

GAO



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Reports Issued in January 1989

National Defense	1
International Affairs	3
Science, Space, and Technology	5
Energy	6
Natural Resources and Environment	7
Agriculture	10
Commerce and Housing Credit	11
Transportation	13
Housing and Community Development	15
Social Services	16
Health	16
Income Security	17
General Government	21
Congressional Testimony by GAO Officials	22

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Reports Issued in January 1989

National Defense

Computer Procurement: Information on Defense Department's CAD/CAM Acquisition

Acc. No. 137736 (GAO/IMTEC-89-3FS), Jan. 19.

Computer Aided Design/Computer Aided Manufacturing is a tool for automating the engineering functions used in designing, manufacturing, and maintaining items, such as ships, submarines, aircraft, and buildings. With CAD/CAM, a product or item is quickly drawn and easily modified on a computer screen, and the computer can model each drawing before production begins. The Army, Air Force, and Defense Logistics Agency currently use CAD/CAM equipment and are buying or planning to buy more. The Navy is in the midst of a large CAD/CAM procurement and is planning to award five indefinite-quantity contracts sometime in 1990. Although it has yet to officially specify a dollar estimate for the contracts, commercial estimates are as high as \$500 million. The Army had 12 ongoing procurements as of September 30, 1988, totaling about \$120 million. The Air Force is now in the early stages of defining its long-term requirements, and its ongoing procurements total about \$11 million, not including an indefinite-quantity contract with a \$114 million delegation of procurement authority to purchase hardware for scientific and engineering applications. DLA has past and planned purchases totaling about \$500,000.

Army Equipment: Distribution and Documentation Problems Impede Operations

Acc. No. 137711 (GAO/NSIAD-89-71), Jan. 13.

Even though the Army's force modernization program has been ongoing for many years, there is a persistent problem with a disparity between the distribution of equipment to units and units' equipment authorization documents. The Army has made progress in addressing this problem; however, full implementation of its centralized documentation initiative is not expected until 1992. Because the outcome of actions being taken to remedy equipment distribution and documentation problems may not be known until the early 1990s, reporting the problem as a material weakness would help to ensure top management's continued attention.

**Army Special Forces:
Rationale for Relocating
the 5th Special Forces
Group From Fort Bragg,
North Carolina**

GAO/NSIAD-89-58, Jan. 5.

The relocation of the 5th Special Forces Group to Fort Campbell, Kentucky, was one of a series of moves designed to relieve overcrowded training and working conditions at Fort Bragg, North Carolina. The 5th is an active Army unit of the Special Operations Forces. Its missions include (1) conducting guerrilla warfare, (2) obtaining information that affects the strategic planning of enemy forces, (3) performing operations directed at specific targets, and (4) providing military and nonmilitary assistance to foreign governments. Since the early 1980s the 5th Group has been assigned to the U.S. Central Command, which is responsible for Southwest Asia and the Persian Gulf region.

**ADP Contracts:
Army Needs to Correct
Budget Disclosure
Deficiencies**

GAO/IMTEC-89-13, Jan. 31.

Due to a budget reporting error within the Army, the Department of Defense's budget exhibit for FY 1989 did not include three large contracts with a value of about \$750 million. The error occurred because the Army had no reporting procedures in place for providing information on indefinite delivery/indefinite quantity contracts to the Army Budget Office. Indefinite delivery/indefinite quantity contracts are used when an agency does not know the exact date it will need certain computer equipment delivered, or the exact amount it will need. Although the Army's data call will collect information for the 1990 budget, the Army has not established procedures to ensure that indefinite delivery/indefinite quantity contracts will be reported accurately in future budget exhibits.

**Navy Procurement:
Option for EA-6B Aircraft
Parts Should Be
Reexamined**

Acc. No. 137712 (GAO/NSIAD-89-88), Jan. 13.

The Naval Air Systems Command has on order more universal excitors than is needed to support the EA-6B fleet, and it plans to exercise a \$33 million contract option to purchase more by January 31, 1989. Universal excitors are part of the system used to jam electronic signals of an adversary and are components of the EA-6B jamming pods that generate jamming signals for the various transmitters also carried in those pods. In July 1988 the Secretary of Defense decided to terminate EA-6B production after procuring the FY 1989 production lot. Thus, exercising the option for additional universal excitors does not appear to be justified.

**ICBM Modernization:
Status of the Peacekeeper
Rail Garrison Missile
System**

Acc. No. 137704 (GAO/NSIAD-89-64), Jan.12.

The Air Force estimates Rail Garrison basing program acquisition costs to be about \$7.4 billion in then-year dollars. The Peacekeeper Rail Garrison concept consists of placing 50 missiles on 25 trains that will be parked inside train alert shelters in secure garrisons at Air Force bases throughout the continental United States. In 1988 full-scale development of the program was approved. It provides for the start of production 2 years before the development contracts are complete. The program is in the early stages of its full-scale development phase, and it is too early for any assessment of its technical performance.

**Air Force ADP:
Logistics Systems
Modernization Costs
Continue to Increase**

GAO/IMTEC-89-7FS, Dec.28.

Since the Air Force's Logistics Management Systems Modernization Program was established in 1984, its program costs have increased; the overall schedule for completing the program has been extended by 4 years; and its scope has been reduced—the number of existing systems to be replaced with the nine modernized systems has decreased from 94 to 72. Air Force estimates of costs to complete the nine initial projects have increased from \$715.4 million in 1985, to a current estimate of \$994.3 million. The most common reason project managers gave for cost increases and schedule slippages were the lack of clearly defined requirements and/or underestimating project complexity in the early stages of development.

International Affairs

**Foreign AID:
Problems and Issues
Affecting Economic
Assistance**

GAO/NSIAD-89-61BR, Dec. 30.

