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Introduction

The U.S. General Accounting Office (GAO) is a nonpartisan agency within the legislative branch of the government. GAO conducts audits, surveys, investigations, and evaluations of federal programs. This work is either self-initiated or done at the request of congressional committees or members. GAO's findings and recommendations are published as reports to congressional members or delivered as oral testimony to congressional committees. In 1993, GAO produced 1,305 audit and evaluation products. Of these, 1,011 are included in the abstracts volume of this publication. Restricted and classified products as well as correspondence are not included in the abstracts.

Abstracts of Reports and Testimony: Fiscal Year 1993 and Indexes for Reports and Testimony: Fiscal Year 1993 is a two-volume publication. The first volume contains full abstracts of reports and testimony listed alphabetically first by division and then by staff office, and the second volume contains several indexes to assist you in locating a particular report or testimony by subject matter, issue category, title, or GAO witness. How to use the two volumes is described more fully below.

General Information About GAO Reports and Testimony

GAO report numbers contain the following information: the division or staff office acronym, the last two digits of the fiscal year, and the sequentially assigned report number; e.g., GGD-93-19. Testimonies are shown with a "T" in front of the division or staff office acronym; e.g., T-NSIAD-93-1.

Abstracts of Reports and Testimony: Fiscal Year 1993

This volume contains the full abstracts of reports and testimony issued October 1, 1992, through September 30, 1993, as originally abstracted in GAO's monthly list of reports and testimony.

The abstracts are arranged sequentially by report number for each division and staff office. The abstract entry also includes publication date, publication length, and complete title followed by the full abstract. GAO has six program and technical divisions and several offices that issue reports. During the year, the Accounting and Financial Management Division (AFMD) and the Information Management and Technology Division (IMTEC) merged to become the Accounting and Information Management Division (AIMD). GAO also issued the Transition Reports and the High-Risk Series reports. The Transition Reports are designated with a "TR" after the report number, e.g., OCG-93-1TR. The High-Risk reports are designated with a "HR" at the beginning, e.g., HR-93-1. The following is a list of division and office acronyms and names:

AFMD	Accounting and Financial Management Division
AIMD	Accounting and Information Management Division
GGD	General Government Division
HR	High-Risk Series
HRD	Human Resources Division
IMTEC	Information Management and Technology Division

NSIAD	National Security and International Affairs Division
OCE	Office of the Chief Economist
OCG	Office of the Comptroller General
OGC	Office of the General Counsel
OP	Office of Policy
OPP	Office of Program Planning
OSI	Office of Special Investigations
PART	Professional Audit Review Team
PEMD	Program Evaluation and Methodology Division
RCED	Resources, Community, and Economic Development Division

Indexes for Abstracts of Reports and Testimony: Fiscal Year 1993

The Indexes for Abstracts of Reports and Testimony are designed to lead you to a report or testimony from a variety of points. There are four indexes to help you in your search.

- **Category Index** groups items by the broad subject headings used in GAO's monthly list. The entries of the category index are grouped according to subject matter under one of the following 26 subheadings:

  - Agriculture and Food
  - Budget and Spending
  - Business, Industry, and Consumers
  - Civil Rights
  - Economic Development
  - Education
  - Employment
  - Energy
  - Environmental Protection
  - Financial Institutions
  - Financial Management
  - Government Operations
  - Health
  - Housing
  - Income Security
  - Information Management
  - International Affairs
  - Justice and Law Enforcement
  - National Defense
  - Natural Resources
  - Science, Space, and Technology
  - Social Services
  - Special Publications
  - Tax Policy and Administration
  - Transportation
  - Veterans Affairs

While there may be instances where reports or testimony logically fit under two or more categories, we have tried to place them under the most obvious categories.

- **Subject Index** has generic subject area headings including subject headings from GAO's Thesaurus, geographic locations, weapon system names, and funds. Reports and testimonies are listed alphabetically by title, followed by the report or testimony number.

- **Title Index** lists all reports and testimonies alphabetically in natural word order, along with the date of the publication and the report or testimony number.

- **Witness Index** consists of an alphabetical list of GAO officials who have testified before congressional committees and the testimony numbers.

Each index reference will lead you to an abstract that will give you enough information to decide whether the report or the testimony will give the information you want.

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Abstracts

AFMD

AFMD-93-1, Oct. 9, 1992 (44 pages). Financial Audit: Expenditures by Nine Independent Counsels.

As of March 31, 1992, nine independent counsels appointed since 1985 spent an estimated $43 million on several investigations, but the accuracy and completeness of those expenditures cannot be verified because of poor records and serious internal control weaknesses. The $43 million included pay and benefits, travel, office rent, and other outlays. Five of the nine independent counsels did not provide some of the reports of their expenditures required by law. In addition, GAO discovered that some expenditures were inconsistent with laws and regulations. GAO also noted that independent counsels incur costs, such as for detailees from the Federal Bureau of Investigation, that are not paid from the permanent, indefinite appropriations established to fund independent counsel activities. One independent counsel ran up an estimated $5 million in such costs. There is no requirement to report or audit these costs, and the independent counsels and federal agencies did not separately account for the costs. The reports, as a result, understate the full costs of independent counsel activities. The problems GAO uncovered show a serious breakdown in the accountability over independent counsel administrative operations, with the Department of Justice, the Administrative Office of the U.S. Courts, and the independent counsels disagreeing on their administrative responsibilities. If the independent counsel law is extended, Congress should clearly spell out such responsibilities for these three groups and other government agencies.

AFMD-93-2, Oct. 21, 1992 (13 pages). Financial Audit: House Stationery Revolving Fund Statements—June 30, 1991 and 1990.

GAO audited the balance sheets of the House of Representatives Stationery Revolving Fund as of June 30, 1991 and 1990 and the related statements of operations and cash flows. In GAO's opinion, the financial statements present fairly, in all material respects, the financial position of the Fund and the results of its operations and cash flows in conformity with generally accepted accounting principles.

AFMD-93-3, Oct. 29, 1992 (76 pages). Financial Management: NASA's Financial Reports Are Based on Unreliable Data.

National Aeronautics and Space Administration (NASA) financial managers are responsible for almost $27 billion worth of assets and nearly $14 billion in appropriations each year. The Office of Management and Budget (OMB) has declared NASA's financial management systems to be at risk for waste, abuse, and mismanagement, and both OMB and GAO have designated NASA contract administration at high risk because of previously cited weaknesses and NASA's growing reliance on its contractors for data. GAO discovered that NASA's internal controls and financial management systems do not provide accurate and reliable financial information to effectively manage the agency, especially oversight of the significant assets and funds under the control of its contractors. NASA did not always receive contractor-reported cost and performance data, and program analysts inappropriately adjusted contractor cost data without supporting documentation. In some cases, this practice concealed overruns, or underruns, or instances in which costs exceeded obligations of budget plans. For example, cost reports for development of space shuttle toilets showed major cost growth, but NASA took little action to control costs until GAO discovered a 900-percent increase over the initial estimate. Due to fundamental accounting and systems problems, NASA's fiscal year 1991 year-end reports to the Treasury Department contained more than $500 million in errors.

AFMD-93-5, Nov. 17, 1992 (46 pages). Air Force Depot Maintenance: Improved Pricing and Financial Management Practices Needed.

The Air Force's Depot Maintenance Industrial Fund, which provided about $3.6 billion worth of maintenance services to its customers during fiscal year 1991, was supposed to break even on these sales. The fund, however, has suffered losses and has experienced a steady increase in its backlog of work mainly because managers repeatedly based the fund's prices and the size of its work force on productivity estimates that were not attained. To eliminate the losses and achieve profits, the fund has resorted to improper or questionable

practices, such as charging customers for work that was not done. These practices (1) cause financial reports and budget documents to provide a misleading picture of the fund's performance and (2) make it hard for the Defense Department and Congress to oversee the fund and the appropriation requests of fund customers. GAO's analysis of the fund's projected work loads and capabilities for fiscal years 1992 and 1993 shows that customers' fiscal year 1993 budget requests include at least $365 million for work that is unlikely to be started before fiscal year 1994. Its analysis of the Air Force's plan for reducing the fund's fiscal year 1991-95 costs by $1.1 billion shows that the Air Force is unlikely to succeed mainly because (1) fund managers lack the information needed to manage effectively and (2) the Air Force's plan makes unrealistic assumptions about the savings that can be achieved through competition.

AFMD-93-7, Apr. 2, 1993 (53 pages). Financial Management: Agencies' Actions to Eliminate "M" Accounts and Merged Surplus Authority.

In recent years, Congress has become increasingly concerned about (1) the large balances available to the Pentagon in the "M" and merged surplus accounts—a combination of obligated but unpaid balances from appropriations made in prior years—which totaled about $50 billion in 1990; (2) the Defense Department's (DOD) access to and routine use of hundreds of millions of dollars from the "M" accounts and merged surplus authority to cover contract cost increases; and (3) DOD's lack of oversight of these accounts. Legislation passed in 1990 canceled merged surplus authority and phased out the "M" accounts. This report discusses how six federal agencies have implemented the law. In particular, GAO found serious problems at DOD, which obligated current-year funds to cover additional contract costs—expenses that, had they been correctly charged to expired appropriations as is generally required, could have violated the Antideficiency Act. In addition, DOD, by not disclosing billions of dollars of canceled obligations, masked the government's potential liability.

AFMD-93-8, Jan. 25, 1993 (59 pages). Financial Management: Poor Internal Control Has Led to Increased Maintenance Costs and Deterioration of Equipment.

The Army, despite having spent more than $1 billion in fiscal year 1991 to overhaul weapons and equipment, may be wasting millions of dollars because of poor internal controls and inadequate systems that fail to protect weapons and equipment from deterioration and theft during shipments to Army depots and during routine maintenance. Because repairables at the four depots GAO visited were stored, often for years, with inadequate protection, many items rusted or corroded to the point where they were fit only for scrap. In fiscal year 1991, personnel at the four depots did only 30 percent of the required physical inventories for receivables. Improper stacking and other inadequate storage practices also made it hard to account for and control items at two of the depots. GAO discovered many discrepancies between what was on hand and what was recorded in the system accounting for repairables, suggesting that the Army may be making decisions about equipment on the basis of unreliable data. In addition, the depots' cost accounting system did not accurately record and report maintenance costs for specific job orders. Because of ineffective maintenance shop processes and weak accounting controls, costs were not always charged to the proper job order or inappropriate nonmaintenance costs were sometimes included.

AFMD-93-9, Nov. 13, 1992 (40 pages). Financial Management: Serious Deficiencies in State's Financial Systems Require Sustained Attention.

The State Department's financial operations and systems, which account for more than $5 billion in annual appropriations, are weak and have been for many years. Responsibility for financial management remains fragmented. State's financial operations continue to be hampered by inexperienced and inadequately trained financial management staff. Also, domestic and overseas financial systems are incompatible, have been allowed to deteriorate, are out-of-date, and cannot meet managers' needs. The Department acknowledges the seriousness of its problems. To meet the requirements of the Chief Financial Officers Act and conform its financial systems to federal accounting requirements, the Department has begun strengthening its Chief Financial Officer structure, addressing the problem of fragmented responsibilities, and developing an overall strategy for resolving its long-standing financial management weaknesses. A financial systems improvement plan is critical to guiding the Department's efforts to standardize and integrate financial systems, and the financial information needs of managers and others will have to be identified and documented.

AFMD-93-11, Feb. 16, 1993 (52 pages). Thrift Examination Quality: OTS Examinations Do Not Fully Assess Thrift Safety and Soundness.

This report summarizes the results of GAO's review of bank and thrift examinations done by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. GAO focused on how well regulators assess the quality of bank and thrift loan portfolios and related loan loss reserves and the

effectiveness of the institutions' internal control systems. In reviewing examinations for 58 randomly selected banks and thrifts, GAO discovered surprising weaknesses. Specifically, examinations were too limited to fully reveal the extent of deficiencies jeopardizing safety and soundness. These limitations impeded early warning of the seriousness of bank and thrift weaknesses and reduced the chance to take timely corrective action and minimize losses to the insurance funds. Similar weaknesses affected the quality of bank holding company inspections. Extensive flexibility granted examiners and a lack of minimum requirements were common problems affecting the quality of examinations and inspections. As measured by the unprecedented failures of banks and thrifts since 1980, the regulatory system has become far less effective in preventing and minimizing the number and the cost of failures. Successful implementation of the FDIC Improvement Act of 1991 and strengthened examinations and accounting rules are vital to regulatory effectiveness and protection of the insurance funds. GAO also identified many inconsistencies among the regulators that may hinder their efficiency and effectiveness. GAO concludes that the regulatory structure that arose from the Great Depression has not kept pace with the banking world, one that has become increasingly competitive and complex in the 1990s. The Comptroller General summarized this series of reports in testimony before Congress; see: Bank and Thrift Regulation: Improvements Needed in Examination Quality and Regulatory Structure, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on Banking, Finance, and Urban Affairs, GAO/T-AFMD-93-2, Feb. 16, 1993 (47 pages).

AFMD-93-12, Feb. 16, 1993 (64 pages). Bank Examination Quality: FDIC Examinations Do Not Fully Assess Bank Safety and Soundness.

This report summarizes the results of GAO's review of bank and thrift examinations done by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. GAO focused on how well regulators assess the quality of bank and thrift loan portfolios and related loan loss reserves and the effectiveness of the institutions' internal control systems. In reviewing examinations for 58 randomly selected banks and thrifts, GAO discovered surprising weaknesses. Specifically, examinations were too limited to fully reveal the extent of deficiencies jeopardizing safety and soundness. These limitations impeded early warning of the seriousness of bank and thrift weaknesses and reduced the chance to take timely corrective action and minimize losses to the insurance funds. Similar weaknesses affected the quality of bank holding company inspections. Extensive flexibility granted examiners and a lack of minimum requirements were common problems affecting the quality of examinations and inspections. As measured by the unprecedented failures of banks and thrifts since 1980, the regulatory system has become far less effective in preventing and minimizing the number and the cost of failures. Successful implementation of the FDIC Improvement Act of 1991 and strengthened examinations and accounting rules are vital to regulatory effectiveness and protection of the insurance funds. GAO also identified many inconsistencies among the regulators that may hinder their efficiency and effectiveness. GAO concludes that the regulatory structure that arose from the Great Depression has not kept pace with the banking world, one that has become increasingly competitive and complex in the 1990s. The Comptroller General summarized this series of reports in testimony before Congress; see: Bank and Thrift Regulation: Improvements Needed in Examination Quality and Regulatory Structure, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on Banking, Finance, and Urban Affairs. GAO/T-AFMD-93-2, Feb. 16, 1993 (47 pages).

AFMD-93-13, Feb. 16, 1993 (62 pages). Bank Examination Quality: FRB Examinations and Inspections Do Not Fully Assess Bank Safety and Soundness.

This report summarizes the results of GAO's review of bank and thrift examinations done by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. GAO focused on how well regulators assess the quality of bank and thrift loan portfolios and related loan loss reserves and the effectiveness of the institutions' internal control systems. In reviewing examinations for 58 randomly selected banks and thrifts, GAO discovered surprising weaknesses. Specifically, examinations were too limited to fully reveal the extent of deficiencies jeopardizing safety and soundness. These limitations impeded early warning of the seriousness of bank and thrift weaknesses and reduced the chance to take timely corrective action and minimize losses to the insurance funds. Similar weaknesses affected the quality of bank holding company inspections. Extensive flexibility granted examiners and a lack of minimum requirements were common problems affecting the quality of examinations and inspections. As measured by the unprecedented failures of banks and thrifts since 1980, the regulatory system has become far less effective in preventing and minimizing the number and the cost of failures. Successful implementation of the FDIC Improvement Act of 1991 and strengthened examinations and accounting rules are vital to regulatory effectiveness and protection of the insurance funds.

GAO also identified many inconsistencies among the regulators that may hinder their efficiency and effectiveness. GAO concludes that the regulatory structure that arose from the Great Depression has not kept pace with the banking world, one that has become increasingly competitive and complex in the 1990s. The Comptroller General summarized this series of reports in testimony before Congress; see: Bank and Thrift Regulation: Improvements Needed in Examination Quality and Regulatory Structure, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on Banking, Finance, and Urban Affairs. GAO/T-AFMD-93-2, Feb. 16, 1993 (47 pages).

AFMD-93-14, Feb. 16, 1993 (49 pages). Bank Examination Quality: OCC Examinations Do Not Fully Assess Bank Safety and Soundness.

This report summarizes the results of GAO's review of bank and thrift examinations done by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. GAO focused on how well regulators assess the quality of bank and thrift loan portfolios and related loan loss reserves and the effectiveness of the institutions' internal control systems. In reviewing examinations for 58 randomly selected banks and thrifts, GAO discovered surprising weaknesses. Specifically, examinations were too limited to fully reveal the extent of deficiencies jeopardizing safety and soundness. These limitations impeded early warning of the seriousness of bank and thrift weaknesses and reduced the chance to take timely corrective action and minimize losses to the insurance funds. Similar weaknesses affected the quality of bank holding company inspections. Extensive flexibility granted examiners and a lack of minimum requirements were common problems affecting the quality of examinations and inspections. As measured by the unprecedented failures of banks and thrifts since 1980, the regulatory system has become far less effective in preventing and minimizing the number and the cost of failures. Successful implementation of the FDIC Improvement Act of 1991 and strengthened examinations and accounting rules are vital to regulatory effectiveness and protection of the insurance funds. GAO also identified many inconsistencies among the regulators that may hinder their efficiency and effectiveness. GAO concludes that the regulatory structure that arose from the Great Depression has not kept pace with the banking world, one that has become increasingly competitive and complex in the 1990s. The Comptroller General summarized this series of reports in testimony before Congress; see: Bank and Thrift Regulation: Improvements Needed in Examination Quality and Regulatory Structure, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on Banking, Finance, and Urban Affairs. GAO/T-AFMD-93-2, Feb. 16, 1993 (47 pages).

AFMD-93-15, Feb. 16, 1993 (73 pages). Bank and Thrift Regulation: Improvements Needed In Examination Quality and Regulatory Structure.

This report summarizes the results of GAO's review of bank and thrift examinations done by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. GAO focused on how well regulators assess the quality of bank and thrift loan portfolios and related loan loss reserves and the effectiveness of the institutions' internal control systems. In reviewing examinations for 58 randomly selected banks and thrifts, GAO discovered surprising weaknesses. Specifically, examinations were too limited to fully reveal the extent of deficiencies jeopardizing safety and soundness. These limitations impeded early warning of the seriousness of bank and thrift weaknesses and reduced the chance to take timely corrective action and minimize losses to the insurance funds. Similar weaknesses affected the quality of bank holding company inspections. Extensive flexibility granted examiners and a lack of minimum requirements were common problems affecting the quality of examinations and inspections. As measured by the unprecedented failures of banks and thrifts since 1980, the regulatory system has become far less effective in preventing and minimizing the number and the cost of failures. Successful implementation of the FDIC Improvement Act of 1991 and strengthened examinations and accounting rules are vital to regulatory effectiveness and protection of the insurance funds. GAO also identified many inconsistencies among the regulators that may hinder their efficiency and effectiveness. GAO concludes that the regulatory structure that arose from the Great Depression has not kept pace with the banking world, one that has become increasingly competitive and complex in the 1990s. The Comptroller General summarized this series of reports in testimony before Congress; see: Bank and Thrift Regulation: Improvements Needed in Examination Quality and Regulatory Structure, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on Banking, Finance, and Urban Affairs. GAO/T-AFMD-93-2, Feb. 16, 1993 (47 pages).

AFMD-93-17, Jan. 6, 1993 (20 pages). Federal Credit Programs: Agencies Had Serious Problems Meeting Credit Reform Accounting Requirements.

The Federal Credit Reform Act of 1990 was meant to better control and manage the government's direct and guaranteed loan programs, which totaled $855 billion as of September 1991. GAO discovered that the law's

potential has yet to be realized and is unlikely to be fully achieved soon, considering the generally poor state of agency financial systems and controls. The problems facing agencies include (1) serious and long-standing weaknesses in credit program financial systems and controls and resulting unreliable historical credit information, which stymied the major domestic lending agencies in meeting the Office of Management and Budget's implementing requirements under the act; (2) inadequate staff resources to develop the systems needed to carry out the act's new requirements; and (3) inappropriate accounting and inconsistent reporting for pre-credit reform act loans and loan guarantees, a condition that will both prevent that information from being used to appraise the reasonableness of post-credit data and diminish the value of financial reports in measuring agency performance, future funding needs, and other credit program analyses. These problems will not be easily overcome and will require a concerted effort and innovative approaches, such as the interim use of statistical sampling techniques, to develop and maintain reasonably accurate credit data.

AFMD-93-18, Mar. 23, 1993 (28 pages). Financial Management: Navy Industrial Fund Has Not Recovered Costs.

The Navy industrial fund provides such services as depot maintenance for ships and aircraft, as well as transportation for its customers, which include military groups, civilian agencies, and foreign governments. For fiscal years 1989 through 1991, the Navy industrial fund activities reported sales of nearly $50 billion. Although some of the fund's activities earned profits, the fund reported overall net operating losses of more than $794 million during this period. The aviation depots and shipyards incurred most of these losses. This report (1) determines why the Navy industrial fund incurred these losses and (2) assesses the appropriateness of fiscal year 1993 pricing practices.

AFMD-93-19, May 24, 1993 (63 pages). Financial Management: Inadequate Accounting and System Project Controls at AID.

The Agency for International Development (AID) has experienced serious accounting system and financial reporting problems that precluded it from (1) reporting the use and status of all its appropriated funds, (2) ensuring that it had received property it had paid for and reliably reporting on its disposition, and (3) promptly and accurately responding to requests from Congress and others for information on program operation costs. The problems occurred because AID managers had not enforced established accounting and financial reporting procedures and devoted enough resources to resolving unmatched disbursement and clearing apparent over-disbursements in some appropriation accounts. Also, AID had not satisfactorily managed financial system improvement projects, with the result that its systems did not provide up-to-date and reliable reports.

AFMD-93-20, Mar. 16, 1993 (61 pages). Financial Audit: Guaranteed Student Loan Program's Internal Controls and Structure Need Improvement.

Under the Guaranteed Student Loan Program, the Department of Education guaranteed about $14.6 billion in student loans in fiscal year 1992 and paid about $5 billion in default claims and interest subsidies. Because of a history of inadequate program oversight and management, GAO has included the program in its list of 17 "high-risk" areas vulnerable to waste, fraud, and abuse. Material weaknesses impede the Department's ability to obtain accurate and reliable data on the Guaranteed Student Loan Program. These weaknesses include inadequate oversight of guaranty agencies and lenders and weaknesses in the Department's controls to ensure the accuracy of its financial and other program data. As a result, the Department cannot be certain that billions of dollars paid annually to guaranty agencies and lenders were proper or that financial information on program operations was accurate. Serious problems also affect the program's structure. Guaranty agencies assume little financial risk and are not compensated in a way that provides enough incentives to prevent defaults. In addition to their guarantor role, they are allowed to be both loan servicers and secondary market operators, which can create conflicts of interest. By assuming servicing and ownership roles, guaranty agencies are, in effect, responsible for regulating their own activities. The Department had some corrective actions under way that should increase program accountability. Some weaknesses, however, cannot be fully resolved until the role of guaranty agencies is addressed. Effective corrective actions will require new systems, revised regulations, or legislation and thus extend over several years.

AFMD-93-21, June 9, 1993 (43 pages). Financial Management: Navy Records Contain Billions of Dollars in Unmatched Disbursements.

The proper matching of disbursements with recorded obligations is an important way of ensuring that agency funds are used properly. The Standard Accounting and Reporting System, which annually accounts for nearly $57 billion, or more than half, of the Navy's overall budget, contained $12.3 billion in unmatched disbursements as of February 1992. Almost $5 billion had been unmatched for more than two years. Of the total amount of unmatched disbursements, $3.9 billion of individual disbursements of $1 million or more had been unmatched

with obligations for more than six months. The problem, however, may be much larger because GAO found instances in which Navy personnel arbitrarily matched obligations and disbursements. In addition, GAO found that unmatched disbursements were caused by lax compliance with internal controls or the lack of controls over (1) recording obligations in the accounting system before disbursing funds, (2) detecting and correcting errors in the disbursement process, and (3) posting accurate and complete accounting information in systems that support the disbursement process. Although Navy officials acknowledge that unmatched disbursements have been a long-standing problem, current initiatives are unlikely to resolve the problem because they fail to address the basic causes outlined above.

AFMD-93-22, June 1993 (41 pages). Budget Issues: Financial Reporting to Better Support Decision-making.

This staff study analyzes the use of financial audit reports and accounting data in agency budgeting, because the budget is the principal tool used to effect policy decisions. GAO chose the Department of Veterans Affairs (VA) for this study because audited financial statements were available for fiscal years 1986 to 1989 and the range of programs at VA and its experience with financial audit reports and budgeting would be applicable to other federal entities. The study presents a conceptual framework of financial statements designed to meet the needs of financial information users—Congress, managers, and the public. The new types of statements in the study are but one way of addressing user needs, but they can be used as a basis for developing prototypes for any agency to meet the specific needs of its specific users. The study also describes how VA used accounting data from its systems in budgeting and the problems that can develop when accounting systems are not structured to provide the type of data needed in the budget process.

AFMD-93-31, Jan. 21, 1993 (25 pages). Deposit Insurance Funds: Compliance With Obligation and Repayment Requirements as of March 31, 1992.

This is the first of GAO's required reports on the Federal Deposit Insurance Corporation's (FDIC) compliance with the maximum obligation limitation set by the Federal Deposit Insurance Corporation Improvement Act of 1991. This obligation limitation applies separately to both the Bank Insurance Fund—insurer of commercial bank deposits—and the Savings Association Insurance Fund—insurer of thrift deposits—and is designed to ensure that each fund's assets and other funding sources are enough to pay its obligations. GAO also assesses whether the Fund's total collections from the management and disposition of assets acquired from failed banks would be enough to repay the Fund's existing working capital borrowings.

AFMD-93-32, Apr. 14, 1993 (13 pages). Financial Audit: Capitol Preservation Fund—March 31, 1991 and 1990.

GAO audited the financial statements of the Capitol Preservation Fund, which finances restorations and improvements at the United States Capitol, as of March 31, 1991 and 1990 along with the related statements of operations and cash flows. GAO found that the statements present fairly, in all material respects, the financial position of the fund and the results of its operations and cash flows.

AFMD-93-33, May 5, 1993 (9 pages). Financial Audit: Ninety-eighth Democratic New Members Caucus Financial Statements—March '85-April '92.

GAO audited the Ninety-eighth Democratic New Members Caucus' balance sheets and related statements of operations and cash flows. GAO found that the financial statements were reliable in all material respects. Although internal controls need to be improved, they generally were effective in protecting assets, ensuring material compliance with laws and regulations, and avoiding material misstatements in the financial statements. GAO was concerned, however, about the lack of procedures or guidelines governing the processing of financial transactions as well as the acceptance of a $500 donation in violation of House regulations.

AFMD-93-37, Nov. 19, 1992 (8 pages). Rural Telephone Bank: Review of RTB's 1991 Loan Interest Rate Calculation.

GAO is required to review each year the interest rate charged to borrowers, referred to as the cost of money rates, as set by the Rural Telephone Bank for the preceding fiscal year. The Rural Telephone Bank now calculates the following two rates: (1) the interest rate used for advances made during fiscal year 1992 on loans approved before that year (referred to as loans from the liquidating account) and (2) the interest rate used for advances made during fiscal year 1992 on loans approved on or after October 1, 1991 (referred to as loans from the financing account). The Rural Telephone Bank's fiscal year 1992 cost of money rates were pegged at 6.14 percent and 7.38 percent for advances from the liquidating account and financing account, respectively. GAO found these rate determinations to be in accordance with the law.

AFMD-93-38, Nov. 23, 1992 (20 pages). Budget Issues: Compliance With the Budget Enforcement Act of 1990.

In GAO's opinion, the reports issued by the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) complied with the Budget Enforcement Act of 1990 except for OMB's inflation adjustment to the fiscal year 1993 discretionary spending limits. This was incomplete because it did not cover personnel costs. Since OMB's judgments are binding, the spending limit for discretionary budget authority was $2.5 billion higher than it should have been.

GAO also discusses some implementation issues related to (1) classifying discretionary spending for domestic or defense programs, (2) distinguishing between discretionary and mandatory spending, and (3) making cost estimates. Categorizing spending by such criteria is difficult and subject to interpretation. OMB's and CBO's disagreement over how they classified parts of 16 programs illustrates the difficulties in the formula approaches to budgeting represented by the Budget Enforcement Act and Gramm-Rudman-Hollings before it. In addition, OMB's and CBO's cost estimates for three programs differ significantly because of varying technical and methodological assumptions.

AFMD-93-40, Apr. 28, 1993 (22 pages). Federal Tax Deposit System: IRS Can Improve the Federal Tax Deposit System.

The current paper-based federal tax deposit system, which collects about 80 percent of the Internal Revenue Service's (IRS) tax receipts, is extremely error prone. Resolving these mistakes is both expensive and time-consuming. In addition, the system costs the Treasury Department about $145 million annually because of a one-day delay in funds available to Treasury. In trying to improve the system, Treasury has concentrated on automating the existing process rather than on resolving problems that arise from matching information on the tax returns to payment data on federal tax deposit coupons. Although Treasury's plan would achieve an important goal—accelerating the government's cash collections—it would do little to overcome systemic problems that burden taxpayers and reduce IRS productivity. Treasury has, however, recently changed its mind on automation efforts and plans to address how the accounting and payment data should be collected.

AFMD-93-41, Feb. 17, 1993 (15 pages). Performance Budgeting: State Experiences and Implications for the Federal Government.

Advocates of performance budgeting—budgeting that links performance levels with specific budget amounts—have argued that systematically presenting information on agency and program performance will improve budget decision-making by focusing choices on program results. The Senate's recent passage of legislation calling for a series of pilot projects dealing with performance measurement and performance budgeting indicates renewed interest in this subject at the federal level. This report looks at the uses and the limitations of performance measurement and budgeting as experienced by certain states. GAO describes the experiences of these states, considered leaders in performance budgeting, and discusses the potential implications of these experiences for the federal government.

AFMD-93-42, May 6, 1993 (39 pages). Financial Audit: IRS Significantly Overstated Its Accounts Receivable Balance.

The Internal Revenue Service's (IRS) reported gross accounts receivable have increased from $15.8 billion in 1980 to $110.7 billion as of September 30, 1991.

This large balance implies that the American taxpayers owe a tremendous amount in unpaid federal taxes, and some have cited this figure as a potential source of government revenue. GAO found that the IRS reported gross receivables balance for June 30, 1991, was overstated by as much as $39.4 billion and that about two-thirds of what was owed was unlikely to be collected. IRS overstated its gross receivables mainly because it included duplicate and insufficiently supported assessments that it had recorded as part of its efforts to identify and collect taxes due. In addition, IRS estimates regarding the collectibility of its receivables were unreliable. IRS figures have been used in congressional deliberations on the impact that increased collections could have on reducing the deficit, assessing receivables growth, evaluating IRS enforcement and collection performance, and making decisions on IRS staffing needs. Further, some taxpayers may perceive that IRS efforts to collect taxes are not equitable based on the disparity between IRS gross receivables and amounts expected to be collected. This, in turn, could affect voluntary compliance with the tax laws.

AFMD-93-45, Apr. 27, 1993 (8 pages). Financial Audit: Statement of Accountability of the House Finance Office for Fiscal Year 1991.

GAO audited the Statement of Accountability for Appropriations and Other Funds arising from cash transactions of the House Finance Office, which handles receipts and disbursements for members' personal staffs, congressional committees, and the Capitol Police. GAO found that the statement of accountability was reliable. In addition, GAO discovered no material weakness in the internal control structure and its operation and no material noncompliance with laws and regulations.

AFMD-93-51, Feb. 12, 1993 (24 pages). Budget Issues: A Comparison of Fiscal Year 1992 Budget Estimates and Actual Results.

The critical issue for fiscal year 1992 budget projections was not whether any particular forecaster had more-accurate models or more-relevant data, but rather the capacity of any economic model to predict key turning points in economic performance; on this question, all forecasters to a large degree failed in 1992. The total budget for fiscal year 1990 was $290.2 billion—the highest in the nation's history, surpassing the previous record of $268.7 billion set in fiscal year 1991. This result appears to track rather well with the original deficit estimate of $280.9 billion. This rough comparability, however, masks (1) significant underlying variations between original receipt and outlay projections and actual results and (2) the impact of substantially lower deposit insurance spending than originally estimated. Actual 1992 receipts were more than $73 billion less than original estimates. Receipts from almost all sources fell below original estimates, led by individual income taxes ($53 billion) and social insurance taxes ($15.7 billion), due largely to the economy's not performing as well as assumed in the original estimates. Total outlays also were less than original estimates by about $64 billion. In 1992, the inherent difficulty of any economic model to accurately predict key turning points in the economy was clearly demonstrated, with significant implications for the accuracy of receipt and outlay estimates.

AFMD-93-55, May 13, 1993 (44 pages). Financial Audit: Customs Forfeiture Fund's Financial Statements for 1991 and 1990.

GAO reviewed the independent certified public accountants' audits of the Customs Forfeiture Fund's fiscal year 1991 and 1990 financial statements. The Fund accounts for the proceeds that the U.S. Customs Service generates from property and money forfeited during drug seizures. During its review, GAO noted a significant problem that limits the usefulness of the information in the fiscal year 1991 financial statements. GAO believes that the lack of disclosure in the fiscal year 1991 financial statements of two significant cash items obscured a complete understanding of how the Fund's internal control problems have affected its operations. The Fund's statements did not disclose that the Fund has $6.4 million more in cash than what was recorded in the Fund's accounting records. Also, there was no disclosure that Customs had arbitrarily added a $10.6 million item, labeled as a "miscellaneous net increase to cash," in order to balance its statement of cash flows. GAO disagrees with the decision not to disclose these items because stewardship over cash is highly sensitive and critical and GAO believes that the information is relevant to a reader's appraisal of the financial statements.

AFMD-93-56, May 26, 1993 (24 pages). Financial Audit: House Office of the Sergeant at Arms—Periods Ended 12-31-91, 6-30-91, and 12-31-90.

GAO audited the balance sheets of the three appropriated funds and the "House Bank" run by the House Sergeant at Arms for the periods ending December 31, 1991, June 30, 1991, and December 31, 1990, along with the related statements of operations and cash flows for each of the six-month periods. GAO found that the financial statements were reliable in all material respects. Further, GAO uncovered no material weaknesses in the internal control structure and its operation and no material noncompliance with laws and regulations.

AFMD-93-58BR, Mar. 26, 1993 (45 pages). Balanced Budget Requirements: State Experiences and Implications for the Federal Government.

Forty-eight of the 50 states have balanced budget requirements, but not all states balance their budgets every year, even according to the relatively flexible state definitions of "balance." Although many states have raised taxes and cut spending to live within their means, state balanced budget requirements do not appear to be the only motivators of these budget actions. Thus, relying on such a requirement alone to balance the federal budget may not necessarily achieve that goal.

AFMD-93-60, Apr. 21, 1993 (22 pages). Financial Audit: Expenditures by Three Independent Counsels.

During recent six-month periods audited by GAO, three independent counsels reported spending $5.7 million—$2.9 million by Arlin M. Adams, $2.8 million by Lawrence E. Walsh, and $27,000 by an individual whose identity is sealed by court order. GAO found the reported expenditures to be reliable. In an October 1992 report (GAO/AFMD-93-1), GAO found several serious internal control weaknesses at independent counsels' offices and at the Administrative Office of the U.S. Courts, which handles disbursements and accounting for independent counsels. These weaknesses included inadequate procedures to ensure that expenditures were charged properly and inadequate segregation of duties. In its current audit, GAO discovered many of the same weaknesses, along with questionable expenditures for pay and travel. The independent counsels and the Administrative Office of the U.S. Courts have begun taking steps to bolster controls and ensure compliance with laws and regulations. These actions include increasing segregation of duties and discontinuing some kinds of expenditures that GAO considers inconsistent with laws and regulations. Future GAO audits will review these measures to determine their success in resolving the problems.

AFMD-93-62, May 11, 1993 (52 pages). Financial Audit: U.S. Government Printing Office's Financial Statements for Fiscal Year 1992.

In fulfilling its responsibility for auditing the U.S. Government Printing Office's (GPO) principal financial statements for fiscal year 1992, GAO contracted with the accounting firm of Arthur Andersen & Company to do a full-scope financial audit. GAO found, consistent with the opinion of Arthur Andersen, (1) GPO's principal statements to be reliable in all material respects; (2) the internal controls in effect, although needing improvement, to be effective in protecting assets, ensuring material compliance with laws and regulations GAO tested, and ensuring that there were no material misstatements in the financial statements; and (3) no material noncompliance with budget authority and with laws and regulations tested. GAO summarized this report in testimony before Congress; see: Financial Audit: Government Printing Office's Fiscal Year 1992 Financial Statements, by David L. Clark, Director of Legislative Review and Audit Oversight, before the Joint Committee on Printing. GAO/T-AFMD-93-5, May 11, 1993 (eight pages).

AFMD-93-63, May 17, 1993 (4 pages). Unvouchered Expenditures: Executive Office of the President Fiscal Year 1991 Expenditures Subject to Audit Were Proper.

The law allows the President and the Vice President to spend unvouchered appropriated funds on the following: the operation and maintenance of the White House, official entertainment expenses, and subsistence expenses of persons in government service while they are traveling on official business in connection with the President's or Vice President's travel. GAO reviewed statistical samples of unvouchered expenditure transactions by the Executive Office of the President during fiscal year 1991 and found that these expenditures were made for authorized purposes. On the basis of the sample results and GAO's other tests of accounting records, GAO concludes that the unvouchered expenditures of about $8 million were proper.

AFMD-93-64, May 27, 1993 (24 pages). Deposit Insurance Funds: Compliance With Obligation and Repayment Requirements as of June 30, 1992.

