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**Transition Issues:  
Overview of GAO's Transition  
Series Reports**

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Comptroller General

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## AN OVERVIEW OF GAO'S TRANSITION SERIES REPORTS

In November 1988 GAO issued 26 transition reports addressed to Congress, the President-elect, and the Secretary-designates of the departments and agencies of the executive branch. Each report covers a separate subject area, giving the incoming administration GAO's views of the most important policy, management, and program issues and problems that need to be addressed. Some of the issues are relatively new, while others represent long-standing and unresolved problems.

The first eight reports cover governmentwide issues--the budget deficit, public service, revenue options, information technology, financial services, international trade, financial management, and program evaluation. The remaining reports address specific issues or concerns associated with the programs, policies, or management of 18 departments or agencies. The following briefly highlights the major message of each report. Appendix I provides an outline of eight transition reports that discuss governmentwide issues and problems and Appendix II provides an outline of 18 transition reports that discuss agency-specific concerns.

### GOVERNMENTWIDE ISSUES

#### The Budget Deficit (GAO/OCG-89-1TR)

This report presents an approach for dealing with the budget deficit, which we believe is one of the most important issues the new President and Congress need to address. If better control over the deficit is not achieved, it will be exceedingly difficult to implement any new initiatives to deal with the array of needs in the country--be they more money for AIDS research, more money to assure a good air safety system, or more money for needed weapons systems.

#### The Public Service (GAO/OCG-89-2TR)

This report addresses an issue that is not as visible as most but may be more important--the need to assure that the government has top-quality people to carry out the programs of the President and Congress and hold them accountable for achieving results. The laws, regulations, and processes of government are only as good as the people who have to carry them out. All too often not enough attention has been paid to these critical factors--quality people and accountability--needed to assure successful implementation of government programs.

#### Revenue Options (GAO/OCG-89-3TR)

This report describes the key points raised in our recent work, and in the work of others, concerning certain revenue options frequently proposed: raising income tax rates, broadening the income tax base, enacting a consumption tax, increasing revenue

from federal excise taxes, and strengthening IRS enforcement. A combination of these options could emerge because each option alone has some drawbacks.

Based on past experience it will be extremely difficult to bring down the deficit solely through management efficiencies and spending cuts. Many people, including those involved in domestic and overseas financial markets and institutions, would not view any deficit reduction effort as credible without some revenue increases. Therefore, the Congress and the administration must carefully consider the advantages and disadvantages of various revenue options available to deal with the deficit.

#### Financial Services Industry Issues (GAO/OCG-89-4TR)

This report identifies four important issues we believe should be included in whatever agenda Congress and the Secretary of the Treasury, as well as the heads of banking, thrift, securities, and futures regulatory agencies set for considering our Nation's financial services industry. They are (1) handling troubled financial institutions, (2) regulating the merging of banking and nonbanking lines of business, (3) regulating linked securities and futures markets, and (4) regulating global capital markets.

#### International Trade Issues (GAO/OCG-89-5TR)

This report identifies five important issues in the area of international trade and economic policy. They are (1) conducting economic policy in an interdependent world, (2) trade negotiations and agreements, (3) improving the management of export promotion and market development programs, (4) improving export controls, and (5) foreign direct investment in the United States. While there are undoubtedly many other issues that will demand attention, we believe those outlined in this report should be included at the top of the agendas of the Secretaries of Commerce, Agriculture, and Treasury, and the United States Trade Representative.

#### Information Technology Issues (GAO/OCG-89-6TR)

Effective government depends directly on effective automation to support programs and initiatives. Virtually all facets of government rely on technology, but management of this technology has been uneven. Critical areas have not been given focused attention, and major computer and telecommunications systems have met with mixed success.

The possibility for significant improvement is at hand. This report describes the environment in which information technology has been managed and identifies four areas that need attention: (1) strategic planning that ties agencies' technology to their missions, (2) systems development projects that provide technical

capability, (3) security that protects sensitive information, and (4) personnel who oversee complex automated systems. These areas, all of which are undergoing rapid changes, provide vital support to government operations. The new administration and the Congress have an opportunity to make lasting improvements to government services by improving management of the technology that supports these services.

#### Financial Management Issues (GAO/OCG-89-7TR)

Over the past several years, GAO has done a considerable amount of work related to improving the government's financial management. This report summarizes our position on key elements of financial management reform which have emerged from this work.

While there are many facets to be considered in rebuilding the government's financial management structure, these are the four components which we believe deserve the highest priority of the new administration and Congress.

- Restructure the budget to include capital and operating subtotals for general, trust, and enterprise activities, and reformulate deficit reduction targets to correspond with the revised budget structure.
- Develop politically binding agreements on multiyear macro budget targets between the White House and Congress in a fashion similar to those set during the legislative-executive budget summit of 1987.
- Establish a chief financial officer structure for the government, which would provide leadership and direction for financial systems, reporting, and internal control improvements.
- Retain the President's Council on Integrity and Efficiency and continue its activities to coordinate inspector general efforts to prevent and detect fraud, waste, and abuse.