This briefing report provides information on problems and issues related to the United States economic assistance program. Some of the issues identified include: (1) assistance projects are often undermined by the failure of recipient governments to provide agreed counterpart funding and recurrent cost financing, (2) the United States has had significant difficulties in effectively using Economic Support Fund assistance and food aid to achieve economic development and policy reform, (3) development assistance programs in narcotics producing and trafficking countries have not effectively contributed to narcotics reduction, and

(4) accountability and control over cash transfers and local currency programs are not sufficient to ensure that assistance is used for intended purposes. Also, the Agency for International Development, the primary implementing agency for U.S. economic assistance, has encountered significant management problems. Suggested solutions to these problems include structuring U.S. bilateral assistance according to the recipient's capability to support projects; strengthening efforts to encourage recipient economic policy reform by clarifying specific reform objectives; establishing time frames/milestones for achieving stated reforms; and determining if AID should play a greater role in U.S. efforts to reduce narcotics production and, if so, what that role should be.

**Security Assistance:
Update of Programs and
Related Activities**

Acc. No. 137733 (GAO/NSIAD-89-78FS), Dec. 28.

The United States provides military aid and other related assistance, broadly termed "security assistance" to eligible foreign countries through five major programs. The programs are the Foreign Military Sales Financing Program, the Military Assistance Program, International Military Education and Training, Peacekeeping Operations, and the Economic Support Fund. This fact sheet provides information on these programs for FY 1985 through FY 1988.

**Participant Training:
AID Administration of
Training Agreements,
Costs, and Support
Services**

GAO/NSIAD-89-43FS, Dec. 22.

The Agency for International Development estimated that it spent \$200 to \$250 million in FY 1987 to support academic and other types of training for overseas participants. The administration and management of participant training is highly decentralized and fragmented, involving several AID headquarters offices and most of AID's overseas missions. It also has had no systematic means for collecting data on actual participant training expenditures and has not required standardized reporting format for these expenditures. However, AID requires missions to provide a few support activities for participants, such as (1) orientation to the U.S. culture and academic/training differences, (2) U.S. arrival and adjustment services, and (3) reintegration and follow-up services, i.e., monitoring personal adjustment and the opportunity to put new skills to use. Currently, no mechanisms or systems are in place to provide consistent data and documentation on the types and levels of services provided by contractors and other programming agents.

Science, Space, and Technology

Solid Rocket Motors: Loss of Oxidizer Production Necessitates Emergency Allocation Procedures

Acc. No. 137689 (GAO/NSIAD-89-66), Dec. 16.

Concern was raised about the possible shortage of ammonium perchlorate after a fire and subsequent explosion destroyed the Pacific Engineering and Production Company of Nevada's manufacturing plant in Henderson, Nevada. AP is the oxidizing agent for the propellant used in space shuttles, expendable launch vehicles, and virtually every solid-fueled tactical and strategic missile in the U.S. inventory. The AP Advisory Group believes that there should be an adequate supply of AP through May 1989. However, if the PEPCON plant is not back in operation in 1989, the advisory group estimates that there could be a shortfall of up to 14 million pounds. The group has allocated a sufficient supply of AP for the shuttle flights through April 1990. Plans to reestablish the AP production capability include rebuilding the PEPCON facility. Until these plans are approved and financing is arranged, it is not clear what the replacement cost will be or what exactly the government's liability will be.

Federal Research: Determination of the Best Qualified Sites for DOE's Super Collider

GAO/RCED-89-18, Jan. 30.

In January 1987 the administration proposed to construct the world's largest high-energy physics accelerator, known as the superconducting super collider, to advance scientific knowledge about the fundamental components of matter and the laws that underlie all physical processes. In April 1987 the Department of Energy issued an invitation for site proposals that described the criteria and process for selecting the site. In selecting the best qualified sites, Energy received technical assistance from the National Academy of Sciences and the National Academy of Engineering, which jointly formed a site evaluation committee. Available documentation and interviews with committee members and staff indicated that it used Energy's site selection criteria in their order of importance and that the process was fair in selecting the Dallas-Ft. Worth, Texas, as the preferred site.

Energy

Federal Electric Power: Controversy Relating to Construction of Transmission Lines

GAO/RCED-89-43, Dec. 6.

Western Area Power Administration in the Department of Energy markets electric power generated by federal hydroelectric dams in 15 central and western states. Western is planning to construct the Craig/Bonanza transmission line and the controversy involves the questioning of Western's role in the project by an investor-owned utility. GAO found no legal basis to question Western's general authority to construct this project.

Gasoline Marketing: States' Programs for Pump Labeling of Gasoline Ingredients

Acc. No. 137702 (GAO/RCED-89-6), Jan. 12.

Federal and state governments currently have some gasoline pump labeling requirements. GAO prepared and sent questionnaires to 56 state officials, this included all 50 states, the District of Columbia, Puerto Rico, and 4 U.S. territories, to get their views on gasoline pump labeling practices. Thirty-nine of 50 states responded that their states require retail gasoline stations place labels on their pumps disclosing gasoline ingredients. The states have various enforcement penalties, such as fines, stop sales, and warnings, for pump labeling violations. States vary in the extent in which they enforce their requirements and programs.

Nuclear Materials: Additional Information on Shipments From DOE's Rocky Flats Plant

GAO/RCED-89-61FS, Dec. 14.

Questions related to an earlier GAO report on the Rocky Flats Plant near Denver, Colorado, are answered in this fact sheet. GAO findings include: (1) Sandia National Laboratory's risk analyses associated with shipping plutonium under the four alternatives did not consider potential human error because a Sandia staff member believed that it would not affect the risk calculations, (2) the Department of Energy's container used for transporting oxides has not been tested for durability since it was put into service in 1984, (3) radiological risks to Rocky Flats workers would continue because the relocation alternatives would not eliminate all operations involving plutonium at the plant, and (4) waste and scrap materials would continue to be generated from existing operations.

Natural Resources and Environment

Air Pollution: Status of Dispute Over Alaska Oil Pipeline Air Quality Controls

GAO/RCED-89-37, Dec. 9.