The Federal Deposit Insurance Corporation's (FDIC) maximum obligation limitation calculations show that as of June 30, 1992, the Bank Insurance Fund's assets and other funding sources exceeded its obligations by $36.9 million and the Savings Association Insurance Fund's assets and other funding sources exceeded its obligations by $155 million. Nothing came to GAO's attention that would lead it to question the reasonableness of the amounts reported. However, FDIC had not yet finalized a policy for allocating Treasury borrowing authority between the two funds. FDIC had borrowed about $15 billion from the Federal Financing Bank for the Bank Insurance Fund's working capital needs. These borrowings are to be repaid primarily with proceeds from the management and disposition of failed bank assets. GAO estimates, subject to considerable uncertainties, that future net recoveries from the Bank Insurance Fund's inventory of failed bank assets will be about $22.3 million.

AFMD-93-72, June 24, 1993 (19 pages). Financial Audit: House Interparliamentary Groups' Financial Statements for 1991 and 1990.

Pursuant to a congressional request, GAO audited the balance sheets of the House of Representatives Mexico-United States Interparliamentary Group, Canada-United States Interparliamentary Group, United States-European Community Interparliamentary Group, and the United States Group of the North Atlantic Treaty Parliamentary Conference as of December 31, 1991 and 1990, and the related statements of receipts and expenses and changes in fund balance and cash flows for the years then ended. GAO found that: (1) the financial statements were reliable in all material aspects and fairly presented the individual groups' assets, liabilities, fund balance, receipts and expenses, and cash flows; (2) the groups' internal controls were effective in protecting assets against loss and ensuring that there were no material misstatements in the financial statements; and (3) there were no material instances of noncompliance with selected laws and regulations.

AFMD-93-73FS, June 3, 1993 (22 pages). Financial Management: Federal Departments and Agencies With Unvouchered Expenditures.

This report provides information on unvouchered expenditures for fiscal years 1989-91. GAO judgmentally selected 74 federal departments and agencies, including all cabinet-level agencies, and requested and obtained from them responses on unvouchered expenditures. Seventeen departments and agencies reported unvouchered expenditures for this period, including 10 that had at least one audit of unvouchered expenditures since 1986. This report includes detailed information on the (1) expenditures for each of the three years and (2) audits of unvouchered expenditures since 1986.

AFMD-93-74FS, May 28, 1993 (6 pages). Inspectors General: Appointments and Related Issues.

This fact sheet provides information on federal inspectors general at various government agencies. Specifically, GAO discusses (1) inspector general appointments and related issues, (2) Department of Energy

inspector general resources devoted to the audit of Federal Energy Regulatory Commission activities, and (3) agency and inspector general resources and staff in the 34 entities with inspectors general appointed by the head of the agency.

AFMD-93-88, June 14, 1993 (10 pages). District of Columbia Revenue Breakdown.

GAO reviewed the independent certified public accountant's audit of the District of Columbia's breakdown of revenue from the federal government and other sources for fiscal year 1992. GAO found no evidence that the auditor's opinion was inappropriate or unreliable, although about $8.7 million of federal revenue was included in other local revenue sources. A February 1993 letter from the Mayor of the District of Columbia mentioned that total local revenues of $3,341,101,000 would be used as the calculation base for the federal payment authorization. This amount included certain revenues, however, that were not provided for in a directive from Congress on the kinds of revenues to be used as the calculation base. If the congressional directive had been followed, $2,627,512,000 would have been reported as the calculation base for the federal payment authorization.

Testimony

T-AFMD-93-1, Feb. 3, 1993 (13 pages). Government Management: Status of Progress in Correcting Selected High-Risk Areas, by Donald R. Wurtz, Director, Financial Integrity Issues, before the Oversight Subcommittee, House Committee on Ways and Means.

GAO testified on seven of 17 high-risk areas within the government that are particularly vulnerable to fraud, waste, abuse, and mismanagement. The seven areas involve the Pension Benefit Guaranty Corporation, the Internal Revenue Service, Medicare, the Customs Service, asset forfeiture, the Resolution Trust Corporation, and Superfund. This testimony focuses on program weaknesses; agency corrective actions; and recommendations for future actions by Congress, the administration, and agency officials.

T-AFMD-93-2, Feb. 16, 1993 (27 pages). Bank and Thrift Regulation: Improvements Needed in Examination Quality and Regulatory Structure, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on Banking, Finance and Urban Affairs.

This testimony summarizes the results of GAO's review of bank and thrift examinations done by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. GAO focused on how well regulators assess the quality of bank and thrift loan portfolios and related loan loss reserves and the effectiveness of the institutions' internal control systems. In reviewing examinations for 58 randomly selected banks and thrifts, GAO discovered surprising weaknesses. Specifically, examinations were too limited to fully reveal the extent of deficiencies jeopardizing safety and soundness. These limitations impeded early warning of the seriousness of bank and thrift weaknesses and reduced the chance to take timely corrective action and minimize losses to the insurance funds. Similar weaknesses affected the quality of bank holding company inspections. Extensive flexibility granted examiners and a lack of minimum requirements were common problems affecting the quality of examinations and inspections. As measured by the unprecedented failures of banks and thrifts since 1980, the regulatory system has become far less effective in preventing and minimizing the number and the cost of failures. Successful implementation of the FDIC Improvement Act of 1991 and strengthened examinations and accounting rules are vital to regulatory effectiveness and protection of the insurance funds. GAO also identified many inconsistencies among the regulators that may hinder their efficiency and effectiveness. GAO concludes that the regulatory structure that arose from the Great Depression has not kept pace with the banking world, one that has become increasingly competitive and complex in the 1990s.

T-AFMD-93-3, Mar. 31, 1993 (7 pages). District of Columbia: The Federal Payment Formula, by John W. Hill, Jr., Director, Audit Support and Analysis, before the Judiciary and Education Subcommittee, House Committee on District of Columbia, and Fiscal Affairs and Health Subcommittee, House Committee on District of Columbia.

This testimony on the yearly federal payment to the District of Columbia provides background on applicable laws, discusses GAO's role in the process, and summarizes major events affecting this issue over the last year. The District's appropriation request for the federal payment for fiscal year 1994 will be $671,566,000. The calculations used to arrive at this figure, however, are inconsistent with recent instructions from Congress. If applied as directed, the formula would have resulted in a federal payment of $632,685,000—a shortfall for the District of more than $38 million. The major difference between the base for local revenues used by the District and the one required by Congress is that the District's base includes all revenues—general, enterprise, and trust funds—attributable to local sources and the required base includes only general fund and lottery transfers to the General Fund, adjusted for certain charges for services and miscellaneous revenue.

T-AFMD-93-4, May 13, 1993 (27 pages). Financial Management: Opportunities to Strengthen Management of the Defense Business Operations Fund, by Donald H. Chapin, Assistant Comptroller General, before the Readiness Subcommittee, House Committee on Armed Services.

The Pentagon's Defense Business Operations Fund, a consolidation of multiple military and stock funds, has assets valued at $126 billion and about 360,000 employees. The Fund has the potential to (1) reduce the amount of cash needed to support its operations, (2) permit better management of the investment in the Fund, and (3) reduce operating costs by highlighting the total costs of the Defense Department's (DOD) support operations. DOD continues to have difficulties in effectively implementing the Fund, however. Many important policies and procedures have yet to be developed for the Fund. Other serious problems, such as the accuracy of the Fund's financial and unit cost reports, have not been dealt with. GAO believes that delays in appointing experienced individuals to many key leadership positions have contributed to these continuing problems. GAO is encouraged by the Secretary of Defense's decision to review the Fund's operation. This review should be comprehensive and consider every aspect of the Fund's operations, such as its present management structure and progress in achieving the Fund's intended objectives. If the Secretary decides to continue with the Fund, he will need to develop an implementation strategy that (1) deals with personnel needs, (2) provides a focused and intensive effort, and (3) sets up an organizational framework to address the Fund's divided responsibilities.

T-AFMD-93-5, May 11, 1993 (8 pages). Financial Audit: Government Printing Office's Fiscal Year 1992 Financial Statements, by David L. Clark, Jr., Director, Legislative Review and Audit Oversight, before the Joint Committee on Printing.

In fulfilling its responsibility for auditing the U.S. Government Printing Office's (GPO) principal financial statements for fiscal year 1992, GAO contracted with the accounting firm of Arthur Andersen & Company to do a full-scope financial audit. GAO found, consistent with the opinion of Arthur Andersen, (1) GPO's principal statements to be reliable in all material respects; (2) the internal controls in effect, although needing improvement, to be effective in protecting assets, ensuring material compliance with laws and regulations GAO tested, and ensuring that there were no material misstatements in the financial statements; and (3) no material noncompliance with budget authority and with laws and regulations tested.

T-AFMD-93-6, June 16, 1993 (30 pages). Financial Management: Opportunities to Strengthen Management of the Defense Business Operations Fund, by Donald H. Chapin, Assistant Comptroller General, before the Military Readiness and Defense Infrastructure Subcommittee, Senate Committee on Armed Services.

GAO continues to support the concept underlying the Defense Business Operations Fund. The fund, which could significantly reduce the Pentagon's costs, represents a comprehensive management tool for the services and components to plan and control their operations. The Defense Department (DOD), however, has underestimated the scope and complexity of implementing the fund. As a result, resources have been spread much too thin to handle the planning and development of the policies and procedures, to identify functional requirements, and to provide needed direction. GAO believes that unless the right executive leadership and process is put into place at the top, the fund's financial management operations will continue to fall short. Simply put, DOD must demonstrate both its commitment and ability to implement the fund and it should not be allowed to add any new activities or functions to the fund until it does so.

T-AFMD-93-7, May 26, 1993 (13 pages). Budget Policy: Federal Capital Budgeting, by Paul L. Posner, Director, Budget Issues, before the Economic Development Subcommittee, House Committee on Public Works and Transportation.

The need for policymakers to develop a long-range economic perspective on their budgetary decisions argues for a separate focus in the budget on those investment programs having a long-term impact on the potential productive capacity for the economy. In this testimony on pending legislation that would establish a federal capital budget, GAO expresses concerns about investment and long-term economic growth in the United States and the role that budget decisions play in promoting that growth. In GAO's view, the most important contributions that the federal government can make to a healthy and growing economy are reducing the federal deficit and making wise decisions on investments that will foster economic growth. The current budget structure, with its focus on short-term goals, does not meet these needs.

T-AFMD-93-8, June 22, 1993 (5 pages). Financial Management: Status of BIA's Efforts to Resolve Long-Standing Trust Fund Management Problems, by Brian P. Crowley, Director, Planning and Reporting, before the Senate Select Committee on Indian Affairs.

GAO has testified repeatedly on problems with the Bureau of Indian Affairs' (BIA) management of the Indian trust fund, which includes billions of dollars earned from claims,

oil and gas royalties, land use agreements, and investment income. Overall, the Bureau has failed to ensure that proper control and accountability are maintained over each trust fund account. The Bureau's record has been so poor, in fact, that the Office of Management and Budget has placed trust fund accounting on its high-risk list. This testimony discusses Bureau actions to correct past problems; problems that still need to be addressed; and GAO's views on S. 925, the Native American Trust Fund Accounting and Management Reform Act of 1993, which mandates many of the improvements spelled out in the Bureau's own audits and contractor studies.

AIMD

AIMD-93-1, June 30, 1993 (58 pages). Financial Audit: Examination of the Army's Financial Statements for Fiscal Years 1992 and 1991.

Although GAO audited the Army's financial statements for fiscal years 1991 and 1992, GAO was unable to express an opinion on them due to the Army's many accounting system inadequacies and missing financial records. GAO concludes that existing internal controls fell short in (1) protecting the Army's $293 billion in reported assets, (2) ensuring material compliance with laws and regulations governing budget authority, and (3) eliminating material misstatements from the financial statements. Overall, GAO notes a host of serious problems, ranging from weak controls over cash and check processing to an unreliable system governing the disposition of $53 billion in military equipment. In the case of the Army's military payroll, for example, more than 2,200 individuals who had left the service, including deserters, continued to be paid. These unauthorized payments totaled more than $6 million.

AIMD-93-2, June 30, 1993 (80 pages). Financial Audit: Examination of IRS' Fiscal Year 1992 Financial Statements.

The Internal Revenue Service (IRS), the federal government's largest revenue collector, with tax collections of $1.1 trillion for fiscal year 1992, has historically filed unaudited financial information with the Treasury Department.
This year, however, IRS prepared for the first time a comprehensive set of principal financial statements. After auditing IRS' principal financial statements for fiscal year 1992, GAO cannot express an opinion on their reliability because critical supporting information was unavailable and information that was available was generally unreliable. In addition, IRS' internal controls did not effectively safeguard assets, provide a reasonable basis for determining material compliance with laws and regulations, or eliminate material misstatements from the principal financial statements.

AIMD-93-3, June 30, 1993 (87 pages). Financial Audit: Examination of Customs' Fiscal Year 1992 Financial Statements.

This report presents GAO's audit of the principal financial statements of the U.S. Customs Service for fiscal year 1992. GAO was unable to express an opinion on their reliability because of the lack of reliable financial information, inadequate financial systems and processes, and Customs' ineffective internal control structure. In addition, GAO found that Customs' internal controls did not effectively safeguard assets, provide a reasonable basis for determining material compliance with laws and regulations, or ensure that no material misstatements appeared in the principal financial statements. GAO was unable to test all significant controls due to limited supporting information.

AIMD-93-4, June 30, 1993 (47 pages). Financial Audit: Federal Family Education Loan Program's Financial Statements for Fiscal Year 1992.

GAO audited the principal financial statements of the Federal Family Education Loan Program, formerly the Guaranteed Student Loan Program, and its internal controls and compliance with laws and regulations during fiscal year 1992. Although GAO was unable to give an opinion on the principal statements as a whole, GAO recognizes the effort that the Department of Education made in preparing the first comprehensive financial statement for the program. This was a difficult task, made even more so because the Department's systems were not designed to yield the reliable financial management information needed to effectively manage and report on the program's operations. GAO notes that internal controls were ineffective in protecting assets and ensuring that there were no material misstatements in the principal statements. The controls were effective, however, in ensuring material compliance with laws related to the use of budget authority and with significant provisions of other laws and regulations.

AIMD-93-5, June 30, 1993 (93 pages). Financial Audit: Federal Deposit Insurance Corporation's 1992 and 1991 Financial Statements.

GAO reviewed the financial statements of the Bank Insurance Fund, the Savings Association Insurance Fund, and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund for the years ended December 31, 1992 and 1991. GAO found that: (1) the financial statements for the Bank Insurance Fund, FSLIC Resolution Fund, and the Savings Association Insurance Fund present fairly their financial position and their results of operations and cash flows for the year ended December 31, 1992; (2) the Federal Deposit Insurance Corporation's (FDIC) inadequate internal controls prevent it from providing reasonable assurance that assets are safeguarded against loss from unauthorized use, transactions are executed in accordance with management's authority, and transactions are properly recorded, processed, and summarized to maintain accountability for assets; (3) FDIC internal controls are effective in ensuring compliance with selected laws and regulations; and (4) there were no instances of noncompliance with laws and regulations.

AIMD-93-6, June 30, 1993 (32 pages). Financial Audit: Resolution Trust Corporation's 1992 and 1991 Financial Statements.

GAO audited the financial statements of the Resolution Trust Corporation (RTC) for 1992 and 1991. In GAO's opinion, the financial statements present fairly RTC's financial position, the results of its operations and accumulated deficit, and its cash flows. GAO believes that RTC's internal controls provide reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authority and with laws and regulations. Due to a material weakness in its loss calculation procedures, however, RTC did not always properly record, process, and summarize transactions for its financial statements and other financial reports. RTC's financial statements no longer include any unallocated reserves to cover unanticipated future losses or estimation errors; instead, reserve and loss accounts have been adjusted to reflect the best current estimates of probable future losses. The unallocated reserves were generated during 1992 and 1991 because actual recoveries from asset sales exceeded projections. In April 1993, RTC's oversight board released $3 billion of these funds to resolve institutions in conservatorship. Eliminating the remaining reserves could release another $1.9 billion for future resolution actions and could decrease RTC's estimate of its future funding needs from $17 billion to $12 billion. Because of the uncertainties surrounding the loss estimates, however, RTC may opt to restrict the use of some portion of the released reserves.

AIMD-93-8, Sept. 16, 1993 (15 pages). Environmental Protection: EPA's Plans to Improve Longstanding Information Resources Management Problems.

The Environmental Protection Agency (EPA) has several longstanding information resources management (IRM) problems that have harmed many of its program operations. These problems include an inadequate strategic IRM planning process, lack of sound data management practices, and the absence of effective top management direction and oversight. EPA acknowledges these problems and plans corrective actions. First, it intends to implement a strategic planning process for the direction, control, and coordination of IRM resources. Second, EPA plans to provide users with better access to data from multiple information systems. Finally, EPA intends to strengthen the agency's IRM steering committee and beef up oversight. Although these efforts seem promising, full implementation is not expected for years. Moreover, program office participation in these plans is often limited, and EPA lacks an executive who can devote full-time attention to IRM issues. As a result, EPA's effort to resolve longstanding IRM problems are unlikely to be successful.

AIMD-93-9, July 22, 1993 (14 pages). Financial Audit: Senate Restaurants Revolving Fund for Fiscal Years 1991 and 1990.

GAO audited the balance sheets of the U.S. Senate Restaurants Revolving Fund for fiscal years 1991 and 1990 and found that they presented reliably the fund's assets, liabilities, and government equity; results of operations; and cash flows. GAO found no material weaknesses in the internal control structure and no material noncompliance with laws and regulations. GAO does note that the fund has incurred operating losses since 1987. These losses topped $400,000 in fiscal year 1991. Since 1989, the fund has relied on supplemental funding from the Senate in the form of loans and capital transfers to offset its losses and continue to make vendor payments. If current operational trends continue, the fund will require supplemental funding for future operations.

AIMD-93-10, July 27, 1993 (13 pages). Financial Audit: Environmental and Energy Study Conference Financial Statements for 1990 and 1989.

The Environmental and Energy Study Conference is a legislative service organization sponsored by a group of Senators and Representatives who pool their resources to pursue common legislative goals. The Conference supplies its congressional sponsors with information on environmental, energy, and natural resources issues affecting federal legislation. GAO audited the Conference's financial statements for 1990 and 1989 and found them to be reliable in all material respects. Further, GAO found that there were no material weaknesses in the internal control structure and its operation for 1990 and that there was no material noncompliance with laws and regulations.

AIMD-93-11, July 29, 1993 (13 pages). Financial Management: Estimate of Interest on Selected Benefits Received by Postal Service Retirees.

The Postal Service is required to reimburse the government for some cost-of-living adjustments (COLA) and health benefits that Postal Service retirees received during fiscal years 1972-90. GAO estimated a total of $1,728.5 million in interest on the amount that the Postal Service is required to pay—$782.5 million higher than the amount in the President's 1994 budget proposal. The estimates differed because of the choice of interest rates and the principal balances used in the calculations. For the period covered by the calculations, GAO's interest rates averaged about nine percent annually for COLAs and about eight percent annually for health benefits, whereas the President's proposal used a five percent figure to calculate amounts. GAO applied its calculated interest

rates to the $2.1 billion in the 1990 Omnibus Reconciliation Act, while the amount in the budget relied on the $3 billion figure that the administration had calculated.

AIMD-93-12, Aug. 6, 1993 (12 pages). Financial Audit: House Office Systems Management Financial Statements for Fiscal Years 1991 and 1990.

GAO audited the House Office Systems Management's financial statements for fiscal years 1991 and 1990. The Office, which comes under the jurisdiction of the House Clerk, is responsible for purchasing, leasing, servicing, and disposing of House office equipment. GAO found no material weaknesses in the internal control structure and its operations for fiscal year 1991 and no material noncompliance with laws and regulations.

AIMD-93-13, Aug. 10, 1993 (11 pages). Financial Audit: House Recording Studio Revolving Fund for 1991 and 1990.

GAO audited the financial statements of the House Recording Studio Revolving Fund for 1991 and 1990. The studio makes photographic prints, as well as radio and television tape recordings, for Members of Congress and congressional committees. GAO found that (1) the financial statements were reliable in all material respects; (2) the internal controls were effective in protecting assets, ensuring material compliance with laws and regulations, and preventing material misstatements from appearing in the financial statements; and (3) there was no material noncompliance with laws and regulations.

AIMD-93-14, Aug. 10, 1993 (10 pages). Financial Audit: Capitol Preservation Fund—March 31, 1992 and 1991.

GAO audited the financial statements of the Capitol Preservation Fund as of March 31, 1992 and 1991. The fund, which is responsible for underwriting improvements and preservation projects at the U.S. Capitol, consists of donations, interest on investments, and surcharges generated from the sale of commemorative coins. GAO found that (1) the financial statements were reliable in all material respects; (2) the internal controls were effective in protecting assets, ensuring material compliance with laws and regulations, and preventing material misstatements from appearing in the financial statements; and (3) there was no material noncompliance with laws and regulations.

AIMD-93-15, Sept. 30, 1993 (24 pages). Patent and Trademark Office: Key Processes for Managing Automated Patent System Development Are Weak.

The Patent and Trademark Office (PTO) houses one of the largest collections of technical information in the world—a resource critical to continued technology growth and to improved U.S. international competitiveness. Increased patent applications have meant a growing paper burden. PTO has sought to meet this challenge through a $1 billion automation effort that is expected to last well into the next century. GAO found that PTO does not have all the necessary processes in place to permit sound management of the Automated Patent System. Although such processes are important to any system development, they are especially crucial in this case because PTO is using an evolutionary development methodology that focuses on managing and controlling near-term development and on the ability to learn from past experiences and make needed adjustments. The inability to effectively gauge progress against defined goals and determine causes for deviation forces PTO and Congress to make major investment decisions on the basis of uncertain system benefits, uncertain cost and schedule baselines, and uncertain performance against baselines.

AIMD-93-21, Sept. 29, 1993 (44 pages). Financial Audit: Pension Benefit Guaranty Corporation's 1992 and 1991 Financial Statements.

Because of the Pension Benefit Guaranty Corporation's (PBGC) considerable progress in improving its internal controls, GAO is for the first time able to express an opinion on PBGC's financial statements. In GAO's view, PBGC's financial statements for fiscal years 1992 and 1991 present fairly PBGC's financial position, except for the Multiemployer Fund's liability for future financial assistance. In that case, a scope limitation precluded GAO from making a determination about whether the reported liability was presented fairly. PBGC's internal controls did not guarantee that PBGC properly recorded, processed, and summarized financial transactions for its financial statements and other reports. Internal controls as of September 1992, however, reasonably ensured that assets were safeguarded against loss and that transactions were executed in accordance with management's authority and with laws and regulations. This report includes GAO's recommendation to improve PBGC's internal controls and discusses (1) GAO's concerns about the long-term viability of the Single-Employer Fund, (2) the reliability of the Multiemployer Fund's liability for future assistance, and (3) weaknesses in employee benefit plan audits and reports.

AIMD-93-22, Sept. 10, 1993 (27 pages). Financial Audit: Panama Canal Commission's 1992 and 1991 Financial Statements.

The Panama Canal Commission is a federal executive agency that is responsible for running the Panama Canal until the Canal is turned over to

the Republic of Panama at the turn of the century. GAO audited the Commission's 1992 and 1991 financial statements and found that they present fairly its financial position and the results of its operations, changes in the investment of the U.S. government, and cash flows. In GAO's view, the Commission's internal controls reasonably ensure that losses, noncompliance, or misstatements affecting the financial statement would be prevented or detected. During its audit, GAO did discover several matters related to improving data processing and other operations that were not material to the financial statements.

AIMD-93-24, Aug. 5, 1993 (17 pages). Financial Management: IRS Lacks Accountability Over Its ADP Resources.

The Internal Revenue Service (IRS) has not adequately stressed the need for controls to ensure the accuracy of inventory records for computer equipment and software. As a result, information needed to manage and report on these assets is not readily available. In addition, IRS lacks a system of controls to ensure the accurate accounting of large acquisitions of hardware and software and the in-house development of software it has planned under its Tax Systems Modernization effort. IRS officials, responding to the Chief Financial Officers Act's emphasis on developing more useful financial management information, plan to improve the reliability of automated data processing asset records. Having IRS' Chief Financial Officer account for and report on the agency's fixed assets would help ensure that adequate controls are implemented, further improving the reliability of information needed for managing and reporting on these assets.

AIMD-93-25, July 23, 1993 (32 pages). Federal Budget: Choosing Public Investment Programs.

Although there is general agreement that more investment, including public investment in cases in which the market fails to deliver desired goods and services, would enhance the nation's future economic growth, disagreement persists about the federal role in raising national investment levels. Should that role be limited to cutting the deficit, thereby increasing the capital available for private investment, or should the government take a direct approach and increase its own investment spending? This report (1) identifies key questions that must be answered when choosing and implementing public investment programs and (2) discusses the application of these questions to public investment opportunities, including examples of how they can be applied. It suggests a way to think about investment that can ultimately yield higher living standards for the American people. In developing national budget priorities, decisionmakers can also use this report to identify programs that—whatever their other merits—are unlikely to boost private sector output and economic growth.

AIMD-93-26, Sept. 30, 1993 (8 pages). Federal Credit Reform: Information On Credit Modifications and Financing Accounts.

Calculating the cost of loan obligation and loan guarantee commitment modifications and maintaining financing accounts were among the many new accounting and reporting requirements placed on agencies by the Federal Credit Reform Act. Although agencies in the past had not generally needed to calculate the cost of loan obligation and loan guarantee commitment modifications, this is an important part of credit reform for budgetary purposes. Further, for the most part, agencies did not update their financial systems or establish new payment control procedures to accommodate the financing accounts created by the act. Instead, several agencies used precredit reform financial systems and controls and made estimates, adjustments, or consolidations to provide financing account data, which can affect the accuracy and the reliability of this information.

AIMD-93-27, Aug. 13, 1993 (12 pages). Financial Audit: Northeast-Midwest Congressional Coalition Financial Statements for 1991 and 1990.

GAO audited the financial statements of the Northeast-Midwest Congressional Coalition for 1991 and 1990. The Coalition, a legislative group sponsored by Members of Congress who pool their resources, seeks to (1) inform its members about regional implications of national policies and proposals and (2) influence Congress on issues important to northeastern and midwestern states. GAO found that the financial statements were reliable in all material respects; internal controls effectively protected assets, ensured material compliance with laws and regulations, and prevented material misstatements from appearing in the financial statements; and there was no material noncompliance with laws and regulations.

AIMD-93-28, Aug. 3, 1993 (11 pages). Financial Audit: U.S. Senate Health Promotion Revolving Fund Financial Statements for 1991 and 1990.

GAO audited the financial statements of the Senate Health Promotion Revolving Fund for 1991 and 1990 and the related statements of operations and cash flows. The Office provides health education and services, such as aerobics and weight loss classes, for Senators and Senate employees. GAO found the following: the financial statements were reliable in all material respects; internal controls effectively protected assets, ensured material compliance with laws and

regulations, and ensured that there were no material misstatements in the 1991 financial statements; and there were no instances of material noncompliance with laws and regulations.

AIMD-93-29, Sept. 30, 1993 (55 pages). Financial Management: Energy's Material Financial Management Weaknesses Require Corrective Action.

In fiscal year 1992, the Department of Energy (DOE) paid $16 billion to universities and private companies to run government-owned facilities involved in research and development and other activities. Serious problems with contractor operations at these facilities have led to gross mismanagement of government property and funds, prompting the Office of Management and Budget and GAO to flag this area as one at highest risk for waste, fraud, and abuse. As part of a series of GAO management reviews of major federal department and agencies, this report examines DOE's efforts to (1) oversee its contractors' financial operations and (2) correct the financial management material weaknesses cited in DOE's Federal Managers' Financial Integrity Act report.

AIMD-93-31, Sept. 30, 1993 (23 pages). Financial Management: Army Lacks Accountability and Control Over Equipment.

GAO evaluated the Army's internal controls for managing equipment worth a reported $117 billion as of September 1992. The Army did not keep reliable information on the types, quantities, and locations of its equipment, potentially impairing the distribution, the deployment, and the readiness of these items and wasting resources. Equipment balances fluctuated for reasons no one could explain, differed from records kept by the units in possession of the equipment, and contained large amounts of equipment in transit between units. Even if the Army corrected these problems, it would still lack accurate information because units did not record equipment promptly or accurately. In addition, units did not complete physical counts that could have spotted erroneous balances, Army regulations did not ensure that the data posted to unit level records were accurate, and measures to ensure that units complied with existing regulations had not been widely implemented. The upshot is that the readiness of personnel and weapon systems may be impaired and that units had no guarantee that equipment was protected from loss and was being used as authorized.

AIMD-93-32, Sept. 30, 1993 (27 pages). Financial Management: Defense's System for Army Military Payroll Is Unreliable.

Because of lapses in internal controls over its payroll system, the military overpaid thousands of Army personnel. These payments totaled more than $6 million in September 1992 alone. In addition, the Defense Finance and Accounting System (1) did not report and remit about $66 million due to the Internal Revenue Service for soldiers' income and social security and Medicare taxes and (2) erroneously charged and did not fully reimburse the active Army's Military Personnel appropriation for costs chargeable to the Army's appropriations for Reserve and National Guard personnel. These errors occurred because Army payroll systems did not accurately summarize payroll tax information and did not contain the proper codes to correctly identify appropriation charges. These payroll problems were exacerbated because the Army did not correct existing system and data deficiencies, test payroll data, or provide adequate payroll system training. To correct these shortcomings, the Army recently established a task force. GAO recommends several measures to ensure that payments to soldiers are accurately made, recorded, and reported.

AIMD-93-33, Sept. 9, 1993 (20 pages). Financial Management: Education's Student Loan Program Controls Over Lenders Need Improvement.

Controls used by lenders—banks, savings and loans, and other entities making federally guaranteed student loans—and the Department of Education to ensure accurate and reliable data in lenders' quarterly billings often fall short. As a result, Education has been relying on unverified summary billing data to pay quarterly interest subsidies to lenders, report program financial activity, and manage programs. Although GAO did not discover material overbillings, this operating environment posed a significant potential for errors. For example, GAO found inaccuracies or inconsistencies in the quarterly billings submitted by 27 of the 46 lenders it reviewed. Moreover, Education and guaranty agencies did not do enough comprehensive on-site reviews to determine whether lenders' systems and data generated accurate quarterly billings. Nor did Education's automated edit checks or tests of the reasonableness of information lenders reported ensure the accuracy of the data in the quarterly billings.

AIMD-93-34, Sept. 22, 1993 (18 pages). IRS Information Systems: Weaknesses Increase Risk of Fraud and Impair Reliability of Management Information.

Two main shortcomings have limited the effectiveness of Internal Revenue Service (IRS) controls over the agency's computer systems. First, IRS did not restrict access to taxpayer data to only those computer support staff who needed it and did not adequately monitor the thousands of employees who were authorized to read and change taxpayer files. In some cases, IRS employees manipu-

lated taxpayer records to generate unauthorized refunds; accessed taxpayer records to monitor the processing of fraudulent returns; and browsed taxpayer accounts, including those of friends, relatives, and celebrities. Second, controls did not guarantee that IRS used only authorized versions of its computer programs. As a result, programmers have been able to introduce unauthorized software changes, either inadvertently or deliberately, thus increasing the risk that taxpayer data may be processed inappropriately. In addition, an unexpected interruption in operations at IRS' main computer center could impede the agency's ability to maintain accurate and up-to-date taxpayer account records.

AIMD-93-42, Sept. 13, 1993 (14 pages). Financial Audit: House Beauty Shop Revolving Fund for Periods Ended 9/30/92, 12/31/91, 12/31/90.

GAO audited the financial statements of the House Beauty Shop Revolving Fund for several periods covering the early 1990s. GAO found that (1) the financial statements were reliable in all material respects; (2) internal controls, although needing improvement, did do a reasonable job of preventing and detecting losses, noncompliance with laws and regulations, and misstatements material to the financial statements; and (3) there was no material noncompliance with laws and regulations.

AIMD-93-50, Sept. 28, 1993 (8 pages). Financial Audit: Resolution Trust Corporation's Internal Controls at December 31, 1992.

By the end of 1992, the Resolution Trust Corporation (RTC) had paid out nearly $80 billion to resolve failed savings and loans and protect their depositors. As part of this effort, RTC has managed or disposed of nearly $400 billion in failed thrifts' assets. RTC internal accounting controls have fallen short in ensuring that RTC properly recorded, processed, and summarized transactions for its financial statements and other financial reports. In its draft financial statements, RTC understated by $1.5 billion a component of its loss allowance calculation for claims paid to depositors of failed institutions. RTC corrected this figure in the final report and has taken steps to ensure that such errors are not made in future calculations. GAO also identified other weaknesses in RTC's internal controls. The main weaknesses involve (1) the use of the wrong database to estimate claims losses for representations and warranties, (2) lack of required check receipts reconciliations in consolidated field offices, and (3) posting data errors to various receivership general ledger accounts. If uncorrected, these weaknesses could result in inaccurate financial reports and losses to RTC.

AIMD-93-74, Sept. 21, 1993 (11 pages). Financial Management: Creation of Bureau of Indian Affairs' Trust Fund Special Projects Team.

In November 1992, the Bureau of Indian Affairs (BIA) created a Special Projects Team to oversee trust fund management initiatives, including management of the ongoing trust fund account reconciliation project. The team was intended to be temporary, lasting only until the reconciliation project and other trust fund improvements were completed—possibly as long as eight years. This report examines whether BIA, in creating the team, (1) followed Interior Department guidelines, (2) notified Congress and received its approval before transferring money and staff to the team, and (3) submitted reorganization proposals to the relevant Advisory Task Force on BIA Reorganization for consideration. GAO also identifies the officials responsible for creating the team and their present jobs, as well as Interior Department and BIA efforts to investigate the circumstances surrounding the team's creation.

AIMD-93-75, Sept. 30, 1993 (22 pages). Deposit Insurance Funds: Compliance With Obligation and Repayment Requirements as of 9/30/92 and 12/31/92.

This is the third GAO report on the Federal Deposit Insurance Corporation's (FDIC) quarterly compliance with the maximum obligation limitation set by the Federal Deposit Insurance Corporation Improvement Act of 1991. This obligation limitation applies separately to both the Bank Insurance Fund, the insurer of commercial bank deposits, and the Savings Association Insurance Fund, the insurer of thrift deposits, and is meant to ensure that each fund has enough money to cover its obligations. FDIC's calculations show that (1) the Bank Insurance Fund's assets and other funding sources exceeded its obligations by $40 billion and $37 billion, respectively, and (2) the Savings Association Insurance Fund's assets and other funding sources exceeded its obligations by $245 million and $280 million, respectively. Although at the end of 1992 neither fund had borrowed money for insurance losses from the U.S. Treasury, the possibility of this happening in the future cannot be ruled out.

AIMD-93-81FS, Sept. 30, 1993 (10 pages). Tax Systems Modernization: Time Tables for Critical Planning Documents.

Pursuant to a congressional request, GAO provided information on the planning and system development products that are necessary for the Internal Revenue Service's (IRS) implementation of its Tax Systems Modernization (TSM) program. GAO found that: (1) TSM planning and system development products are categorized as summary documents

and technical supporting products; (2) summary documents set IRS strategic goals for tax administration into the next century; (3) senior IRS management and Congress use summary documents to guide and oversee modernization efforts; (4) technical supporting products are detailed plans and tools used by IRS to direct and manage various TSM projects and activities and include an acquisition management plan, a security architecture, and an integrated project schedule; and (5) IRS system development products are at varied stages of development and are updated annually or monthly.

Testimony

T-AIMD-93-1, July 1, 1993 (29 pages). Financial Management: DOD Has Not Responded Effectively to Serious, Long-standing Problems, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs.

This testimony, drawing on GAO's second comprehensive evaluation of the Army's financial operations as well as related GAO work, calls into question the adequacy of the Pentagon's internal controls to safeguard military resources from waste, fraud, abuse, and mismanagement. According to the Comptroller General, deep-rooted weaknesses in the Defense Department's (DOD) fundamental controls have led to millions of dollars in losses and inefficiencies. For example, an Air Force accountant was recently convicted of illegally diverting about $2 million in Air Force funds during a three-year period to his personal bank accounts, and a clerk at an Army finance and accounting office siphoned off more than $31,000 by falsifying documents and creating a "ghost" soldier in the payroll system. Similarly, internal controls at four Army depots GAO visited fell short in protecting millions of dollars in weapons and equipment during the maintenance process. Because many repairables were stored, often for years, without adequate protection, they were highly vulnerable to corrosion and rust, which greatly increased scrappage rates and maintenance costs. Finally, the information needed to assess whether funds were being correctly disbursed was unreliable. GAO discovered billions of dollars in unmatched disbursements, missing records needed to verify how individual disbursements were reflected in summary disbursement totals, and unacceptably high rates of changes from one appropriation to another when disbursements were initially and finally accounted for.

T-AIMD-93-2, Aug. 5, 1993 (7 pages). Environmental Protection: EPA Faces Formidable Challenges Managing Water Quality Data, by JayEtta Z. Hecker, Director, Information Systems, before the Clean Water, Fisheries and Wildlife Subcommittee, Senate Committee on Environment and Public Works.

In making water quality policies, the Environmental Protection Agency (EPA) has to decide what scientific data to collect and how to best manage it. Inconsistencies in data collection and management by hundreds of federal and state water programs, along with problems involving incomplete or inadequate data, have limited comprehensive assessments of water quality and safety. This testimony discusses (1) EPA's efforts to address water quality data shortcomings that impede performance-based assessments, (2) EPA's plans to improve water information systems, (3) factors affecting the use of remote sensing and satellite imagery for water quality-related purposes, and (4) progress made by the Intergovernmental Task Force on Monitoring Water Quality in addressing governmentwide data management issues.

T-AIMD-93-3, Aug. 4, 1993 (25 pages). Financial Management: First Financial Audits of IRS and Customs Revealed Serious Problems, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs.