Financial management reform of this nature is urgently needed to better manage the government's financial affairs, potentially save billions of dollars, and help restore the accountability of managers and the credibility of government in the eyes of the public.

#### Program Evaluation Issues (GAO/OCG-89-8TR)

In this report, we are concerned with the government's continuing ability to develop, disseminate, and use information. Production of sound and timely information is one of the most critical functions of government. Program evaluation--along with supporting data collection--is one of the best means available

for obtaining it. Yet with few exceptions, we have found that both program evaluation and data collection capabilities have been gravely eroded in the executive branch.

For executive agencies to preserve their proper role in policy and program implementation, four actions are needed: (1) rebuilding staff capacity, (2) providing dedicated resources for program evaluation and data collection, (3) setting priorities to ensure that information arrives when needed, and (4) ensuring honest, full reporting, both to agency policymakers and to Congress.

#### AGENCY-SPECIFIC CONCERNS

##### Defense Issues (GAO/OCG-89-9TR)

This report identifies five important issues we believe should be included in whatever agenda the Congress and the Secretary of Defense set for our nation's defense program. These issues are (1) reducing defense costs, (2) maintaining readiness and sustainability of defense forces, (3) improving the weapon systems acquisition process, (4) improving peacetime inventory management, and (5) ensuring a first-rate management team.

##### Health and Human Services Issues (GAO/OCG-89-10TR)

This report highlights actions that should be taken in four critical areas affecting the large and diverse operations of the Department. These include (1) improving departmental management, (2) containing the cost of health care, (3) enhancing the financing and delivery of social security benefits, and (4) implementing the recently enacted welfare reform legislation.

##### Commerce Issues (GAO/OCG-89-11TR)

This report identifies four important issues we believe should be included in whatever agenda Congress and the Secretary of Commerce set for the Department. They involve the need to (1) improve the Department's export promotion activities, (2) improve export controls, (3) address planning and decisionmaking problems associated with the decennial census, and (4) monitor progress on development of the new automated patent system.

##### Agriculture Issues (GAO/OCG-89-12TR)

This report on the Department of Agriculture describes our concerns about (1) improving the effectiveness and reducing the costs of farm programs, (2) reducing the cost of Farmers Home Administration loan programs, (3) finding long-term answers to reduce the dairy surplus, (4) strengthening the financial viability of the Federal Crop Insurance Program, (5) enhancing U.S. agricultural competitiveness, and (6) improving the delivery

of food stamp benefits. We also offer a wide range of observations and suggestions about how the Secretary of Agriculture can best address these concerns.

#### Justice Issues (GAO/OCG-89-13TR)

The four issues we believe should be included in whatever agenda Congress and the Attorney General set for the Department of Justice are (1) improving overall departmental management, (2) reassessing the effectiveness of drug abuse control programs, (3) planning for the potentially staggering costs of sentencing reform, and (4) determining whether immigration reform is working. We studied the management of the Department of Justice and reported to Congress in 1986 that the Department's central management needed strengthening. In 1988 we issued a special status report on controlling drug abuse that provided an overview of the drug problem and federal efforts to deal with it.

#### Veterans Affairs Issues (GAO/OCG-89-14TR)

This report highlights important issues identified through our work over the past several years that affect the nation's ability to deliver effective and equitable services to its veterans. The four issues that we believe should be included in the agenda the Congress and the Secretary set for the new department are (1) improving overall departmental management, (2) planning to meet the long-term care needs of a burgeoning population of aging veterans, (3) reassessing the schedules used to set compensation levels for disabled veterans, and (4) modernizing information systems.

VA has begun to take steps to address these issues. A new Secretary of Veterans Affairs will need to direct efforts to improve the overall management of the medical and benefit programs and thereby enhance the delivery of services to the nation's veterans.

#### NASA Issues (GAO/OCG-89-15TR)

This report identifies three important issues we believe should be included in whatever agenda Congress and the Administrator of NASA set for the agency. They are (1) providing better information on where NASA is headed and at what cost, (2) minimizing the future cost of the space station, and (3) launching deep space science missions on time. We expect to identify other issues in the near future since we have expanded our work effort at NASA in anticipation of its recovery from the Challenger accident and the Agency's increased efforts on other major programs, such as the space station.

### Energy Issues (GAO/OCG-89-16TR)

This report on the Department of Energy describes our concerns about the following issues: (1) modernizing and managing the safe operation of the Department's nuclear weapons complex, (2) reducing the nation's vulnerability to oil disruptions, (3) developing a nuclear waste program, (4) commercializing clean coal technologies, (5) responding to changes in the electric utility industry, (6) improving controls over the export of sensitive nuclear data, and (7) revitalizing the uranium enrichment program.

### Treasury Issues (GAO/OCG-89-17TR)

As a leader in formulating economic policy, improving financial management, and regulating financial institutions, the new Secretary of the Treasury must help address many daunting challenges. These include (1) restoring stability to a shaken financial services industry, (2) developing policies to address the pressing U.S. trade deficit, and (3) enhancing reform efforts to improve the government's second-rate accounting systems.