Questions concerning the adequacy of the Alyeska Pipeline Service Company's air pollution controls on the Trans Alaska Pipeline Systems have been raised. In late 1986, the pipeline's oil producers began using a new process that condenses more of the natural gas liquids recovered from their oil fields, resulting in a greater amount of NGLs entering the pipeline and ultimately arriving at the Valdez terminal. These added NGLs increase the volatile organic compounds—a precursor to ozone—emitted from the terminal, raising the issue of whether air quality violations have occurred. The increase in volatile organic compounds and other changes to terminal facilities have led the State of Alaska and the Environmental Protection Agency to conclude that these are major modifications and, therefore, Alyeska should apply to the state for a new air quality control permit. Under the permit, the terminal would be monitored for volatile organic compounds and other air pollutants. Alyeska disagrees that the modifications warrant a new permit, and the status of the Valdez terminal dispute is unsettled, although some progress is being made.

Water Pollution: More EPA Action Needed to Improve the Quality of Heavily Polluted Waters

GAO/RCED-89-38, Jan. 6.

In 1972 the Clean Water Act set the stage for the Environmental Protection Agency and the states to focus on technology-based controls to limit pollutants discharged into bodies of water. Although considerable sewage treatment plant construction has been completed and technology-based standards have been implemented in the states of Region X (Oregon, Washington, Idaho, and Alaska), 602 segments of rivers and streams are water-quality-limited. The states have yet to fully implement the more stringent requirements of the act—the setting of total maximum daily loads. Reasons why states have not implemented the requirements include: (1) EPA not defining basic program concepts, such as a definition of total maximum loads until 1985; (2) no deadline exists for setting the loads; and (3) EPA headquarters does not have management controls that identify which bodies of water are water-quality-limited and the status of maximum load development and implementation

on such bodies of water. Consequently, EPA does not know whether the states are fulfilling the act's requirements and has no way of fulfilling its responsibilities to take actions when the states do not.

**Water Pollution:
Stronger Enforcement
Needed to Improve
Compliance at Federal
Facilities**

Acc. No. 137742 (GAO/RCED-89-13), Dec. 27.

The Federal Water Pollution Control Act Amendments of 1972 established the pollutant discharge elimination program to help restore and maintain the quality of the Nation's waters. Federal facilities' rate of noncompliance with priority program requirements is twice that of nonfederal industrial facilities. While agency and regulatory officials identified several underlying causes, such as the federal budget process and procurement procedures, GAO believes that a more fundamental barrier has been the low priority that federal facilities have assigned to compliance with pollution discharge requirements. The Environmental Protection Agency's enforcement and oversight of state enforcement have been hindered by ineffective management controls for identifying and following up on cases of untimely enforcement.

**Endangered Species:
Management
Improvements Could
Enhance Recovery
Program**

GAO/RCED-89-5, Dec. 21.

Measuring the success of the endangered species program against the 1973 Endangered Species Act's objectives of protecting and recovering species is problematic because few domestic species have officially been declared either extinct or recovered. Of the 493 domestic species formally identified as threatened or endangered, 6 have officially been declared extinct and 5 declared recovered. The remaining 482 domestic species continue to be listed as threatened or endangered. While both the Fish and Wildlife Service and the National Marine Fisheries Service have made progress in developing and implementing recovery plans in the 10 years that have elapsed since the 1978 amendments, more remains to be done.

**Groundwater Protection:
the Use of Drinking Water
Standards by the States**

GAO/PEMD-89-1, Dec. 20.

Groundwater has several uses other than for drinking. It is also used for irrigating crops, watering livestock, and supporting aquatic life by serving as a source of surface water. GAO found that states continue to use drinking water standards as groundwater standards, although the groundwater quality of the locations studied surpassed drinking water

standards for all substances measured. In examining the implications of adopting drinking water standards as groundwater protection standards, GAO found that their adoption would allow the potential for degradation of a considerable amount of groundwater to the level of contamination allowed by drinking water standards.

**Superfund:
Missed Statutory
Deadlines Slow Progress in
Environmental Programs**

GAO/RCED-89-27, Nov.29.

The Superfund Amendments and Reauthorization Act dramatically expanded the Nation's commitment to clean up hazardous waste sites across the country and established other key environmental programs. SARA's 150 mandated deadlines apply to 20 federal entities, all states, thousands of localities, and over a million business facilities. The Environmental Protection Agency is subject to over half of the deadlines. EPA and other agencies will meet only about half of the 87 deadlines occurring through March 31, 1989. Missed deadlines reflect failure to respond to congressional priorities. Additionally, missing some deadlines may have serious consequences, including placing human health in jeopardy through needlessly prolonged exposure to hazardous substances. Better internal control, such as closer monitoring by top agency management; regular reporting on deadlines, with explanations for slippages; and emphasis on management's commitment to compliance is needed.

**Water Resources:
Corps of Engineers'
Transfer of Three
Townsites**

GAO/RCED-89-42, Dec. 29.

The Army Corps of Engineers consistently provided financial support for upkeep of the Fort Peck, Montana; Riverdale, North Dakota; and Pickstown, South Dakota, townsites for their transfer to local ownership. The Corps' estimated operations and maintenance for the three townsites totaled \$17.4 million for the 13 years from FY 1974 through FY 1986. Additionally, the Corps spent about \$8.7 million since FY 1981 to rehabilitate and improve the townsites' road, water, electrical, and sewer systems, in anticipation of the townsites' disposal.

Agriculture

World Agriculture: Factors Influencing Trends in World Agriculture Production and Trade

GAO/RCED-89-1, Jan. 19.

One major effect of changing global economic conditions between the early 1970s and 1980s was the reduction of worldwide demand for agricultural imports. Factors, such as changing economic conditions, changing agricultural policies, and advances in agricultural technology contributed to the decline. In the early 1980s, a strong U.S. dollar, a general world economic slowdown, and debt burdens in many developing countries dampened world trade, including agriculture. Also, some developing countries began reforms to their agricultural policies to encourage greater domestic food production, and unfavorable economic conditions curbed their ability to buy imported food. Many new agricultural biotechnologies have the potential for international transfer and adoption; moreover, many countries are pursuing their own agricultural biotechnology agendas. Thus, U.S. farmers may be faced with a shorter technological lead over competitors than in the past.