Pilot programs established by the Chief Financial Officers Act of 1990 require selected federal agencies to prepare audited financial statements. The Comptroller General hopes that these audited financial statements, some of which pinpoint serious financial management problems, will ultimately be required of all major government agencies. In the first-ever financial audit of the Internal Revenue Service (IRS) and the Customs Service, GAO was unable to express an opinion on the reliability of the financial statements because critical supporting information for billions of dollars was either unavailable or unreliable. In addition, internal controls did not effectively safeguard assets, provide a reasonable basis for determining compliance with laws and regulations, or ensure that no material misstatements appeared in the financial statements. IRS and Customs have started to rebuild their financial management processes and systems. Although it will be a tough job, continued strong implementation of the Chief Financial Officers Act by these agencies can result in a tremendous payoff through improved ability to safeguard assets, manage operations, and collect revenues.

T-AIMD-93-4, Sept. 27, 1993 (6 pages). Financial Management: BIA's Management of the Indian Trust Funds, by Brian P. Crowley, Director of Planning and Reporting, Accounting and Information Management Division, before the Native American Affairs Subcommittee, House Committee on Natural Resources.

Since April 1991, GAO has testified six times before Congress on the Bureau of Indian Affairs' (BIA) management of the Indian trust funds and its efforts to reconcile and audit the trust fund accounts. BIA manages about $2 billion in tribal money that has accumulated from payments of claims, oil and gas royalties, land use agreements, and investment income. Over the years, countless audit reports and internal studies have cited a litany of serious problems in BIA's oversight of these accounts. BIA's record has been so poor, in fact, that the Office of Management and Budget has placed trust fund accounting on its high-risk list of government programs most vulnerable to waste, fraud, and abuse. This testimony discusses (1) the status of BIA's efforts to overcome its past problems; (2) problems that still need to be addressed; and (3) provisions in H.R. 1846, the Native American Trust Fund Accounting and Management Reform Act of 1993, that can help BIA resolve some of these matters.

T-AIMD-93-5, Sept. 23, 1993 (12 pages). Bank and Thrift Regulation: FDICIA Safety and Soundness Reforms Need to Be Maintained, by Donald H. Chapin, Assistant Comptroller General, before the Financial Institutions Supervision, Regulation, and Insurance Subcommittee, House Committee on Banking, Finance and Urban Affairs.

Congress, the administration, and bank and thrift regulators should be extremely cautious in considering short-term measures to encourage more liberal lending practices by insured institutions. Commercial banks remain the dominant suppliers of credit to small- and medium-sized businesses, which have become the main source of job growth in this country. According to the Census Bureau, most of the net increase in employment during the 1980s occurred in companies with fewer than 100 workers. In GAO's view, however, it would be imprudent to periodically weaken and tighten bank regulation in response to recession and inflation.

GGD

GGD-93-1, Oct. 15, 1992 (47 pages). Money Laundering: State Efforts To Fight It Are Increasing But More Federal Help Is Needed.

Although more and more states recognize that attacking money laundering can take the profit out of crime, only a few states use both legislation and financial transaction reports as federal law enforcement agencies do. Almost half the states have statutes on money laundering, but the laws differ vastly as to the elements of the offense and the penalties provided for. Most states are making only limited use of the Bank Secrecy Act data available from the Treasury Department. Six states receive information directly from the Treasury already on magnetic tape, enabling them to process and analyze it the same way federal agencies do. Other states rely on a more cumbersome process of writing to Treasury and asking for information on individual suspects on a case-by-case basis. Although Internal Revenue Service (IRS) Form 8300 provides the same basic information as the Bank Secrecy Act reports, the IRS code does not allow disclosure of the data to other than federal agencies for law enforcement purposes. In an effort to obtain the data, several states require that copies of the form also be filed with the state. Compliance with such requirements, however, has been very low and has limited the data's usefulness.

GGD-93-2, Oct. 7, 1992 (58 pages). Resolution Trust Corporation: Asset Pooling and Marketing Practices Add Millions to Contract Costs.

The Resolution Trust Corporation (RTC), which was created to help clean up the savings and loan disaster of the 1980s, has paid or is potentially liable for millions of dollars in unearned private contractor fees for the management and disposal of assets acquired from failed thrifts. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 made RTC responsible for resolving failed financial institutions and disposing of their assets. In doing its job, RTC is required to rely on the private sector for asset management and disposition services if they are available and considered practical and efficient. Such contractors have already been entrusted with more than $31 billion in assets. This report examines whether RTC: (1) identified assets that required the kinds of services described under its Standard Asset Management and Disposition Agreements before hiring contractors; (2) paid fees to such contractors only for those services actually provided; and (3) pooled assets into portfolios in a cost-effective way.

GGD-93-3, Oct. 27, 1992 (19 pages). Whistleblower Protection: Determining Whether Reprisal Occurred Remains Difficult.

Even though the Whistleblower Protection Act of 1989 was intended to bolster protection for whistleblowers, employees claiming reprisals for whistleblowing at the Office of Special Counsel are finding that proving their cases is as difficult now as it was before the law was passed. The main reason remains the lack of enough evidence linking the employee's whistleblowing and the reprisal. GAO also found that federal employees do not know where to report misconduct or what their whistleblower rights to protection are. In addition, agencies are not required to tell employees about whistleblower rights and procedures.

GGD-93-4, Nov. 12, 1992 (30 pages). U.S. Postal Service: Tracking Customer Satisfaction in a Competitive Environment.

The Consumer Satisfaction Index is an independently run, statistically valid survey of residential customer satisfaction with the quality of service provided by the U.S. Postal Service (USPS). Extensive research and development went into designing the user-friendly questionnaire; the sampling methodology used is sound; and enough controls are in place to ensure the integrity of the results. The publicly released survey results, however, do not necessarily reflect how satisfied household customers are with specific services. GAO found that survey respondents generally rated USPS' overall performance higher than they rated specific performance dimensions, such as length of lines for window service or consistent delivery of local mail. USPS uses the survey to evaluate management performance and to identify areas needing improvement. USPS' practice of publicly reporting the national and local overall performance ratings, but not the ratings on specific service dimensions, conforms with laws allowing USPS to retain information that it considers to be of a commercial nature. USPS competitors, such as Federal Express and United Parcel Service, also do not disclose detailed information that they collect from their customers on their performance.

GGD-93-5, Nov. 10, 1992 (45 pages). Federal Register: Better Electronic Technology Planning Could Improve Production and Dissemination.

The Code of Federal Regulations has been in electronic format for more than a decade, but most documents submitted for inclusion in the daily Federal Register are still paper processed before being sent to the Government Printing Office (GPO) for final composition. Agency submission of documents in electronic format could cut GPO composition costs and improve operations, but agencies have not widely adopted automation because they believe it is not cost effective. Plans for agencies to use telecommunications when submitting documents to the Office of the Federal Register for publication have

also met with limited success. Government dissemination of the Federal Register in electronic format is similarly limited, and little is known about user interest in different electronic publication formats. The Administrative Committee of the Federal Register has tried to boost the use of information technologies but has failed to provide continuing guidance and support for automation pilot programs at GPO and the Federal Register. At its last meeting in June 1992, the committee directed that new initiatives be developed. However, it neither provided a clearly articulated strategic plan describing how Federal Register publications will be produced and distributed in the future nor discussed the technologies needed to support these operations.

GGD-93-6, Oct. 2, 1992 (20 pages). Administrative Law Judges: Allegations of Interference by the Department of the Interior.

GAO reviewed allegations that the independence of 12 administrative law judges and the former chief administrative law judge had been compromised by the Department of the Interior when it threatened to fire some individuals, denied promotions, and took other actions. This report discusses whether: (1) evidence exists that Interior's actions might have compromised the administrative law judges' decisional independence; (2) evidence exists that Interior improperly influenced an Office of Personnel Management decision to classify eight Indian probate administrative law judge positions at the GS-15 grade level; and (3) reporting to officials below the agency head has created concerns among administrative law judges in other agencies about their decisional independence.
GAO also provides the views of administrative law judges on establishing a separate agency for them.

GGD-93-7, Oct. 20, 1992 (13 pages). Resolution Trust Corporation: Subcontractor Cash Management Practices Violate Policy and Reduce Income.

GAO has repeatedly voiced concerns about how the Resolution Trust Corporation (RTC) monitors contractor performance. As of June 1992, RTC had awarded more than 85,000 contracts but had completed only 44 contract audits. Upwards of 250 contractor audits are now under way, but, because these efforts were slow in starting, GAO began reviewing oversight of Standard Asset Management and Disposition Agreement subcontractors. GAO found that a majority of the subcontractors it surveyed did not follow RTC policies governing the use and control of cash from RTC properties. Instead of establishing separate accounts for deposits and disbursements, almost all of the subcontractors GAO reviewed used one account for both. For example, some subcontractors used cash generated from RTC properties to pay expenses, which in some cases included their own management fees, instead of submitting funding requests as required by RTC. Neither RTC field offices nor the contractors adequately monitored these subcontractors, several of whom reported that they had never been visited nor had their operating procedures been reviewed. In addition, although RTC requires contractors to open interest-bearing checking accounts to pay asset management expenses, no such requirement pertains to subcontractors. Only one subcontractor reviewed by GAO opened such an account. Had the others in GAO's sample done so, RTC would have earned about $111,000 in interest, which hints at the potential magnitude of lost interest income among the 1,600 property management subcontractors nationwide.

GGD-93-8, Oct. 9, 1992 (25 pages). National Science Foundation: Better Guidance on Employee Book Writing Could Help Avoid Ethics Problems.

Two National Science Foundation (NSF) employees coauthored and arranged for the publication of Rush to Policy in 1988 and The Practice of Policy Analysis in 1991. The employees prepared the books, in part, during official work hours, using government secretarial support and computers. Even so, NSF allowed the employees to publish the books as private individuals through commercial publishers. Had NSF determined that the books were being prepared as outside activities, the employees would not have been allowed to use those government resources. Or had NSF determined that the books were being done as part of the employees' official duties, it should have reviewed the content of the books and arranged for their publication according to federal laws and regulations. GAO concludes that NSF ethics officials did not clearly determine whether the book projects were official NSF responsibilities or outside activities. As a result, NSF did not ensure that the books were produced in accordance with federal requirements, thereby exposing the agency and its employees to possible statutory and regulatory violations. NSF needs policies and procedures for systematically advising employees on book-writing and publishing activities relating to NSF's responsibilities.

GGD-93-9BR, Oct. 1, 1992 (66 pages). Quality Management: Survey of Federal Organizations.

A growing number of federal agencies are adopting Total Quality Management (TQM); about 68 percent of the government installations GAO surveyed reported that they were working on TQM, with most focusing on the early phases of that approach. Installations, as defined by the Office of Personnel Management, are units

headed by an individual who is not subject to on-site supervision by a higher level installation head and who has some degree of authority in the performance of personnel management. The rest of the government installations are not now implementing TQM, but about half said that they plan to do so in the future. Although TQM is being initiated on a fairly wide scale, employee involvement remains sparse. Installations further along in implementing TQM reported more involvement in TQM activities, such as training, improvement teams, and measuring performance. Also, respondents reported both fewer barriers and more employee involvement as they progressed further into TQM implementation. More importantly, although many respondents said that they are reaping benefits as a direct result of TQM, the level of reported benefits increased substantially for installations further along in implementing TQM.

GGD-93-10FS, Oct. 5, 1992 (22 pages). Bank and Thrift Criminal Fraud: Information on Justice's Investigations and Prosecutions.

This fact sheet provides information on the Department of Justice's investigations and prosecutions of criminal bank and thrift fraud. GAO discusses the recorded number of prosecutions and the number of investigations and cases that the U.S. Attorneys declined to proceed with, the amounts of fines and restitution that the government has collected, and what Justice officials have said about the adequacy of Justice's resources.

GGD-93-11BR, Oct. 22, 1992 (44 pages). Alcohol, Tobacco, and Firearms: Few Firearms Licensees Had Complaints About Inspections.

In response to complaints about the government's efforts to trace firearms used in crimes, GAO surveyed federally licensed gun dealers and pawnbrokers whose records on firearms sales had been inspected by the Bureau of Alcohol, Tobacco, and Firearms (ATF). This briefing report discusses: (1) whether licensees had encountered problems with ATF's compliance inspections; (2) whether licensees had complained to ATF about their problems; (3) whether those licensees who complained believed that ATF had fairly addressed their concerns; and (4) how well licensees believed that ATF was carrying out its regulatory responsibilities.

GGD-93-12, Nov. 25, 1992 (59 pages). Revised Delivery Standards: Postal Delivery Scores Improved but Service Is Slower.

Claiming that its customers valued consistency over promptness in mail delivery, the U.S. Postal Service (USPS) revised its first-class mail service standards in 1990. The new standards were intended to set more realistic goals for the time a letter should take to travel between two points and thus to allow the goals to be met more consistently. About eight percent of overnight mail became two-day mail, and about 22 percent of two-day mail became three-day mail.

After the standards were relaxed, delivery service for stamped mail more often met the new standards—driving up the percentage of mail delivered on time. But no improvement occurred in actual delivery service. This report discusses the (1) volume of first-class mail subject to the new standards; (2) effect of the standards' changes on the speed and consistency of delivery service and on postal operations; (3) savings from operational changes; and (4) views of postal management, customers, and unions on the revised standards.

GGD-93-13, Nov. 23, 1992 (17 pages). Employee Drug Testing: Opportunities Exist to Lower Drug-Testing Program Costs.

In increasing the cost effectiveness of federal employee drug testing, the government might want to study those agencies that have opted to collect drug-testing specimens using agency personnel rather than contractors. Other cost-saving opportunities would require modifications to Department of Health and Human Services (HHS) guidelines on the (1) current level of blind proficiency samples as part of agencies' quality control programs and (2) submission of negative test results to medical review officers. Although both requirements may have been appropriate when the guidelines were first published in 1988, circumstances have changed, and it is reasonable to consider testing changes at this point. The frequency of drug testing—the percentage of individuals subject to drug testing who are actually tested each year—can also be studied. GAO found that agencies' testing frequencies vary widely, ranging from four to 100 percent of the employee population subject to testing. GAO believes that it is reasonable for agencies to review their selected test frequencies with a view toward reducing them where appropriate. In their oversight roles over federal agency drug-testing programs, HHS and the Office of National Drug Control Policy should take the lead in reviewing these and other possible cost-savings measures.

GGD-93-14, Nov. 6, 1992 (34 pages). Personnel Practices: Schedule C and Other Details to the Executive Office of the President.

This report looks at the detailing of employees at Executive Branch agencies to the White House. Specifically, GAO determined (1) agency compliance with laws requiring that agencies certify that a Schedule C position is not being created solely to detail an employee to the White House; (2) compliance with reimbursement requirements for details to the White House lasting more than 180

days in a fiscal year; (3) the extent to which Schedule C detailees to the White House have converted to career positions there since January 1989; and (4) whether any other executive branch agencies performed duties at the White House.

GGD-93-15, Oct. 30, 1992 (12 pages). International Trade: Restrictions on U.S. Racehorses in Foreign Country Races.

The transporting of racehorses between continents has increased significantly during the past 50 years, spurred by a series of lucrative international races that first appeared before World War II. In the course of this international traffic, racehorses have encountered various barriers in the form of tariffs, races that are closed to foreign-bred animals, customs delays at border crossings, and health quarantines. This report examines the barriers that limit participation by U.S. thoroughbred racehorses in races overseas. Although GAO focused primarily on Japan, which has the highest purses worldwide, as well as one of the most stringent set of restrictions, GAO also reviewed the horse race restrictions in Hong Kong, European Community member nations, European Free Trade Association member countries, Australia, Thailand, and New Zealand.

GGD-93-16, Nov. 20, 1992 (19 pages). Nigerian Oil: Issues Affecting U.S. Investment in the Petroleum Sector.

Uncertainties associated with Middle East oil production and the rising U.S. demand for foreign oil have spurred the search for dependable sources of oil outside the Middle East. The United States is Nigeria's largest crude oil export market, receiving more than half of that African nation's crude oil exports in 1991. This report provides information on the (1) recent trends in Nigeria's oil production, exports, and reserves; (2) primary factors affecting Nigeria's ability to meet its 1990-95 production capacity and reserve goals; (3) petroleum-related investment reforms in Nigeria and how U.S. oil companies have responded to them; (4) factors discouraging or encouraging U.S. investment in Nigeria's petroleum sector; and (5) U.S. and international organization efforts to boost trade with and investment in Nigeria's petroleum sector.

GGD-93-17FS, Oct. 20, 1992 (94 pages). Private Attorneys: Information on the Federal Government's Use of Private Attorneys.

Overall, the federal government paid more than $600 million during fiscal year 1991 for both contracted legal services and attorneys' fees awarded to prevailing parties. Fifty-nine agencies reported awarding about 4,500 contracts and paying $587 million for legal services that year. This report discusses in detail the number of contracts awarded and the amounts paid by each agency. The largest users of contracted legal services were the Federal Deposit Insurance Corporation and the Resolution Trust Corporation, followed by the Administrative Office of the United States Courts' appointments of private attorneys under the Criminal Justice Act.

GGD-93-18, Oct. 30, 1992 (49 pages). Postage Stamp Production: Private Sector Can Be a Lower Cost Optional Source.

Producing postage stamps is big business. In fiscal year 1991, the U.S. Postal Service spent $124 million for about 54 billion stamps. Concerns have been raised about the Postal Service's efforts to acquire stamps from private sector suppliers. Even though private industry can produce most stamps for less cost than the Bureau of Engraving and Printing, the Postal Service should maintain the Bureau's role as a major stamp producer because it is immune to union strikes, bankruptcies, and other problems that beset the private sector. GAO compared costs on pairs of comparable stamps produced by the Bureau and the private sector and found that for seven of eight selected pairs, the costs of private sector products were lower. Although the Postal Service monitors the quality of private sector and Bureau products differently, quality deficiencies have been discovered in stamps produced by both groups. The relationship between the Bureau and the Postal Service has greatly improved since the late 1980s, mainly because of a formal interagency agreement that put the relationship between the Postal Service and the Bureau on a business-like basis. The Postal Service now expects the Bureau to remain the main source of postage stamps.

GGD-93-19, Oct. 30, 1992 (13 pages). Appraisal Reform: Implementation Status and Unresolved Issues.

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 requires that real estate appraisals for transactions involving the federal government be written reports that conform to uniform standards and be completed by certified professionals. Overall, positive strides have been made at the federal and state levels to implement Title XI by the December 31, 1992, deadline. For example, all 50 states and the District of Columbia and most U.S. territories have come up with programs for licensing and certifying appraisers. Moreover, as of September 1992, nearly 60,000 appraisers nationwide had been state licensed or certified. Similarly, each of the federal financial institutions regulatory agencies and the Resolution Trust Corporation have issued appraisal regulations. These changes have been accompanied by controversy, however, and several issues remain unresolved, including appraiser availability and appraisal cost, the appropriate de minimus threshold,

standards for evaluating real-estate-related financial transactions under the de minimus threshold, and state enforcement of appraisal standards.

GGD-93-20BR, Nov. 2, 1992 (47 pages). Firearms License Applications: Processing Improvements Made But Applicant Qualification Checks Limited.

This briefing report reviews how efficiently the Bureau of Alcohol, Tobacco and Firearms (ATF) processes firearms license applications. GAO found that 10 percent of the applications submitted during its survey week in November 1991 were not approved by ATF within the statutorily mandated 45-day period, instead taking up to 71 days to be processed. In addition, ATF's method of tracking and reporting late applications was inaccurate. GAO believes that the licensing process could be made more efficient and that most license issuances could be accelerated. Finally, because of (1) weaknesses in the completeness and the currency of state and federal criminal history record systems and (2) difficulty in verifying other applicant qualifiers, ATF could not guarantee that firearms applicants met all qualifications.

GGD-93-21, Oct. 27, 1992 (42 pages). International Trade: Implementation of the U.S.-Canada Free Trade Agreement.

Because provisions of the four-year-old U.S.-Canada Free Trade Agreement are complex and long term, the agreement's precise effect on U.S. business cannot yet be determined, but duties have been already eliminated on some products and are being phased out on others, and trade has risen by more than 15 percent. Government agencies in the United States and Canada have undertaken steps to implement the agreement and have often cooperated in helping businesses learn about its provisions. Problems have included border delays and difficulties in complying with Canadian product standards and technical requirements. Some U.S. businesses have encountered problems in complying with the agreement's rules of origin and in completing the required Exporter's Certificate of Origin. Efforts are under way to improve federal coordination in promoting trade, and some interest exists in establishing a single, centralized source of information on and assistance with the agreement. Although the Customs Service is coordinating implementation of the agreement and related Customs commercial activities along the northern border, the agency has decided to assign the project limited responsibilities and staff.

GGD-93-22, Nov. 24, 1992 (12 pages). Tax Administration: Implementation of IRS Employee Suggestions.

The Internal Revenue Service's (IRS) employee suggestion program encourages workers to submit ideas for improving operations; cash or other awards are made if the suggestions are adopted. Because IRS does not routinely monitor or document the implementation of approved employee suggestions on an agencywide basis, GAO could not determine the extent to which approved suggestions were being implemented throughout IRS. GAO did, however, test the process in three IRS regional offices and found that almost all approved suggestions were put into effect during a recent 31-month period. A recent IRS study concluded that the employee suggestion program needed several improvements to boost employee participation. The report said that the program suffered from a lack of management support, poor training for those running the program, inadequate publicity, and untimely evaluation of suggestions. IRS is taking steps to address these shortcomings.

GGD-93-23, Nov. 20, 1992 (20 pages). Office of Justice Programs: Discretionary Grants Reauthorization.

Between 1987 and 1991, discretionary grants programs at the Office of Justice Programs—part of the Justice Department—spent about $500 million to underwrite research and demonstration projects run by public and private groups fighting crime or drug abuse. GAO reviewed the discretionary grants programs at four of the five Office of Justice Programs bureaus: the Bureau of Justice Assistance, the Bureau of Justice Statistics, the National Institute of Justice, and the Office for Victims of Crime. This report discusses (1) whether projects funded through the discretionary grants programs were awarded competitively and what proportion of each bureau's funds competed each year, (2) whether discretionary grants programs are systematically evaluated to determine which ones are useful and what works, and (3) how structural and management issues affect the discretionary grants programs.

GGD-93-24, Dec. 8, 1992 (65 pages). Federal Personnel Management: OPM Reliance on Agency Oversight of Personnel System Not Fully Justified.

Because of reduced staff and resources, the Office of Personnel Management (OPM) has, for the last decade, been depending on federal agencies to shoulder much of the oversight of the civil service system. Personnel Management Evaluations (PME)—often on-site evaluations of personnel activities at an agency to ensure compliance with applicable requirements—are the main method of oversight used by OPM and the agencies. This approach would be reasonable if appropriate PME standards existed, if all agencies did PMEs regularly, and if the standards were followed. Due to weaknesses in the implementation of this approach, GAO does not believe that OPM should rely on current PME programs

as heavily as it does. GAO recognizes that agency budget squeezes may limit the frequency and staffing of PMEs. GAO also realizes that OPM may be lacking a practical way of forcing agencies to do PMEs or to follow standards that are issued. Yet PMEs can be a useful source of information on the internal controls in place in agency personnel programs and, under certain conditions, can be used as alternative internal control reviews. Until recently, OPM saw no connection between PME programs and internal control programs. OPM needs to exercise greater leadership to strengthen PME programs if the risks of improper personnel actions—such as questionable appointments or promotions—are to be avoided.

GGD-93-25, Dec. 15, 1992 (12 pages). Federal Data Collection: Agencies' Use of Consistent Race and Ethnic Definitions.

Race and ethnic background is a sensitive subject, and making determinations of such identity for statistical purposes is an imprecise effort at best. Federal guidelines aim at ensuring consistency in federal data collection. Although the agencies GAO reviewed appear to follow these policies, they do not verify that data collectors comply with the definitions during surveys because of the substantial resources that would be required. This failure to verify compliance, combined with limited review by the Office of Management and Budget, could be a source of error in reporting, as seen in an infant mortality study by the Centers for Disease Control. In addition, inconsistency can become a problem when agencies use data that are not collected according to federal standards because these sources may have their own rules that may differ from federal guidelines. The agencies GAO reviewed appear to understand this situation and took it into account when publishing reports.

GGD-93-26, Dec. 4, 1992 (24 pages). Federal Health Benefits Program: Analysis of Contingency and Special Reserves.

GAO does not believe it would be prudent for the financial management of the Federal Employees Health Benefits Program (FEHBP) to implement the proposal once made by the Office of Personnel Management (OPM) to pool and reduce the experience-rated plan options' combined contingency and special reserves. Although the proposed changes could yield a onetime reduction in the calendar-year premiums paid by government agencies and enrollees, they could also jeopardize the ability of FEHBP's combined contingency and special reserves to (1) cover the experience-rated plan options' unexpected costs; (2) stabilize premium and health benefits; and (3) minimize the possibility of a financial loss for plan sponsors, underwriters, enrollees, and the federal government. GAO is concerned that a reserve balance equal to one-months' benefits and administrative expenses might not always be adequate to cover unexpected costs. Because past balances have often fluctuated by large amounts in relation to reserve goals and targets, OPM could find it hard to maintain the balance at or above the proposed level. Thus, if the balance continued to fluctuate as much after the combined reserve balance was reduced, FEHBP's financial soundness and stability could be endangered.

GGD-93-27, Dec. 30, 1992 (44 pages). Tax Administration: IRS Can Improve Controls Over Electronic Filing Fraud.

A major advantage to filing electronically with the Internal Revenue Service (IRS)—returns are sent via telephone lines and processed by computer—is that taxpayers can receive their refunds faster. The soaring popularity of electronic filing, however, has been accompanied by a rising incidence of fraudulent electronic returns; IRS identified more than 11,000 fraudulent returns in the first seven months of 1992. IRS began tightening its controls in 1992 both by beefing up its screening of individuals and firms who want to file electronically and by increasing the number of fraud detection personnel. These steps probably contributed to the rise in the number of fraudulent returns spotted in 1992. The amount of fraudulent returns that IRS identified but could not stop before issuance, however, increased by 35 percent during the first seven months of 1992 compared to the same period a year earlier—from $6.3 million to $8.5 million. A system of controls to totally prevent electronic filing fraud or to identify and stop all fraudulent returns before they are issued may be unrealistic. In GAO's view, however, additional controls can be implemented to further reduce IRS' vulnerability.

GGD-93-28FS, Dec. 28, 1992 (36 pages). Political Appointees: Selected Appointees' Views of Their Federal Work Environment.

To obtain the views of Senate-confirmed presidential appointees on their federal service, GAO surveyed more than 500 senior-level, nonjudicial political appointees in the executive branch. This report provides information on their personal backgrounds, the orientation programs they attended upon being appointed, how they were recruited, relations with other executives, accountability, and job satisfaction.

GGD-93-29, Dec. 30, 1992 (43 pages). Export Promotion: Federal Efforts to Increase Exports of Renewable Energy Technologies.

Renewable energy technologies generate electricity or heat through the use of renewable resources, such as sunlight, wind, underground steam and heat, and hydropower. Congress

created the Committee on Renewable Energy, Commerce and Trade in 1984 to gather and disseminate information to U.S. manufacturers of renewable energy technologies on potential overseas business opportunities; organize trade missions, fairs, and conferences; and coordinate export assistance programs. This report (1) discusses what activities the committee has undertaken to increase U.S. exports of these technologies; (2) describes guidelines recommended by the committee for financing such exports, including simplifying the application process for seeking export assistance; (3) provides information on how the committee suggested specific markets in the Caribbean and Pacific and its identification of future export markets; and (4) discusses how the committee followed through on trade opportunities in certain countries.

GGD-93-30BR, Dec. 11, 1992 (71 pages). ATF Firearms Inspections: Use of Results to Improve Inspection Targeting Has Been Limited.

GAO reviewed the firearms compliance inspection activities of the Bureau of Alcohol, Tobacco and Firearms. This briefing report discusses (1) what the Bureau's strategies are for inspecting gun dealer and pawnbroker licensees and applicants, (2) how the Bureau targets dealer and pawnbroker licensees for inspection, (3) how the Bureau targets license applicants for inspection, and (4) how the Bureau uses its inspection results to improve its targeting process.

GGD-93-31, Jan. 29, 1993 (91 pages). Federal Judiciary: How the Judicial Conference Assesses the Need for More Judges.

This report includes GAO's assessment of the policies, procedures, and methodologies that the Judicial Conference of the United States used in recommending the creation of more federal judgeships. GAO also describes (1) efforts under way to improve the case weights used to measure district judges' workload and (2) preliminary efforts to develop a more accurate measure of appellate court workload. Given the limitations of current workload measures and the judgmental nature of much of the Conference's decisions, GAO was unable to determine whether the 1990 recommendations accurately refelected the need for more judges. Within these limitations, however, GAO found the Conference's method of determining the need for more judges to be reasonable.

GGD-93-32, Dec. 28, 1992 (44 pages). General Services Administration: Increased Direct Delivery of Supplies Could Save Millions.

Millions could be saved each year if the General Services Administration (GSA) had suppliers ship more orders directly to customer agencies. Customer agencies could save because GSA's processing fee for directly delivered orders is much less than for orders filled from its depots. Taxpayers could save if GSA reduced depot inventory and operations. GAO estimates that, for a one-year period ending February 1991, only seven percent of GSA's nearly $1 billion in projected total sales was directly delivered. Had GSA maximized direct deliveries on its total sales, it could have saved as much as $107 million annually, in addition to a one-time saving of as much as $240 million through a reduction in inventory investment. Further, depot operations could be significantly cut because the remaining sales would not sustain existing operations. GSA could then further streamline its operations because these remaining sales are for millions of low-value, low-quantity orders that may be uneconomical and can be bought locally. GAO questions whether GSA should continue to run its depots at current levels, suggesting instead that GSA reduce its operational role and become more of a central supply management agency that provides governmentwide leadership and sets policy.

GGD-93-33, Jan. 19, 1993 (48 pages). Federal Prisons: Inmate and Staff Views on Education and Work Training Programs.

Concerns have been raised about the failure of many federal prisoners to complete basic prison education programs and about how useful prison vocational training programs have been in providing inmates with marketable skills. Only about 36 percent of the Federal Bureau of Prisons (BOP) staff GAO surveyed considered BOP's principal data base on inmate prison education activities—the Education Data System—to be very accurate. The system is supposed to track an inmate's education history, program enrollments, withdrawals, and completions. BOP's own internal reviews have frequently noted, however, that key data were inaccurate or missing, and GAO's tests of the education records at three federal prisons had similar findings. Inmates GAO surveyed said that they are inclined to participate in programs when they see clear opportunities to enhance their abilities and for postprison success. The staff, on the other hand, tended to consider inmates to be motivated by cash awards and other tangible benefits for participation. Both staff and inmates strongly favored an incentive of reduced prison time for participation. Staff and inmates also strongly favored some ideas that are generally within BOP's discretion, such as security classification reductions, preferred housing assignments, and being paid the starting wage for inmate work to attend class. BOP should explore the feasibility of some of these ideas, perhaps on a test basis. BOP also needs to ensure that prison officials enforce the requirement that inmates lacking a high school diploma acquire a General Equivalency Diploma before receiving pay raises.

More than half the inmates and three-fourths of the staff responding to GAO's survey thought that vocational training would generally be useful in providing inmates with marketable skills.

GGD-93-34, Jan. 11, 1993 (41 pages). General Services Administration: Actions Needed to Stop Buying Supplies From Poor-Performing Vendors.

Although the General Services Administration (GSA) awards the majority of its supply contracts to vendors whose products meet quality and delivery requirements, the agency continues to do business with a number of vendors with poor performance histories. Between fiscal years 1988 and 1992, for example, GSA awarded contracts worth more than $1 billion to at least 285 vendors whose products repeatedly failed to meet contractor specification and delivery schedule requirements. This situation exists for two main reasons. First, GSA lacks complete and readily usable data on vendors' past contract performance. Second, GSA has not consistently stressed or considered product quality, on-time delivery, or vendor capability and performance in awarding and administering its supply contracts. GSA has taken actions against poor-performing vendors over the years and recently began several new initiatives aimed at more fully protecting its supply operations from such losses and inefficiencies. It is too soon to tell, however, what impact these initiatives will have on reducing GSA's vulnerability.

GGD-93-35, Dec. 9, 1992 (38 pages). Insurance Regulation: Weak Oversight Allowed Executive Life to Report Inflated Bond Values.

The ability of the Securities Valuation Office (SVO) to support state regulators in monitoring insurer solvency appears doubtful. SVO's bond valuation criteria focus narrowly on bond default—defined simply as nonpayment of interest—and neglect other factors, such as difficulties an issuer experiences generating cash to pay interest, that may indicate whether a bond is impaired for generally accepted accounting principles reporting purposes. Further, SVO does not obtain current or complete information to evaluate an insurer's bond holding and has not provided its analysts with clear standards for assigning ratings and documenting their work. As a result, SVO has assigned inflated ratings to a number of bonds held by Executive Life Insurance Co., thus overstating the firm's financial strength. A gap exists in enforcing the requirement that insurers use SVO valuations to prepare statutory financial reports. SVO does not verify that insurers obtain an SVO rating for all bonds that they hold—regulators are responsible for this task. Because regulators only check infrequently for improper bond valuations, Executive Life was able to hide its bond loss exposure by supplying its own inflated rating for bonds not rated by SVO and by misreporting SVO ratings in its statutory financial statements. Moreover, SVO lacks enough statutory reserves to cushion against bond losses.

GGD-93-36, Jan. 28, 1993 (29 pages). Census Reform: Early Outreach and Decisions Needed on Race and Ethnic Questions.

Race and ethnic questions are among the most technically complex and publicly controversial questions asked on the decennial census. The resulting data are used for a variety of important policy ends—everything from promoting fair voting practices to analyzing the health of different population groups in the United States. This report provides information on (1) the development of race and ethnic questions on the most recent decennial census in 1990, (2) the quality of race and ethnic data from the decennial census, and (3) the Census Bureau's progress in developing questions for the upcoming census in the year 2000.

GGD-93-37, Feb. 19, 1993 (15 pages). Securities Regulation: SEC's Oversight of Privately Placed Transactions Among Large Investors.

This report reviews how the Securities and Exchange Commission (SEC) collected and analyzed data for its first two reports to Congress on the implementation of Rule 144A. SEC adopted Rule 144A in April 1990 to (1) increase the liquidity and the efficiency of the secondary market among large institutional U.S. investors for privately placed foreign and domestic securities that are not registered with SEC and (2) attract foreign securities to the U.S. capital markets. The rule allows large institutional U.S. investors to trade unregistered securities among themselves and eases disclosure requirements for foreign issues of privately placed Rule 144A securities. Obtaining accurate and complete information on the Rule 144A market is difficult, however. The nonpublic characteristics that make the private placement market appealing to large, sophisticated investors also make it hard for SEC to monitor market activity. Consequently, SEC uses various data sources to monitor developments in the Rule 144A marketplace and to prepare the reports.

SEC's first effort to report on Rule 144A relied on limited supporting data and analysis. Modifications and expansions in SEC's data collection and procedures during the second reporting efforts enabled SEC to collect and analyze more-comprehensive and more-detailed data on the Rule 144A market. Although the private nature of the market might not allow SEC to identify all Rule 144A transactions, SEC officials have agreed to use two additional data bases when preparing future reports. This should provide more-complete

data on Rule 144A transactions and enable SEC to better monitor and assess the impact of the Rule 144A market.

GGD-93-38, Dec. 31, 1992 (82 pages). International Trade: Advertising and Promoting U.S. Cigarettes in Selected Asian Countries.

The controversy surrounding cigarette advertising and promotion has intensified in recent years in the United States and abroad. In many countries, cigarettes can be advertised with few restrictions—in print and broadcast media as well as through cigarette companies' sponsorship of cultural and sporting events. Health proponents, however, view these activities as contrary to international efforts to reduce cigarette consumption and the illnesses associated with smoking. This report (1) elaborates on the continuation of the conflicting U.S. government policy of pursuing antismoking initiatives domestically while helping U.S. cigarette companies sell their products abroad and U.S. government regulation of cigarette exports compared with exports of other potentially harmful products or substances; (2) summarizes the restrictions on cigarette advertising and promotion imposed in Japan, Taiwan, South Korea, Thailand, Hong Kong, Malaysia, and Indonesia and describes alleged violations by U.S. cigarette companies as reported by the foreign governments; and (3) reviews the advertising and promotional activities of U.S. cigarette companies in these countries and specifically looks at whether these companies are targeting children and nonsmokers.

GGD-93-39, Dec. 23, 1992 (71 pages). Export Finance: The Role of the U.S. Export-Import Bank.

As exports have grown in importance to the U.S. economy, the availability of export finance has become a major issue. One of the principal ways the government helps with export finance is by having the U.S. Export-Import Bank underwrite export transactions. With increasing demands for its services and a limited delivery network of its own, however, Eximbank must rely on other federal, state, and local agencies or financial institutions to provide its services to exporters. This report discusses (1) the delivery of Eximbank services, particularly to small businesses; (2) the administration of Eximbank's export credit insurance program; (3) credit reform and Eximbank's country risk assessment system; (4) the use of tied aid; and (5) Eximbank's coordination with other agencies.

GGD-93-40, Jan. 22, 1993 (77 pages). Tax Administration: Opportunities to Increase the Use of Electronic Filing.

The prospect of a prompt refund makes electronic filing very appealing for most taxpayers. These expedited refunds come at a price, however. Taxpayers have to pay a third party to prepare or electronically transmit the returns and must pay yet another fee if they want to obtain the expedited refund through a financial institution. The Internal Revenue Service's (IRS) research suggests that this cost deters most people from filing electronically unless they need their refunds right away. In promoting electronic filing, IRS has focused on attracting more preparers and transmitters. Although this approach has boosted the number of taxpayers filing electronically, about 90 percent of all individual income tax returns in 1992 were still filed in traditional ways. GAO believes that IRS needs to make electronic filing more appealing and more available to a broader segment of the population. IRS also needs to address various operational issues that if effectively resolved could make electronic filing more appealing and help IRS more fully realize the benefits available through this technology.

