



RELIABLEPLANT

Manufacturer's required paperwork stacked six feet high

Author: RP news wires

On February 28, a small manufacturer from Baltimore showed members of the House Committee on Small Business a photo of the paperwork his company is required to deal with – stacked six feet high between two of his employees.

"It is no surprise to me that the federal government reported that it imposed 9.2 billion hours of paperwork on the public in 2007," said Drew Greenblatt, President and Owner of Marlin Steel Wire Products, LLC, of Baltimore, Maryland. Greenblatt said that government paperwork is inextricably tied to regulations, and thus his comments on the economic impact included the costs of both regulations and paperwork.

"The burden of regulation falls disproportionately on small businesses of 20 or fewer employees that are required to pay 40 percent more per employee than large firms," Greenblatt said. "In manufacturing the disparity is even wider with smaller firms paying 118 percent more per employee than large firms."

Greenblatt cited a study by the National Association of Manufacturers showing that U.S. manufacturers bear an economic burden 31.7 percent higher for structural costs – including regulation, litigation, energy, employee benefits and taxes – than our nine major trading partners.

Greenblatt said the Paperwork Reduction Act has not lived up to its advance billing. "Since its passage in 1980, the paperwork burden has increased by more than 400 percent," he said. "Even if you strip away the largest single contributor – the Internal Revenue Service which imposes about 78 percent of the total government burden – you still find significant increases over the last several years due to program changes in the hundreds of millions of hours."

Greenblatt said that the Office of Information and Regulatory Affairs (OIRA), charged with enforcing the Paperwork Reduction Act, does not have sufficient resources to monitor the growing tide of paperwork requirements, much less challenge federal agencies that are constantly increasing their paperwork demands. "The OIRA's staff has shrunk from 90 to 50 employees while the staff dedicated to writing, administering and enforcing regulations has increased from 146,000 in 1980 to 242,000 today. Obviously, OIRA needs additional resources to accomplish its mission and reduce the paperwork burden on small business," he said.

Greenblatt said the economic drain required to meet the avalanche of paperwork diverts resources that could be used for productive purposes and to hire more employees. "We are so afraid that we will make a mistake and the liabilities are so huge that we pay someone else to do the paperwork," he said. "We have to find a reputable vendor and then we have to change our systems to conform to their new system, all so we can meet government dictates. Millions of small businesses like mine pay such fees to outsiders, fees that our competitors in China and India do not have to pay."

The cost is so great, Greenblatt said, "that I cannot purchase another 75,000 watt welder or hire a \$15 per hour person to work on the production floor. We would be more competitive if we hired that person, and he or she would have a job here in America.

"Government's goal should be to take the shackles off the small business hiring machine," Greenblatt concluded.

NAM

The National Association of Manufacturers is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Headquartered in Washington, D.C., the NAM has 11 additional offices across the country. Visit the NAM's award-winning web site at www.nam.org for more information about manufacturing and the economy.

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