Food Stamp Program: Administrative Hindrances to Participation

GAO/RCED-89-4, Oct. 21.

States have adopted a number of procedures to assure eligibility for Food Stamp Program benefits and ensure that needy persons receive the appropriate amount of assistance in the most economical and efficient way possible. However, under certain circumstances, procedures adopted by states (California, Illinois, Maryland, Oklahoma, and Texas) GAO visited have prevented or delayed eligible households from applying for food stamps and participating in the program. For example, GAO found that two offices conducted normal business only four days each week, which limited access to food stamp services; all local offices in one state and one local office in each of two other states did not consider applicants for expedited benefits or provide expedited benefits on time; and three local offices in one state did not always help applicants obtain the documents they needed to complete their applications.

Commerce and Housing Credit

Telecommunications: Changes in Selected Broadcast and Cable Television Reporting Requirements

GAO/RCED-89-24, Dec. 9.

At present the Federal Communications Commission requires broadcasters and cable television operators to submit one annual ownership report and no annual financial reports. New station licensees are required to submit an application containing a one-time certification that they are financially qualified to operate a station without revenue for 3 months. The reason for changing the reporting requirements was FCC's desire to rely less on regulatory oversight and more on market forces to ensure that broadcasters operate in the public interest. FCC found that cable television and UHF television had developed to the point that it no longer had to be concerned about their ability to compete with established VHF television.

Telecommunications: Federal Communications Commission Spectrum Management

GAO/RCED-89-62, Jan. 12.

Concern was raised about the effectiveness of the Federal Communications Commission's management of the radio frequency spectrum used by the private sector and state and local governments. GAO found that the FCC (1) does not routinely maintain an inventory of unused radio spectrum, (2) does not have a formal long-range planning process for anticipating future demand and setting aside spectrum to meet those demands, (3) relies on its rules and regulations governing license requirements and operation of radio systems to serve as controls over the efficient use of frequencies it assigns, and (4) has not completed any internal evaluations or studies of its spectrum management during the last 10 years.

Federal Research: Assessment of Small Business Innovation Research Programs

Acc. No. 137756 (GAO/RCED-89-39), Jan. 23.

Since 1983, federal agencies with large research and development budgets have operated Small Business Innovation Research programs to strengthen the role of small innovative firms in federally supported research and development. SBIR awards to small businesses have totaled

over \$1.35 billion through FY 1988. GAO sent questionnaires to firms carrying out SBIR projects and to 530 project officers at federal agencies to find out how effective is the program. Overall, agency project officers assessed 29 percent of the SBIR projects as being of higher quality than other research under their responsibility and half as being of the same quality. Although they differed on specifics, most agencies reported that SBIR programs had developed new research areas, placed more emphasis on the application of research results, and led to wider use of small businesses as research performers.

**Telecommunications
Privacy:
GSA's Planned FTS 2000
Telephone Record Controls
Appear Reasonable**

GAO/IMTEC-89-6, Dec.23.

Federal Telecommunications System 2000 is the name of the planned replacement for the existing FTS network that provides long-distance service to the federal government. Upon implementation, FTS 2000 is intended to generate accurate and timely call-detail records for all long-distance calls placed through the system. These records are intended to be used for billing, monitoring call abuse, and other management purposes. The General Services Administration plans to limit the number of people handling the data and restrict access to the computer systems that generate and maintain the data in order to safeguard the information. GSA has established a Federal Telecommunications Privacy Advisory Committee to consider whether GSA should issue rules dealing with the privacy aspect of federal call-detail records. GSA's plans for handling information on individual long-distance telephone calls under FTS 2000 are reasonable for providing protection from unauthorized access and unintentional disclosure.

**Export Promotion:
Status of Commerce's
Worldwide Automated
Commercial Information
Management System**

GAO/NSIAD-89-100, Jan. 23.

A primary mission of the Department of Commerce's International Trade Administration is to help U.S. firms establish themselves in the export marketplace. The U.S. and Foreign Commercial Service, a major component of ITA, collects, analyzes, and distributes commercial information to the U.S. business community and government trade policy-makers in pursuit of this goal. US&FCS' Commercial Information Management System is ITA's third attempt to develop a comprehensive, automated trade information data base. CIMS currently has some operational capability in 68 US&FCS offices. Delays in CIMS full implementation have been caused by a combination of technical, management, and

resource problems. The system has no final design and is being implemented on a piecemeal basis as funds are available. At this time, it is not clear what the final system will look like, what it will be capable of doing, and what it will cost.

Export Promotion: Problems in Commerce's Programs

Acc. No. 137781 (GAO/NSIAD-89-44), Jan. 26.

The U.S. & Foreign Commercial Service's primary mission is to protect and promote U.S. business interests abroad and to increase the number of U.S. firms, particularly small- and medium-sized firms, involved in international trade. The creation of US&FCS has resulted in more responsive support of U.S. business overseas; however, recent budget limitations have substantially constrained federal support for overseas export promotion activities. US&FCS' budget has remained constant while programs costs have increased, thus some activities have been reduced or eliminated and the number of officers assigned to posts dropped from 176 in 1986 to 150 in 1988. The absence of a central management authority has resulted in poor event selection and inadequate support by the different units. US&FCS' automated trade information data base is scheduled to be operational by February 1989. The objective of the system is to provide the overseas posts, Washington officials, Commerce district offices, state development agencies, and private organizations with up-to-date marketing and trade information from around the world. To date, the trade information system is various stages of development in the district offices and overseas and many technical, management, and resource problems have yet to be resolved.

Transportation

Highway Contracting: Assessing Fraud and Abuse in FHWA's Disadvantaged Business Enterprise Program

GAO/RCED-89-26, Nov. 30.