GGD-93-41, Dec. 21, 1992 (17 pages). NOAA Aircraft Operations: Cost Analysis Does Not Support Decision to Relocate.

The National Oceanic and Atmospheric Administration's (NOAA) desire to relocate its Aircraft Operations Center to better facilities at a government-owned installation is understandable. NOAA's cost analysis of the move from Miami to MacDill Air Force Base in Tampa, however, was neither thorough nor adequately supported by facts. NOAA (1) failed to include the cost of running the MacDill airfield after the Air Force closes it in 1994 and (2) lacked support for estimated rental costs at commercial airports considered as alternative locations. Because responsibility for running the MacDill airbase beyond 1994 remains murky, operational costs there are unknown. NOAA will likely be liable for some of the airfield's operating costs, which could exceed the costs of leasing space elsewhere. From a cost perspective, NOAA's decision to relocate was risky and potentially premature, mainly because of the cost uncertainties.

GGD-93-42, Feb. 17, 1993 (23 pages). Tax Administration: Information Returns Can Improve Reporting of Forgiven Debts.

GAO discovered that when information returns were issued, taxpayers had a significantly higher level of voluntary compliance in reporting forgiven debt income and were apparently able to pay taxes on that income. Furthermore, both GAO and the Internal Revenue Service (IRS) found that IRS could cost effectively use the information returns to spot taxpayers who failed to comply. GAO believes that Congress should amend the tax code to extend formal information reporting to the Federal Deposit Insurance Corporation (FDIC) and the Resolution Trust Corporation (RTC). This move would significantly

boost tax revenues even if future forgiven debt falls short of the 1990 level—more than $10 billion. It would also ensure that such reporting conforms to the law protecting consumers from privacy invasions and unwarranted government intrusions. If FDIC and RTC information reporting on forgiven debt proves to be cost-effective, Congress might consider extending this practice to other agencies. Otherwise, taxpayers with debts forgiven by FDIC or RTC will be subject to more IRS scrutiny than those with debts forgiven by other institutions. GAO found, for example, that private lending institutions forgive much higher amounts of debt than FDIC.

GGD-93-43, Jan. 19, 1993 (37 pages). Tax Administration: Overstated Real Estate Tax Deductions Need To Be Reduced.

The Internal Revenue Service (IRS) needs to reduce overstated real estate tax deductions that lead to millions of dollars in tax losses for federal, state, and local governments. From 1982 to 1990, individuals' federal deductions of real estate taxes increased 81 percent—from $27 billion to $49 billion. IRS audits show that individuals in 1988 overstated their real estate tax deductions by an estimated $1.5 billion nationwide. GAO believes that this level of noncompliance has resulted in nearly $300 million in federal income tax loss for 1988 and has increased to about $400 million for 1992. However, GAO's review of IRS audits of taxpayers who claimed the deduction for 1988 in three locations—Montgomery County, Maryland; New Jersey; and Minnesota—uncovered a much higher level of noncompliance. IRS detected only about $37 million (29 percent) of $127 million in overstated deductions that arose from user fee and rebate errors. Examiners would have caught more noncompliance had they followed IRS audit guidelines on checking source documents to verify taxpayers' support for deductions.

GGD-93-44, Jan. 29, 1993 (19 pages). GSA Procurement: Public Utilities' Plans for Small and Small Disadvantaged Subcontractors.

The law requires that federal contracts exceeding $500,000 include subcontracting plans that maximize opportunities for small businesses, especially those owned and managed by socially and economically disadvantaged individuals. GAO reported in 1989 that several utilities providing services to the federal government declined to sign formal contracts because they objected to the statutory requirements for subcontracting plans. In most instances, federal agencies had no choice but to accept and pay for these utility services without a contract because alternative sources were unavailable. This report provides updated information on the number of utilities that supply service to the General Services Administration (GSA), how many utilities had entered into contracts with GSA, and how many had submitted subcontracting plans.

GGD-93-45, Dec. 22, 1992 (24 pages). Loan Guarantees: Export Credit Guarantee Programs' Costs are High.

The cost of running the Commodity Credit Corporation's (CCC) General Sales Manager-102/103 programs, which guarantee repayment of bank-financed loans to foreign buyers, has been very high. Large costs were incurred when CCC provided higher levels of guarantees to existing program participants or added new countries to the programs. How much additional cost will be incurred in the future will depend on the characteristics of any new loan guarantees that CCC makes. "Rolling over" existing guarantees to current program participants entails little additional cost. Increasing the amounts of outstanding guarantees to most existing program participants or adding new high-risk countries to the program, however, will add substantial additional costs. At the same time, the extent of any meaningful benefits is unknown. Therefore, it is very important to pay careful attention to future program costs.

GGD-93-46, Feb. 9, 1993 (9 pages). Kennedy Center: Information on the Capital Improvement Program.

This report discusses a $27.4 million appropriation for repairs and alterations at the Kennedy Center—mechanical, structural, and handicapped-access projects, as well as garage repairs—included in the fiscal years 1991 and 1992 appropriation acts. During the next few years, the Center—despite limited staff—plans to undertake several large capital projects. It lacks an in-house federal contracting officer, architects, engineers, or other professionals to handle capital projects. As a result, the Kennedy Center has contracted for these services when necessary. During fiscal year 1992, Congress considered, but did not pass, legislation providing the Center with permanent authority for managing these projects. GAO doubts whether the Center, at present, has enough capability to effectively manage a capital improvement effort of the scope now being considered. Given enough time and funding, however, the Center should be able to acquire that capability.

GGD-93-47FS, Dec. 30, 1992 (14 pages). Health and Human Services: Update on Hispanic Representation in HHS Region VIII.

In a November 1990 report (GAO/HRD-91-6), GAO noted that the representation of Hispanics in the Department of Health and Human Services (HHS) region VIII work force exceeded the overall Hispanic representation in the Rocky Mountain

civilian labor force. This fact sheet updates that report with information on Hispanic representation in region VIII based on the 1990 census.

GGD-93-48, Jan. 8, 1993 (127 pages). Bank and Thrift Criminal Fraud: The Federal Commitment Could Be Broadened.

Although criminal fraud, often involving real estate, has been a factor in the failure of many financial institutions, the Justice Department has not done all that it could with the authority it has to strengthen the government's financial institution fraud program. Fraud committed by officers, directors, and customers at banks and thrifts across the country has resulted in scores of failed financial institutions and heavy dollar losses. In "land flips," for example, related parties transferred land between themselves to inflate its value. They then used the fraudulently overvalued land as collateral to obtain loans, which typically greatly exceeded the land's actual value. The Attorney General has pledged to beef up the federal government's attack on bank and thrift fraud, and Congress has passed two major bills supporting the government's effort. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and the Crime Control Act of 1990 provided the Justice Department with additional powers and resources to investigate and prosecute financial institution fraud. This report provides an overview of the government's efforts, with a particular focus on the implementation of certain provisions of the Crime Control Act, Justice's local enforcement efforts against criminal bank and thrift fraud, and the progress achieved to date.

GGD-93-49FS, Jan. 22, 1993 (6 pages). Personnel Practices: Career Appointments Granted Political Appointees From Jan. Through Nov. 1992.

GAO reviewed the conversion of political appointees to career positions from January 1 through November 30, 1992. In total, the Office of Personnel Management (OPM) reported that it had processed and approved the conversion of 13 noncareer Senior Executive Service (SES) and Schedule C appointees during that period. Of the 13 conversions, nine were to career General Schedule/General Management appointments and four were to career SES appointments. All nine conversions to career General Schedule/General Management appointments consisted of Schedule C appointments. The four conversions to career SES appointments were all noncareer SES appointees. In all but one instance, the Schedule C and noncareer SES appointees converted to career appointments in the same agencies. OPM also reported that during that period, six conversions received were not processed. OPM officials said that these cases either had been withdrawn by the requesting agencies after discussions with OPM or had not been processed to completion because they did not meet the merit and fitness requirements of civil service rules. GAO did not look into the reasons why these cases had not been processed. Two of the six involved noncareer SES appointees, and four involved Schedule C appointees. OPM also reported that as of November 1992, another five cases were in process—all Schedule C appointees.

GGD-93-50FS, Jan. 8, 1993 (11 pages). Resolution Trust Corporation: Number and Types of Legal Matters.

This fact sheet provides information on the number, types, and nature of pending matters in litigation involving the Resolution Trust Corporation (RTC). From October 1991 to November 1992, RTC was involved in about 77,500 legal matters, ranging from routine real estate foreclosures to complex professional liability claims. Of this total, 16 percent had been closed by November 1992. Since October 1991, new legal matters have been added at an average rate of about 3,100 per month. More specifically, as of November 1992, 58 percent of RTC's open legal matters involved litigation cases while 42 percent were nonlitigation cases. Since its inception, RTC has collected about $186.8 million from litigation settlements and paid about $24.7 million in litigation losses, including both judgments and settlements. RTC's cash recoveries and payments from litigation settlements increased in each of the past three years.

GGD-93-51FS, Jan. 8, 1993 (12 pages). Resolution Trust Corporation: Recoveries on Asset Sales Through September 1992.

GAO, in a report issued a year ago (GAO/GGD-92-36FS), examined the cost of resolving failed thrifts. That report contained information on the Resolution Trust Corporation's (RTC) recovery rates and an analysis of the data from RTC's Real Estate Owned Management System. This report updates that information. Although cumulative sales of real estate more than doubled from October 1991 to September 1992, RTC's sales recoveries—measured as a percentage of net proceeds to book value—have dropped steadily. The recovery data on a cumulative basis also show a decline. Overall, the gap between the sales price for real estate and appraised value continued to widen; data from September 1992 show that the average sales price was about 17 percent less than the appraised value.

GGD-93-52, Apr. 5, 1993 (21 pages). Tax Administration: IRS' Plans to Measure Tax Compliance Can Be Improved.

For nearly 30 years, the Taxpayer Compliance Measurement Program has been the Internal Revenue Service's (IRS) primary method of gathering information on taxpayer

compliance. IRS collects such data by auditing a random sample of taxpayer returns in which every line on a chosen return is examined. But IRS, concerned that this process costs too much, is overly intrusive on compliant taxpayers, and yields untimely data, has been planning to redesign the program. This report discusses data generated by the program, evaluates the merits of IRS' concerns with the program, and identifies way to improve the program while it continues to meet valid user needs. GAO also looks at how the redesign of the program could affect IRS' strategic objectives for the 1990s—increasing voluntary compliance, reducing taxpayer burden, and boosting productivity.

GGD-93-53, Mar. 16, 1993 (56 pages). The Public Service: Issues Confronting the Federal Civilian Workforce.

The federal government will spend about $150 billion on pay and benefits for civilian employees in 1993. The effectiveness and efficiency with which federal agencies carry out programs depends largely on the quality, motivation, and performance of these workers. Thus, the recruitment, hiring, training, management, and accountability of federal employees is critical to effective government. GAO issued 67 reports and 22 testimonies on federal public service during 1991. This report summarizes each of these documents, discusses agency responses to GAO's recommendations on everything from lobbying reform to health club memberships for federal workers, and examines key areas in which further action or monitoring is needed.

GGD-93-54, Jan. 27, 1993 (25 pages). Bankruptcy Trustees: Oversight Improved, But Extent of Trustee Fraud Is Unknown.

Over the past several years, bankruptcy filings have risen more sharply than at any other time in history. Filings since 1986 have increased 109 percent—from about 500,000 to an estimated 1,000,000 in 1992; more than 1.2 million bankruptcy filings are predicted for 1993. The oversight and monitoring of bankruptcy trustees is one of several areas in the Justice Department that GAO has deemed to be at "high risk." The trustee system is vulnerable to fraud because of the large number of trustees administering ten of billions of dollars in estate funds and because of the limited resources available to conduct and thoroughly follow up on trustee audits and reports. The Justice Department has sought to improve its oversight of private bankruptcy trustees through more rigorous review of trustee candidates, enhanced trustee reporting requirements, more extensive trustee audit coverage by the Inspector General, and the replacement of 14 of the 21 U.S. Trustees who run the program. Yet several challenges remain to be addressed, including the number of old cases, problems identified by Inspector General audits, and funding limitations. Concerns about possible conflicts of interest between those parts of the Justice Department representing the federal government as a creditor in bankruptcy cases and the Executive Office for U.S. Trustees have not been borne out. Only two cases have been identified in which conflict of interest might have been an issue. The authority of the bankruptcy courts in approving key case administration decisions provides a check and balance to Justice's dual role.

GGD-93-55, May 11, 1993 (25 pages). Tax Policy: Implications of Replacing the Corporate Income Tax With a Consumption Tax.

This report discusses the advantages and disadvantages of replacing the corporate income tax with a broad-based consumption tax. GAO reviews the impact of such a change in terms of (1) its effects on economic efficiency and equity, (2) its effects on tax administration costs, and (3) its effects on tax compliance costs. In particular, the report evaluates the likely effects of replacing the corporate income tax and the employer's share of the Federal Insurance Contributions Act payroll tax with the Uniform Business Tax.

GGD-93-56, Mar. 11, 1993 (35 pages). One-Dollar Coin: Reintroduction Could Save Millions if Properly Managed.

Australia, Canada, Japan, and the major Western European countries all now use a coin for monetary transactions at, or above, the level for which Americans use the paper dollar. The Susan B. Anthony $1 coin, introduced in the United States in 1979, was rejected by the public. In light of recent proposed legislation that would reintroduce a $1 coin in the United States, GAO examined Canada's experience. In GAO's view, public resistance to converting to a coin dollar could be minor and short-lived and could be properly managed, as it was in Canada. GAO also believes that, in a period of difficult and unpopular deficit reduction measures, the prospect of obtaining nearly $400 million in annual budget savings through updating the nation's coinage is likely to be a relatively painless sacrifice for most Americans.

GGD-93-57, Feb. 24, 1993 (55 pages). Federal Performance Management: Agencies Need Greater Flexibility in Designing Their Systems.

Performance management refers to processes, such as the setting of expectations for employees, formal end-of-year job appraisals, and decisions on promotions and awards, that federal agencies use to improve individual and organizational effectiveness in doing the government's work. This report examines the performance management systems in use at various federal agencies. GAO (1) identifies the elements of an

effective performance management system; (2) determines whether these elements were included in federal agencies' systems; and (3) discusses the views of personnel officials, employees, and researchers on the adequacy of federal performance management systems.

GGD-93-58, Mar. 10, 1993 (64 pages). Gross Domestic Product: No Evidence of Manipulation in First Quarter 1991 Estimates.

Press reports alleged that the Department of Commerce inflated the first quarter 1991 gross domestic product (GDP) to mask the true dimensions of the economic downturn. GAO, however, found no evidence that the Bureau of Economic Analysis manipulated first quarter 1991 personal income or GDP for political purposes. GAO does make several suggestions for improving the perceived integrity of the Bureau's data. For example, GAO believes that the Bureau could more completely document and explain its data. Additionally, the Bureau has issued no public response to the press allegations. To determine user needs and to assure Congress and the public of the integrity and credibility of its data, the Bureau also needs to increase outside expert review and comment on its procedures. Congress may want to request that the Bureau testify regularly when it releases major national economic statistics.

GGD-93-59, Feb. 3, 1993 (74 pages). Penny Stocks: Regulatory Actions to Reduce Potential for Fraud and Abuse.

During the 1980s, the widespread peddling of low-priced securities known as penny stocks was fraught with fraud and abuse; investor losses due to unscrupulous sales of these stocks may have topped more than $2 billion annually. In response, Congress granted the Securities and Exchange Commission (SEC) additional authority to go after individuals involved in questionable sales of penny stocks. Broker-dealers that sell penny stocks and companies that issue penny stocks must now disclose information about the stocks and the companies before finalizing penny stock sales. Although SEC statistics show that the number of broker-dealers trading penny stocks and complaints involving penny stocks have decreased in recent years, continued complaints by investors and newly uncovered selling tactics suggest that the potential for fraud and abuse in penny stock sales remains high. This report presents information on the overall status of penny stock activity and the National Association of Securities Dealers' efforts to (1) increase its regulation of the market during recent years, (2) implement new information collection and dissemination systems, (3) coordinate enforcement with other federal and state authorities, and (4) examine penny stock broker-dealers' sales practices.

GGD-93-60, Mar. 19, 1993 (21 pages). Tax Administration: Erroneous Dependent and Filing Status Claims.

The rules for claiming dependent exemptions are too complex and burdensome for many taxpayers to comply with. According to the Internal Revenue Service (IRS), taxpayers erroneously claimed exemptions for an estimated 9 million dependents in 1988, improperly lowering their taxable incomes by about $17 billion. IRS also found that an estimated 3 million taxpayers claimed the wrong filing status. This report (1) identifies the sources of erroneous dependent and filing status claims, (2) discusses the need to simplify the laws on dependents and filing status, (3) determines what IRS is doing to address any erroneous claims, and (4) suggests changes IRS could make in its compliance programs.

GGD-93-61, Feb. 11, 1993 (17 pages). Drug Control: Treatment Alternatives Program for Drug Offenders Needs Stronger Emphasis.

This report examines the Treatment Alternatives to Street Crime program, an offender case management program designed to link drug abusers within the criminal justice system to community-based drug abuse treatment as an alternative to criminal penalties. Elements of the case management include (1) identifying drug abusers within the criminal justice system; (2) assessing their need for treatment; (3) matching them to the most appropriate treatment program; and (4) monitoring their performance during treatment, which includes drug testing. GAO looks at whether the Treatment Alternatives to Street Crime program has elements that can be attributed to successful drug abuse control, evaluates program results, and identifies any barriers that may limit program potential.

GGD-93-62, Feb. 25, 1993 (13 pages). Postal Service: Service Impact of South Dakota Mail Facility Not Fully Recognized.

This report examines planned changes in mail service to communities that will be served by a new Dakota Central Area Mail Processing Center in Huron, South Dakota. Area mail processing is meant to cut labor costs by consolidating mail processing—canceling and sorting—functions of many post offices at one facility. The plan for the Dakota Central mail processing facility called for a minor decline in mail service along with some improvements, with a net overall improvement in mail service to the affected communities. GAO found, however, that the consolidation will affect service more adversely than was suggested in the Postal Service's consolidation plan and could result in a net decline in service. The Postal Service did not seek the comments of the local communities or

discuss the service aspects of the consolidation with them before initially approving the new facility. Among other things, some postal customers are concerned that reduced service will harm their businesses. GAO believes that the Postal Service needs to review the costs and the benefits of options that could offer the same or better service to the affected communities after the consolidation. Options might include revising or adding routes to the affected communities, adjusting collection schedules, keeping some processing capability in the communities, and establishing separate mail drops for local delivery.

GGD-93-63, Mar. 25, 1993 (74 pages). Tax Policy: Many Factors Contributed to the Growth in Home Equity Financing in the 1980s.

Home equity financing, estimated to represent about 12 percent of all housing debt, or $357 billion in 1991, grew at an average annual rate of about 20 percent between 1981 and 1991. This report reviews the use of home equity financing, including both home equity loans and home equity lines of credit, and how the Tax Reform Act of 1986 affected household use of home equity financing compared with other forms of consumer credit. GAO discusses (1) what trends exist in home equity as well as mortgage-backed financing and other kinds of consumer credit used during the 1980s; (2) who is using home equity financing and for what purposes; (3) what factors caused the growth in home equity financing; (4) what problems are associated with this type of borrowing; and (5) what the implications of various tax policy options are that might be instituted to constrain home equity borrowing.

GGD-93-64, Mar. 22, 1993 (17 pages). Tax Administration: Delayed Tax Deposits Continue to Cause Lost Interest for the Government.

The Internal Revenue Service (IRS) must identify the best revenue-enhancing way to process the heavy volume of tax payments sent to its service centers around the April 15 filing deadline. The government is now losing substantial interest earnings because of the extended time it takes to process those payments. IRS is considering having taxpayers send their payments directly to lock boxes, removing the service centers from the process entirely. Yet even if various issues surrounding this new cash management strategy are resolved, the strategy will not be implemented before 1996. In the interim, IRS needs to weigh various options to hasten deposits and boost interest earnings. Adding the equipment and people needed to remove the processing bottlenecks might not prove cost-effective because these additional resources would only be needed for a few days during the filing season. A preferable alternative, in GAO's view, would be to streamline IRS procedures so that available resources can be targeted to identifying and processing the largest payments. IRS' National Office needs to lead the service centers in resolving this problem.

GGD-93-65, Mar. 8, 1993 (67 pages). Affirmative Employment: Assessing Progress of EEO Groups in Key Federal Jobs Can Be Improved.

Women and minorities in key jobs—positions leading to middle and upper management posts in the federal government—have made substantial progress in their levels of representation, particularly in the upper pay grades. All the minority groups GAO looked at, except for Native American women, were better represented among key jobs in 1990 than they were in 1984. Nevertheless, women and minorities continue to be more prevalent at lower grades. In addition, although the relative numbers of minorities and women employed at grade 15 were quite low, the relative numbers being promoted to that grade were even lower. Further, minority women, especially black women, were separated at a rate that greatly exceeded the rate of new hires, a trend that could erase gains made in the employment of minority women in key federal jobs. The Equal Employment Opportunity Commission (EEOC) disagreed with GAO's approach to data analysis, which computed the ratios of women and minorities to white men. EEOC also believed that the approach would prove too costly and burdensome for it and other agencies to use. In GAO's view, the approach is sound and useful and Congress should consider requiring the periodic application of this analytic technique to affirmative employment data.

GGD-93-66, Mar. 5, 1993 (14 pages). Whistleblower Protection: Agencies' Implementation of the Whistleblower Statutes Has Been Mixed.

In its review of 19 federal agencies, GAO found patchwork implementation of the whistleblower statutes designed to protect government workers who report waste, fraud, and abuse. Some agencies had informed all of their employees of their whistleblower rights, while others had yet to inform any. Most agencies had not developed policies and procedures to implement the statutes. GAO believes that, if employees had adequate knowledge about the whistleblower statutes and understood the federal government's policy toward whistleblowing—one of encouraging disclosures and affording protection from reprisals—more employees might be willing to step forward to report problems. GAO also discovered that the statutes do not currently protect all federal employees against reprisals. The 19 agencies had mixed views on the effectiveness of the Whistleblower Protection Act of 1989. GAO summarized this report, along with other recent work on this subject, in testimony before Congress.

GAO concludes that employees are still having a hard time proving cases of reprisal and are often unaware of their right to protection; see: Whistleblower Protection: Employees' Awareness and Impact of the Whistleblower Protection Act of 1989, by Nancy R. Kingsbury, Director of Federal Human Resource Management Issues, before the Subcommittee on the Civil Service, House Committee on Post Office and Civil Service. GAO/T-GGD-93-19, Mar. 31, 1993 (seven pages).

GGD-93-67, May 11, 1993 (18 pages). Tax Administration: New Delinquent Tax Collection Methods for IRS.

If the Internal Revenue Service (IRS) is to compete successfully with private collection companies and state governments for payments from debtors, it must adopt more effective strategies for collecting delinquent taxes. IRS has traditionally followed a lengthy and rigid three-stage collection process beginning with a series of written notices, or bills; followed by telephone calls; and culminating in visits to delinquent taxpayers. Because of legal restrictions, IRS handles all aspects of delinquent tax collections itself and does not evaluate or reward its collection staff on the basis of collection performance. Because of inadequate information, IRS pursues delinquent accounts without knowing whether the amounts recorded in the accounts are valid receivables and with only limited knowledge of the characteristics of delinquent taxpayers. In contrast, many state tax departments and private sector collectors stress early telephone contact. In addition, private collectors routinely use collection performance statistics in determining pay and bonuses for collectors. These firms are also increasingly using debtor profiles to customize their debt collection procedures. For IRS to be a successful competitor, it will have to adopt more effective collection strategies and expand its use of cooperative efforts with state governments.

GGD-93-68, Mar. 31, 1993 (119 pages). Tax Policy and Administration: 1992 Annual Report on GAO's Tax-Related Work.

This report summarizes GAO's work in the tax area during fiscal year 1992. It discusses actions taken on GAO's recommendation as of the end of 1992, recommendations that GAO made to Congress before and during fiscal year 1992 that remain open, and assignments for which GAO was given access to tax information under the law. GAO's key recommendations for tax policy and administration relate to the need for improving compliance, increasing accounts receivable collections, simplifying the tax system, improving the Tax Systems Modernization Program, strengthening management practices, and enhancing the effectiveness of tax incentives.

GGD-93-69, Apr. 29, 1993 (71 pages). Prison Boot Camps: Short-Term Prison Costs Reduced, but Long-Term Impact Uncertain.

The popularity of prison boot camps—corrections facilities using military-style, basic training techniques to steer young offenders away from committing more serious crimes—continues to rise, with 26 states now running 57 camps with a total capacity of more than 8,800 inmates. Whether these boot camps will ultimately reduce costs, recidivism, and crowding remains to be seen.

Most programs are still relatively new, and few formal evaluations have been made. Preliminary information suggests that the camps reduce overall corrections costs and systemwide prison crowding because inmates are released earlier, not because the camps are less costly per inmate than other forms of imprisonment. Recidivism data are limited, but the early data show only marginal improvements over traditional forms of incarceration. As presently structured, the federal boot camp program, created in 1990, is too small to appreciably reduce overall costs, prison crowding, and recidivism in the federal prison system. With only 77 participants having completed the program, it is too early to assess the federal program's impact on recidivism.

GGD-93-70BR, Mar. 16, 1993 (64 pages). Government-Sponsored Enterprises: Changes in Securities Distribution Process and Use of Derivative Products.

During the past year, agreements between government-sponsored enterprises (GSE) and selling group dealers were revised to ensure accurate reporting and improve allocation procedures by clarifying responsibilities and improving communications. For example, the distribution of securities are now subject to audit by the GSEs, independent auditors, and internal auditors. In addition, securities are now generally allocated among selling group dealers on the basis of customer orders rather than the past practice of using historical performance by the dealers. These revised agreements should improve the integrity of the GSE securities market. Like many other investments, GSE derivative products have complex risk characteristics, including volatile yields and prices, that may make them unsuitable for some investors. Also, investors who buy these derivatives from dealers regulated by the National Association of Securities Dealers (NASD) may not be protected from sales practice abuses because NASD cannot apply most sales practice rules to the government securities activities of the dealers it examines. GAO continues to support allowing NASD to examine the sales practices of dealers' selling government securities, including GSE derivative securities.

GGD-93-71FS, Mar. 8, 1993 (17 pages). Public Affairs: Personnel Engaged in Public and Congressional Affairs in Federal Agencies.

On the basis of agency-provided data, GAO concludes that the number of full-time public and congressional affairs personnel is on the upswing. For example, agencies reported that public and congressional affairs personnel during fiscal years 1991 and 1992 totaled 6,382 and 6,673 respectively, compared with 6,293 in fiscal year 1985. Twenty-six agencies indicated either a 25-percent increase or a 25-percent decrease in full-time public and congressional affairs positions over fiscal year 1985 levels. These changes were due to either (1) agencies' increased or decreased involvement in public and congressional affairs or (2) differences in interpreting the 1985 and 1992 GAO questionnaires. Agencies reported that 320 and 329 political appointees worked in public affairs jobs in fiscal years 1991 and 1992, respectively; political appointees in congressional affairs positions totaled 372 and 366 during the same years.

GGD-93-72, Apr. 30, 1993 (92 pages). Tax Administration: Selected IRS Forms, Publications, and Notices Could Be Improved.

GAO's review of Internal Revenue Service (IRS) forms, publications, and notices did not identify any instances in which the documents failed to conform with current legal requirements or IRS guidance. But several changes could be made to improve the understandability and the usefulness of forms, publications, and notices sent to taxpayers. Generally, these changes involve the use of more-specific language, consistent terminology, and inclusion of references to other forms and publications. The taxpayer assistance telephone numbers found on IRS forms and publications are for offices that should be able to respond to taxpayers' questions. The notices GAO reviewed generally include the telephone number of an IRS service center, a district office, or a toll-free taxpayer call site.

GGD-93-73BR, June 24, 1993 (118 pages). Firearms and Explosives: Information and Observations on ATF Law Enforcement Operations.

This briefing report reviews the firearms and explosives activities of the Bureau of Alcohol, Tobacco and Firearms (ATF). Firearms investigations target violent crimes and drug crimes committed with firearms, firearms trafficking, and organized crime. Explosives investigations focus on criminal bombings, thefts of explosives, and arson. GAO answers the following questions: (1) What types of cases does ATF's Office of Law Enforcement investigate? (2) How are ATF's special agents allocated in relation to violent crime? (3) How does ATF set firearms and explosives law enforcement priorities? (4) What are the results of ATF's firearms and explosive cases? (5) How does ATF's Office of Law Enforcement use referrals from its Office of Compliance Operations? (6) How useful are ATF's firearms traces? (7) How does ATF handle firearms, explosives, and other property that it takes into custody?

GGD-93-74FS, Apr. 30, 1993 (26 pages). Political Appointees: 10 Year Staffing Trends at 30 Federal Agencies.

Political appointees at the 30 federal agencies GAO reviewed accounted for 91 percent of the nearly 2,500 appointees governmentwide as of the end of 1991. Except for cyclical drops in the number of appointees during the first year of new administrations (1989 and 1981), there was little change in the total number of appointees at the 30 agencies and governmentwide during the 10-year period. Half of all appointees governmentwide were clustered at the following eight agencies: the Departments of Commerce, Agriculture, Health and Human Services, Energy, Education, State, and Justice, and the Office of the Secretary of Defense. Governmentwide, about 29 percent of the political appointees were noncareer senior executive service appointees in 1991, with about half of the 30 agencies exceeding this governmentwide average. At several smaller agencies, all appointees were Schedule C appointees. Smaller agencies also tended to have a higher ratio of political appointees to full-time permanent employees.

GGD-93-75, Mar. 24, 1993 (40 pages). Community Based Drug Prevention: Comprehensive Evaluations of Efforts Are Needed.

The Community Partnership Demonstration Grant Program is in its third year of funding, and as much as $33 million has been reserved for local evaluation. Yet knowledge of the program's effectiveness in reducing drug abuse is limited and may not be obtainable for local evaluations. A national evaluation of the overall effectiveness of the program's approach will not be completed until 1998. Until this evaluation is finished, it will be hard for the Center for Substance Abuse Prevention, part of the Department of Health and Human Services, to show that the program is actually reducing drug abuse. Moreover, the Center will have only a limited knowledge base from which to draw in providing technical help to communities designing prevention programs.

GGD-93-76, Apr. 28, 1993 (21 pages). Resolution Trust Corporation: Timelier Action Needed to Locate Missing Asset Files.

The Resolution Trust Corporation (RTC) uses standard asset management and disposition agreement contractors to manage and dispose of

nonperforming loans, those that are at least 60 days delinquent. Before contractors can dispose of loans, however, they need documents contained in the asset files for loans assigned to them. GAO found that RTC had not effectively managed asset file transfers to contractors. Timeliness in providing files was a major problem. In some cases, even after lengthy searches for missing files, RTC waited from five months to nearly two years to withdraw the loans from contractors' portfolios. On the contracts GAO reviewed, contractors received nearly $450,000 in management fees for loans that they could neither manage nor dispose of. Although RTC's general records management procedures require field site managers to notify records managers whenever files are transferred from a thrift to another location, such as an RTC officer or loan service, this requirement was not consistently met. As a result, records managers could not always readily find asset files needed by contractors.

GGD-93-77, Apr. 30, 1993 (13 pages). Resolution Trust Corporation: Asset Purchase Option for Resolution of City Federal Savings Bank.

To help resolve City Federal Savings Bank, a failed savings and loan in New Jersey, the Resolution Trust Corporation (RTC) entered into a $3 billion asset purchase option agreement with First Fidelity Bancorporation and the investment banking firm of Goldman, Sachs & Co. GAO concludes that RTC was within its authority to use the asset purchase option as a way to avoid an insured deposit payout at City Savings. RTC experienced problems, however, in delivering to Goldman Sachs the type of assets required by the option agreement. RTC may have used questionable judgment in structuring the option's terms and conditions. RTC partially satisfied its obligation under the agreement by giving Goldman Sachs about $1 billion in assets from a failed Florida thrift. Because RTC was unable to come up with the remaining $2 billion in assets needed to comply with the agreement, it instead appointed Goldman Sachs the lead managing underwriter for two securitization transactions for which the firm will receive standard underwriting spreads. RTC officials said that in light of the problems they had experienced in complying with the agreement they did not plan to use a similar agreement in the future.

GGD-93-78, May 3, 1993 (155 pages). Tax Policy: Value-Added Tax: Administrative Costs Vary With Complexity and Number of Businesses.

For several years, a federal value-added tax (VAT) has been discussed as a way to reduce the budget deficit, reform the current federal tax system, or fund new programs. A VAT would likely be administered by the Internal Revenue Service (IRS) with the support of the Customs Service and the Federal Reserve System. GAO estimates that administering a simple, broad-based VAT in 1995 would cost the government between $1.22 billion and $1.83 billion annually, depending on the number of taxpayers subject to the tax. Were the VAT to include exemptions and multiple rates, the administration costs could run as much as $700 million higher. During the transition to a VAT, about $800 million would be needed for taxpayer education, staff training, and computer systems. A substantial amount of time—from 18 to 24 months optimally—would be needed to properly prepare for a VAT. A key element of a successful transition would be an intensive educational campaign aimed at promoting compliance. This report also discusses how alternative designs could affect administrative costs.

GGD-93-79FS, Apr. 29, 1993 (19 pages). Postal Procurement: Information on Bid Protest Activities.

This fact sheet provides statistics on recent bid protests handled by the U.S. Postal Service's General Counsel and on the agency's related procurement activities. GAO discusses (1) the number and the dollar amount of contracts awarded, (2) the average time taken to award contracts, (3) the number of bid protests filed and their disposition, (4) the number of requests for consideration filed and their disposition, (5) the average time taken to conclude protests and requests for reconsideration, and (6) the Postal Service's policy of delaying contract award or performance when protests are filed.

GGD-93-80, Apr. 8, 1993 (21 pages). Resolution Trust Corporation: Controls Over Asset Valuations Do Not Ensure Reasonable Estimates.

Resolution Trust Corporation (RTC) controls over asset valuation reviews are so lax that the reasonableness of asset valuations for failed thrifts must be called into question. During its examination of asset review sheets, GAO found (1) limited documentation supporting the methods, the assumptions, and the conclusions used in doing these asset valuation reviews; (2) minimal evidence of contractor supervisory review of the individual asset review sheets that GAO had examined; and (3) lack of evidence indicating the level and the extent of review that RTC officials exercised in assessing the adequacy of the asset review sheets. These weaknesses put RTC at risk of using inaccurate or questionable data in cost tests, which seek to identify the least costly resolution method. In addition to correcting these weaknesses, RTC could further improve the asset valuation review process by making greater use of available data in developing the asset loss figure for the cost test. Finally, RTC considers its Asset Review Evaluation System fully functional even though it has never been tested under operational conditions. RTC will need to closely

monitor the system's performance to ensure that all known system deficiencies have been corrected and that it is working properly.

GGD-93-81, Mar. 31, 1993 (7 pages). District's Workforce: Annual Report Required by the District of Columbia Retirement Reform Act.

The federal government makes annual payments to the District of Columbia retirement fund for police officers and fire fighters. To encourage the District government to control disability retirement costs, these payments must be reduced when the disability retirement rate exceeds a certain limit. GAO concludes that no reduction is required in the fiscal year 1994 federal payment to the fund.

GGD-93-82, July 1, 1993 (45 pages). Confronting the Drug Problem: Debate Persists on Enforcement and Alternative Approaches.

The federal government has steadily increased funding for drug control, from $2.8 billion in 1986 to $12 billion in 1992. Nearly 70 percent of this money has gone to law enforcement, with about 30 percent going to drug use prevention and treatment. Although supporters of the enforcement role note that drug seizures and arrests have reduced the availability and use of illegal drugs, both directly and through deterrence, advocates of alternative strategies counter that the stress on law enforcement has hardly made a dent in the nation's continuing drug problem. This report identifies a range of alternatives that rely less heavily on enforcement.

GGD-93-83BR, Apr. 2, 1993 (21 pages). Drug Control: Coordination of Intelligence Activities.

This briefing report provides information on the coordination of domestic narcotics intelligence activities. Several organizations have established intelligence centers to collect and analyze intelligence. GAO discusses (1) the number and the functions of federal counternarcotics intelligence centers, (2) duplication found among their intelligence analyses, (3) past efforts to coordinate agencies' antidrug intelligence activities, and (4) the role and authority of the Office of National Drug Control Policy and its efforts to coordinate intelligence activities.

GGD-93-84, Apr. 19, 1993 (13 pages). Environmental Protection Agency: Plans in Limbo for Consolidated Headquarters Space.

Both the Environmental Protection Agency (EPA) and the General Services Administration (GSA) agree that EPA needs a new headquarters. Until a solution is found, efforts to alleviate overcrowding and improve air quality and working conditions at EPA's current headquarters (Waterside Mall in southwest Washington, D.C.) will continue and should provide interim improvements. Although the new Federal Triangle Building initially appeared to be a promising site, neither EPA nor GSA anticipated congressional reluctance concerning EPA's occupancy of the building. In spite of a five-year lead time, GSA has been unsuccessful in securing a consolidated location for EPA. As a result, EPA will continue to spend millions on short-term leases and employee shuttle services until a long-term solution is found. GAO believes that the new administration should give prompt attention to EPA's need for consolidated headquarters space.

GGD-93-85, Apr. 27, 1993 (73 pages). Financial Disclosure: Implementation of Statute Governing Judicial Branch Personnel.

As part of a trend toward uniform ethics rules for federal employees, the Ethics Reform Act of 1989 consolidated the laws governing financial disclosure reports for high-level officials in all three branches of government. GAO reviewed the judicial branch's implementation of new provisions and found that the filing and the review of financial disclosure reports by judicial personnel in 1991 did not adequately comply with the law and was not in accordance with sound management practices. First, the implementing procedures did not identify and promptly notify all persons required to file, nor did the procedures guarantee that these individuals had actually filed reports covering the proper time period. Second, the procedures did not mandate completion of disclosure certifications within 60 days when no additional information was requested of filers. Third, the procedures did not require persons doing compliance reviews to sign the disclosure reports when they could give positive assurance opinions.

