not exist without such functions and operations. For example, a reporting system which is dependent upon data used in the preparation of payrolls should not be charged with the cost of data needed to produce the payroll nor by-products of the payroll system such as payroll control registers.

SHORTCUTS FOR ESTIMATING REPORTING COSTS

Agencies will want to develop shortcuts, based on their own experience and data, to be used in estimating reporting costs consistent with the degree of accuracy required in their estimates.

The following are examples of the kinds of shortcuts that an agency may develop for general use in estimating reporting costs:

A. Agency Sampling. Consistent with the spirit and intent of Circular A-40, Revised, the expenses incurred in developing new reporting systems should be minimized; therefore, if a reporting system will involve a number of organizational units, it is not usually necessary to obtain cost data from each responding unit. A sampling may be made and projected in keeping with accepted sampling methods.

In the case of interagency reporting requirements, a satisfactory base on which to project will be determined jointly by the Office of Records Management, NARS, and the Interagency Reports Coordinator.

B. Standard Annual Salary and Benefit Rates. The standard annual salary and benefit rate is derived in two steps:

1. First, a weighted average is obtained, over a period of time, of the annual salaries of some category of personnel.

2. Secondly, the weighted average is increased by a percentage factor which reflects the cost to the Government of insurance and retirement plans.

The standard annual salary and benefit rate is extremely useful in computing the estimated direct personnel costs of a report. Standard annual salary and benefit rates may be developed by an agency for computing a variety of categories of direct personnel costs:

1. Developmental costs.

2. Operational costs.

3. User costs.

4. ADP costs.

5. Other categories of direct personnel costs (reporting personnel of an organization, program, function, profession, etc.).

A standard annual salary and benefit rate is useful in computing estimated direct personnel costs from estimated payroll man-years. (Payroll man-years are the time required to do a job -- including both productive

[on-the-job] time and on-productive [away-from-the-job] time. Non-productive time is comprised of holidays, annual and sick leave, administrative leave, and daily lost time [rest periods and other].)

Estimated Payroll Man-Years Required		Hypothetical Standard Annual Salary And Benefit Rate		Estimated Direct Personnel Costs - Rounded
(5.67)	x	([illegible],000)	=	($85,000)

C. Standard Hourly Rates. Standard hourly rates are derived from standard annual salary and benefit rates for use in computing estimated direct personnel costs. Standard hourly rates are of two types.

1. Standard Hourly Rates for Computing Direct Personnel Costs from Estimated Payroll Man-Hours. In some situations, estimates of man-hours required include provision for both the productive and non-productive time of an employee. (Non-productive time is defined in B. above.) Man-hours so estimated are payroll man-hours.

a.

Hypothetical Standard Annual Salary And Benefit Rate		Number of Payroll Man-Hours In An Employee Year		Hypothetical Standard Hourly Rate for Pricing Payroll Man-Hours
($15,000)	÷	(2,080)	=	($7.21)

b.

Estimated Payroll Man-Hours Required		Hypothetical Standard Hourly Rate		Estimated Direct Personnel Costs - Rounded
(11,794)	x	($7.21)	=	($85,000)

2. Standard Hourly Rates for Computing Direct Personnel Costs from Estimated Productive Man-Hours. In some situations, a man-hour requirement is estimated in terms of the time required to do the job with no allowance for non-productive time. Man-hours so estimated are productive man-hours.

a.

Hypothetical Standard Annual Salary And Benefit Rate		Number of Productive Man-Hours In An Employee Year		Hypothetical Standard Hourly Rate for Pricing Productive Man-Hours
($15,000)	÷	(1,532)	=	($9.79)

b.

Estimated Productive Man-Hours Required		Hypothetical Standard Hourly Rate		Estimated Direct Personnel Costs - Rounded
(8,686)	x	($9.79)	=	($85,000)

The number "1532" may be used in the first equation above or an agency may substitute its own number. The number "1532" is based on the assumption that the 2080 work hours of a year will be spent as follows by the average Federal employee:

Work Hours Per Year		2080
Non-Productive Hours Per Year		
Holidays (9 days x 8 hours)	72.0	
Annual Leave (21.2 days x 8 hours)	169.6	
Sick Leave (9.6 days x 8 hours)	76.8	
Administrative Leave (1.3 days x 8 hours)	10.4	
Daily Lost Time (219 days x 1 hour)	219.0	- 548 (rounded)
Productive Hours Per Year		1532

D. Overhead Rate. One way to compute the overhead portion of estimated reporting costs is:

Estimated Direct Personnel Costs		Hypothetical Overhead Rate		Estimated Overhead Costs - Rounded
($85,000)	x	(25%)	=	($21,000)

In the above formula, "Estimated Direct Personnel Costs" includes full salary costs (non-productive as well as productive time) and the cost to the Government of insurance and retirement plans. "Hypothetical Overhead Rate" includes the costs of supervision, space, and administrative support.