The new Secretary also must address serious problems within Treasury. Significant internal control weaknesses are undermining the Department's effectiveness in controlling trillions of dollars. There is a critical need to monitor the progress of major new information systems, such as IRS's total redesign of the tax processing system.

### Education Issues (GAO/OCG-89-18TR)

The new President has pledged to improve the nation's educational system, and we believe that the actions we are recommending will strongly influence how well the Department carries out this mandate. Briefly, the issues in this report discuss the need to (1) reduce the cost and preserve the integrity of higher education programs, (2) enhance the federal role in elementary and secondary education programs, and (3) strengthen departmental management.

### Department of State Issues (GAO/OCG-89-19TR)

This report identifies four important issues that we believe should be included in the agenda the Secretary of State and Congress set for the management of our nation's foreign affairs. They are (1) management deficiencies, (2) improving U.S. participation in United Nations organizations, (3) improving effectiveness of the international narcotics control program, and (4) improving administration of refugee programs.

### Environmental Protection Agency Issues (GAO/OCG-89-20TR)

This report on the Environmental Protection Agency (EPA) describes our concerns about (1) improving the overall management of the nation's environmental protection efforts (on the basis of the results of our general management review of EPA completed in August 1988), (2) improving the management of hazardous waste and the cleanup of abandoned waste sites, (3) creating a new policy to reduce ozone levels, (4) focusing increased attention on pesticide health and environmental assessments, and (5) developing a more comprehensive approach to cleaning up the nation's waterways. We also offer a wide range of observations and suggestions on how the Administrator of EPA can best address these concerns.

### Department of Labor Issues (GAO/OCG-89-21TR)

This report highlights major policy, management, or program issues that need attention by the Secretary of Labor. Some are relatively new, while others represent long-standing and unresolved problems. If these issues are addressed properly, the Secretary will better accomplish the Department's key responsibilities for ensuring safe and healthful workplaces and for promoting the welfare of wage earners, and will improve the overall management of the Department.

Specifically, the issues we believe the Secretary should place the most emphasis on are (1) improving the Occupational Safety and Health Administration's enforcement program, (2) enhancing the use of Job Training Partnership Act resources, (3) developing a strategy to address recessionary problems, (4) implementing the new dislocated worker assistance program, and (5) sustaining Department management improvements. These issues were identified through our general management review of the Department of Labor as well as other work we have done at the Department.

### Housing and Urban Development Issues (GAO/OCG-89-22TR)

This report on the Department of Housing and Urban Development describes our concerns about two important issues that need closer attention--low-income housing and homelessness. If these issues are not addressed, the Secretary of Housing and Urban Development can expect (1) continuing decreases in the supply of rental housing that is available and affordable to low-income people and (2) a growing national homelessness problem. In this report, we offer a wide range of observations and suggestions on how the Secretary of Housing and Urban Development can best address these concerns.

### Foreign Economic Assistance Issues (GAO/OCG-89-23TR)

Discussed in this report are key issues relating to the foreign

economic assistance programs of the Agency for International Development (AID). Three broad categories of issues are addressed: (1) reexamining AID's role in critical policy areas, (2) improving AID management and administration, and (3) strengthening accountability and control over assistance. Because the bilateral assistance program represents such an important link between the United States and the developing world, we believe that these issues need to be considered in efforts to design an effective program for the 1990s.

#### Interior Issues (GAO/OCG-89-24TR)

This report on the Department of the Interior summarizes several issues concerning Interior's stewardship and fiduciary responsibilities. It describes our concerns about the need to (1) balance better the competing demands on and increase funding for natural and cultural resources and (2) provide assurances that revenues due the government are being collected. We also offer a wide range of observations and suggestions on how the Secretary of the Interior can best address these concerns.

#### Transportation Issues (GAO/OCG-89-25TR)

This report, on the Department of Transportation, describes our concerns about (1) meeting transportation challenges through strong secretarial leadership, (2) revising the plan to modernize the air traffic control system, (3) improving the Federal Aviation Administration's effectiveness, (4) improving management of transportation infrastructure, and (5) reassessing the Coast Guard's role. We also offer a wide range of observations and suggestions on how the Secretary of Transportation can best address these concerns.

#### Internal Revenue Service Issues (GAO/OCG-89-26TR)

In this report we summarize several tax administration issues that need closer attention. If these issues are not addressed, the Commissioner can expect serious problems in processing tax returns, a decline in taxpayer confidence in the tax system, and a significant loss in tax revenues that could help reduce the deficit.

IRS needs to (1) modernize its information technology, (2) strengthen human resources, (3) improve collection activities, and (4) narrow the tax gap. As discussed fully in our October 1988 report on overall management at IRS and in other GAO reports and testimonies, IRS has agreed to take steps to resolve many of these issues. A new Commissioner of Internal Revenue will need to direct and encourage those efforts to improve the overall management of the nation's tax system and collect additional revenues.

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