GGD-93-86, Apr. 29, 1993 (40 pages). War on Drugs: Federal Assistance to State and Local Drug Enforcement.

This report reviews federal funding and oversight of multijurisdictional task forces, local entities created to integrate federal, state, and local drug enforcement efforts. The federal government funds these task forces through the Edward Byrne Memorial State and Local Law Enforcement Assistance Program. The Justice Department, which runs the program, is required to work with state agencies to oversee the task forces and other drug enforcement projects funded by the program. This report (1) describes task force funding and its uses under the Byrne Program; (2) determines how the task forces coordinate investigations with the Drug Enforcement Administration; and (3) examines how task force activities and funding are monitored, evaluated, and reported. GAO notes that Justice staff were not making required annual visits to each state and did not always prepare required reports for visits that were made.

GGD-93-87, Aug. 4, 1993 (59 pages). European Community: Regulatory Issues in Creating a Single Insurance Market.

The European Community (EC) has developed a framework of insurance regulations for its member states in order to create a single insurance market. The framework's final provisions, however, will not be implemented by the member states until 1994. Among these are key provisions on the financial supervision of an insurance company throughout the EC by a single member state. Although the EC has already adopted the key elements of its framework of insurance regulations as envisioned under the single market program, three groups of regulatory issues remain. The first group involves several topics that EC officials acknowledge still need to be addressed. In contrast, the EC considers the second group, involving continuing regulatory differences among the member states, to be sufficiently addressed by existing member state or EC mechanisms. Finally, a third set of issues reflects uncertainties about how some elements of the system of insurance regulation adopted by the EC will work when fully implemented by the member states.

GGD-93-88, Apr. 1, 1993 (44 pages). U.S.-Chilean Trade: Developments in the Agriculture, Fisheries, and Forestry Sectors.

U.S.-Chilean trade more than doubled between 1986 and 1991. Chilean agriculture, fishery, and forestry exports to the United States have been particularly successful, and in 1991, accounted for well over half the value of Chilean exports to America. The United States, however, sells few agriculture, fishery, or forestry products to Chile. This report (1) reviews recent trends in U.S. trade with and investment in Chile for these three sectors; (2) evaluates the development of Chilean agriculture, fishery, and forestry exports to the United States; (3) analyzes the extent to which horticultural exports from Chile complement or compete with U.S. domestic production; and (4) identifies the main obstacles to bilateral agricultural trade and efforts to promote further trade liberalization.

GGD-93-89, July 23, 1993 (25 pages). Postal Service: 1992 Olympic Sponsorship—Profit or Loss Is Unknown.

In sponsoring the 1992 Olympic Games, the U.S. Postal Service made a concerted effort to track Olympic revenue and costs. Olympic sponsorship activities were so intertwined and overlapped with other Postal Service operations, however, that GAO could not verify the accuracy of key revenues and costs attributed to the sponsorship. Because certain amounts could not be measured precisely, Postal Service officials and the Postal Inspection Service could not agree on the bottom line. Whether Olympic advertising generated $43.2 million in expedited mail revenue is unknown because there is no generally accepted way to measure the specific effect of advertising on sales revenue. The Postal Service claimed $73.8 million in Olympic stamp revenue from 10 issues sold from 1990 through 1992 that contained the Olympic rings in their design. Not all of this revenue, however, should be attributed to the sponsorship. At least three of the stamps would have been issued anyway without rings, and the value added by the rings is unknown. Two others commemorated the winter and summer games, traditional stamp issues that in the past have had no connection to sponsorship. The Postal Service decided not to charge significant Olympic advertising costs to the sponsorship program. Funds in other advertising budgets that were established or planned when the sponsorship was approved were later used for Olympic advertising but not charged to the program on the basis that this money would have been spent on advertising anyway. Because the amounts at issue are unknown, GAO could not determine whether the Olympic sponsorship produced a profit or loss.

GGD-93-90BR, Apr. 8, 1993 (44 pages). Tax Administration: Information on Tax Counseling for the Elderly Program.

This briefing report provides information on the Internal Revenue Service's (IRS) grants for the Tax Counseling for the Elderly Program. Under the program, trained volunteers, who provide tax help to the elderly, may be reimbursed for their expenses associated with assisting taxpayers. The American Association of Retired Persons (AARP) continues to be the dominant program sponsor, managing a nationwide Tax Counseling for the Elderly Program with 90 percent of all federal grant funds. AARP reported that in fiscal year 1992, its volunteers helped 1.5 million taxpayers at an average cost of $2 per person. GAO discusses how much the nonprofit sponsoring organizations received in fiscal year 1992, how the funds were spent by the five organizations receiving the largest grants, and how accountable these groups are to IRS for the funds spent.

GGD-93-91BR, Apr. 26, 1993 (29 pages). Tax Administration: IRS' Test of Tax Return Filing by Telephone.

The Internal Revenue Service (IRS) is testing the filing of the simplest individual income tax return, Form 1040EZ, by using a touch tone telephone. This alternative to paper filing, known as Telefile, was first tested in Ohio in 1992 and is being retested there, along with the use of voice signatures, in 1993. The 1992 study results suggest that telephone filing is a viable alternative. Taxpayers express a willingness to file by

telephone, and most seem pleased with the experience. Taxpayers can get their refunds faster, and they have fewer computations to make. Telephone filing also means more accurate returns and less costly processing for IRS. The biggest obstacle to further expanding telephone filing involves security. Taxpayer identification, either a social security number or a personal identification number, placed on the outside label of the tax package mailed to eligible taxpayers can be easily compromised. IRS is aware of this drawback and is considering alternatives.

GGD-93-92, Apr. 20, 1993 (20 pages). Prison Inmates: Better Plans Needed Before Felons Are Released.

In studying inmates after their release from prison, GAO found that the Bureau of Prisons often failed to provide complete and timely release plans to probation officers. In more than half of GAO's sample of 73 cases, Bureau officials did not provide release plans to probation officers at least 60 to 90 days before an inmate's release. Plans were often nonexistent or lacked important information needed to monitor an inmate in the community. This shortcoming can lead to problems, such as an increased likelihood of inmates returning to crime, inmates being on the street with nowhere to go, and inmates not getting the medical or substance abuse treatment they need.

GGD-93-93, May 18, 1993 (32 pages). Tax Administration: IRS Activities to Increase Compliance of Overseas Taxpayers.

The Internal Revenue Service (IRS) has undertaken several initiatives to encourage voluntary tax compliance by Americans living overseas, including reducing taxpayer burden, increasing taxpayer education, and continuing its enforcement efforts. In spite of these efforts, IRS still lacks the data it needs to determine the full extent of nonfiling. IRS efforts to simplify filing and educate taxpayers about the filing requirements appear to be positive steps to encourage persons to file. Although the enforcement efforts GAO studied resulted in minimal revenues, IRS' plans to develop more information on the population of overseas Americans may allow it to better target its enforcement activities.

GGD-93-94, Aug. 10, 1993 (35 pages). Thrift Failures: Federal Enforcement Actions Against Fraud and Wrongdoing in RTC Thrifts.

This report contains information on the number of (1) civil actions brought by the federal government against failed thrifts, including recoveries received from professional liability suits and settlements; (2) referrals filed with the Justice Department concerning suspected criminal activity in Resolution Trust Corporation (RTC) thrifts; and (3) sentences imposed on convicted criminal wrongdoers, including the amount of fines and restitution both ordered and collected. Of the 723 savings and loans that RTC controlled as of September 1, 1992, the federal government took civil or criminal actions against individuals at 271 institutions (37.5 percent). The largest numbers of RTC thrifts were located in California, Florida, Illinois, Louisiana, New Jersey, and Texas. Generally, RTC thrifts in those locations were also associated with the greatest amount of civil and criminal enforcement activity.

GGD-93-95, Aug. 10, 1993 (32 pages). National Fine Center: Expectations High, but Development Behind Schedule.

The U.S. Courts National Fine Center, a project being developed by the Administrative Office of the U.S. Courts, is expected to centralize and streamline the government's processes for collecting, accounting, and reporting criminal debts. It will also centralize payment of restitution to crime victims and generate national statistics on the results of its debt collection efforts. Eventually, the National Fine Center is expected to link up with other federal agencies' computer systems involved in the collection process. Although the Center should address many problems that have long hampered the federal collection of criminal debts, GAO doubts whether the Center will be up and running by its 1995 target date, largely because the integration of judicial districts has fallen behind schedule. The Administrative Office of the U.S. Courts is not complying with federal requirements designed to protect the Center's database from unauthorized access. GAO has serious concerns that these disturbing computer security weaknesses could potentially threaten the entire National Fine Center system.

GGD-93-97, May 5, 1993 (50 pages). Tax Administration: Improved Staffing of IRS' Collection Function Would Increase Productivity.

Although the Internal Revenue Service's (IRS) delinquent taxpayer workload has continued to grow, productivity has varied greatly at the agency's field offices. As a result of IRS' staffing policies and procedures, some collection field offices lack enough staff to pursue the more highly productive cases while other offices have relatively more staff and are investigating cases with less collection potential. The upshot is that IRS has been unable to maximize its collection of delinquent tax debts or effectively stem the growth of its accounts receivable. If IRS continues to use a staff allocation system that does not consider marginal productivity and uses single-year workload estimates, the agency will not know the complete extent of staffing imbalances. Problems will also persist if IRS continues to rely on overall staff growth and attrition as the primary

means of eliminating field office staffing imbalances. IRS has several initiatives under way that may reduce the number of invalid accounts in the delinquent taxpayer inventory, redefine the collection function, and distribute collection functions throughout IRS. All these changes will affect collection staffing needs.

GGD-93-98, May 20, 1993 (24 pages). Prisoner Labor: Perspectives on Paying the Federal Minimum Wage.

If the prison systems GAO visited had to pay the minimum wage to their inmate workers, they would have to pay hundreds of millions of dollars more each year for the same number of hours worked. These prison systems generally considered minimum wage for inmates unaffordable, even if substantial user fees—charges for room and board—were imposed on the inmates. Prison officials consistently said that large-scale cutbacks in inmate labor were a likely and, in their view, dangerous consequence of having to pay minimum wage. They believed that less inmate work means more idle time and increased the potential for violence and misconduct. On the other hand, some groups took a more favorable view of minimum wage for inmates, believing that prison work experiences should be more like those in the general public. Minimum or prevailing wages are part of the "factories with fences" concept that many criminal justice, private industry, and other officials supported in the 1980s. This concept calls for (1) greater use of prison industries, particularly those run by the private sector, and (2) operating the industries under normal business and pay practices.

GGD-93-100FS, Apr. 27, 1993 (39 pages). Tax Administration: Examples of Waste and Inefficiency in IRS.

GAO uncovered many examples of waste and inefficiency, along with cases of abuse and employee misconduct, at the Internal Revenue Service (IRS). Many of these problems can be traced to antiquated IRS computer systems, a fragmented organizational structure, and inefficient work processes. In those cases in which the costs or lost revenues were quantified, the amounts totaled about $87 million. In some cases, the dollar effects were calculated on the basis of audit work at a few IRS locations. The dollar implications could be far greater if the examples are indicative of conditions throughout the agency. Many cases suggest that if the causes of waste, inefficiency, and abuse are not eliminated, taxpayer confidence in IRS and voluntary compliance with the tax system may be undermined. IRS recognizes these problems and is modernizing its systems and reassessing the roles and the responsibilities of its components.

GGD-93-101, May 4, 1993 (27 pages). Tax Administration: Recurring Tax Issues Tracked By IRS' Office of Appeals.

Each year, taxpayers dispute tax adjustments identified by the Internal Revenue Service (IRS) in audits. As of September 1992, about 12,000 disputed issues in IRS' data base with $99 billion in proposed income adjustments were waiting to be resolved by the Office of Appeals. GAO found that the following 14 tax code sections accounted for about 45 percent of those issues and 57 percent of the proposed adjusted amounts: trade or business expense; gross income defined; depreciation; allocation of income and deductions among taxpayers; taxable year of deduction; capital expenditures; bad debts; deductions for losses; definition of gross estate; taxable year of inclusion; net operating losses; taxes of foreign countries and U.S. possessions; last-in, first-out inventories; and taxability of corporations on distribution. Data also show that issues related to these 14 code sections accounted for an average of 44 percent of all issues resolved or closed by Appeals during fiscal years 1991 and 1992, 52 percent of the proposed adjustment amounts, and 59 percent of the proposed adjustment amounts sustained by Appeals.

GGD-93-102FS, May 26, 1993 (119 pages). Tax Administration: Trends for Certain IRS Programs.

GAO developed trend data for various Internal Revenue Service (IRS) programs. This fact sheet provides trends for some mission-related indicators that IRS has traditionally used. Most of the indicators relate to resources, such as staffing; workload, such as the number of tax returns filed; or output indicators, such as the number of audits completed. Other trends relate to some of IRS' key enforcement programs and IRS' taxpayer service and tax return processing activities. For these same programs and activities, this fact sheet also includes information on recent developments within IRS relating to performance measures and gaps in IRS' management information that GAO pointed out in earlier reports.

GGD-93-103, June 4, 1993 (18 pages). International Trade: Effectiveness of Market Promotion Program Remains Unclear.

Congress authorized more than $1.25 billion for the Market Promotion Program during fiscal years 1986 to 1993, yet GAO found no clear relationship between the amount of money spent on the program and changes in the level of U.S. agricultural exports. The program works with not-for-profit associations that either run market promotion programs themselves or pass the funds along to commercial firms to promote their own brand-name products. In addition, the U.S. Department of Agriculture (USDA) has done few evaluations of efforts funded by the program. USDA cannot

be sure that in the absence of the program, participants would not have funded these activities by themselves. USDA has not established criteria for determining when a participant's funding should be reduced or eliminated. The program's stated goals—to encourage the development, maintenance, and expansion of foreign markets for U.S. agricultural products—are so broad that they could provide a rationale for continued support under almost any market situation. GAO summarized this report in testimony before Congress; see: U.S. Department of Agriculture: Market Promotion Program Could Be More Effective, by Allan I. Mendelowitz, Director of International Trade, Finance, and Competitiveness Issues, before the Subcommittee on Foreign Agriculture and Hunger, House Committee on Agriculture. GAO/T-GGD-93-38, June 23, 1993 (22 pages).

GGD-93-104, May 10, 1993 (81 pages). Tax Policy and Administration: Improvements for More Effective Tax-Exempt Bond Oversight.

Outstanding long-term tax-exempt bond volume doubled from 1968 to 1990, to about $796 billion, while foregone federal tax revenues grew proportionally, exceeding $20 billion in 1990. Congressional concerns focused not only on the foregone revenue but also on the increasing use of tax-exempt bonds to benefit private parties and issuers earning profits by investing bond proceeds in securities at higher interest rates. As a result, Congress expanded restrictions on tax-exempt bonds. This report reviews the Internal Revenue Service's role in ensuring compliance with tax-exempt bond provisions and discusses needed improvements.

GGD-93-105, June 28, 1993 (28 pages). Thrift Failures: Actions Needed to Stabilize RTC's Professional Liability Program.

During the past year, the Resolution Trust Corporation's (RTC) professional liability program has been embroiled in controversy over its pursuit of civil claims against professionals responsible for losses at failed thrifts. Although GAO found no indication that RTC management sought to undermine the professional liability work, some risk exists that either inadequate staffing or staff inexperience at the agency could jeopardize the development of future claims. It is essential that top RTC management restore some sense of stability to the professional liability staff and continue its efforts to increase the professional liability staff to its authorized strength. Because RTC is a temporary agency, hiring and retaining attorneys in the professional liability program will be difficult. Under current law, however, the Federal Deposit Insurance Corporation (FDIC) will assume some responsibility for the professional liability program when RTC is dissolved. Therefore, RTC and FDIC need to work together to explore ways to ensure that RTC maintains a viable professional liability program and that the transfer to FDIC is smooth.

GGD-93-106, May 19, 1993 (13 pages). Resolution Trust Corporation: Status of Minority and Women Outreach and Contracting Program.

Although the Resolution Trust Corporation (RTC) took some steps in 1992 that have increased the number of contracts awarded and the amount of fees paid to minority- and women-owned businesses, RTC recognizes that work remains in key areas to achieve the goals of the Minority and Women Outreach and Contracting Program. Expanding opportunities for minority- and women-owned businesses, achieving agency goals, and ensuring that businesses claiming to be minority- or women-owned actually meet the program's requirements are key areas that require RTC's full attention. RTC intends to address these areas, in part by developing a plan to increase opportunities for businesses and law firms owned by minorities and women.

GGD-93-107, Sept. 13, 1993 (25 pages). Resolution Trust Corporation: Additional Monitoring of Basic Ordering Agreements Needed.

Poor monitoring, implementation difficulties, and weak internal controls plagued the Resolution Trust Corporation's (RTC) Western Storm project, in which RTC noncompetitively awarded a $24 million contract to reconcile asset records for 94 failed thrifts in 1992. Following Western Storm, similar shortcomings affected task order contracts at HomeFed Savings Bank in San Diego. In that case, RTC paid a contractor $7 million—about 67 cents per page for labor alone—to photocopy documents. GAO's review of task order contracts using basic ordering agreements, a contracting tool that spells out the terms for future work, showed that RTC had few assurances that field offices were complying with its policies and procedures. RTC lacked a way to ensure adequate competition for task order contracts that were awarded in response to one or two bids. GAO also found that RTC (1) did not ensure the proper use of delegated expenditure authority and noncompetitive contracting procedures and (2) made mistakes in the contractor selection process. Furthermore, RTC's task order contracts sometimes lacked provisions that would have protected the government's interest. Although RTC has revised its contracting manual and started additional contract oversight programs, better controls are needed. RTC has revised its guidance to define acceptable competition for task order contractors, which should increase the flexibility that RTC staff have in determining the extent of competition. To ensure that this flexibility does not

result in few responsive bidders, RTC needs to closely monitor the contractor selection process.

GGD-93-108, May 17, 1993 (15 pages). Futures Markets: Preliminary Information Related to a Futures Transaction Fee.

Shortly after GAO began studying the feasibility of funding the Commodity Futures Trading Commission (CFTC) through a futures transaction fee, the administration proposed instituting a fee on all U.S. futures transactions to cover CFTC's costs. GAO, anticipating congressional deliberation over the transaction fee proposal, prepared this report, which provides preliminary information on the fees charged by (1) federal regulators of financial markets and institutions, (2) futures and securities exchanges, and (3) foreign countries that account for the majority of global futures trading volume.

GGD-93-109, June 8, 1993 (61 pages). Tax Policy: Puerto Rico and the Section 936 Tax Credit.

This report presents information on proposals that would revise the Internal Revenue Code section 936 tax credit, which mainly affects Puerto Rico and the subsidiaries of U.S. companies that operate there. Under section 936, income earned by U.S. firms from operations in U.S. possessions is exempt from federal corporate income taxes. Section 936 also exempts income from some passive investments of section 936 corporations in U.S. possessions and other qualified locations. GAO provides background information, discusses issues concerning estimating the effects of alternatives to the section 936 tax credit, and examines the multiplier effects of section 936 firms on the Puerto Rican economy. GAO also summarizes information on changes in the Puerto Rican economy since 1971 and the distribution of tax benefits, employment, and compensation among section 936 manufacturing firms.

GGD-93-110, June 22, 1993 (30 pages). Long-Term Care Insurance: Tax Preferences Reduce Costs More for Those in Higher Tax Brackets.

A wide range of proposals have been made to increase incentives to buy long-term care insurance. Some of these proposals seek to clarify the tax treatment of payments from long-term care insurance policies and long-term care riders to life insurance policies. Others seek to liberalize tax treatment either by allowing long-term care insurance premiums to be deductible or by allowing payments from policies to be tax-exempt. This report does not discuss specific proposals but instead examines generic types—including pension, life insurance, and health insurance—and shows how the related tax incentives would affect the price of long-term care insurance depending upon (1) the age and tax bracket of the consumers and (2) whether the coverage is employer provided or individually purchased. GAO also examines how these alternative tax treatments would affect the lifetime benefits and costs of individuals of different ages and tax brackets.

GGD-93-111, June 30, 1993 (45 pages). Customs Service and INS: Dual Management Structure for Border Inspections Should Be Ended.

The Customs Service and the Immigration and Naturalization Service (INS) have a long history of interagency rivalry coupled with ineffective cooperation and coordination relating to border crossing operations. These problems still exist today, even though the agencies share responsibility for primary inspections at border crossings. These unproductive conditions appear to be deeply ingrained in the management of these two agencies, and GAO concludes that a single independent agency combining the functions of both Customs and INS is the most viable option to address the challenges posed by changing international business competition and increasing international migration flows.

GGD-93-112FS, June 11, 1993 (15 pages). International Taxation: Taxes of Foreign- and U.S.-Controlled Corporations.

This fact sheet provides information on corporations that paid little taxes. GAO (1) determines how many taxpaying corporations in various asset categories paid a minimal amount of income tax in 1989 and (2) identifies the specific line items on the tax returns that accounted for the differences in the cost of goods sold reported by foreign- and U.S.-controlled corporations. GAO notes that more than 40 percent of very large corporations doing business in the United States—those with assets of $250 million or more—either paid no income taxes or paid income taxes of less than $100,000. This was true of both foreign- and U.S.-controlled corporations.

GGD/RCED-93-113, June 3, 1993 (25 pages). Net Farm Income: Primary Explanations for the Difference Between IRS and USDA Figures.

The net farm income figures reported by the Internal Revenue Service (IRS) and the U.S. Department of Agriculture (USDA) differ by billions of dollars each year. In 1989, IRS showed net farm income at $4.2 billion, while USDA pegged it at $49.9 billion. GAO identified the following five explanations for the difference: (1) IRS and USDA figures are derived from two different populations; (2) USDA's net farm income figures included noncash income items that IRS excludes from its figures; (3) IRS and USDA report some sales of livestock differently; (4) IRS and USDA account for depreciation

differently; and (5) IRS' net farm income figures are understated because some tax filers erroneously report farm income and expenses. In any case, data users should be cautious when using either agency's aggregate figures to draw conclusions about the financial condition of U.S. farms. For instance, in 1989, individual filers reported an aggregate net farm loss of $214 million on their tax returns. Yet this aggregate figure did not reflect the fact that the only groups of individual tax filers reporting overall net farm losses were those with adjusted gross incomes of less than $20,000 or more than $200,000.

GGD-93-115, July 7, 1993 (23 pages). Resolution Trust Corporation: 1992 Washington/Baltimore Auctions Planned and Managed Poorly.

At Washington/Baltimore real estate auctions held in April and May 1992, the Resolution Trust Corporation (RTC) sold 101 assets with a book value of nearly $44 million and realized net proceeds of about $19 million; settlement on six assets was still pending about seven months after the auctions. To maximize its recoveries, RTC could have better planned and managed these auctions. RTC should have provided more complete and accurate asset information, allowed potential buyers more time to conduct due diligence, and better prepared the assets for sale. Because of these shortcomings, closings were delayed, contracts canceled, and recoveries reduced. GAO's analysis of these sales shows different results from what RTC reported to Congress—RTC's report did not include net recoveries, though required by law. Instead, RTC reported only gross sales proceeds. Further, RTC underreported the book value of assets sold at these auctions because it did not include all the assets offered in the auctions and did not amend the data.

GGD-93-116, July 23, 1993 (32 pages). Resolution Trust Corporation: Loan Portfolio Pricing and Sales Process Could Be Improved.

Although Resolution Trust Corporation (RTC) policy states that loan portfolio characteristics should provide the basis for setting a reserve price before a loan portfolio is offered for sale, three of four RTC offices GAO visited did not follow this guidance. These offices routinely set reserve prices at 85 percent of the loan portfolios' book values because these were the minimum reserve prices that could be approved locally. As a result, RTC could not evaluate the reasonableness of bids or determine whether it was maximizing recoveries on loan portfolio sales. Although the 60 investors GAO surveyed generally gave high marks to RTC's loan portfolio sales process, they did have concerns about (1) vague announcement letters for loan offerings, (2) inaccurate portfolio information in bid packages, (3) late notification of bidding results, and (4) nonresponsiveness to problems after loan sales were closed. Some investors said that these problems discouraged participation or caused them to submit lower bids in RTC loan portfolio sales. In addition, RTC headquarters did not systematically collect, summarize, and analyze loan portfolio sales results.

GGD-93-117, June 17, 1993 (12 pages). White House: Acquisition of Automated Resume Processing System.

The White House acquired the Resumix computer system to process the flood of resumes of individuals seeking presidential appointments. Resumix appeared to have several advantages over the existing White House system, boasting more modern, less labor-intensive technology as well as potential cost savings. Also, with the large number of resumes expected, it seems unlikely that the existing system could have met the President's needs within the required deadlines. Efforts to meet federal contracting regulations governing sole-source contracting, however, had not been completed as of June 1993—four months after Resumix was leased. Although it was understandable that these were not met before Resumix was leased in February 1993, it would have been better business practice to meet them before the end of the three-month period. GAO found no evidence to support newspaper accounts of problems with the Resumix operations or the possibility of financial ties of key White House personnel with the system's suppliers.

GGD-93-119, June 30, 1993 (22 pages). Federal Employment: Inquiry Into Sexual Harassment Issues at Selected VA Medical Centers.

According to records at the Department of Veterans Affairs' (VA) Office of Equal Employment Opportunity, complaints about sexual harassment were filed at 109 of 171 VA medical centers during fiscal year 1992. The number of reported complaints, however, may be a poor indicator of the extent of sexual harassment at a particular facility. At the Atlanta Medical Center, for example, no complaints were made, but the facility was later found to have serious sexual harassment problems. The allegations at the 12 VA medical centers GAO visited involved a host of behaviors, including sexual innuendos, pressure for dates, touching, and pressure for sex. Although the total number of complaints and allegations of sexual harassment was small when compared with the overall number of VA employees, sexual harassment appeared to be more likely at some centers than at others. Also, alleged incidents of sexual harassments are underreported under VA's current system. The new Secretary of Veterans Affairs has issued several communications to employees and managers underscoring his commitment to "zero

tolerance" for sexual harassment. He said that there must be no reprisals against employees who make sexual harassment and other equal employment opportunity complaints and that agencywide training on sexual harassment would be mandatory.

GGD-93-120, Aug. 10, 1993 (42 pages). Agricultural Trade: Significance of High-Value Products as Agricultural Exports.

This report examines the status of U.S. exports of high-value agricultural products as well as the economic benefits of exporting them. GAO (1) presents background information on exports of these products and discusses the importance of a governmentwide strategy for guiding U.S. export promotion programs; (2) provides a brief analysis of U.S. and world trade statistics for these products; (3) examines the economic issues associated with the export of high-value products and bulk commodities; (4) summarizes the types of export assistance programs and services provided by the Agriculture Department for high-value product exports and addresses Agriculture's progress in developing a long-term agricultural trade strategy; and (5) gives information on high-value product export assistance provided by the top 10 agricultural exporting states.

GGD-93-121, Sept. 7, 1993 (37 pages). Bank Regulation: Regulatory Impediments to Small Business Lending Should Be Removed.

Congress, the administration, and bank and thrift regulators should be extremely cautious in considering short-term measures to encourage more liberal lending practices by insured institutions. Commercial banks remain the dominant suppliers of credit to small- and medium-sized businesses, which have become the main source of job growth in this country. According to the Census Bureau, most of the net increase in employment during the 1980s occurred in companies with fewer than 100 workers. In GAO's view, however, it would be imprudent to periodically weaken and tighten bank regulation in response to recession and inflation. This report identifies areas in which the regulatory burden on small business lending could be safely reduced. GAO summarized this report, along with proposed legislation that would ease the regulatory burden on safe, sound, and well-managed financial institutions, in testimony before Congress; see: Bank and Thrift Regulation: FDICIA Safety and Soundness Reforms Need to Be Maintained, by Donald H. Chapin, Assistant Comptroller General for Accounting and Information Management Programs, before the Subcommittee on Financial Institutions Supervision, Regulation, and Deposit Insurance, House Committee on Banking, Finance and Urban Affairs. GAO/T-AIMD-93-5, Sept. 23, 1993 (22 pages).

GGD-93-122, July 16, 1993 (7 pages). Priority Mail: Advertised 2-Day Service Is Not Guaranteed.

Postal Service advertisements on television and elsewhere suggest that Priority Mail will be delivered anywhere in the continental United States within two days. Although not mentioned in the ads, the Postal Service makes no guarantee that delivery will actually meet that deadline. The Service's second quarter fiscal year 1993 Priority Mail processing data show that Priority Mail was processed and available for delivery within two days about 77 percent of the time, on average. Postal Service data on actual total delivery time for Priority Mail are unavailable. The Postal Service has studied the matter and has decided to change its advertising and take steps to improve Priority Mail delivery service.

GGD-93-123, Aug. 25, 1993 (96 pages). Multiple Award Schedule Contracting: Changes Needed in Negotiation Objectives and Data Requirements.

Federal agencies buy billions of dollars worth of goods and services each year through the General Services Administration's (GSA) multiple award schedule program—everything from desks and paper to mainframe computers. GAO discovered that the program's prices for top-selling items were higher than those charged the public or state governments. GAO believes that the program policy statement is ambiguous as to whether GSA may consider the discounts that program offerors give to dealers, distributors, and original equipment manufacturers when GSA sets the government's negotiation objective. At times, GSA contracting staff used these customers' discounts; at other times, they did not. GAO believes that GSA should consider the discounts that offerors give to all types of customers but must take into account differences in terms and conditions between customers in the multiple award schedule program and other customers. GSA needs information from program offerors to determine the reasonableness of their prices. GAO believes that program data requirements should be clear and consistent with the negotiation objectives and should be the minimum needed to establish price fairness. GSA should be able to obtain data from manufacturers to establish the reasonableness of certain dealers' prices.

GGD-93-124, Aug. 9, 1993 (124 pages). Competitiveness Issues: The Business Environment in the United States, Japan, and Germany.

In recent years, major U.S. industries, such as the automobile and steel industries, have lost significant market shares to foreign firms both at home and abroad. Concerns about the

competitiveness of the U.S. economy have grown. This report examines the government policies, corporate structures, and financial and operating business practices in the United States and two of its major competitors, Japan and Germany, that explain each nation's competitive advantages and disadvantages.

GGD-93-125, July 7, 1993 (23 pages). International Trade: Changes Needed to Improve Effectiveness of the Market Promotion Program.

Although the Foreign Agricultural Service (FAS) has tried to focus and tighten requirements for Market Promotion Program funding, more changes are needed to ensure that program funds are being used effectively. GAO believes that the program's current funding process fails to address several important factors. FAS has no guarantee that program funds are being used to increase the overseas promotional activities of commercial firms rather than simply replacing funds that would have been spent anyway. In addition, there are no criteria addressing the graduation from the program of participating commercial firms. FAS also has not developed criteria governing the participation of foreign versus domestic firms and large versus small firms. Lastly, FAS has only limited information on the U.S. content and processing of products promoted with program funds—one of the criteria used in funding decisions. FAS believes that it has received conflicting guidance from Congress and that it would benefit from explicit legislation clarifying the program's objectives.

GGD-93-126, July 12, 1993 (91 pages). Intellectual Property Rights: U.S. Companies' Patent Experiences in Japan.

More than three times as many of the U.S. companies responding to a GAO survey were dissatisfied with their overall patent experiences in Japan as compared with those in the United States and Europe; among the most frequently cited problems in obtaining Japanese patents were the long delays, the costs, and the narrow scope of patent protection granted. Other problems, however, were U.S. firms' lack of understanding of the Japanese patent system, translation difficulties, and poor communication between U.S. companies and their Japanese patent representatives. Currently, multilateral efforts are under way to harmonize international patent procedures through the World Intellectual Property Organization, a United Nations agency. The proposed harmonization changes address many concerns raised by U.S. companies about patent protection in Japan. GAO summarized this report in testimony before Congress; see: Intellectual Property Rights: U.S. Companies' Comparative Patent Experiences in Japan, Europe, and the United States, by Allan I. Mendelowitz, Director of International Trade, Finance, and Competitiveness Issues, before the Subcommittee on International Trade, Senate Committee on Finance. GAO/T-GGD-93-36, July 22, 1993 (30 pages).

GGD-93-127, July 26, 1993 (19 pages). Resolution Trust Corporation: Better Assurance Needed That Contractors Meet Fitness and Integrity Standards.

As of the start of 1993, the Resolution Trust Corporation (RTC) had awarded more than 105,000 business contracts with estimated fees of $3 billion and paid another $818 million for help with nearly 80,000 legal matters. RTC relies mainly upon contractor self-certifications that they meet fitness and integrity requirements. Without accurate information and a concerted effort to track contracts or contractors that warrant background checks, however, RTC cannot be sure that it will spot contractors that fall short of its fitness and integrity standards. Moreover, no background checks are required for legal contractors. RTC's responsibility to ensure that business and legal contractors meet fitness and integrity standards does not end when a contract is awarded. RTC plans to beef up oversight of its contractors' compliance with fitness and integrity requirements, including compliance with waiver requirements, such as screens. These actions should strengthen oversight efforts and provide RTC with greater assurance that contractors are complying with the terms of their contracts.

GGD-93-128, July 20, 1993 (178 pages). Resolution Trust Corporation: Summary of GAO Products.

This report summarizes all issued GAO products on the Resolution Trust Corporation (RTC) and related issues, updates RTC's responses to GAO's recommendations, and discusses the applicability to RTC of federal regulations limiting the contracting out of inherently governmental functions. GAO's high-risk series of reports and 1993 performance assessment testimony on RTC pinpointed several areas at RTC needing immediate attention. These include (1) better planning of real estate disposition to ensure maximum recoveries on sales, (2) establishing a comprehensive system of contract oversight, and (3) improving the integrity of the Real Estate Owned Management System data and the Asset Manager System. Although RTC relies heavily on contractors, it is not subject to Office of Management and Budget rules limiting contracting out of inherently governmental functions. Further, although contracting rules state that it will retain governmental functions, RTC has neither defined these functions nor issued rules for comparing the costs of contracting out with those of using federal workers.

GGD-93-129, July 20, 1993 (29 pages). U.S.-Mexico Trade: The Maquiladora Industry and U.S. Employment.

U.S. trade and investment in Mexico have soared in recent years. Between 1985 and 1992, U.S. merchandise exports to Mexico tripled in nominal (not adjusted for inflation) terms, while imports from Mexico grew by about 80 percent. Between 1985 and 1991, the cumulative stock of U.S. direct foreign investment in Mexico more than doubled, from $5.1 billion to $11.6 billion. Precise data are unavailable on the proportion of U.S.-Mexican trade and investment involving maquiladora firms. Studies of the maquiladora's impact on U.S. employment are divided, and it is hard to know which assessment, if any, is reliable. Although these studies suggest that export to maquiladoras support some U.S. jobs, they also show that maquiladora production—most of which the United States imports—has displaced other U.S. jobs.

GGD-93-130, Aug. 18, 1993 (10 pages). Securities and Exchange Commission: Delays in Processing Time-Sensitive Stock Filings.

The Securities and Exchange Commission's (SEC) goal is to disclose time-sensitive information about securities, such as takeover offers or purchases of more than five percent of a company's stock, to the public within one hour of receipt. During the first quarter of 1993, however, SEC sometimes took two business days or longer to reveal information it had received on changes in stock ownership. Nearly all of these delays occurred when documents were mailed to SEC and processed by SEC mail room personnel, who have little understanding of the time-sensitive nature of this material. The guidance they receive does not provide for the prompt delivery of this information for release to the public. Consequently, the public often ends up making investment decisions without the benefit of important securities market information. Although SEC has since changed its mail room procedures to improve the handling of time-sensitive information, it may want to consider additional alternatives, such as requiring all time-sensitive filings to be delivered to SEC's Document Control Unit.

GGD-93-131, Sept. 23, 1993 (47 pages). Corporate Taxes: Many Benefits and Few Costs to Reporting Net Operating Loss Carryover.

This report provides information on corporate net operating losses, which take place when allowable deductions exceed gross income for a tax year. Within limits, tax law allows taxpayers to carryover such losses to offset profit reported in other tax years. Specifically, the carryover amount can be used as a net operating loss deduction to reduce or fully offset tax liability. GAO (1) estimates the amount of corporate net operating loss carryovers from past years, (2) evaluates Internal Revenue Service (IRS) taxpayer instructions on how to use such loss carryovers, (3) analyzes an IRS proposal to modify corporate tax returns to include the reporting of loss carryover amounts, and (4) analyzes IRS' enforcement efforts on corporate net operating losses and net operating loss deductions reported by corporations. GAO also provides statistics on such subjects as net operating loss carryover by industry and the highest deduction items contributing to these losses.

GGD-93-132, Sept. 28, 1993 (102 pages). Federal Judiciary Space: Long-Range Planning Process Needs Revision.

The process used by the federal judiciary to estimate its long-range space needs is plagued by problems that call into question the accuracy of the judiciary's projections. GAO found that not all judicial districts were treated equally, existing space plus unmet needs for authorized staff was accepted as a baseline without questioning its appropriateness given a district's current caseload, and projection methods were not statistically sound and involved a high level of subjectivity. Overall, the judiciary's projections were 16-percent higher than GAO's estimates. The judiciary's projections involved an overestimate of about $112 million annually, or $1.1 billion during a 10-year period. GAO recognizes the difficulty of projecting future space needs with precision. By changing its process, however, the judiciary could obtain more-reliable estimates of future space needs and provide a better basis for decisionmaking. GAO summarized this report in testimony before Congress; see: Federal Judiciary Space: Long-Range Planning Process Needs Revision, by Charles I. Patton, Associate Director for Federal Management Issues, before the Subcommittee on Public Buildings and Grounds, House Committee on Public Works and Transportation. GAO/T-GGD-94-18, Oct. 7, 1993 (six pages).