Over \$5.3 billion in federal-aid highway funds have been awarded by states to small businesses owned and controlled by socially and economically disadvantaged individuals since the Federal Highway Administration's Disadvantaged Business Enterprise Program was initiated in 1983. Concerns have been expressed over fraud and abuse in the program. The extent of fraud and abuse nationwide is not known primarily because FHWA does not have the data needed to measure the extent of

such problems. Federal and state officials agree that irregularities generally fall into two categories: (1) ineligible businesses are certified and obtain contracts based on inaccurate or misleading information and (2) eligible businesses engage in questionable activities. In order to minimize fraud and abuse, the following three administrative approaches are being used: assessing the eligibility of new applicants, reassessing annually the eligibility of certified businesses, and monitoring states' and contractors' compliance.

**Motor Vehicle Safety:
Selected Rulemakings by
the National Highway
Traffic Safety
Administration**

GAO/RCED-89-11FS, Jan. 6.

Some of the responsibilities of the National Highway Traffic Safety Administration include improving highway safety, reducing motor vehicle crashes and related fatalities and injuries. As of December 13, 1988, none of the rulemaking actions on rear seat lap/shoulder belts, side impact protection, and head restraints for light trucks, multipurpose passenger vehicles, and buses with a gross vehicle weight rating or 10,000 pounds or less had been finalized. As of that date, each rulemaking subject had been in process between 21 and 27 months. The rulemaking process may consist of three stages: an Advance Notice of Proposed Rulemaking, a Notice of Proposed Rulemaking, and a final rule. According to NHTSA it takes about 2 years on average to issue a final rule, although individual issuance times can vary significantly.

**Coast Guard:
Information Needed to
Assess the Extent of
Sexual Assaults on Ships**

GAO/RCED-89-59, Dec. 29.

According to federal, state, and local officials in the states of Washington, Oregon, and Alaska, only four cases of sexual assaults aboard ships had come to their attention since 1981. The Coast Guard through a search of its national data base of disciplinary proceedings was able to identify two additional cases, both of which occurred in Hawaiian waters. Officials and people that GAO interviewed believe that more sexual assaults take place than are reported to authorities. Reasons for nonreporting are (1) concerns about retaliation or other negative repercussions; (2) feelings of embarrassment, shame and even guilt; and (3) a belief that reporting would be pointless because it is unlikely that anything would be done to remedy the situation. Aboard ship these factors may operate to an even greater degree to discourage victims from reporting sexual assaults. In view of the apparent reluctance of many victims of rape and other sexual offenses to report these incidents to authorities, GAO has no way of determining how many offenses of this

nature may actually be taking place within the merchant marine or in other at sea occupations. Suggestions for changing the legal and regulatory framework dealing with sexual assaults and related offenses committed at sea included: government and privately sponsored educational campaigns, filling a gap in statutory protections, and establishing new requirements for the reporting of shipboard sexual assaults.

Housing and Community Development

Urban Development Action Grants: Effects of the 1987 Amendments on Project Selection

GAO/RCED-89-64, Jan. 30.

The Urban Development Action Grant program is designed to foster private investment in industrial, commercial, or neighborhood projects in economically distressed communities. In 1987 legislative changes were made to ensure fairness in the allocation, distribution, and use of program funds nationwide. The changes to the UDAG project selection system resulted in a somewhat broader geographic distribution of program funds. In addition, the changes resulted in the following: (1) the selection of projects from cities experiencing less economic distress than otherwise would have been the case; (2) generally minor changes in the number and types of projects selected as a percentage of all projects selected; (3) higher per-capita funding ratios for small cities; (4) and the selection of projects with higher expected economic benefits, as measured by increased private investment, number of jobs, and local tax revenues.

Social Services

Cuban Refugee Resettlement: Federal Administration of Visionquest Project Inadequate

GAO/HRD-89-16, Dec. 30.

There were deficiencies in the National Institute of Mental Health's administration of the VisionQuest Cuban entrant program. NIMH did not carry out its overall administrative and monitoring responsibilities as required. This included not enforcing the Public Health Service's standard conditions that VisionQuest (1) arrange for independent audits of its federal projects at least every 2 years and (2) submit financial status reports on time. Documentation in the official files was inadequate, thus GAO was unable to obtain needed financial and program documents from NIMH to assess how federal funds were spent and whether VisionQuest fully complied with federal regulations and Health and Human Services and PHS policies.

Health

DOD Health Care: Occurrence Screen Program Undergoing Changes, but Weaknesses Still Exist

Acc. No. 137672 (GAO/HRD-89-36), Jan. 5.

Occurrence screening is one of several elements in the Department of Defense's hospital quality assurance program. It involves a review of patient records by trained personnel who use designated criteria to identify occurrences that represent deviations from normal procedures or expected outcomes. Examples include a patient who had a drug or transfusion reaction or was unexpectedly returned to an operating room after initial surgery. Substantial numbers of occurrences were not being identified during the initial screening process. DOD's recent policy changes were designed to improve the utility of the program at the hospital level and were needed to achieve more positive acceptance of the program by the hospitals. The extent to which these changes help to improve individual hospitals' programs will depend on how the hospitals and services design and implement their programs within the revised policy framework.

**U.S. Employees Health Benefits:
Status of Contractor's Nonlegislative Recommendations to Reduce Costs**

GAO/HRD-89-6, Dec. 19.

Towers, Perrin, Forster & Crosby, Inc., a contractor, prepared a report on the Federal Employees Health Benefits Program for the Office of Personnel Management. While the report concluded that FEHBP has major problems requiring fundamental legislative restructuring, it also contained several policy changes that, in its opinion, OPM could take under its present legislative authority to alleviate some of the program's problems. TPF&C's recommended nonlegislative changes were (1) that OPM require all plans to implement uniform measures that have proven to be effective in containing health care costs and (2) three benefit design recommendations to enrollees' ability to switch plans during the annual open season. TPF&C estimates savings of about \$500 million per year should be attainable if its recommendations were adopted.

**Aging Issues:
Related GAO Reports and Activities in Fiscal Year 1988**

GAO/HRD-89-38, Jan. 26.

This report lists GAO issued products—35 reports, 10 briefing reports, and 3 fact sheets—concerning activities of older Americans. It also lists 59 assignments in process as of September 30, 1988. The reports cover topics from age discrimination to health care.