Agencies should develop their own overhead rates for the costing of reports based on agency cost experience. In the event that no such rate has yet been developed, an overhead rate of 25 per cent may be used in the above formula to estimate overhead costs.

ESTIMATING THE COST OF A REPORTING SYSTEM

This guide has set forth minimum requirements for the development of satisfactory cost estimates. The exact methodology employed may vary to fit agency needs and preferences.

Summary Worksheet

To simplify and standardize the collection, correlation, and summation of data, some forms or worksheets are needed. One such tool might be similar to that shown as Figure 1, Sample of a Summary Worksheet for Estimates of Reporting Costs.

Perhaps the principal advantage of this form is that it ensures that none of the significant activities in the development, operation, or use of a reporting system are overlooked, and that for each activity consideration is given to personnel, overhead, equipment, material, or any other costs. It also provides a simple way of summarizing the data.

If this worksheet were used in costing an interagency reporting system as prescribed by Federal Property and Management Regulations (FPMR 101-11.11), items 5, 10, and 14 of the worksheet would provide the cost data to be entered as items 9a, b, and c of Standard Form 360, Request for Clearance of an Interagency Reporting Requirement. Actually, two summary worksheets would be necessary, one for the costs to the "requiring" agency and a second to summarize the costs to the "responding" agencies.

Retention of Documentation

Obviously, the summary worksheet must be supported by working papers which show the detailed computations of the estimate and the source and basis of data used in the computations. The summary worksheet and supporting papers should be retained until the cost of the reporting system is estimated again at a later date, ordinarily at no longer intervals than three years.

Summary of Minimum Requirements

Any forms, methods, or shortcuts which agencies may devise are likely to provide for adequate cost data if they measure up to the following standard:

1. Developmental, operational, and user costs and related reporting activities are considered.

2. Accepted sampling methods are used.

3. The full range of resources expended in reporting -- personnel, overhead, material, equipment, and others -- are included in estimates of reporting costs.

SAMPLE OF A COMPLETED SUMMARY WORKSHEET FOR ESTIMATES OF REPORTING COSTS

Report Symbol	Report Title	Estimate Prepared By	Date
132	XYZ Report	John Doe	3-17-73

FACTORS		COSTS ($)					
Reporting Categories	Reporting Activities	Direct Personnel a	Overhead (25% of Col. a) b	Direct Equipment c	Direct Material d	Other Direct Costs e	Total (a+b+c+d+e) f
DEVELOPMENTAL COSTS	1. Specification of Reporting Requirement	2,000	500				2,500
	2. Analysis of Reporting Requirement	5,000	1,250				6,250
	3. Design of Reporting System	60,000	15,000			7,750	82,750
	4. Installation of Reporting System	18,000	4,500	4,000	1,000		27,500
	5. DEVELOPMENTAL COSTS						= 119,000
OPERATIONAL COSTS	6. Data Collection	8,000	2,000	2,000	1,000		13,000
	7. Data Processing	15,000	3,750	5,000	750		24,500
	8. Data Transmission	2,000	500		750		3,250
	9. Operational Costs For One Report						= 40,750
	10. ANNUAL OPERATIONAL COSTS -- ($40,750) (6 [Frequency Per Year])						= 244,500
USER COSTS	11. Refining, Interpreting and Analyzing Information Received	2,000	500				2,500
	12. Reading, Reviewing Discussing and Documenting Information Presented	5,000	1,250				6,250
	13. User Costs For One Report						= 8,750
	14. ANNUAL USER COSTS -- ($8,750) (6)						= 52,500

Figure 1

4. Estimates of reporting costs are based on the resources required to be consumed in the reporting system being estimated rather than upon the net additional resources required by an organization in the reporting.

5. Estimates of personnel costs include the salary cost of an employee's non-productive as well as his productive time and also include the cost to the Government of insurance and retirement plans.

6. Estimates of the equipment costs of reporting are based on a pro-rated share with other uses made of the equipment.

7. Certain basic work operations of an organization and certain feeder reports, while essential to a particular reporting requirement, are independent in the sense that they would continue to exist if the reporting requirement were discontinued. Such independent operations and feeder reports are excluded from the estimated costs of the reporting requirement.

8. Shortcuts for estimating reporting costs may be used to reduce the expense of estimating if it can be demonstrated that they provide an adequate degree of reliability and validity.

9. A summary worksheet with supporting papers is retained for each estimate.