GGD-93-133, Aug. 13, 1993 (27 pages). Tax Administration: Computer Matching Could Identify Overstated Business Deductions.

The Internal Revenue Service (IRS) can reap substantial benefits by instituting computer matching for the more than 1 billion information returns that businesses file each year. Matching involves comparing expenses, or payments, that businesses deduct on their tax returns with the same expenses they report in information returns, such as wages on Form W-2. Currently, IRS audits very few businesses, allowing billions of dollars in overstated deductions and unfiled returns to go undetected. In GAO's view, reverse matching wages is feasible and could generate large tax revenues. Reverse matching for other deductions has potential but is

less feasible because of limitations, such as the gap in information reporting. However, GAO believes that Tax Systems Modernization, IRS' major automation effort, and other proposed changes can overcome many of these problems. For example, reverse matching for bad debts should be feasible if Congress requires businesses to file information returns on bad debts.

GGD-93-134, Sept. 7, 1993 (40 pages). Document Security: Justice Can Improve Its Controls Over Classified and Sensitive Documents.

The increasing strength and boldness of drug-trafficking cartels, organized crime families, and terrorists make it essential that the Justice Department adequately safeguard its classified and sensitive information. Security breaches could have deadly consequences if the identities of law enforcement officers, witnesses, and others were leaked. Although Justice has a framework of regulations governing the handling of this material, which includes everything from grand jury investigations to tax cases to national security matters, GAO found instances in which Justice's document security could be beefed up. First, Justice's Security Compliance Group should consider increasing the number of security reviews that it does each year at Justice locations across the country. Second, although the Federal Bureau of Investigation (FBI) has identified many security violations within its headquarters building—nightly security patrols discovered about 4,400 security violations between 1990 and 1992—disciplinary actions taken against violators did not fully comply with FBI guidelines. Third, to ensure that all classified documents are delivered properly via the interoffice courier mail systems, established controls for sending classified documents should be followed more closely.

GGD-93-137, Sept. 9, 1993 (166 pages). North American Free Trade Agreement: Assessment of Major Issues.

The North American Free Trade Agreement (NAFTA), a dramatic step in the process of North American economic integration, has generated much controversy over its potential impact. In the first volume of this report, GAO briefly summarizes major provisions of the agreement and discusses their broad effects on the economy, the environment, labor, and immigration. In the second volume, organized as a sourcebook, GAO gives more detail on specific provisions of the agreement. In particular, GAO examines the objectives of the negotiators from each country, the major components of the agreement, and the unresolved issues. The sourcebook provides information on NAFTA's (1) provisions to liberalize trade and investment in North America, (2) special provisions for trade-sensitive economic sectors, (3) rules to implement the agreement, and (4) potential impacts. GAO concludes that the agreement will yield both costs and benefits, with some sectors of the U.S. economy and work force shouldering a larger burden. For example, NAFTA may produce benefits at the macroeconomic level but at the expense of job losses in some industries, particularly among low-skilled workers. GAO notes significant weaknesses in the two major federal programs intended to help the adjustment of unemployed workers. GAO summarized these reports in testimony before Congress; see: North American Free Trade Agreement: A Focus on the Substantive Issues, by Alan I. Mendelowitz, Director of International Trade, Finance, and Competitiveness Issues, before the Subcommittee on Trade, House Committee on Ways and Means. GAO/T-GGD-93-44, Sept. 21, 1993 (18 pages).

GGD-93-138, Sept. 23, 1993 (19 pages). Federal Personnel: Employment Policy Challenges Created By an Aging Workforce.

A major demographic swing is under way in the government workforce. The "baby boomers" are approaching retirement eligibility, and a much smaller pool of workers is expected to follow. The federal government may have a hard time hiring the people it needs if, as expected, older workers start leaving the government in unprecedented numbers. Like most other employers, the federal government has not developed a strategy to deal with the effects of its aging workforce. Yet older-worker programs could hold great promise: many older federal workers have indicated that they might extend their careers if appropriate incentives were available. Not all older persons are willing, able, or qualified to remain in the workforce, however, and younger people will continue to need employment and advancement opportunities. Thus, care must be exercised in determining whether federal employment policies should be revised to make more effective use of older workers.

GGD-93-139, Sept. 27, 1993 (13 pages). Resolution Trust Corporation: Data Limitations Impaired Analysis of Sales Methods.

Although the Resolution Trust Corporation (RTC) used appropriate statistical methods in its publication entitled Hard-to-Sell Assets Review Project, data limitations hindered its efforts to analyze three of its sale strategies: (1) Standard Asset Management and Disposition Agreement contractor sales, (2) portfolio sales, and (3) auction sales. The results of RTC's statistical analysis of hard-to-sell assets were compromised because RTC did not always have enough sales and other financial data to assess the effectiveness of its asset disposition strategies. Accurate and complete

asset sales and financial information would allow RTC to better manage its inventory and better assess its asset disposition programs. Also, this information will be needed to carry out the Secretary of the Treasury's request that RTC develop a comprehensive business plan that includes a strategy to maximize returns from the sale of its large inventory of hard-to-sell assets. Therefore, GAO recommends that RTC improve its methods for collecting and summarizing this information.

GGD-93-143, Sept. 30, 1993 (9 pages). White House Travel Office.

This interim report updates the status of GAO's ongoing investigation of the White House travel office. GAO cautioned Congress earlier this year that its review was unlikely to be completed by the statutory deadline of September 30. GAO has encountered delays in negotiating access to key individuals and information. Because of balance-of-power concerns, the White House traditionally has been reluctant to open its operations to GAO review. Further limitations have been imposed by the ongoing Justice Department and FBI criminal investigations into allegations of misconduct. Finally, GAO is having to adhere carefully to Internal Revenue Service regulations that prohibit the release of information about taxpayers unless the taxpayer consents. GAO is making progress in establishing suitable procedures, however, and its access to records and individuals is beginning to accelerate.

GGD-93-144, Sept. 29, 1993 (85 pages). Drug Control: Reauthorization of the Office of National Drug Control Policy.

Although the Office of National Drug Control Policy (ONDCP) has reported a drop in casual drug use, no indication exists that progress has been made on the second front of the drug war—the fight against hard-core drug use. ONDCP, if reauthorized, must do a better job of assessing progress being made under the national drug control strategies. Also, ONDCP and the federal drug control agencies need to cooperate more to develop, assess, and coordinate national drug control policy. In particular, ONDCP and the Department of Health and Human Services (HHS) have had major disagreements over the collection of drug data, and ONDCP has threatened to withhold clearance of drug surveys to obtain HHS compliance with ONDCP requests—a move that GAO considers inappropriate. The three-tiered budget review and certification process envisioned by the Anti-Drug Abuse Act of 1988 has proven impractical. Because of staff constraints and other factors, ONDCP has limited its reviews mainly to agency budgets and has only selectively certified program-level budgets. The Pentagon submits its drug budget to ONDCP but does not provide a breakdown of separate "agency" drug budgets, making budget comparisons among agencies difficult. Because of the continuing need for a central planning agency to lead and coordinate the nation's drug control efforts, GAO concludes that ONDCP should be reauthorized. GAO summarized this report in testimony before Congress; see: Drug Control: Reauthorization of the Office of National Drug Control Policy, by Henry R. Wray, Director of Administration of Justice Issues, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-GGD-94-7, Oct. 5, 1993 (29 pages).

GGD-93-145, Sept. 24, 1993 (112 pages). Tax Policy: Earned Income Tax Credit: Design and Administration Could Be Improved.

In 1990, Congress changed the qualifications for and substantially increased the size of the earned income tax credit, partly to make the overall federal tax system more progressive. Since then, several proposals have been introduced in Congress that would further boost the size of the credit to improve the economic situation of low-income workers with families and to make the tax system even more progressive for low-income households. This report assesses whether the earned income credit is achieving its objectives and discusses problems that the Internal Revenue Service has encountered in administering the credit. GAO (1) examines how the benefits are distributed among taxpayers, (2) measures the extent to which the credit offsets the payroll tax and increases the progressivity of the federal tax system, and (3) estimates the effect of the credit on work incentives. GAO also examines how IRS has tried to ensure that the maximum number of qualified recipients receive the credit without unduly increasing the number of illegitimate claims.

GGD-93-148, Sept. 9, 1993 (32 pages). Personnel Practices: Retroactive Appointments and Pay Adjustments in the Executive Office of the President.

Retroactive appointments were common during the early months of the Clinton administration. Through April 14, 1993, the White House made 611 new appointments, 136 of which were retroactive to the first pay period of the new administration. Retroactive salary payments totaled about $335,000, ranging from $88 to $11,500. White House personnel files certified that the staffers had actually worked during the retroactive periods, and GAO concludes that they were entitled to be paid for their work. Although some retroactive appointments may be unavoidable during any change of administration, several irregular personnel actions also occurred. For example, 25 new appointees ended up being paid simultaneously by the White House and the General Services Administration's presidential transition appropriations. GAO also found

one case in which annual leave was advanced improperly, one instance in which a staffer was kept on the payroll after his temporary appointment had expired, and nine cases in which employees were overpaid. Efforts are under way to correct these problems. The White House and the Justice Department believe that the President has absolute authority to make retroactive pay adjustments and need not justify his actions, so long as the compensation is for services performed and does not exceed the specified pay cap. On that basis, GAO concludes that the retroactive pay increases were proper; however, GAO has reservations about whether this broad interpretation of the law clearly reflects Congress' intent concerning the scope of the President's authority.

GGD-93-152BR, Sept. 23, 1993 (50 pages). Federal Data Collection: Status of 1992 Agriculture and Economic Censuses and Future Challenges.

The Agriculture and Economic Censuses, taken every five years, yield comprehensive statistics on the status of the agricultural sector and the U.S. economy at the national, state, and local levels. These data are used in everything from gross domestic product calculations to private sector marketing and research. This briefing report updates the status of the two censuses, including progress to date and any changes made.

GGD-93-154, Sept. 24, 1993 (9 pages). International Finance: Recent Developments in Foreign Exchange Markets.

Foreign exchange currency trading has grown tremendously in the last decade because of the globalization of financial markets and increased international commerce and investment. Although fundamental economic forces determine long-term exchange rates, the complexity and the variability of these forces make predicting short-term rates highly uncertain. Speculation adds liquidity and flexibility to the market and can be stabilizing. The risks of such speculation, however, create concerns for policymakers. Some recent academic studies suggest that within limits, government intervention can influence short-term movement of exchange rates. Nevertheless, recent experiences with the European Community's exchange rate mechanism demonstrate that exchange rates cannot be sustained at levels that ignore changes in economic fundamentals.

Testimony

T-GGD-93-1, Jan. 28, 1993 (15 pages). Bank and Thrift Failures: The Government Could Do More to Pursue Fraud and Wrongdoing, by Harold A. Valentine, Associate Director, Administration of Justice Issues, before the National Commission on Financial Institution Reform, Recovery and Enforcement.

Fraud and wrongdoing played a big role in the bank and thrift crisis. Criminal referrals involving former directors, officers, and other principal officials have been filed in connection with nearly half of the failed institutions; negligence by these individuals was suspected in more than 75 percent of these banks and thrifts. GAO testified that the Justice Department, Federal Deposit Insurance Corporation (FDIC), and Resolution Trust Corporation (RTC) could be doing much more to address criminal fraud and civil wrongdoing. Justice has not adequately coordinated or managed the government's efforts to investigate and prosecute criminal fraud. In short, its reaction to this crisis has been "business as usual." FDIC and RTC have also failed to do all they could to pursue professional liability claims against former directors, officers, and other professionals at failed banks and thrifts. GAO makes a number of recommendations aimed at strengthening the federal response to fraud, negligence, and other wrongdoing in financial institutions. GAO also supports stronger oversight of the nation's financial institutions—a move that is critical to identifying unsafe and unsound practices before they threaten the viability of banks and thrifts.

T-GGD-93-2, Oct. 1, 1992 (23 pages). Federal Affirmative Employment: Status of Women and Minority Representation in Federal Law Enforcement Occupations, by Bernard L. Ungar, Director, Federal Human Resource Management Issues, before the Investigations Subcommittee, House Committee on Post Office and Civil Service.

This testimony focuses on the representation of women and minorities in law enforcement jobs in the Justice Department, Treasury Department, and U.S. Postal Service. Although the number of women and minorities in these occupations has increased in general since 1987, this gain did not always translate into a larger percentage of an agency's law enforcement jobs. Full representation is not yet a reality in many instances. Furthermore, when women and minority profiles in 1991 were compared against women and minority profiles in relevant civilian labor force data from the 1990 census, women and minorities were often underrepresented in the occupations GAO reviewed. The percentage of women in the major law enforcement occupation—criminal investigation—is relatively slight, and no women are in criminal investigation jobs at the executive level in the Justice and Treasury Departments.

T-GGD-93-3, Jan. 27, 1993 (38 pages). Banks and Thrifts: Safety and Soundness Reforms Need to Be Maintained, by Charles A. Bowsher, Comptroller

General of the United States, before the Senate Committee on Banking, Housing and Urban Affairs.

In this testimony, the Comptroller General discusses the following key safety and soundness provisions of the landmark Federal Deposit Insurance Corporation Improvement Act of 1991: (1) the condition of the banking and thrift industries and the funds that insure them; (2) two concerns being raised prominently today—the volume of bank lending and regulatory burden; and (3) the implications of all of this for congressional oversight and the legislative agenda for banking. GAO's overriding message is the importance of following through on the implementation of the key safety and soundness provisions of the 1991 legislation. Much remains to be done to realize the act's potential to help both the industry and the deposit insurance system regain sound financial footing. The banking industry reported strong earnings performance in the first nine months of 1992, and welcome signs exist that the health of much of the industry is improving. Even so, the future of both the economy and the banking system remains uncertain. Furthermore, the deposit insurance funds for both banks and thrifts are severely undercapitalized.

T-GGD-93-4, Feb. 3, 1993 (17 pages). Tax Administration: Status of Tax Systems Modernization, Tax Delinquencies, and the Tax Gap, by Jennie S. Stathis, Director, Tax Policy and Administration Issues, before the Treasury-Postal Service and General Government Subcommittee, House Committee on Appropriations.

This testimony, which draws on GAO's December 1992 transition series report on the Internal Revenue Service (IRS) (GAO/OCG-93-24TR), discusses three of the most critical issues facing the agency: (1) managing the $23 billion Tax Systems Modernization program, (2) collecting $30 billion in delinquent taxes, and (3) reducing a $114 billion tax gap. These issues are related. IRS would be better able to collect delinquent taxes and reduce the tax gap if its employees had on-line access to information when they need it—a basic goal of Tax Systems Modernization. GAO cannot overemphasize the importance of modernizing IRS's outdated systems. Dramatic improvements in IRS' ability to collect delinquent taxes and reduce the tax gap will only come about, in GAO's view, through fundamental changes in the way IRS does business. GAO spells out several potential obstacles to successful implementation of Tax Systems Modernization.

T-GGD-93-5, Feb. 23, 1993 (28 pages). U.S. Department of Agriculture: Better Management Could Increase Effectiveness of FAS Export Operations, by Allan I. Mendelowitz, Director, Financial Institutions and International Trade, before the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee, House Committee on Appropriations.

Subsidized agricultural export competition has intensified, and agricultural trade has become a point of friction between the United States and its major trade partners. At the same time, the number and the costs of U.S. agricultural export programs have risen. Budgetary constraints and the substantial money spent on agriculture export programs make good program management critical. The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) manages about $10 billion a year in agricultural export assistance programs intended to boost U.S. agricultural exports and to develop and maintain foreign agricultural markets for U.S. products. This testimony outlines a number of crosscutting program and management weaknesses that diminish the efficiency and the effectiveness of FAS' export operations.

T-GGD-93-6, Mar. 2, 1993 (10 pages). Decennial Census: Fundamental Reform Jeopardized by Lack of Progress, by William M. Hunt, Director, Federal Management Issues, before the Census, Statistics, and Postal Personnel Subcommittee, House Committee on Post Office and Civil Service.

This testimony focuses on some of the major Census Bureau programs: planning for the 2000 Decennial Census and the Economic and Agriculture Censuses. In GAO's view, progress in redesigning the 2000 census has slowed to the point of jeopardizing fundamental census reform. Both the Economic and Agriculture censuses are going according to plan.

T-GGD-93-7, Mar. 15, 1993 (16 pages). Export Promotion: Governmentwide Strategy Needed for Federal Programs, by Allan I. Mendelowitz, Director, Financial Institutions and International Trade, before the Economic Policy, Trade and Environment Subcommittee, House Committee on Foreign Affairs.

Although the United States spends considerable sums on export promotion programs, this money is not allocated on the basis of any governmentwide strategy or set of priorities. Consequently, taxpayers have little assurance that funds are being targeted to industry sectors or programs with the highest potential return. This testimony focuses on (1) the need for a governmentwide export promotion strategy and the lack of coherent funding for federal export promotion programs, (2) the fragmented delivery of export promotion services, (3) the importance of the Export Enhancement Act of 1992, (4) the difficulties that smaller businesses have faced in accessing export

promotion programs, (5) how U.S. export promotion programs compare to those of other countries, and (6) the adequacy of current funding for export promotion.

T-GGD-93-8, Mar. 10, 1993 (6 pages). Federal Employment: Impact of President's Economic Plan on Federal Employees' Pay and Benefits, by Nancy R. Kingsbury, Director, Federal Human Resource Management Issues, before the Compensation and Employee Benefits Subcommittee, House Committee on Post Office and Civil Service.

The President's plan to spur economic growth and curb the deficit includes proposals to freeze federal pay in 1994, reduce pay increases in the following three years, defer locality pay, and trim retirement benefits. Although GAO strongly supports cutting the budget deficit and realigning spending and taxing priorities, GAO is concerned about the government's ability to attract and retain high-quality workers. Past GAO work has clearly shown that, because the best and the brightest often shun federal employment, agency work has suffered. Pay reform is, in GAO's view, central to resolving this problem. The President's plan negates much of the recent progress made in federal pay reform; indeed, in the short run, these proposals will exacerbate the situation. Confronting the nation's economic and other ills, however, is an urgent priority that everyone—including federal workers—should support. To that end, federal employees may have to make more sacrifices like the temporary pay limitations proposed by the President. At the same time, GAO remains convinced that federal employees face enormous challenges in the years ahead and their compensation should be competitive with their counterparts in the private sector if an effective work force is to be maintained.

T-GGD-93-9, Mar. 11, 1993 (11 pages). Improving Government: Need to Reexamine Organization and Performance, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs.

Prompt action on performance measurement legislation, continued implementation of the 1990 Chief Financial Officers Act, and action on open GAO and inspectors general audit recommendations could constitute an important and immediate downpayment to the American taxpayers, showing that Congress and the administration are serious about improving government management. A commission to improve management in the federal government could play a valuable role in this effort. Most federal managers want to be efficient. When they run inefficient operations, it is usually because something forces them to do so or because strong incentives exist to do so or because they do not know how to fix it. The problem is the system, not the people in it. GAO cautions, however, that a commission is not a substitute for the steps already mentioned.

T-GGD-93-10, Mar. 17, 1993 (5 pages). Bank and Thrift Regulation: Concerns About Credit Availability and Regulatory Burden, by Charles A. Bowsher, Comptroller General of the United States, before the Commerce, Consumer and Monetary Affairs Subcommittee, House Committee on Government Operations.

The Comptroller General makes four main points about the landmark Federal Deposit Insurance Corporation Improvement Act. First, although it is true that the legislation increases the amount of regulation, the act's key safety and soundness reforms are critical to preventing further losses to the insurance funds and to taxpayers. Second, access to bank credit is essential to the viability of small and medium-sized businesses, the main source of new jobs in the United States. Consequently, steps should be taken to streamline the paperwork burden and regulations that may be unnecessarily hindering some kinds of business loans. Third, some of the regulatory burden placed on banks can be eased by eliminating the inconsistency and duplication associated with bank examinations. Fourth, before Congress passes any legislative remedies, it needs sound analyses to determine whether the root causes of unnecessary burden are in the statutes, the implementing regulations, the behavior of the regulators, or some combination of factors. On a related matter, GAO applauds the general direction of the President's recently announced regulatory initiative directed at problems of credit availability. This testimony also discusses two GAO studies under way—one on small business lending and the other on regulatory burden.

T-GGD-93-11, Mar. 16, 1993 (9 pages). Federal Organizations: Structure and Oversight of Operational Boards and Commissions, by Nancy R. Kingsbury, Director, Federal Resource Management Issues, before the Census, Statistics, and Postal Personnel Subcommittee, House Committee on Post Office and Civil Service.

This testimony discusses GAO's work on the structure and oversight of operational boards and commissions. GAO (1) discusses which existing boards and commissions have an operational rather than advisory function, (2) analyzes the legislation and other documents relating to selected commissions to determine the framework for commission operations and for ensuring proper management, and (3) identifies factors that Congress might want to consider in crafting future legislation establishing new boards and commissions.

T-GGD-93-12, Mar. 30, 1993 (5 pages). Federal Employment: Sexual Harassment at the Department of Veterans Affairs, by Nancy R. Kingsbury, Director, Federal Human Resource Management Issues, before the House Committee on Veterans' Affairs.

GAO recently began investigating factors that could discourage employees at Department of Veterans Affairs (VA) medical centers from filing sexual harassment complaints. The complaints GAO examined were handled under a decentralized system that vested responsibility for resolving them with the directors of VA's 171 medical centers. Counseling and investigations were done by employees temporarily assigned to that job. GAO found that (1) one-third of the complaints were rejected on procedural grounds; (2) complaints that were accepted were not investigated promptly, requiring employees to continue working in the offices where sexual harassment had allegedly taken place; (3) about half of the complainants believed that reprisals had been taken or threatened as a result of their complaints. GAO believes that the procedures used for complaint processing did not provide appropriate independence and oversight of complaint resolution. Although the new Secretary of Veterans Affairs is trying to resolve these problems, it will take time to assess the impact of his actions, and concerns persist about the timeliness of complaint resolution and the qualifications and availability of part-time counselors and investigators. GAO also testified on pending legislation that would further change VA's procedures for dealing with sexual harassment cases.

T-GGD-93-13, Mar. 18, 1993 (32 pages). Resolution Trust Corporation: Funding, Organization, and Performance, by Charles A. Bowsher, Comptroller General of the United States, before the Financial Institutions Supervision, Regulation, and Insurance Subcommittee, House Committee on Banking, Finance and Urban Affairs.

At the end of 1992, the Resolution Trust Corporation (RTC) had disposed of assets with a book value of about $330 billion or about 75 percent of the assets that have come under its control. RTC should be provided with the funds needed to resolve thrifts that already have failed and those likely to fail soon; delay only serves to boost the final tab for resolving the thrift crisis. RTC needs to make progress in several key areas, however, to ensure that taxpayers' costs are minimized. RTC needs to collect, assess, and fully use the basic business information that would allow it to better manage its inventory and ensure that its asset disposition strategies are maximizing recoveries. This is especially vital as RTC uses innovative approaches to dispose of assets, particularly its large volume of hard-to-sell assets. RTC also needs to correct long-standing weaknesses in its contracting system. RTC still does not appreciate the central role that a sound contracting system has in meeting its mission. The continuing problems at HomeFed Savings Bank in San Diego, California, are only the most recent instance of the poor planning, management, and oversight that have plagued RTC from the start. Contracting deficiencies have cost—and continue to cost—taxpayers millions of dollars.

T-GGD-93-14, Mar. 23, 1993 (11 pages). Improving Government: Measuring Performance and Acting on Proposals for Change, by Charles A. Bowsher, Comptroller General of the United States, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

In GAO's view, the Government Performance and Results Act of 1993—H.R. 826—could serve as the foundation for a broad range of efforts to improve federal management. This proposed legislation would require a group of pilot agencies to develop strategic plans, set agreed-upon goals, and measure their progress toward those goals. It also would provide greater managerial flexibility to some of these agencies through waivers of some administrative rules. Eventually, the bill calls for pilot tests to assess the feasibility of performance budgeting. Congress may also wish to consider a variety of legislative mechanisms, such as "fast track" approval; presidential reorganization authority; or a broadbased, bipartisan commission to implement reforms.

T-GGD-93-15, Mar. 25, 1993 (20 pages). Postal Service: Restructuring, Automation and Ratemaking, by Michael E. Motley, Associate Director, Government Business Operations Issues, before the House Committee on Post Office and Civil Service.

In a 1992 top-down restructuring, the Postal Service sought to slash 30,000 overhead positions not directly involved in mail processing and delivery. Concerns have been raised that this move could harm mail service, particularly during the Christmas/Hanukkah holiday season. This testimony discusses (1) how the restructuring actually went, (2) efforts to automate mail processing, and (3) the need to reform ratemaking policies and processes.

T-GGD-93-16, Mar. 25, 1993 (21 pages). International Taxation: Updated Information on Transfer Pricing, by Natwar M. Gandhi, Associate Director, Tax Policy and Administration Issues, before the Senate Committee on Governmental Affairs.

For each year from 1987 through 1990, about 72 percent of foreign-controlled corporations paid no U.S. income tax, compared to about 59 percent of U.S.-controlled corporations. The Internal Revenue Service (IRS) in 1992 pro-

posed section 482 adjustments of at least $1 billion for foreign-controlled corporations and at least $3.1 billion for U.S.-controlled corporations. As of September 1992, taxpayers had protested at least $14.4 billion of proposed section 482 adjustments. IRS' recent experience with section 482 cases has been difficult. In 1992 IRS' Appeals Division sustained only 24 percent of the dollar amount of section 482 adjustments proposed by IRS examiners. In addition, IRS lost a significant section 482 issue for each of the five corporations that had a major section 482 case litigated and ruled on by a court between 1990 and 1992. The challenges of section 482 cases will remain for at least two reasons. First, the growing influence of international forces on the U.S. economy will increase the potential for underpayment of U.S. taxes through transfer pricing by multinational corporations. Second, although the new, temporary transfer pricing regulations have many promising features, they still require taxpayers and IRS examiners to collect great amounts of information and use considerable subjective judgment to compute arm's length prices.

T-GGD-93-17, Mar. 25, 1993 (29 pages). U.S. Department of Agriculture: Improvements Needed in Market Promotion Program, by Allan I. Mendelowitz, Director, Financial Institutions and International Trade, before the Economic Policy, Trade and Environment Subcommittee, House Committee on Foreign Affairs.

The Market Promotion Program was created to encourage exports of U.S. agricultural products, particularly high-value products, such as fruits, nuts, and processed foods, as well as products that have been harmed by unfair foreign trade practices. From fiscal years 1986 through 1993, more than $1.25 billion was allocated for the program. This testimony addresses the historical development of the program and its management and operations. GAO makes several suggestions for improving the program.

T-GGD-93-18, Mar. 30, 1993 (8 pages). Immigration Issues: Making Needed Policy and Management Decisions on Immigration Issues, by Henry R. Wray, Director, Administration of Justice Issues, before the Information, Justice, Transportation, and Agriculture Subcommittee, House Committee on Government Operations.

Ongoing political strife and economic hardship abroad guarantee that people will continue to flee to the United States. Hence, this country faces long-term immigration issues that are both difficult and complex. Who should be permitted to enter the country legally? What should be done to stop illegal immigration? What should be done to remove illegal aliens already here? This testimony, based on GAO's December 1992 transition-series report on justice issues (GAO/OCG-93-23TR), discusses needed immigration policy and management decisions and their impact on the operations of the Immigration and Naturalization Service.

T-GGD-93-19, Mar. 31, 1993 (4 pages). Whistleblower Protection: Employees' Awareness and Impact of the Whistleblower Protection Act of 1989, by Nancy R. Kingsbury, Director, Federal Human Resource Management Issues, before the Civil Service Subcommittee, House Committee on Post Office and Civil Service.

In its review of 19 federal agencies, GAO found patchwork implementation of the whistleblower statutes designed to protect government workers who report waste, fraud, and abuse. Some agencies had informed all of their employees of their whistleblower rights, while others had yet to inform any. Most agencies had not developed policies and procedures to implement the statutes. GAO believes that, if employees had adequate knowledge about the whistleblower statutes and understood the federal government's policy toward whistleblowing—one of encouraging disclosures and affording protection from reprisals—more employees might be willing to step forward to report problems. GAO also discovered that the statutes do not currently protect all federal employees against reprisals. The 19 agencies had mixed views on the effectiveness of the Whistleblower Protection Act of 1989. GAO concludes that employees are still having a hard time proving cases of reprisal and are often unaware of their right to protection.

T-GGD-93-20, Mar. 30, 1993 (11 pages). Earned Income Tax Credit: Effectiveness of Design and Administration, by Jennie S. Stathis, Director, Tax Policy and Administration Issues, before the Select Revenue Measures Subcommittee, House Committee on Ways and Means, and Human Resources Subcommittee, House Committee on Ways and Means.

In 1991, more than 13 million low-income households with children claimed more than $11 billion in earned income tax credit payments. Recent legislation raised the credit for one child, introduced a higher credit rate for families with more than one child, and provided two supplemental credits. Today, low-income workers with children have a reduced, and in some cases a negative, tax burden because of the earned income tax credit. The credit appears to provide positive work incentives for the poorest workers and negative work incentives for near-poor workers; the net effect may be a small reduction in work effort. In recent years, the Internal Revenue Service's (IRS) administration has been made easier in some ways and more difficult in others. Although GAO does not believe that the earned income schedule is necessary, certain legisla-

tive changes could make it completely redundant. Congress should at least eliminate the interactions in the supplemental credits if not the supplemental credits themselves. Congress should also revise the rules for claiming a dependent to conform with the rules for claiming a qualifying child for earned income credit purposes. Potential recipients and IRS would then be able to determine earned income credit eligibility from the tax return itself.

T-GGD-93-21, Apr. 14, 1993 (19 pages). Federal Data Collection: Measuring Race and Ethnicity Is Complex and Controversial, by William M. Hunt, Director, Federal Management Issues, before the Census, Statistics, and Postal Personnel Subcommittee, House Committee on Post Office and Civil Service.

Race and ethnic questions are among the most technically complex and publicly controversial questions asked on the decennial census. The resulting data are used for a variety of important policy ends—everything from promoting fair voting practices to analyzing the health of different population groups in the United States. Race and ethnicity are not clearly definable characteristics, however, and the biracial and multiethnic children of intermarriages are making measurement even more complex. During the 1990 census, controversy arose over how Asian and Pacific islanders were to be treated on the race question. A last-minute decision on this issue turned out to be contrary to the Census Bureau's initial recommendation. The 1990 census experience illustrates the importance of timely planning and research coordinated with consensus-building efforts. The existence of inadequacies and inconsistencies in federal race and ethnic data due to operational problems is clear, but GAO found that agencies generally used consistent race and ethnic definitions in designing their data collection instruments and methodologies.

T-GGD-93-22, Apr. 28, 1993 (9 pages). Export Promotion: Improving Small Businesses' Access to Federal Programs, by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness Issues, before the Development of Rural Enterprise, Exports, and the Environment Subcommittee, House Committee on Small Business.

This testimony discusses the lack of coherent funding for the federal government's export promotion programs; the need for a governmentwide export promotion strategy; and the Export Enhancement Act of 1992, which created an interagency group to overcome these problems. GAO also examines the status of federal programs to help small businesses export, focusing on the role of the Small Business Administration, and suggests ways in which small companies' access to these programs might be improved.

T-GGD-93-23, Apr. 28, 1993 (51 pages). Tax Administration: IRS' Budget Request for Fiscal Year 1994, by Jennie S. Stathis, Director, Tax Policy and Administration Issues, before the Oversight Subcommittee, House Committee on Ways and Means.

The Internal Revenue Service's (IRS) budget request for fiscal year 1994 entails $7.4 billion and 116,060 full-time staff—an increase of almost $284 million and 792 positions over fiscal year 1993 levels. GAO questions the appropriateness of more than half of the requested increase for Tax Systems Modernization because it is earmarked for implementing a project for which critical plans have not been completed. Although GAO generally supports the direction IRS appears to be taking with many of the compliance initiatives, inadequate funding of its base operations could prevent IRS from delivering on those initiatives. The goals of some compliance initiatives could be met more efficiently without a further staff increase. The budget request provides for a slight increase in audit coverage, but this increase will not materialize unless IRS realizes productivity savings. Tax law changes in 1993 could boost IRS' taxpayer service work load and worsen existing difficulties in meeting taxpayer demand for telephone assistance. GAO also discusses opportunities for IRS to become more efficient.

T-GGD-93-24, Apr. 27, 1993 (9 pages). Tax Administration: Achieving Business and Technical Goals In Tax Systems Modernization, by Hazel E. Edwards, Associate Director, Tax Policy and Administration Issues, before the Treasury-Postal Service and General Government Subcommittee, House Committee on Appropriations.

Because IRS remains burdened with manual processes and inaccessible information, taxpayers calling IRS by telephone have little hope that their questions and problems will be handled promptly. Tax Systems Modernization, a major IRS computer upgrade effort, has the potential to change this bleak picture by quickly transmitting account information to interactive workstations whenever needed. This testimony discusses how Tax Systems Modernization (1) is changing the way IRS does business and (2) will be implemented and kept up-to-date. GAO also highlights the need for an experienced chief systems architect at the executive level to handle the technical aspects of Tax Systems Modernization and provide technical leadership.

T-GGD-93-25, Apr. 28, 1993 (6 pages). U.S. Trade Data: Limitations of U.S. Statistics on Trade With Mexico, by Allan I. Mendelowitz, Director, International Trade, Fi

nance, and Competitiveness Issues, before the Oversight of Government Management Subcommittee, Senate Committee on Governmental Affairs.

Merchandise trade data are used for everything from calculating the monthly U.S. trade balance to enforcing quotas and other import restrictions. This testimony focuses on the quality of U.S. trade data. GAO discusses limitations in trade data generally and specific limitations GAO found concerning U.S.-Mexico trade, especially in the maquiladora program.

T-GGD-93-26, June 9, 1993 (41 pages). Insurance Regulation: The National Association of Insurance Commissioners' Accreditation Program Continues to Exhibit Fundamental Problems, by Richard L. Fogel, Assistant Comptroller General, before the Oversight and Investigations Subcommittee, House Committee on Energy and Commerce.

During the past several years, GAO has repeatedly expressed doubts about efforts by the National Association of Insurance Commissioners (NAIC) to improve the quality and effectiveness of insurance solvency regulation by introducing financial regulation standards at the state level. One concern involved NAIC's lack of authority to require states to adopt and enforce its standards. Another involved the inability of NAIC accreditation program results to distinguish effective from ineffective regulation. GAO testified that the same underlying problems with NAIC's accreditation persist. These include the (1) permissive interpretation of NAIC standards without criteria for evaluating what is "substantially similar" to the accreditation requirements; (2) growing resistance by some regulators, state legislators, and industry representatives to the demands of the accreditation program; and (3) inadequate criteria for evaluating states' financial analysis processes.

T-GGD-93-27, May 4, 1993 (12 pages). NAFTA: Issues Related to Textile/Apparel and Auto and Auto Parts Industries, by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness Issues, before the Commerce, Consumer and Monetary Affairs Subcommittee, House Committee on Government Operations.

Considerable controversy surrounds the possible impact of the North American Free Trade Agreement (NAFTA) on employment and trade overall, and in specific industries. This testimony discusses NAFTA's effect on the textile/apparel and auto and auto parts industries. GAO also examines the Customs Service's administration and enforcement of NAFTA provisions that are important to these industries.

T-GGD-93-28, May 6, 1993 (14 pages). U.S. Department of Agriculture: Issues Related to the Export Credit Guarantee Programs, by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness Issues, before the Economic Policy, Trade and Environment Subcommittee, House Committee on Foreign Affairs.

The Export Credit and Intermediate Export Credit Guarantee Programs are the major U.S. agricultural export promotion programs. The Agriculture Department makes a total of $5.7 billion in government loan guarantees available each year for foreign country buyers of U.S. agricultural commodities. This testimony provides a brief overview of the programs, describing how they work, what type of agricultural commodities and products are sold under the programs, and who the participants are. GAO also highlights several significant problems besetting the programs.

T-GGD-93-29, May 13, 1993 (3 pages). Federal Employment: Reauthorization of the Federal Employees Leave Sharing Act of 1988, by Timothy P. Bowling, Associate Director, Federal Human Resource Management Issues, before the Compensation and Employee Benefits Subcommittee, House Committee on Post Office and Civil Service.

GAO concludes that the federal leave sharing program, under which federal workers can share their annual leave with fellow workers who have exhausted their leave in medical emergencies, has received widespread support and acceptance. A recent Office of Personnel Management report and GAO's own experiences with a voluntary leave sharing program suggest that the administrative costs of the leave sharing program are not great. As a result, GAO believes that the program warrants being made permanent. The government needs to pay greater attention to employees' work/family needs. Progressive employers have learned that programs to help employees balance their work and family responsibilities are good investments that pay high dividends in terms of attracting and retaining quality employees.

T-GGD-93-30, May 27, 1993 (13 pages). Legislative Employment: EEO Complaint Processing By the House Office of Fair Employment Practices, by Nancy R. Kingsbury, Director, Federal Human Resource Management Issues, before the Joint Committee on the Organization of Congress.

GAO reviewed the House Office of Fair Employment Practices' process for handling employment discrimination complaints. Instead of investigating complaints, the Office follows a three-step process that consists of (1) counseling and mediation; (2) formal complaint, hearing, and review; and (3) final review by an eight-member review panel. Since the Office started up in November 1988, it has received more than 1,200 inquiries or expressions of concern relating to fair employment practices and violations

of the Fair Labor Standards Act. The employees most often alleged that they had been discriminated against on the basis of race, age, and/or color. The issue cited most often by the complainants was termination of employment. Although the number of complaints filed since the Office began operations is relatively small, it is unclear whether this reflects a high turnover rate among House employees, confidentiality concerns, a lack of meritorious cases, or problems with the Office's process.

T-GGD-93-31, May 26, 1993 (11 pages). Money Laundering: The Use of Bank Secrecy Act Reports by Law Enforcement Could Be Increased, by Henry R. Wray, Director, Administration of Justice Issues, before the House Committee on Banking, Finance and Urban Affairs.