Income Security

**Computer Operations:
Improvements Needed in Social Security's Capacity Management Program**

Acc. No. 137719 (GAO/IMTEC-89-8), Jan. 18.

Since 1982, the Social Security Administration has estimated it has spent approximately \$643 million for its computer systems and is planning to spend about \$170 million in FY 1989 to maintain and further modernize its systems. SSA has not effectively performed capacity management activities needed to accurately assess its computer capacity needs. For instance, while the agency prepares various reports on total system utilization, these reports do not have sufficient detail at the transaction level that SSA needs to determine whether the current computer processing environment is operating effectively and efficiently. The agency has initiated improvements but until they are completed, SSA cannot determine its ongoing capacity requirements and provide assurance that its future computer acquisitions are justified.

**Medicare:
Indirect Medical Education
Payments Are Too High**

Acc. No. 137673 (GAO/HRD-89-33), Jan. 5.

Under Medicare's prospective payment system, teaching hospitals receive extra payments as compensation for higher patient care costs associated with providing graduate medical education. In FY 1986, the additional payments were about \$2.1 billion, of which \$1 billion represents compensation for direct medical education costs and \$1.1 billion represents compensation for the indirect cost of medical education. GAO's analysis showed that the add-on payments to teaching hospitals for the indirect cost of medical education are too high and recommends reducing the teaching adjustment factor, which helps determine these payments.

**Medicare:
Health Maintenance
Organization Rate-Setting
Issues**

GAO/HRD-89-46, Jan. 31.

This report provides an overview to three broad topics of concern relating to current rate-setting methodology. These issues are the (1) accuracy of the forecasted adjusted average per capita cost rates; (2) appropriateness of tying health maintenance organization payment levels to county fee-for-service Medicare cost levels; and (3) potential of the current capitation payment system to adversely affect Medicare, its beneficiaries, and HMOs. Some of GAO's findings on these issues follow. Forecasts of future costs are made using relatively old data for the base period, because complete data on actual Medicare payments are generally not available until 3 years after a given time period. Thus, the data must be inflated to account for price increases over time and adjusted for factors such as changes in utilization rates and patterns. Questions have been raised about whether the county is the appropriate unit of local rate setting, and whether there are alternatives to using local fee-for-service Medicare cost as the means of setting HMO payment rates. While capitation creates strong incentives for the efficient use of resources and cost containment, AAPCC capitation in a fee-for-service environment also creates incentives that may hamper the achievement of Medicare's cost containment and quality of care goals. GAO will present the results of its analysis in later reports.

**Medicaid:
Some Recipients Neglect to
Report U.S. Savings Bond
Holdings**

Acc. No. 137721 (GAO/HRD-89-43), Jan. 18.

In a limited test in Massachusetts, GAO identified 143 Medicaid nursing home residents whose individual bond holdings could render them ineligible for benefits. Their combined outstanding bond holdings totaled

about \$1.5 million. Most of the holdings were not reported on the individuals' Medicaid applications, even though the form used in Massachusetts specifically asks recipients to list government bonds/notes. Although the Social Security Act requires income verification by comparing the income declared by program applicants and beneficiaries with information obtained from the Internal Revenue Service and the Social Security Administration, the value of U.S. savings bond holdings is not included. The Department of the Treasury maintains such information and is not currently available to the states. To help prevent ineligible individuals from obtaining Medicaid benefits GAO recommends that (1) procedures for verifying saving bond holdings be included in an Income and Eligibility Verification System and (2) the Secretary of the Treasury, upon request, make such information available to the states.

**Pension Plans:
Labor and IRS
Enforcement of the
Employee Retirement
Income Security Act**

Acc. No. 137748 (GAO/HRD-89-32), Jan. 23.

The Employee Retirement Income Security Act of 1974 was enacted to eliminate mismanagement and abuses of private pension plan assets and to ensure that participants of these plans receive the benefits to which they are entitled. The Department of Labor and the Internal Revenue Service are responsible for enforcing the provisions of the act. Labor's enforcement activities included: (1) an increase in the number of individual pension plan investigations closed from 1,259 in FY 1985 to 1,323 in FY 1987; (2) an increase from about \$42 million in FY 1985 to about \$106 million in FY 1987 in the value of plan assets restored and transactions reversed as a result of its actions against plans with fiduciary violations. IRS' efforts included: (1) increasing the amount of excise taxes and penalties assessed from \$7.9 million in FY 1985 to \$12.5 million in FY 1987; (2) the proportion of plans examined that were cited for violations increased from 20.5 percent in FY 1985 to 32 percent in FY 1987.

**Social Security:
The Trust Fund Reserve
Accumulation, the
Economy, and the Federal
Budget**

GAO/HRD-89-44, Jan. 19.

The Social Security Amendments of 1977 and 1983 moved the Old-Age, Survivors' and Disability Insurance trust funds away from their traditional, pay-as-you-go financing basis toward the accumulation of a substantial, though temporary, reserve. Revenues (mainly payroll taxes) were set higher than needed to cover current expenditures (mainly retirement benefits), causing the trust fund balance to grow. As annual trust fund surpluses accumulate, they are invested in special issue U.S. Treasury securities. That is, the cash receipts that are not currently

needed to pay benefits are loaned to the Treasury, which uses that cash to meet its current requirements. In 1985 legislation was enacted that removed social security from the unified budget immediately. Currently, then, budget documents routinely report separate totals for the on-budget programs and the off-budget social security program. At the same time, however, the budget documents routinely combine the on-budget and off-budget financial results and projections into a single series of numbers, labeled the "total deficit." In FY 1988 the social security trust funds had a surplus of \$39 billion. The rest of the government ran a deficit of \$194 billion and together with the social security surplus, this produced a combined deficit of \$155 billion. The budgetary reality is that the payroll taxes are being used to finance the current operations of the government and are masking the size of the on-budget deficit. The economic reality is that the trust fund reserves consisting of Treasury securities that are financing current consumption rather than productive investment are illusory. They will remain so until the rest of the government achieves approximate balance between revenues and outlays.