For more than 20 years, the Bank Secrecy Act, which requires the reporting of cash transactions exceeding $10,000, has been a major weapon in the government's fight against money laundering. Focusing on the use of the financial transaction reports required by the act, this testimony assesses where the federal effort against money laundering now stands. Although the act has forced money launderers to find other ways of converting currency, such as smuggling cash out of the country or using businesses and nonbank institutions, law enforcement agencies are not taking full advantage of the currency transaction reports required for each deposit, withdrawal, or transfer in excess of $10,000. The large volume of reports has made meaningful analysis difficult. Moreover, access to the data—particularly at the state level—is limited and cumbersome. Federal resources to enforce currency transaction report provisions at nonbank institutions may be insufficient to ensure compliance. Increased involvement by state authorities in enforcing reporting requirements could be a way to supplement federal efforts.

T-GGD-93-32, May 27, 1993 (23 pages). Decennial Census: Focused Action Needed Soon to Achieve Fundamental Breakthroughs, by William M. Hunt, Director, Federal Management Issues, before the Census, Statistics, and Postal Personnel Subcommittee, House Committee on Post Office and Civil Service.

Since GAO's testimony last March on planning for the year 2000 census, the Census Bureau has altered its decision-making approach and has tried to refocus its research and development efforts. It has scrapped all 14 design alternatives that were under study for more than a year and is now concentrating on integrating promising features into a new design for possible application in the 2000 census. The Bureau must now intensively research and refine the design features that appear most promising. This testimony discusses (1) the development and use of criteria for determining what to test in 1995; (2) Bureau progress in analyzing data needs and possible content of the 2000 census; and (3) the adequacy of the recently submitted fiscal year 1994 budget request as it relates to 2000 census preparation.

T-GGD-93-33, May 26, 1993 (13 pages). Federal Employment: Progress of Women and Minorities in Key Federal Jobs and Handling of EEO Complaints at the Bureau of Alcohol, Tobacco, and Firearms, by Nancy R. Kingsbury, Director, Federal Human Resource Management Issues, before the Senate Committee on Governmental Affairs.

GAO testified that although the number of women and minorities in key jobs has generally improved at the 25 federal agencies it reviewed, these groups are still less well represented in key jobs at upper grades than at lower grades. GAO also testified that the Bureau of Alcohol, Tobacco, and Firearms has not coordinated the roles of its various internal offices to address sexual harassment and other forms of discrimination. As a result, these offices occasionally have undertaken separate investigations of the same incident. Doubts have been raised about the confidentiality, objectivity, and independence of some of the Bureau's inquiries. These concerns range from a perceived lack of confidentiality during internal investigations to disparities in the rights accorded complainants during separate Bureau inquiries of the same incident.

T-GGD-93-34, June 17, 1993 (15 pages). U.S. Food Aid Exports: The Role of Cargo Preference, by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness, before the Foreign Agriculture and Hunger Subcommittee, House Committee on Agriculture.

In April 1993, the White House announced the availability of $700 million in agricultural credits to Russia under the Food for Progress Program. Considerable press interest has focused on the additional cost of using U.S.-rather than foreign-flagged ships to transport at least 75 percent of the commodities, as required by the cargo preference laws. This testimony discusses the costs involved in using U.S.-flagged vessels, declines in the number of U.S.-flagged vessels, and the U.S. experience in shipping cargo during the Persian Gulf War.

T-GGD-93-35, June 29, 1993 (19 pages). Securities Markets: SEC Actions Needed to Address Market Fragmentation Issues, by James L. Bothwell, Director, Financial Institutions and Markets Issues, before the Telecommunications and Finance Subcommittee, House Committee on Energy and Commerce.

This testimony discusses fragmentation of the U.S. securities market—essentially the buying and selling of the same stock in different markets at the same time. GAO found that the Securities and Exchange Commission's (SEC) encouragement of market competition, advances in computer technology, and investors' demands for reduced trading costs have fostered increased fragmentation of exchange-listed stocks traded in U.S. markets. The trend toward fragmentation has particularly affected the trading of stocks listed on the New York Stock Exchange, whose dominance is being increasingly challenged by regional exchanges, the dealer market, and foreign markets. GAO recommends that SEC develop a strategy for periodically monitoring the effects of market fragmentation, including trends in the achievement of best prices, the ability of the markets to facilitate trading, potential widening in bid and ask prices, and the impact of emerging technology. SEC should also consider whether an order exposure rule is needed.

T-GGD-93-36, July 22, 1993 (19 pages). Intellectual Property Rights: U.S. Companies' Comparative Patent Experiences in Japan, Europe, and the United States, by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness Issues, before the International Trade Subcommittee, Senate Committee on Finance.

More than three times as many of the U.S. companies responding to a GAO survey were dissatisfied with their overall patent experiences in Japan as compared with those in the United States and Europe; among the most frequently cited problems in obtaining Japanese patents were the long delays, the costs, and the narrow scope of patent protection granted. Other problems, however, were U.S. firms' lack of understanding of the Japanese patent system, translation difficulties, and poor communication between U.S. companies and their Japanese patent representatives. Currently, multilateral efforts are under way to harmonize international patent procedures through the World Intellectual Property Organization, a United Nations agency. The proposed harmonization changes address many concerns raised by U.S. companies about patent protection in Japan.

T-GGD-93-37, June 24, 1993 (18 pages). Performance Management: Comments on Reauthorization of the Performance Management and Recognition System, by Nancy R. Kingsbury, Director, Federal Human Resource Management Issues, before the Compensation and Employee Benefits Subcommittee, House Committee on Post Office and Civil Service.

The Performance Management and Recognition System, the government's pay-for-performance system for managers in grades 13 to 15, has fallen short in meeting its goal of improving individual and organizational effectiveness. Supervisors have been inflating ratings to protect employees against being harmed by the rating, i.e., not being promoted. In addition, because the pool of funds available for awards is limited, the increasing number of employees receiving performance awards has shrunk the size of individual awards. General agreement exists that performance management systems need to be more flexible to permit tailoring to the mission and culture of each agency. The Office of Personnel Management's (OPM) recently circulated principles and features for performance management reform provide flexibility and allow agencies to design their own performance management systems with input from employees and their representatives. The thrust of OPM's reform proposals is consistent with GAO's recommendations. GAO encourages agencies to focus on developing a clear purpose for each element of their performance management system and to strengthen the elements of the system that are designed to regularly provide realistic feedback on performance, such as expectation setting and regular discussions about performance. Agencies need to establish, with OPM oversight, evaluation procedures that will routinely provide information and accountability so that rewards and recognition are handled fairly for all employees.

T-GGD-93-38, June 23, 1993 (13 pages). U.S. Department of Agriculture: Market Promotion Program Could Be More Effective, by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness Issues, before the Foreign Agriculture and Hunger Subcommittee, House Committee on Agriculture.

Congress authorized more than $1.25 billion for the Market Promotion Program during fiscal years 1986 to 1993, yet GAO found no clear relationship between the amount of money spent on the program and changes in the level of U.S. agricultural exports. The program works with not-for-profit associations that either run market promotion programs themselves or pass the funds along to commercial firms to promote their own brand-name products. In addition, the U.S. Department of Agriculture (USDA) has done few evaluations of efforts funded by the program. USDA cannot be sure that in the absence of the program, participants would not have funded these activities by themselves. USDA has not established criteria for determining when a participant's funding should be reduced or eliminated. The program's stated goals—to encourage the development, maintenance, and expansion of foreign markets for U.S. agricultural products—are so broad that they could provide a rationale for continued support under almost any market situation.

T-GGD-93-39, June 30, 1993 (14 pages). Immigration Enforcement: Problems in Controlling the Flow of Illegal Aliens, by Laurie Ekstrand, Associate Director, Administration of Justice Issues, before the Immigration, Refugees and International Law Subcommittee, House Committee on the Judiciary.

This testimony focuses on the enforcement problems confronting the Immigration and Naturalization Service (INS) concerning illegal aliens, including the administration's June 1993 plan to combat alien smuggling by organized crime syndicates. GAO notes that as long as political unrest and economic hardship beset much of the world, millions of people will try to flee to the United States. Many immigration issues are, for the most part, beyond the direct control of INS. INS' task is further compounded by a lack of consensus on the part of both Congress and the American people concerning immigration policy and its enforcement. Further, INS has limited resources with which to stem the flow of illegal aliens. For example, it cannot detain most of those aliens whom it believes should be denied entry or pursue those aliens living here illegally.

T-GGD-93-40, July 28, 1993 (20 pages). Mandatory Minimum Sentences: Are They Being Imposed and Who Is Receiving Them? by Henry R. Wray, Director, Administration of Justice Issues, before the Crime and Criminal Justice Subcommittee, House Committee on the Judiciary.

Since the enactment of statutes carrying mandatory minimum sentences, questions have been raised about whether such sentences are being imposed when required and who is receiving them. This testimony discusses (1) whether offenders convicted of crimes carrying mandatory minimum sentences actually received them; (2) how local prosecution practices influenced decisions to bring charges entailing mandatory minimum sentences; (3) what the relationship between the federal sentencing guidelines and mandatory minimum sentences is; and (4) what the races, the genders, the ages, the criminal histories, and the education of offenders receiving mandatory minimum sentences are. GAO reviewed 900 cases in eight judicial districts that had the potential for mandatory minimum sentences as a result of drug or firearms violations. Overall, 85 percent of the offenders received at least the statutory minimum sentence.

T-GGD-93-41, July 28, 1993 (32 pages). National Crime Information Center: Legislation Needed to Deter Misuse of Criminal Justice Information, by Laurie Ekstrand, Associate Director, Administration of Justice Issues, before the Information, Justice, Transportation, and Agriculture Subcommittee, House Committee on Government Operations, and Civil and Constitutional Rights Subcommittee, House Committee on the Judiciary.

The National Crime Information Center (NCIC) is the nation's most extensive criminal justice information system. NCIC, which is maintained by the Federal Bureau of Investigation (FBI), contains more than 24 million records and provides users with information on everything from missing and wanted persons to stolen vehicles to criminal records. More than 19,000 law enforcement agencies across the United States and Canada can access NCIC via their computers. GAO testified that NCIC was vulnerable to misuse from individuals with authorized access, or "insiders," because of the (1) system's inherent risks and (2) control limitations in some state criminal justice information systems through which users access NCIC. In one case, a former law enforcement officer in Arizona obtained NCIC information from other officers and used it to track down and murder his girlfriend. In another example, a computer operator in Pennsylvania did background searches for her drug-dealer boyfriend, who had asked her to comb through the criminal history records to see whether new clients might be undercover agents. Although proposed security upgrades should address NCIC's vulnerability, potential capability and implementation limitations could diminish their effectiveness. GAO also found that the FBI and states were not systematically assessing the extent and the nature of NCIC misuse. GAO recommends that (1) Congress pass legislation with strong criminal penalties for misuse of NCIC, which will serve as a deterrent, and (2) NCIC's security policy requirements be reevaluated.

T-GGD-93-42, July 27, 1993 (15 pages). Federal Real Property: Key Acquisition and Management Obstacles, by J. William Gadsby, Director, Government Business Operations Issues, before the Oversight of Government Management Subcommittee, Senate Committee on Governmental Affairs.

With an enormous real estate portfolio of almost 450,000 buildings, 3 billion square feet of space, and 650 million acres of land worth hundreds of billions of dollars, the U.S. government is one of the world's largest property owners. GAO testified that five key obstacles inhibit the government's ability to acquire and manage real property in a more cost-effective, businesslike manner. These are (1) the General Services Administration's (GSA) monopoly in providing office space and its preoccupation with day-to-day real property operations, (2) a lack of strategic focus and needed information for capital spending decisions, (3) poor asset management practices, (4) Federal Buildings Fund shortfalls, and (5) budget scorekeeping rules that are biased in favor of operating leases over real property ownership. GAO

senses that the new leadership team at GSA is open to fresh thinking about these issues and that broader Congressional interest exists in public buildings issues. GAO is hopeful that these developments could produce a fundamental reassessment of public buildings policy.

T-GGD-93-43, July 26, 1993 (6 pages). Export Promotion Strategic Plan: Will It Be a Vehicle for Change? by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness Issues, before the Rural Enterprises, Exports, and the Environment Subcommittee, House Committee on Small Business.

GAO discussed the Trade Promotion Coordinating Committee's (TPCC) role in prioritizing and rationalizing federal export promotion efforts. GAO noted that: (1) legislation establishes requirements for developing the strategic plan that guide TPCC efforts to reshape federal export promotion activities; (2) federal export promotion programs reflect no national priorities, and are fragmented, poorly designed, and inefficiently implemented; (3) TPCC will need high-level support from the Departments of Commerce and Agriculture, Eximbank, and the Agency for International Development to make its strategic planning process a success; (4) it is important that the strategic plan utilize a well-reasoned analytical methodology for setting federal export promotion priorities; and (5) a cooperative effort to develop the plan could form the basis for more cooperation and integration in program delivery.

T-GGD-93-44, Sept. 21, 1993 (10 pages). North American Free Trade Agreement: A Focus on the Substantive Issues, by Allan I. Mendelowitz, Director, International Trade, Finance, and Competitiveness Issues, before the Trade Subcommittee, House Committee on Ways and Means.

The North American Free Trade Agreement (NAFTA), a dramatic step in the process of North American economic integration, has generated much controversy over its potential impact. In the first volume of the related report, GAO/GGD-93-137, GAO briefly summarizes major provisions of the agreement and discusses their broad effects on the economy, the environment, labor, and immigration. In the second volume, organized as a sourcebook, GAO gives more detail on specific provisions of the agreement. In particular, GAO examines the objectives of the negotiators from each country, the major components of the agreement, and the unresolved issues. The sourcebook provides information on NAFTA's (1) provisions to liberalize trade and investment in North America, (2) special provisions for trade-sensitive economic sectors, (3) rules to implement the agreement, and (4) potential impacts. GAO concludes that the agreement will yield both costs and benefits, with some sectors of the U.S. economy and work force shouldering a larger burden. For example, NAFTA may produce benefits at the macroeconomic level but at the expense of job losses in some industries, particularly among low-skilled workers. GAO notes significant weaknesses in the two major federal programs intended to help the adjustment of unemployed workers.

T-GGD-93-46, Sept. 21, 1993 (6 pages). Tax Administration: Improving Compliance With Real Estate Tax Deductions, by Natwar M. Gandhi, Associate Director, Tax Policy and Administration Issues, before the Select Revenue Measures Subcommittee, House Committee on Ways and Means.

This testimony makes three main points about overstated deductions for real estate tax payments. First, for the most part individual taxpayers overstated their deductions for real estate tax payments by including nondeductible payments, such as user fees. Second, confusion over which payments were and were not deductible real estate taxes contributed to taxpayer noncompliance. Third, the Internal Revenue Service can improve compliance by simplifying tax documents and by redirecting its enforcement efforts and cooperating with state and local officials.

T-GGD-93-47, Sept. 21, 1993 (6 pages). Federal Real Property: National Performance Review Recommendations, by J. William Gadsby, Director, Government Business Operations Issues, before the Water Resources, Transportation, Public Buildings and Economic Development Subcommittee, Senate Committee on Environment and Public Works.

This testimony discusses the General Service Administration's (GSA) federal real property activities. In light of the overall poor quality of federal management, both the National Performance Review (NPR) report and GAO have urged GSA to scrap its current way of doing business and adopt a new approach that draws on entrepreneurial and competitive principles. Traditional management, with its emphasis on centralization and uniformity, no longer allows the government to respond quickly and effectively. The NPR calls for an end to GSA's office space monopoly, separating GSA's roles as policymaker and service provider and creating a new real property asset management enterprise. The NPR report also recommends suspending acquisitions of new federal office space and simplifying procedures for acquiring small blocks of space and for renewing leases. This testimony discusses in detail GAO's views on the NPR recommendations.

T-GGD-93-48, Sept. 29, 1993 (7 pages). Export Promotion: Initial Assessment of Governmentwide Strategic Plan, by Allan I.

Mendelowitz, Managing Director, International Trade, Finance, and Competitiveness Issues, before the Economic Policy, Trade and Environment Subcommittee, House Committee on Foreign Affairs.

This testimony examines a just-released report by the Trade Promotion Coordinating Committee on the development of an overall government plan for federal trade promotion programs. GAO views this newly issued plan as a status report on progress to date. The report identifies some potentially major changes that have resulted from the Committee's deliberations, including the creation of a network of "one-stop shop" trade promotion centers. In addition, the report clearly commits the administration to completing the difficult tasks of setting governmentwide priorities and creating a unified budget for export promotion activities as part of the fiscal year 1995 budget. GAO is also encouraged by the plan's commitment to a more systematic use of measures to evaluate trade promotion programs and by its proposal to better coordinate trade promotion and trade policy agencies.

T-GGD-93-49, Sept. 30, 1993 (10 pages). Federal Lobbying: Comments on the Adequacy of Federal Lobbying Laws, by Johnny C. Finch, Assistant Comptroller General, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

Proposed legislation before Congress, the Revolving Door Sunshine Act of 1993 (H.R. 1593), would require public disclosure of all contacts that former Members of Congress and senior federal workers have with high-ranking public officials for up to five years after they leave office. GAO testified that existing statutes and regulations fall short in adequately identifying all contacts between former government officials and either Congress or the executive branch.

As a result, GAO could not provide data on how many former Members of Congress and senior government employees have contacted either Congress or the executive branch about official actions during the last three years. GAO also could not break down the extent to which such contacts involved either the legislative or executive branches. GAO supports strengthening the lobbying statutes. One criticism of the existing lobbying requirements is that they are a patchwork approach to the problem. Other bills now before Congress also seek to strengthen the lobbying laws. In GAO's view, the more consistently that H.R. 1593 meshes with the objectives of current law and other proposed improvements, the more likely its aims will be achieved.

HRD

HRD-93-1, Oct. 2, 1992 (96 pages). Occupational Safety and Health: Uneven Protections Provided to Congressional Employees.

GAO checked on the safety and health protections afforded workers at the Government Printing Office (GPO) and four Capitol Hill offices—those of the Architect of the Capitol, the Attending Physician, the House Clerk, and the House Doorkeeper. The serious hazards GAO discovered included improper placement of automatic sprinklers, unenforced protections concerning excessive noise levels, exposed blades on power saws and machines, poor ventilation in areas where flammable materials were being used, and missing or improper labels on chemicals. Congressional employees are not covered by the Occupational Safety and Health Act, and the job of ensuring workplace safety and health is spread among several offices. The legislation does cover employees of legislative branch agencies, such as GPO, which are required to have a comprehensive safety and health program. Even so, the Occupational Safety and Health Administration has no authority to examine the effectiveness of programs in the legislative and judicial branches or to inspect their workplaces.

HRD-93-1W, Aug. 1993 (51 pages). Health Reports.

GAO presented a listing of health-related reports and testimonies it issued between August 1991 and July 1993 relating to such health issues as: (1) health financing and access; (2) Medicare and Medicaid; (3) public health and education; (4) health quality and practice standards; (5) long-term care and aging; (6) substance abuse and drug treatment; (7) prescription drugs; (8) military and veterans health care; (9) employee and retiree health benefits; (10) the Food and Drug Administration; and (11) medical malpractice.

HRD-93-2, Nov. 12, 1992 (11 pages). Welfare to Work: States Serve Least Job-Ready While Meeting JOBS Participation Rates.

Concerns have arisen that Job Opportunities and Basic Skills Training Program (JOBS)-participation-rate requirements may be discouraging states from serving the least job-ready welfare recipients, including educating and training them. GAO discovered, however, that these concerns are unsupported by data that states reported to the Department of Health and Human Services during fiscal year 1991.

All but one state met the seven percent participation rate for fiscal year 1991, and all spent at least 55 percent of their JOBS budgets on target group members. Of those welfare recipients serviced by states participating in JOBS during this period, 62 percent were target group members. These target group members were most often placed in education and training activities, with no more than 12 percent placed in job search activities. In addition, one in three target placements, compared with one in four nontarget placements, was in secondary and remedial educational activities.

HRD-93-2W, Sept. 1993 (41 pages). Health Reports.

GAO presented a listing and selected summaries of health-related reports and testimonies it issued over the past 2 years, focusing on: (1) health financing and access; (2) Medicare and Medicaid; (3) managed care; (4) public health and education; (5) health quality and practice standards; (6) long-term care and aging; (7) substance abuse and drug treatment; (8) prescription drugs; (9) military and veterans health care; (10) employee and retiree health benefits; (11) environmental impact on health; (12) Food and Drug Administration; (13) medical malpractice; (14) occupational safety and health; (15) research; (16) social security disability; and (17) miscellaneous issues.

HRD-93-4, Jan. 4, 1993 (71 pages). Emergency Departments: Unevenly Affected by Growth and Change in Patient Use.

Patient caseloads in emergency rooms nationwide soared between 1985 and 1990.

Nearly 85 percent of hospitals reported an upsurge in emergency room use by patients with nonurgent conditions—more than 40 percent of all emergency room patients in 1990. The largest rise in emergency room visits was by Medicaid patients, who traditionally have high rates of emergency room use for nonurgent conditions. Nonurgent use by uninsured patients also contributed to the emergency room caseload growth during the six-year period. Growth in emergency room use was most pronounced among patients whose medical care is often not fully reimbursed, such as Medicaid, Medicare, and uninsured patients. At the same time, however, little growth occurred in emergency room use by patients with private insurance. This disproportionate growth may make it harder for hospitals to absorb or offset losses due to unreimbursed emergency room care. GAO did observe some appreciable variations in emergency room conditions by community size. For example, emergency rooms in urban areas were most likely to have patients waiting a long time for treatment. Furthermore, these emergency rooms were the most likely to have a larger share of uninsured patients and increased visits due to AIDS, drug abuse, and violence.

HRD-93-5, Oct. 15, 1992 (21 pages). Defense Health Care: Physical Exams and Dental Care Following the Persian Gulf War.

The Department of Veterans Affairs (VA) may have a hard time deciding the disability claims of soldiers who served in the Persian Gulf war because physical exams were not routinely given to all discharged personnel and reservists. VA considers these exams to be crucial in deciding claims for service-connected disability payments. VA and the Defense Department (DOD) must reconcile VA's need for medical information with DOD's need to expedite the separation processing of service members. This could be achieved by establishing a minimal, uniform separation physical examination that carefully catalogs any health problems experienced during active duty. Denial of access to VA dental treatment for Persian Gulf war veterans does not appear to be widespread, but at least several hundred veterans were denied dental treatment because of incorrect paperwork linked to the rapid processing of large numbers of personnel. The dental access problem could be avoided in the future if DOD did not have to specify on discharge papers whether dental care was provided. Because VA could use its own dental examinations and veterans' dental records to establish eligibility for the benefit, the removal of the DOD certification requirement— a move requiring legislation—would not significantly change the nature or scope of the dental benefit.

HRD-93-6, Feb. 9, 1993 (27 pages). Foster Care: State Agencies Other Than Child Welfare Can Access Title IV-E Funds.

Foster care caseloads nationwide swelled from about 276,000 in 1985 to 390,000 in 1990 and are expected to reach about 540,000 by 1995. Faced with less money and rising caseloads, states are now under pressure to transfer a greater share of foster care program costs to the federal government. This report examines (1) the federal statutes that allow federal reimbursement for foster care placements by state juvenile justice and mental health agencies, as opposed to more usual placements by child welfare agencies, and whether the procedural safeguards required by the Adoption Assistance and Child Welfare Act of 1980 apply; (2) which states are claiming reimbursements for juvenile justice and mental health agency placements and the amounts claimed during 1991; and (3) barriers that states encounter in trying to claim reimbursement for these placements.

HRD-93-7, Dec. 30, 1992 (47 pages). Pension Plans: Hidden Liabilities Increase Claims Against Government Insurance Program.

The federal government's exposure to unfunded liabilities in private pension plans is much larger than the plans have indicated on their annual reports to the Internal Revenue Service. When a pension plan terminates with insufficient assets, the Pension Benefit Guaranty Corporation (PBGC) is likely to absorb unfunded liabilities considerably greater than the plan reported. PBGC has few tools to control its exposure from hidden liabilities. Plan sponsors with financial difficulties know that PBGC will protect the guaranteed pensions of their workers no matter how large the unfunded liabilities in their plans. Financially troubled sponsors sometimes take actions that increase the burden on PBGC, such as raising benefits in lieu of increasing wages or failing to contribute to their plans. Although PBGC could benefit from additional tools to control its hidden liabilities, such tools impose costs on plan participants, plan sponsors, or the federal government.

HRD-93-9, Feb. 5, 1993 (31 pages). Legal Services Corporation: National Support Center Grantees' Activities.

In response to congressional interest in congressional funds spent on programs involved, directly or indirectly, in political, cultural, institutional, ideological, and/or economic advocacy, this report provides information on the Legal Services Corporation (LSC). GAO presents data on the activities of the 16 grantees, referred to as national support centers, that received funds from LSC in 1990. GAO discusses (1) the amount and the sources of the centers' funding, (2) their principal activities, (3) the estimate of funds spent on lobbying activities, and (4) the makeup of their boards of directors. GAO also discusses recent findings of monitoring reviews done by LSC on each center's funded activities.

HRD-93-10, Mar. 18, 1993 (44 pages). Management of VA: Improved Human Resource Planning Needed to Achieve Strategic Goals.

The Department of Veterans Affairs' (VA) approach to managing people does not effectively support its strategic management efforts. In the dynamic environment facing it today, VA needs a collaborative and future-oriented approach to human resource management, with proactive human resource planning as its cornerstone. Human resource planning is needed to focus VA's attention on the people dimension of its strategic vision. For example, VA might well need a different mix of jobs and skills to support the shift it envisions from inpatient care to an array of services—from outpatient to extended care—needed by an aging veteran population. Without Department-wide execution of the fundamentals of human resource planning, VA's goal of becoming the best-managed federal service organization will be difficult to achieve. VA needs to systematically monitor and assess external

environmental trends affecting its people, thereby anticipating emerging labor force issues before they become crises. It needs to identify and address the human resource concerns of its managers, such as concerns about the effectiveness of its system of rewards and incentives. VA also needs to help line managers project human resource needs to ensure that enough people with the right skills are available when—and where—needed.

HRD-93-11, Nov. 4, 1992 (71 pages). Bone Marrow Transplants: National Program Has Greatly Increased Pool of Potential Donors.

Each year, thousands of people diagnosed with leukemia and other fatal blood diseases discover that a bone marrow transplant may be their only hope for long-term survival. About two-thirds of all patients who might benefit from this procedure, however, have no related donor with compatible tissues and are compelled to seek out marrow donations from unrelated volunteers. The National Marrow Donor Program, established by Congress in the mid-1980s, has expanded its bone marrow registry from nearly 73,000 donors at the end of 1989 to about 561,000 donors in April 1992. The proportion of minorities more than doubled during this period, from about 5.8 percent to about 14.2 percent. This larger and more diverse pool of donors has improved the odds of finding matching donors for patients with rarer tissue types. Yet the proportion of blacks and Hispanics on the registry remains considerably less than their proportion of the U.S. population as indicated by the 1990 census. Although the number of transplants increased, the proportion of searches that culminated in a bone marrow transplant did not change markedly from 1987 to mid-1991. As of July 1991, only 13 percent of the patients searching for a donor actually obtained a marrow transplant. This paucity of results occurred for many reasons—financial, genetic, medical, and personal. Research on the matching of blood cell proteins, known as human leukocyte antigens, and other factors affecting the patients' search, such as difficulties in finding a suitable donor, may help improve the outcomes of donor searches and of marrow transplants using unrelated donors.

HRD-93-12BR, Nov. 13, 1992 (25 pages). Guaranty Agency Solvency: Can the Government Recover HEAF's First-Year Liquidation Cost of $212 Million?

This briefing report provides information on the Department of Education's agreement to liquidate the Higher Education Assistance Foundation (HEAF), a national guarantor of student loans under the Stafford Student Loan Program. HEAF was experiencing serious financial difficulties and, in June 1990, announced that it might not be able to pay promptly all its lenders' student loan default claims—one of the main responsibilities of a guaranty agency. GAO discusses the federal costs incurred in fiscal year 1991 due to the Department's agreeing to this liquidation.

HRD-93-13, Nov. 20, 1992 (30 pages). Child Care: States Face Difficulties Enforcing Standards and Promoting Quality.

Federal grants to states to help subsidize child care centers and promote quality care require assurances that providers are meeting minimum health and safety standards, but tight fiscal conditions have weakened the ability of many states to enforce standards and improve the quality of care. In particular, tight budgets in several states have reduced on-site monitoring, a key oversight activity. Many states are looking into less costly ways of ensuring compliance with standards and influencing the quality of care, but little is known about their effectiveness. The Child Care and Development Block Grant Act of 1990 seeks to help states subsidize child care services for low-income families and to improve the overall quality of child care. Because the legislation is still in the early stages of implementation, however, it is too soon to know how it will affect the quality of child care. Yet many states are already concerned that funds for quality improvement may fall short. Moreover, they expect an influx of new child care providers under the program that could boost their caseloads and undermine their ability to regulate providers. Most state officials believe that their own enforcement efforts could be improved with technical assistance and more information about promising approaches in other states. HHS could help states evaluate their enforcement of child care standards. In addition, HHS should assess how well states expand the amount of service—and improve quality—given the states' current resources. If necessary, HHS should modify its regulations to prevent states from expanding quantity at the expense of quality.

HRD-93-15, Dec. 1, 1992 (43 pages). VA Health Care: Closure and Replacement of the Medical Center in Martinez, California.

The Department of Veterans Affairs (VA), concerned that its Martinez, California, medical center could prove unsafe in a major earthquake, announced the emergency closure of the facility in August 1991. VA said that it intended to replace the 359-bed, full-service hospital, which served more than 400,000 veterans in northern California, with a facility on the campus of the University of California at Davis. In March 1992, however, VA told Congress that it was reconsidering its decision to move to Davis. Other options VA was looking into included working with the Air Force to add on to the medical center at

Travis Air Force Base in Fairfield, California; building a VA medical center in Sacramento; and renovating the Martinez medical center. This report discusses factors that should be considered in selecting the site(s) for the replacement medical center(s). GAO reviews (1) past site selection analyses done by the Martinez medical center, VA's Western Region, and others and (2) earlier GAO reports on site selection and the sharing of medical facilities and services.

HRD-93-16, Nov. 18, 1992 (18 pages). Veterans' Benefits: Availability of Benefits in American Samoa.

Although citizens of American Samoa, including veterans, are eligible for essentially free medical care, the medical facilities in American Samoa are limited and financial problems have disrupted care at the only hospital. The Department of Veterans Affairs (VA) sends doctors to American Samoa on a quarterly basis, but their main purpose is to do examinations for benefit claims, not to treat patients. Under this arrangement, the psychiatric needs of veterans with posttraumatic stress disorder are not being met, some veterans claim that it is hard to obtain needed medical referrals, and veterans who need drug and alcohol treatment or readjustment counseling are not being served. A greater percentage of veterans in American Samoa (20 percent) receive VA compensation or pension benefits than do veterans in the rest of the nation (10 percent). VA home loans, however, are unavailable to veterans in American Samoa due to problems in administering the program on communally owned lands.

HRD-93-17, Oct. 29, 1992 (33 pages). Women's Health: FDA Needs To Ensure More Study of Gender Differences in Prescription Drugs Testing.

Although men and women can, due to physiological differences, respond very differently to the same prescription drug, evidence suggests that drug companies may not be studying drug test data for possible gender-related differences. Concerns have been raised that women could be at risk if the Food and Drug Administration (FDA) approves drugs on the basis of clinical trials that underrepresent women. FDA guidance to drug manufacturers urges that they test new drugs on representative patient populations, yet FDA does not define "representative" and manufacturers are inconsistent in applying FDA's guidance. One-quarter of the drug manufacturers in one survey reported that they make no effort to recruit representative numbers of women for drug trials, and more than 40 percent said that FDA had not asked them to include women. Women were included in clinical trials for all the drugs in GAO's survey but were generally underrepresented. Even when enough women are included in drug testing, trial data are often not analyzed to determine if women's responses differed from those of men. Also, many drug manufacturers do not study whether their drugs interact with hormones present in women, including hormones commonly found in oral contraceptives. FDA should ensure that the drug industry consistently includes sufficient numbers of women in drug testing to identify gender-related differences in drug response and that such differences are explored and studied.

HRD-93-18, Feb. 23, 1993 (67 pages). Dislocated Workers: Worker Adjustment And Retraining Notification Act Not Meeting Its Goals.

About 7,000 plant closures and mass layoffs occurred in 1990 and 1991, leaving more than one million Americans out of work. Although a 1988 law requires certain employers to give their workers and state and local agencies 60 days' notice of impending plant closings or layoffs, about half of all employers in a GAO survey did not give any notice at all and many of those who had provided notice gave less than the required time. The notification provisions of the Worker Adjustment and Retraining Notification Act (WARN) were intended to give workers time to adjust and allow states to begin helping workers find new jobs as quickly as possible. As the law is written, however, many major layoffs are not covered and, given the high percentage of closures for which there was no notice or notices were late, the use of the courts as an enforcement mechanism does not appear to be working. GAO suggests that as Congress considers ways to improve the implementation of WARN, the Department of Labor be given responsibility for enforcing the law. GAO summarized this report in testimony before Congress; see: Dislocated Workers: Implementation of the Worker Adjustment and Retraining Notification Act, by Linda G. Morra, Director of Education and Employment Issues, before the Subcommittee on Labor, Senate Committee on Labor and Human Resources. GAO/T-HRD-93-6, Feb. 23, 1993 (nine pages).

HRD-93-20, Dec. 30, 1992 (38 pages). VA Health Care: Medical Centers Are Not Correcting Identified Quality Assurance Problems.

Department of Veterans Affairs (VA) medical centers have had mixed success in resolving the quality assurance deficiencies noted by GAO and the Inspector General in earlier audits. Problems persist in reporting and investigating patient incidents and in documenting the supervision of residents. As a result, VA still cannot accurately analyze unexpected or unfavorable incidents involving patient care and recommend corrective action. Moreover, it still does not know whether its residents are being properly supervised. These problems continue because medical center personnel are not adhering to applicable policies and procedures. Further, VA's central office and regional

offices are not adequately monitoring medical center efforts to correct these problems. On the other hand, recent VA initiatives in credentialing physicians have greatly improved medical center compliance with policies and procedures. VA is undertaking several systemwide initiatives to bolster its quality assurance programs, such as peer review of the quality of care being delivered at medical centers. Success, however, depends on VA ensuring that medical centers correct any problems identified through these initiatives.

HRD-93-21, May 7, 1993 (25 pages). Social Security: Need to Improve Postentitlement Service to the Public.

Postentitlement services are those provided to Social Security beneficiaries and include replacement of lost or stolen checks, converting spouses to survivors' status, and making address changes to checks. About 64 million postentitlement actions were processed for individuals in 1990 in SSA's retirement, survivors, and disability programs, and another 12 million actions were processed for the supplemental security income program. GAO reviewed SSA's processing of these actions and found that check replacement services could be improved by changing the current policy of delaying missing check claims for two weeks and instead processing the claims more quickly. Procedures also contribute to delays in the completion of spouse conversions to survivors' status. In GAO's opinion, SSA's practice of not providing election forms to all currently entitled spouses with dual entitlement until much later in the processing cycle should be changed.

HRD-93-22FS, Nov. 24, 1992 (43 pages). Utilization Review: Information on External Review Organizations.

Utilization review organizations (URO) significantly influence the provision of and payment for health care in this country. Because recommendations made by these organizations can impact the care approved for payment, a URO might affect a patient's access to health care. As a result, there is considerable interest in the health care community about who makes utilization decisions, their professional experience, and the review criteria they use. This fact sheet provides information on (1) the size and ownership of UROs, (2) the professional qualifications of the staff involved in utilization review decisions, (3) the complexity of decisions made by various types of staff, (4) appeal procedures, (5) clinical review criteria used by UROs, and (6) quality assurance procedures implemented to ensure adherence to company directives. In short, GAO discovered the following: that UROs often employ physicians on a part-time basis or as consultants; registered nurses are heavily involved in first-level review decisions but doctors become more involved during the second-level review and appeals process; UROs generally use commercially developed review criteria when making their recommendations; most UROs have established appeal procedures; of the few utilization decisions that are appealed, many are successful; and UROs have implemented quality assurance procedures to ensure adherence to company directives.

HRD-93-23, Aug. 6, 1993 (70 pages). Self-Sufficiency: Opportunities and Disincentives on the Road to Economic Independence.

The Family Self-Sufficiency Program, a partnership between the federal government and local public housing authorities, promotes local strategies to help poor families achieve economic independence and self-sufficiency. This report (1) examines how housing and social services policies affect beneficiaries when they land a job and increase their income and (2) analyzes the extent to which the law creates disincentives to upward income mobility. GAO concludes that training and supported work programs have successfully increased the earning of the economically disadvantaged who participate in them, but on average the earnings increases are not enough for a family to break free from all housing and public assistance programs.

HRD-93-24BR, Nov. 20, 1992 (45 pages). Health Care: Reduction in Resident Physician Work Hours Will Not Be Easy to Attain.

Patients being treated by sleep-deprived resident physicians may be at high risk for medical errors. The Accreditation Council for Graduate Medical Education recognizes this problem but has yet to set a work-hour limit for all of its 24 specialty residency programs, mainly because council members disagree about setting limits on resident work hours. Instead, the council adopted compromise guidelines in February 1992 that encourage limiting on-call duty to one night out of three and giving residents at least one day off during a seven-day workweek. Even under these guidelines, however, it is still possible for a resident to work 96 hours or more per week. New York is the only state that now limits the number of hours a resident may work in a week—no more than an average of 80 hours per week during a four-week period. But implementation of the New York regulations has been costly because more staff are needed to take the residents' place, and several private hospitals and other facilities have yet to fully comply with the regulations. Resident reforms have already been made in England, New Zealand, Canada, and Australia.

HRD-93-25, Nov. 10, 1992 (28 pages). Department of Education: The Eisenhower Math and Science State Grant Program.