**Social Security
Administration:
Employment of and
Service to Hispanics**

GAO/HRD-89-35, Jan. 31.

As of September 30, 1987, the Social Security Administration's overall rate of employment of Hispanics was 6.4 percent, which equaled the national rate of availability of Hispanics in the civilian labor force. Nearly 70 percent of the Hispanics at SSA were employed in three civil service job series: (1) series 105, social insurance administration; (2) series 962, contact representatives; and (3) series 998, claims clerical. SSA publishes most printed material and notices in Spanish and keeps track of its employees who are bilingual in Spanish and English. SSA does not, however, compile racial, ethnic, and language preference data on applicants and beneficiaries as part of its quality-of-service surveys. Therefore, it does not know whether minority groups, including Hispanics, are served at least as well as its clientele as a whole.

General Government

Financial Audit: Senate Recording and Photographic Studios Revolving Fund for 1988 and 1987

Acc. No. 137687 (GAO/AFMD-89-12), Jan. 11.

The Senate Recording Studio and Photographic Studios are operated by the Sergeant at Arms and Doorkeeper of the Senate and are financed from a revolving funds and from funds appropriated to the Secretary of the Senate. All moneys received from operations are deposited in a revolving fund in the U.S. Treasury and are available for the operation of the studios. Total revenue sales were \$379,151 for FY 1988 and \$332,176 for FY 1987 and total expenses were \$438,168 for FY 1988 and \$293,619 for FY 1987.

Federal Employees: Appointees Converted to Career Positions, July Through September 1988

GAO/GGD-89-38FS, Jan. 13.

For the period July 1, 1988, through September 30, 1988, 38 of 60 agencies reported that they had not appointed any noncareer employees to career positions. The remaining 22 agencies reported 77 conversions, with the Department of Education reporting 14, the largest number of conversions. Sixty-eight of the 77 conversions were competitive appointments, and 9 were noncompetitive appointments.

Managing Human Resources: Greater OPM Leadership Needed to Address Critical Challenges

Acc. No. 137786 (GAO/GGD-89-19), Jan. 19.

Serious human resource problems are affecting federal operations. Factors limiting the government's ability to hire and keep good people include inadequate compensation, poor image of federal service, and short-term budget emphasis with consideration of human resource implications. During the last 10 years, the Office of Personnel Management has not provided the leadership necessary to sustain attention to identifying and resolving critical human resource problems. The agency is beginning to improve the hiring process by reestablishing its recruitment program and delegating employment examining authority to the line agencies. OPM needs to strengthen its planning for future workforce challenges, increase assistance to agencies in performance management efforts, and reinforce its oversight and evaluation efforts to ensure both merit protection and improved human resource management.

**Poor Performers:
How They Are Identified
and Dealt With in the
Social Security
Administration**

GAO/GGD-89-28, Jan. 27.

The Social Security Administration's performance management system provides supervisors with a mechanism for dealing with employees who are identified as poor performers. SSA's philosophy is to provide training and other assistance so that employees have every opportunity to improve their performance to the fully satisfactory level. Generally, the system produced positive results in cases where poor performance was identified. Although the agency has experienced some success, poor performers are not always identified and the process for dealing with poor performers is not always used.

**Impoundment of Funds:
Four New Deferrals for
Fiscal Year 1989**

GAO/OGC-89-4, Jan. 30.

Four new deferrals were submitted by the President in his second special impoundment message for FY 1989. He also revised the amounts of three deferrals previously reported. The total amount of deferred funds for several agencies was \$8,360,862,000.

**Congressional
Testimony by GAO
Officials**

Observations on the Less Developed Nations Debt Crisis, by Allan I. Mendelowitz, National Security and International Affairs Division, before the House Committee on Banking, Finance, and Urban Affairs, Jan. 4. GAO/T-NSIAD-89-3.

Failed Financial Institutions: Reasons, Costs, Remedies, and Unresolved Issues, by Frederick D. Wolf, Accounting and Financial Management Division, before the House Committee on Banking, Finance, and Urban Affairs, Jan. 13. GAO/T-AFMD-89-1. Acc. No. 137708.

Transition Issues: Critical Issues and Problems Facing the New Administration and Congress, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs, Jan. 18. GAO/T-GGD-89-2.

Transition Issues: Overview of GAO's Transition Series Reports, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs, Jan. 18. GAO/T-GGD-89-2S.

The Social Security Notch Issue, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Social Security and Family Policy, Senate Committee on Finance, Jan. 23. GAO/T-HRD-89-2.

GAO's Views on DOE's Modernization Plan for the Weapons Complex, by J. Dexter Peach, Resources, Community, and Economic Development Division, before the Senate Committee on Governmental Affairs, Jan. 25. GAO/T-RCED-89-5. Acc. No. 137785.

Resolving the Savings and Loan Crisis, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on the Budget, Jan. 26. GAO/T-GGD-89-3. Acc. No. 137778.

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NATIONAL DEFENSE

- Computer Procurement:
Information on Defense Department's CAD/CAM Acquisition
Acc. No. 137736 (GAO/IMTEC-89-3FS), Jan. 19.
- Army Equipment:
Distribution and Documentation Problems Impede Operations
Acc. No. 137711 (GAO/NSIAD-89-71), Jan. 13.
- Army Special Forces:
Rationale for Relocating the 5th Special Forces Group From Fort Bragg, North Carolina
GAO/NSIAD-89-58, Jan. 5.
- ADP Contracts:
Army Needs to Correct Budget Disclosure Deficiencies
GAO/IMTEC-89-13, Jan. 31.
- Navy Procurement:
Option for EA-6B Aircraft Parts Should Be Reexamined
Acc. No. 137712 (GAO/NSIAD-89-88), Jan. 13.
- ICBM Modernization:
Status of the Peacekeeper Rail Garrison Missile System
Acc. No. 137704 (GAO/NSIAD-89-64), Jan. 12.
- Air Force ADP:
Logistics Systems Modernization Costs Continue to Increase
GAO/IMTEC-89-7FS, Dec. 28.

INTERNATIONAL AFFAIRS

- Foreign Aid:
Problems and Issues Affecting Economic Assistance
GAO/NSIAD-89-61BR, Dec. 30.
- Security Assistance:
Update of Programs and Related Activities
Acc. No. 137733 (GAO/NSIAD-89-78FS), Dec. 28.
- Participant Training:
AID Administration of Training Agreements, Costs, and Support Services
GAO/NSIAD-89-43FS, Dec. 22.

SCIENCE, SPACE, AND TECHNOLOGY

- Solid Rocket Motors:
Loss of Oxidizer Production Necessitates Emergency Allocation Procedures
Acc. No. 137689 (GAO/NSIAD-89-66), Dec. 16.
- Computer Operations:
Improvements Needed in Social Security's Capacity Management Program
Acc. No. 137719 (GAO/IMTEC-89-8), Jan. 18.
- Federal Research:
Determination of the Best Qualified Sites for DOE's Super Collider
GAO/RCED-89-18, Jan. 30.

ENERGY

- Federal Electric Power:
Controversy Relating to Construction of Transmission Lines
GAO/RCED-89-43, Dec. 6.
- Gasoline Marketing:
States' Programs for Pump Labeling of Gasoline Ingredients
Acc. No. 137702 (GAO/RCED-89-6), Jan. 12.
- Nuclear Materials:
Additional Information on Shipments From DOE's Rocky Flats Plant
GAO/RCED-89-61FS, Dec. 14.

NATURAL RESOURCES AND ENVIRONMENT

- Air Pollution:
Status of Dispute Over Alaska Oil Pipeline Air Quality Controls
GAO/RCED-89-37, Dec. 9.
- Water Pollution:
More EPA Action Needed to Improve the Quality of Heavily Polluted Waters
GAO/RCED-89-38, Jan. 6.

- Water Pollution:
Stronger Enforcement Needed to Improve Compliance at Federal Facilities
Acc. No. 137742 (GAO/RCED-89-13), Dec. 27.
- Endangered Species:
Management Improvements Could Enhance Recovery Program
GAO/RCED-89-5, Dec. 21.
- Groundwater Protection:
The Use of Drinking Water Standards by the States
GAO/PEMD-89-1, Dec. 20.
- Superfund:
Missed Statutory Deadlines Slow Progress in Environmental Programs
GAO/RCED-89-27, Nov. 29.

- Water Resources:
Corps of Engineers' Transfer of Three Townsites
GAO/RCED-89-42, Dec. 29.

AGRICULTURE

- World Agriculture:
Factors Influencing Trends in World Agriculture Production and Trade
GAO/RCED-89-1, Jan. 19.
- Food Stamp Program:
Administrative Hindrances to Participation
GAO/RCED-89-4, Oct. 21.

COMMERCE AND HOUSING CREDIT

- Telecommunications:
Changes in Selected Broadcast and Cable Television Reporting Requirements
GAO/RCED-89-24, Dec. 9.

- Telecommunications:
Federal Communications Commission Spectrum Management
GAO/RCED-89-62, Jan. 12.

- Federal Research:
Assessment of Small Business Innovation Research Programs
Acc. No. 137756 (GAO/RCED-89-39), Jan. 23.

- Telecommunications Privacy:
GSA's Planned FTS 2000 Telephone Record Controls Appear Reasonable
GAO/IMTEC-89-6, Dec. 23.

- Export Promotion:
Status of Commerce's Worldwide Automated Commercial Information Management System
GAO/NSIAD-89-100, Jan. 23.

- Export Promotion:
Problems in Commerce's Programs
Acc. No. 137781 (GAO/NSIAD-89-44), Jan. 26.

TRANSPORTATION

- Highway Contracting:
Assessing Fraud and Abuse in FHWA's Disadvantaged Business Enterprise Program
GAO/RCED-89-26, Nov. 30.

- Motor Vehicle Safety:
Selected Rulemakings by the National Highway Traffic Safety Administration
GAO/RCED-89-11FS, Jan. 6.

- Coast Guard:
Information Needed to Assess the Extent of Sexual Assaults on Ships
GAO/RCED-89-59, Dec. 29.

HOUSING AND COMMUNITY DEVELOPMENT

Urban Development Action Grants: Effects of the 1987 Amendments on Project Selection
GAO/RCED-89-64, Jan. 30.

SOCIAL SERVICES

Cuban Refugee Resettlement: Federal Administration of Vision-Quest Project Inadequate
GAO/HRD-89-16, Dec. 30.

HEALTH

DOD Health Care: Occurrence Screen Program Undergoing Changes, but Weaknesses Still Exist
Acc. No. 137672 (GAO/HRD-89-36), Jan. 5.

U.S. Employees Health Benefits: Status of Contractor's Nonlegislative Recommendations to Reduce Costs
GAO/HRD-89-6, Dec. 19.

Aging Issues: Related GAO Reports and Activities in Fiscal Year 1988
GAO/HRD-89-38, Jan. 26.

INCOME SECURITY

Medicare: Indirect Medical Education Payments Are Too High
Acc. No. 137673 (GAO/HRD-89-33), Jan. 5.

Medicare: Health Maintenance Organization Rate-Setting Issues
GAO/HRD-89-46, Jan. 31.

Medicaid: Some Recipients Neglect to Report U.S. Savings Bond Holdings
Acc. No. 137721 (GAO/HRD-89-43), Jan. 18.

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GAO/HRD-89-44, Jan. 19.

Social Security Administration: Employment of and Service to Hispanics
GAO/HRD-89-35, Jan. 31.

GENERAL GOVERNMENT

Financial Audit: Senate Recording and Photographic Studios Revolving Fund for 1988 and 1987
Acc. No. 137687 (GAO/AFMD-89-12), Jan. 11.

Federal Employees: Appointees Converted to Career Positions, July Through September 1988
GAO/GGD-89-38FS, Jan. 13.

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