GAO reviewed the Department of Education's Dwight D. Eisenhower Mathematics and Science Education program, the largest federal effort for training elementary and secondary teachers in math and science. The ultimate goal is to make U.S. students first in the world in math and science achievement by the year 2000. The program is now authorized through fiscal year 1993. GAO discusses (1) how state grant funds are spent, (2) how experts view proposed improvements to the program, (3) how well Education collects and analyzes data on the program, and (4) how well various federal agencies sponsoring math and science education programs coordinate their efforts.

HRD-93-26, Jan. 21, 1993 (42 pages). Child Support Assurance: Effect of Applying State Guidelines to Determine Fathers' Payments.

Inadequate and unreliable financial support from noncustodial parents contributes to the high incidence of poverty among children living in single-parent families. During the last decade, Congress and the states have tried to tighten child support enforcement laws. Congressional efforts have focused on a system—known as child support assurance—to make child support payments more reliable. Under this system, the government would pay a guaranteed minimum level of support should noncustodial parents become unable to support their children or if they fail to pay. This report provides an empirical analysis of one major element of a child support assurance system—child support guidelines. GAO (1) examines the income of young noncustodial fathers and the burden on them of paying the entire minimum assured benefit and (2) illustrates how many of these fathers would be required to pay the minimum assured benefit under typical child support guidelines.

HRD-93-27, Nov. 25, 1992 (27 pages). Student Loans: Direct Loans Could Save Billions in First 5 Years With Proper Implementation.

A switch to direct student loans from guaranteed loans could save the federal government about $4.8 billion within the first five years. Adjusted to reflect loan repayments, direct loans could cost about $9.7 billion as opposed to $14.6 billion for guaranteed loans over this period. A direct loan program could achieve these savings by enabling the government to partially offset program costs with borrowers' interest payments, reducing the cost of the interest benefit, and eliminating special allowance payments. GAO did focus group interviews with financial aid administrators and school business officers from postsecondary educational institutions. These individuals had mixed views about their ability to run a direct loan program but were clearly negative about the Department of Education's ability to manage one.

HRD-93-28, Dec. 29, 1992 (51 pages). District of Columbia: Barriers to Medicaid Enrollment Contribute to Hospital Uncompensated Care.

Uncompensated care costs are becoming a significant problem for many hospitals in the District of Columbia due to the rising number of uninsured patients and the soaring cost of health care. The cost of uncompensated care at hospitals in the District increased from $157 million in 1987 to $228 million in 1990. Against this growing burden of uncompensated care, Medicaid reimbursement has become an important revenue source for hospitals that serve a high percentage of poor and indigent patients. Even with Medicaid funds, however, many hospitals are becoming hard pressed to provide adequate health care to their communities. This report (1) determines the extent to which uncompensated care is a problem for hospitals in the District of Columbia, (2) examines the process for obtaining Medicaid enrollment and its relationship to Medicaid reimbursement and uncompensated care, and (3) reviews the process for obtaining Medicaid enrollment in the District and reviews potential barriers to enrollment.

HRD-93-29, Mar. 31, 1993 (73 pages). Private Pensions: Protections for Retirees' Insurance Annuities Can Be Strengthened.

Insurance regulators seized control of several large life insurance companies in 1991 because of solvency problems. These events have raised concerns about the adequacy of protection for the 3 million to 4 million retirees and beneficiaries receiving annuities. In the wake of the seizure of the Executive Life Insurance Company, for example, 44,000 retirees received only 70 percent of their monthly annuities for more than a year. This report assesses (1) state guarantee coverage of insurance annuities received by retirees from private pension plans and (2) federal regulation and oversight of the selection of private pension plans of insurers to provide annuity benefits. GAO also discusses options to improve protection for retirees' insurance annuities.

HRD-93-31, Dec. 31, 1992 (46 pages). Medicare: Millions in End-Stage Renal Disease Expenditures Shifted to Employer Health Plans.

Recent legislation changed Medicare coverage for some beneficiaries with kidney failure, known as end-stage renal disease. For these individuals, the law extended the period of time during which employer-provided group health plans would be expected to pay medical expenses before Medicare. This report discusses the (1) number and geographical distribution of beneficiaries affected by the extension, (2) amount of annual Medicare savings achieved, and (3)

effect of the extension of access to employment and employment-based health insurance.

HRD-93-32, Nov. 30, 1992 (28 pages). District's Pensions: Billions of Dollars in Liability Not Funded.

Pension obligations owed to current D.C. employees and retirees exceed the District's pension fund assets by nearly $5 billion. Further, the percentage of pension obligations covered by assets is lower than that reported by most of the comparable plans GAO examined. This inadequate funding results primarily from the federal government's transferring a $2 billion unfunded liability for pension benefits to the D.C. government more than a decade ago. There is no legal requirement to amortize this unfunded liability. Mandated federal and District contributions to the retirement funds, through 2004, will not stop the unfunded liability from increasing. It will reach an estimated $7.7 billion by that year. Under the D.C. Retirement Reform Act, the unfunded liability will never be eliminated, although the formula for determining District contributions will change beginning in 2005 and the liability should stop increasing, assuming the District makes the required contributions. In 2005, under the changed formula, the District's annual contribution could represent about 15 percent of the revenue collected by the District, compared with about eight percent in 1991.

HRD-93-33, Oct. 26, 1992 (7 pages). Home Health Care: HCFA Properly Evaluated JCAHO's Ability to Survey Home Health Agencies.

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) is a nonprofit organization that evaluates and accredits both hospital-based and freestanding home health agencies. GAO found that the Health Care Financing Administration (HCFA) properly evaluated the commission's ability to ensure that home health agencies meet Medicare conditions of approval. Further, HCFA's evaluation was done in accordance with the proposed regulation governing the granting of deeming authority to accrediting organizations. As a result of its review, HCFA believed that some issues needed to be resolved before it could approve deeming authority for JCAHO. These issues were discussed with JCAHO and have been resolved to the satisfaction of both organizations.

HRD-93-34, May 6, 1993 (23 pages). Defense Health Care: Additional Improvements Needed in CHAMPUS's Mental Health Program.

The Defense Department (DOD) has taken several steps to better manage mental health costs under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and improve the quality of care for beneficiaries. DOD has undertaken initiatives and demonstration projects that use management techniques similar to those used by private-sector companies and health plans that intensively manage mental health care. DOD has also instituted controls over payments to psychiatric facilities and improved standards for residential treatment centers. As a result, CHAMPUS mental health costs leveled off in fiscal years 1990 and 1991. Several problems persist, however, including poor medical record documentation, potentially inappropriate admissions, excessive hospital stays, and poor-quality care. Inspections of residential treatment facilities continue to reveal significant safety and health problems, and corrective actions often took many months. Moreover, DOD has proposed further changes to its methods of reimbursing psychiatric facilities. DOD should adopt these additional changes because it pays considerably higher rates for comparable services than do other public programs.

HRD-93-36, Oct. 19, 1992 (13 pages). Dislocated Workers: Improvements Needed in Trade Adjustment Assistance Certification Process.

Many Americans who lose their jobs to foreign competition never receive the retraining and other help that is due them in making the transition to new employment because the Labor Department's process in certifying their eligibility for assistance is flawed. To be eligible for the Trade Adjustment Assistance program, which helps workers find new employment through job counseling, retraining, and placement assistance, an individual must work in an industry affected by imports, as certified by the Department of Labor. Problems in the program's certification process raise questions about how Labor determines worker eligibility. Flaws in Labor's petition investigations and limited state aid to workers may lead to petitions' going unfiled or to erroneous decisions on whether to provide program assistance to workers. Although specific improvements in the certification process can be made, Labor's need to determine worker eligibility quickly makes it unclear how much improvement is realistic without changing the process. The President has proposed combining all dislocated worker programs into a single program delivering services to all such workers regardless of the reason for dislocation. This proposal would eliminate the need for certifying workers as affected by imports, but it may also cut the benefits available to workers now being served under the program.

HRD-93-37, Mar. 11, 1993 (31 pages). Compensatory Education: Difficulties in Measuring Comparability of Resources Within School Districts.

The Chapter 1 program, the backbone of federal elementary and secondary education efforts, gave states about $6.1 billion in fiscal year 1992 to deliver supplemental educational

services to educationally disadvantaged students. These services were intended to help students attain grade-level proficiency and increase their achievement in basic and more advanced skills. The Chapter 1 comparability provision is a key program component. It seeks to ensure that school districts (1) continue to provide basic services to poor schools with large concentrations of Chapter 1-eligible children and (2) use Chapter 1 funds only to supplement those basic services funded by nonfederal sources. The provision says that basic services must be comparable in poor and non-poor schools. This report assesses school district compliance with current comparability requirements and provides information on alternative ways to measure comparability.

HRD-93-38, Nov. 1992 (39 pages). Health Reports.

This publication lists GAO health reports and testimony issued during the past two years, including titles, report numbers, and issue dates. Recent documents are accompanied by summaries. Order forms at the end of this publication can be used to request GAO products or to add a person's name to GAO's mailing list for health reports.

HRD-93-39, Apr. 30, 1993 (20 pages). VA Health Care: Inadequate Enforcement of Federal Ethics Requirements at VA Medical Centers.

Senior managers at nearly one-third of the Department of Veterans Affairs' (VA) medical centers reported receiving part-time employment incomes, averaging thousands of dollars, from medical schools that receive millions of dollars through VA contracts. Nevertheless, VA has allowed these managers to participate in awarding and administering these contracts. Such activities are prohibited under federal conflict-of-interest regulations and may violate federal criminal statutes. These activities, therefore, not only subject managers to possible prosecution, but also significantly impair the integrity of VA's procurement process. GAO summarized this report in testimony before Congress; see: VA Health Care: Inadequate Enforcement of Federal Ethics Requirements at VA Medical Centers, by Lawrence H. Thompson, Assistant Comptroller General for Human Resources Programs, before the Subcommittee on Oversight and Investigations, House Committee on Veterans' Affairs. GAO/T-HRD-93-22, May 19, 1993 (13 pages).

HRD-93-39S, May 12, 1993 (10 pages). VA Health Care: Inadequate Enforcement of Federal Ethics Requirements at VA Medical Centers.

GAO recommended in a report (GAO/HRD-93-39) that the Department of Veterans Affairs (VA) actively enforce federal ethics requirements, which generally prohibit managers from participating in the award or administration of contracts from which they have received employment income. In general, GAO is encouraged by VA's actions, which should improve enforcement of federal ethics requirements. GAO is troubled, however, by VA's position that supervision of contract physicians for quality of care purposes by VA managers who are also employed by medical schools is not a conflict-of-interest.

HRD-93-41, Mar. 24, 1993 (58 pages). Childhood Immunization: Opportunities to Improve Immunization Rates at Lower Cost.

Most state Medicaid programs could save money if low-cost vaccines acquired through contracts with the Centers for Disease Control (CDC) were made available to all doctors giving vaccines to poor children. Although state and local health departments can buy low-cost vaccines for this purpose, most do not. State Medicaid programs have ended up reimbursing providers for vaccines that cost as much as five times the CDC-contract price. These state programs could also reduce immunization costs if they reimbursed providers only for the combined measles, mumps, and rubella vaccine rather than the higher cost individual vaccines. Savings on vaccine costs, however, will do little to improve preschool immunization levels unless funds are provided to educate parents and track and follow up on the immunization status of children. Most states do not systematically carry out these activities.

HRD-93-42, Mar. 29, 1993 (17 pages). Social Security: IRS Tax Identity Data Can Help Improve SSA Earnings Records.

Each year, millions of workers pay social security taxes on earnings that cannot be credited to their social security accounts because the Social Security Administration (SSA) does not have enough information to identify the correct accounts for these earnings. As a result, workers may end up shortchanged years later when they begin receiving social security benefits. Through routine tax administration activities, the Internal Revenue Service (IRS) obtains taxpayer identity data that could help SSA resolve uncredited earnings recorded in its suspense file. In GAO's view, this information, which IRS requires as a condition for paying tax refunds, could greatly benefit SSA resolution efforts. IRS reports show that in 1989 more than 776,000 taxpayers responded to its requests about the identity question to obtain a release of their tax refunds. IRS does not, however, keep the taxpayer responses, and GAO was unable to estimate the potential suspense file resolution value to SSA. Spouse names from some joint tax returns would also help SSA credit earnings to workers' accounts.

IRS data could be helpful when SSA's crediting problems relate to unreported changes in surnames. With this data, SSA could resolve an estimated 79,000 uncredited earnings cases valued at $556 million for tax year 1989 alone.

HRD-93-43, Jan. 15, 1993 (42 pages). Medicaid: Changes in Drug Prices Paid by HMOs and Hospitals Since Enactment of Rebate Provisions.

In 1990, in an effort to control Medicaid's increasing outlays for prescription drugs, Congress significantly changed the way that Medicaid pays for outpatient drugs. Medicaid had been paying near retail prices for outpatient drugs, while other purchasers, such as hospitals and health maintenance organizations (HMO), were able to negotiate big discounts with drug manufacturers. The new legislation required drug manufacturers to give state Medicaid programs rebates for outpatient drugs on the basis of the lowest prices available to any purchaser. In a September 1991 report (GAO/HRD-91-139), GAO discussed changes in prescription drug prices charged the Department of Veterans Affairs and the Defense Department. This report focuses on changes in drug prices charged hospitals and HMOs. GAO found that drug price changes experienced by HMOs and hospitals varied considerably since the enactment of the Medicare rebate provisions. Some prices increased substantially, while others declined. Price increases tended to be more common and more significant for outpatient drugs than for inpatient drugs, but few other clear patterns emerged.
GAO could not determine the extent to which the price hikes were due to the new law.

HRD-93-44, Jan. 29, 1993 (24 pages). Health Care: Rochester's Community Approach Yields Better Access, Lower Costs.

Rochester, New York, has succeeded in keeping health care costs lower than costs in other communities without sacrificing its residents' access to care. Health insurance costs per employee in Rochester were 33 percent lower than comparable costs in the nation, and Rochester residents were more likely to have health insurance. Relative to the general U.S. population, people in Rochester seem happier with their health care system and say that they have an easier time obtaining care. Recently, only five percent of Rochester residents—compared with 13 percent nationally—said that they had gone without needed care in the last year. These results are due to the interaction of several factors, beginning with a long history of community-based health planning. Local initiatives have limited the expansion of hospital capacity, controlled the diffusion of medical technology, and maintained the practice of community rating of health insurance. All of these efforts have benefited from the active support of Rochester's employers, who have worked with insurers, health providers, and government to control health care costs and improve access to care. The Rochester experience provides important insights for other communities trying to gain control over rising health care costs and diminished access. It must be noted, however, that Rochester's successes have resulted from decades of effort. Further, many of the problems that Rochester has avoided, such as the excessive growth of hospital beds and the erosion of health insurance coverage, are entrenched elsewhere. It may be more difficult to change practices that people are accustomed to than it is to prevent them from taking hold in the first place.

HRD-93-45, Mar. 26, 1993 (11 pages). Pension Plans: Labor Should Not Ignore Some Small Plans That Report Violations.

In a May 1991 report (GAO/HRD-91-87), GAO revealed fund abuses in pension plans for which the Pension Benefit Guaranty Corporation (PBGC) had assumed responsibility. GAO indicated that both the Labor Department and the Internal Revenue Service may not have acted on information, found in annual reports filed by pension plans, describing violations involving asset use and funding deficiencies. This report follows up on that work and discusses (1) whether the agencies have identified and acted on the information and (2) what the agencies' current procedures and practices are for dealing with violations. Internal Revenue Service procedures generally are effective in identifying pension plans, including small ones, that report funding deficiencies and provide reasonable assurance that appropriate actions will be taken. The Labor Department's procedures ignore some small plans, despite indications that violations are more common among such plans.

HRD-93-46, Mar. 17, 1993 (89 pages). Medicaid: States Turn to Managed Care to Improve Access and Control Costs.

Rising enrollment and spiraling costs are severely straining the government's main health care program for the poor. Although Medicaid was intended to make health care more accessible to the poor, program beneficiaries today often cannot find doctors willing to treat them. Nearly all states are trying to establish managed care programs, which rely on the primary care physician to provide, or arrange for, health care in a cost-conscious way. GAO surveyed Medicaid offices across the country and did detailed work in the following six states: Arizona, Kentucky, Michigan, Minnesota, New York, and Oregon. Managed care has the potential for improved access and quality, but questions persist about whether Medicaid beneficiaries

actually achieve better outcomes under this system. Certain measures of access—such as office wait times and emergency room use—show improvements under managed care, and the quality of care provided to beneficiaries generally matches that of traditional Medicaid fee-for-service care. But better measures of medical outcomes still need to be developed and refined before the question of quality can be answered with any certainty. Finally, states report significant cost savings compared to fee-for-service programs, although some experts dispute these claims. Given the direction that states have chosen, their current challenge is to establish comprehensive data collection and monitoring systems to oversee their program. Safeguards need to be in place to identify health care providers who may be taking excessive financial risks and reduce needed services to beneficiaries. GAO summarized this report in testimony before Congress; see: Medicaid: States Turn to Managed Care to Improve Access and Control Costs, by Janet L. Shikles, Director of Health Financing and Policy Issues, before the Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce. GAO/T-HRD-93-10, Mar. 17, 1993 (14 pages).

HRD-93-47, May 28, 1993 (37 pages). Department of Education: Long-Standing Management Problems Hamper Reforms.

The department charged with managing the federal investment in education and leading the long-term effort to improve education lacks a clear management vision of how to best marshal its resources to achieve its mission. The Education Department's history is replete with long-standing management problems that have erupted periodically and diverted attention from the policy agenda. Financial management at the guaranteed student loan program is a case in point. This report, one in a series of GAO management reviews of federal departments and agencies, identifies problems in the Education Department's planning processes and recommends implementation of a strategic management process

HRD-93-48, Apr. 9, 1993 (74 pages). Indian Health Service: Basic Services Mostly Available; Substance Abuse Problems Need Attention.

The five Indian Health Service area offices GAO visited—Aberdeen, Alaska, California, Navajo, and Portland—differed greatly in the way that they delivered health care services. Nonetheless, the areas reported generally similar levels in the availability of basic clinical services. The services most available were treatment services, such as routine prenatal care, and diagnostic services, such as biopsies for cancer diagnoses. Almost all patients seeking such services were able to receive them. Preventive care, such as diabetes education and dental care, was comparatively less available. Service unit officials generally named alcohol and substance abuse services as their greatest unmet health need. Despite recent increases in Indian Health Service funding for alcohol and substance abuse treatment services, the gap between the demand for and availability of services persists. In addition, the Indian Health Service lacks data on alcoholism rates among native Americans and the effectiveness of current prevention and treatment programs.

HRD-93-49, Mar. 4, 1993 (33 pages). Social Security: Telephone Busy Signal Rates at Local SSA Field Offices.

The Social Security Administration (SSA), seeking to improve telephone service for the public, instituted a nationwide, toll-free 800 number for its field offices in 1988. GAO's calls to local Social Security offices were often met with busy signals. Being disconnected or being transferred to answering machines were also problems, resulting in GAO being unable to complete 56 percent of the calls it placed. To provide a complete picture of the public's ability to telephone SSA during this period, GAO also obtained busy signal data for SSA's nationwide 800 number. That number had an overall busy rate of about 25 percent. SSA does not maintain data that would allow GAO to develop a comparable call completion rate.

HRD-93-50, Apr. 22, 1993 (15 pages). Screening Mammography: Higher Medicare Payments Could Increase Costs Without Increasing Use.

Increasing the cap on Medicare payments to encourage physicians to offer mammography in their offices is not a cost-effective way to expand the use of screening mammography. A study by the Department of Health and Human Services shows that the United States already has more than enough mammography machines, even if all women received screening mammograms at intervals suggested by the National Cancer Institute. A substantial increase in the Medicare payment to support more low-volume machines is likely to increase excess capacity, increase prices for mammograms, and reduce the availability of affordable mammography services. In addition, inconsistent guidelines issued by the Health Care Financing Administration and differing Medicare regulations for diagnostic and screening mammography have led to confusion about the appropriate billing procedures for screening mammography provided under package leasing arrangements.

HRD-93-51, Feb. 17, 1993 (24 pages). Prescription Drug Prices: Analysis of Canada's Patented Medicine Prices Review Board.

As the public debate about health care costs intensifies, congressional attention has focused on ways to curb the upward spiral of prescription drug prices. The last Congress saw 11 bills introduced that would have constrained drug prices, yet none of these was enacted. Some of these bills would have created a federal board, modeled after Canada's Patented Medicine Prices Review Board, to monitor prescription drug pricing. A September 1992 GAO report (GAO/HRD-92-110) found that manufacturers charge less for many drugs in Canada than in the United States and that the Canadian approach to regulating drug prices contributes to this price differential. This report (1) describes the purpose and the structure of Canada's Patented Medicine Prices Review Board as well as its guidelines and procedures, especially those used to determine if a drug price is excessive, and (2) summarizes the evidence about the effects of the Board's actions in Canada on the prices of new drugs, on price increases for existing drugs, and on pharmaceutical research and development.

HRD-93-52, Apr. 6, 1993 (44 pages). Long-Term-Care Case Management: State Experiences and Implications for Federal Policy.

The number of Americans age 65 and older is rising steadily and could exceed 52 million by 2020. Older people require more health and social services but are often confused about how to obtain them. Case management helps people define their service needs, locates and arranges for services, and coordinates the services of multiple providers. Congress has recently considered several bills dealing with long-term care; some of this legislation has proposed establishing a network of case managers to integrate long-term-care services and ensure that beneficiaries receive necessary care and support. This report discusses (1) what, in practice, constitutes case management; what roles case managers play; and what barriers they face in doing their jobs and (2) whether standards for case managers would best be defined in terms of professional qualifications, the functions of case management, or performance measures based on the experience of state officials and outstanding case managers.

HRD-93-53, Dec. 30, 1992 (14 pages). Defense Health Care: CHAMPUS Mental Health Demonstration Project in Virginia.

The Defense Department (DOD) is now undertaking a managed care demonstration project for mental health services in the Tidewater, Virginia, area for beneficiaries of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). Allegations began surfacing in November 1991 that the project's contractor was denying needed care for CHAMPUS beneficiaries to boost its profits under the fixed-price contract arrangement—$31.2 million in fiscal year 1992. GAO discovered that the project has saved money, mainly by (1) reducing the use of inpatient services by about 83 percent and substituting less expensive partial hospitalization and outpatient treatment and (2) paying mental health providers lower reimbursement rates. DOD oversight and contractor controls, however, have failed to guarantee CHAMPUS beneficiaries access to quality treatment. Although DOD effectively monitors the administrative aspects of the contractor's operations, it has fallen short in independent evaluation and quality-of-care monitoring of the project. Similarly, although the contractor's system for assessing and authorizing care has many favorable features that help beneficiaries receive treatment, it may also be unduly restricting access to care and limiting identification of quality treatment problems.

HRD-93-54, May 21, 1993 (25 pages). VA Health Care: Problems in Implementing Locality Pay for Nurses Not Fully Addressed.

The Department of Veterans Affairs (VA) employs nearly 40,000 registered nurses and certified registered nurse anesthetists at its medical centers across the country. Like other health providers, VA has had continuing difficulty in recruiting and retaining nurses. VA is implementing a locality system for nurses in order to make salaries more competitive, but GAO found that the surveys done by VA medical centers in setting nurse salary rates fell well short of the standards set for Bureau of Labor Statistics surveys. As a result, VA's salary rates could easily be substantially higher or lower than justified. GAO believes that the potential for errors is so great that the process should be reported as an internal control weakness. VA attributes this shortcoming to the limited time availabile to implement locality pay. The problems were not, however, corrected during the second round of surveys, and most still have not been addressed 18 months after implementation of the system.

HRD-93-55FS, Mar. 18, 1993 (15 pages). Medicaid: Outpatient Drug Costs and Reimbursements for Selected Pharmacies in Illinois and Maryland.

This fact sheet looks at the extent to which pharmacies that buy outpatient drugs at a discount from drug manufacturers pass on any of the savings to state Medicaid programs. GAO compares drug purchase costs and Medicaid reimbursements in two states—Illinois and Maryland—chosen because each (1) uses one of two basic formulas to reimburse pharmacies' drug purchase costs and (2) have relatively high expenditures for outpatient drug prescriptions. For each state, GAO compares the prices that hospital outpatient and nursing home pharmacies paid for specific

outpatient drugs to the Medicaid reimbursements the pharmacies received. GAO also compares the prices the pharmacies paid to the drugs' average wholesale prices—the price manufacturers would pay if they did not receive discounts.

HRD-93-56, Apr. 22, 1993 (91 pages). Organ Transplants: Increased Effort Needed to Boost Supply and Ensure Equitable Distribution of Organs.

More than 10,000 people died waiting for organ transplants during a recent five-year period. Although the technology for organ transplantation has improved dramatically, organ supplies have not kept pace with demand. Federal legislation has attempted to boost supplies of transplant organs and make their allocation more equitable, but patients have little assurance that organs are being distributed fairly. First, the Department of Health and Human Services (HHS) does not monitor the allocation practices of organ procurement organizations. Second, some organizations limit the pool of patients to be considered for transplant to a single transplant center. Third, some organizations do not document why good transplant candidates were skipped over. Fourth, despite a policy of the United Network for Organ Sharing that allocation practices should be uniform, compliance with this policy by organ procurement organizations is voluntary. HHS needs to develop federal regulations stipulating appropriate allocation practices and develop a measure of procurement success that would enable it to target technical assistance to less effective organ procurement organizations. GAO summarized this report in testimony before Congress; see: Organ Transplants: Increased Effort Needed to Boost Supply and Ensure Equitable Distribution of Organs, by Mark V. Nadel, Associate Director for National and Public Health Issues, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce. GAO/T-HRD-93-17, Apr. 22, 1993 (nine pages).

HRD-93-57, Dec. 23, 1992 (80 pages). Aging Issues: Related GAO Reports and Activities in Fiscal Year 1992.

By the year 2000, the number of older Americans will exceed 53 million, or 17 percent of the total population; seven million will be age 85 or older. Although most of the nation's elderly are independent and in good health, a growing number need assistance to avoid institutionalization. This changing demography will challenge both government and the private sector in the 1990s and beyond. In fiscal year 1992, GAO's work touched on a range of topics affecting the elderly, from employment discrimination to Medicare financing of nursing home care to weaknesses in the nation's pension funds. This index lists GAO reports and testimony according to subject category along with summaries describing each document.

HRD-93-59, May 21, 1993 (26 pages). DOD Health Care: Further Testing and Evaluation of Case-Managed Home Health Care Is Needed.

The Defense Department (DOD) has conducted two demonstration projects to see whether case-managed home care of military patients is a cost-effective way of providing health care for individuals with chronic or catastrophic medical problems. GAO found that neither project has yielded enough information to identify an effective structure for administering a permanent home health care benefit. Specifically, the projects have provided little insight into ways to identify potential home health care recipients, prevent program abuse, and determine when and how case management should be provided. Claimed savings under both projects are significantly overstated. DOD also needs to determine the extent to which the administration of the home care benefit can be integrated into the Coordinated Care program.

HRD-93-60, Mar. 23, 1993 (24 pages). Needle Exchange Programs: Research Suggests Promise as an AIDS Prevention Strategy.

Do needle exchange programs slow the spread of the AIDS virus by reducing needle sharing among addicts? GAO identified nine needle exchange projects that had published results. Of the three studies with findings based on strong evidence, two reported a reduction in needle sharing while the third reported an increase. Seven of the nine projects looked at whether these programs increased drug use. All five projects with strong evidence found that drug use did not increase among users; four reported no rise in the frequency of injection and one found no increase in the prevalence of use. GAO also found the forecasting model developed at Yale University to be credible. This model established a 33-percent reduction in new HIV infections among New Haven, Connecticut, needle exchange program participants during one year. Although these findings suggest that needle exchange programs may hold promise as an AIDS prevention strategy, the law now blocks the Department of Health and Human Services (HHS) from using funds to directly support needle exchange programs. HHS does, however, have the authority to conduct demonstration and research projects that could provide needles to drug users.

HRD-93-61, Apr. 13, 1993 (33 pages). School Construction: Sallie Mae Financing Activities.

Between October 1986 and December 1991, the Student Loan Marketing Association (Sallie Mae) handled 183 transactions totaling $2 billion to build or renovate facilities at about 150 academic institutions, including

both public and private colleges and universities as well as teaching hospitals. The underwritten projects ranged from construction and renovation of classrooms, libraries, and dormitories to purchases of computer equipment and telecommunications systems. Data were unavailable on proposed projects disapproved by Sallie Mae. Recent legislation restricted Sallie Mae's authority to finance some types of college construction projects and eliminated financing for others. Sallie Mae believes that it would have been unable to finance more than half of the $2 billion in building projects had the legislation been in effect earlier. Projects that likely would not have qualified for financing included $59 million for student and faculty housing and $1 billion for athletic and recreational facilities and teaching hospitals.

HRD-93-62, Aug. 4, 1993 (35 pages). Preventive Health Care for Children: Experience From Selected Foreign Countries.

About 12 million American children are not receiving basic preventive health care, such as regular physical examinations or childhood immunizations. GAO looked at how five countries with universal health insurance—England, France, Germany, Japan, and the Netherlands—deliver preventive health care to children. GAO found that they do not rely solely on systems of universal coverage to ensure that children receive services. Instead, they may (1) notify health authorities of new births, which initiates the monitoring and the providing of preventive health services; (2) stress the importance of regular care by targeting new parents for home visits, by providing booklets for maintaining a child's health record, and by conducting information campaigns; (3) provide convenient access to physical examinations by making them available in schools; and (4) facilitate the continuity of care through computer tracking. Before adopting any of these special measures, the United States should study them carefully, given the current limited knowledge of their cost and their real health consequences.

HRD-93-63, Feb. 25, 1993 (16 pages). Mine Safety and Health: Tampering Scandal Led to Improved Sampling Devices.

The Mine Safety and Health Administration (MSHA) became aware of the need for tamper-resistant cassettes in its respirable coal dust control program in 1975 after coal mine operators tampered with required coal dust samples collected in their mines. The Bureau of Mines awarded a contract to develop a tamper-resistant cassette, but prototype testing in 1978 revealed problems, and the government's interest in producing such a device waned. A cassette manufacturer privately developed a tamper-resistant cassette in 1991, and the Labor Department began requiring coal mine operators to use the new devices in 1992. MSHA considered tamper-resistant pumps for its program in the 1970s but never received enough funding to pursue development. In 1992, the same manufacturer that modified the cassette also produced a tamper-resistant pump that MSHA bought for its inspectors to use when taking coal dust samples. MSHA began using the pumps in January 1993 but does not plan to require coal mine operators to buy and use them immediately. According to MSHA, the mine operators will buy the improved pumps as they replace those now in use because only the tamper-resistant pumps are now being produced. Over the years, research has been done on alternative monitoring devices to improve the collection and measurement of respirable coal dust samples—mainly fixed-site, continuous monitoring systems. So far, however, these efforts have been unsuccessful, and MSHA officials believe that such technology is years away.

HRD-93-64, June 30, 1993 (28 pages). Small Pension Plans: Concerns About the IRS Actuarial Audit Program.

After discovering that some highly paid professionals were reaping huge tax deductions by making extremely large contributions to their pension plans, the Internal Revenue Service (IRS) began in 1989 a nationwide audit of small defined benefit pension plans—those with one to five participants. IRS concluded that in many cases large tax deductions were being taken on the basis of unreasonably conservative actuarial assumptions used in calculating allowable pension contributions. Many taxpayers and their accountants complained that IRS was merely trying to generate federal revenues at the expense of small businesses. This report analyzes the impact of the IRS audit program on small business sponsors of defined benefit pension plans. GAO examines the validity of the complaints about IRS' reasons for undertaking the audit program, identifies whom the program targeted, and determines whether IRS considered taxpayer facts and circumstances before substituting its own actuarial assumptions.

HRD-93-65, Feb. 26, 1993 (43 pages). Compensatory Education: Additional Funds Help More Private School Students Receive Chapter 1 Services.

For more than two decades, public school teachers in the Chapter 1 program—a federal program of compensatory education for the disadvantaged—provided remedial services to students in religious schools. The Supreme Court ruled in 1985, however, that this practice violated the doctrine of separation of church and state, and school districts were forced to find new ways to provide Chapter 1 services to private school students. These alternatives

were often more expensive and initially resulted in fewer private school students receiving Chapter 1 services. This report provides an update on Chapter 1 services provided to private sectarian school students since Congress authorized additional funds to help local school districts comply with the Supreme Court decision. GAO identifies (1) what changes have occurred in participation rates, (2) how services are provided to private school students and what changes have occurred in services, and (3) what the current status of state expenditures is and how much additional Chapter 1 funding has been allocated for complying with the Supreme Court decision.

HRD-93-66, Dec. 1992 (73 pages). Health Reports.

GAO presented summaries of reports and testimonies on selected health issues, published between January 1992 and December 1992. GAO also presented a list of additional products published between January 1988 and December 1992 relating to such health issues as: (1) health financing and access; (2) Medicare and Medicaid; (3) public health and education; (4) health quality and practice standards; (5) long-term care and aging; (6) substance abuse and drug treatment; (7) military personnel and veterans' health care; and (8) employee and retiree health benefits.

HRD-93-67, May 7, 1993 (75 pages). Medicaid: HealthPASS: An Evaluation of a Managed Care Program for Certain Philadelphia Recipients.

Federal and state policymakers believe that managed care programs are less expensive than traditional fee-for-service medical care, but critics express concern that cost-control measures may harm patient access to care and the quality of care. In 1986, Pennsylvania contracted with the private sector to create HealthPASS, a managed care program available to Medicaid recipients in south and west Philadelphia. GAO found that pregnant women enrolled in HealthPASS receive appropriate obstetrical care when they seek it, but often women seek prenatal care too late or too infrequently, despite the program's outreach efforts. Many children enrolled in HealthPASS are not receiving timely and federally mandated care, such as immunizations, vision tests, hearing tests, and lead poison and sickle cell anemia screening, apparently because doctors are unaware of federal requirements or because parents and guardians are not seeking these services for children. Outreach efforts and increased reimbursement for these services have not significantly boosted the number of children receiving care. Several reviews of HealthPASS' quality assurance program show it to meet federal and state requirements; GAO found, however, that the program has unknowingly contracted with physicians whose performance is substandard or whose conduct is unprofessional. GAO suggests that the program use information from the Federation of State Medical Boards and the National Practitioner Data Bank to spot doctors with questionable histories.

HRD-93-68, July 27, 1993 (25 pages). VA Health Care: Potential for Offsetting Long-Term Care Costs Through Estate Recovery.

The Department of Veterans Affairs (VA) spent about $1.2 billion in fiscal year 1991 to provide nursing home and domiciliary care to 75,000 veterans in VA and community facilities. For nursing home care, VA is required to collect a fee, known as a copayment, from veterans with incomes above a certain level—about $19,000 for a single veteran. VA picks up the tab for other veterans receiving care. Although VA is able to recover any unpaid nursing home copayments from veterans' estates, VA is not authorized to recover its remaining costs—more than 90 percent of its total costs for providing nursing home and domiciliary care. In GAO's view, an estate recovery program could help ease the financial strains on the government's health care efforts. Estate recovery programs can be structured to recover costs without placing undue hardships on the elderly, are consistent with the government's commitment to provide medical care to veterans, and can more than pay for themselves. Oregon's Medicaid estate recovery program recoups about $13 for every $1 spent administering the program. Congress may want to consider allowing VA to recover from veterans' estates up to the full cost of providing nursing home and domiciliary care. These funds could be used to help offset rising operating costs and provide care for more veterans. VA may need the authority to prevent asset transfers to family members or others that would circumvent cost recovery.

HRD-93-69, Mar. 29, 1993 (109 pages). Chapter 1 Accountability: Greater Focus on Program Goals Needed.

To ensure that individual schools are effective in helping Chapter 1 students improve their skills in such areas as reading, math, and language arts, Congress created a new accountability system that measures student achievement. Local education agencies are required to identify schools with ineffective Chapter 1 programs and work with them to develop program improvement plans. If results are not forthcoming, the state education agency must intervene, working with local officials to develop a joint improvement plan for the school. Local and state education officials and recent studies have raised questions about how accurately schools have been targeted for improvement. Recent studies have also raised concerns about schools'

local program improvement efforts, although no studies have focused on state and local efforts in the joint phase. This report (1) assesses the process used to identify schools needing program improvement and makes suggestions for improving the process and (2) compares implementation of the joint and local phases of program improvement, including the roles of school, district, and state staff, as well as the program changes (or strategies) schools use to bring about improvement.

HRD-93-70, May 18, 1993 (20 pages). Medicare: Renal Facility Cost Reports Probably Overstate Costs of Patient Care.

Medicare helps patients suffering from kidney failure with the costs of dialysis treatments by paying dialysis facilities a predetermined amount per outpatient treatment. A full year of dialysis treatments at Medicare's average payment rates costs more than $19,000, of which the program pays 80 percent and the patient 20 percent. The dialysis industry believes that the Medicare dialysis payment rates should be raised, but the Health Care Financing Administration has proposed reducing the fees. This report answers the following questions: Are the definitions Medicare uses to define costs for payment rate-setting purposes adequate? What is the quality of the most recent audited cost data for rate-setting purposes? Do costs incurred by integrated and nonintegrated firms differ? (An integrated firm might run two or more dialysis facilities through a home or office or own related businesses, such as a laboratory or a supply company, to support its dialysis facilities.) GAO found that 1990 Medicare audits of dialysis facility cost reports were incomplete and poorly done. If the audits had been adequately done, additional unallowable costs would probably have been uncovered and removed from the cost reports, resulting in a further reduction of the median cost per treatment. GAO also found that integrated facilities provide dialysis treatments at substantially lower cost than nonintegrated firms.

HRD-93-71, July 13, 1993 (81 pages). Vocational Education: Status in School Year 1990-91 and Early Signs of Change at Secondary Level.

The Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 seek to improve the overall quality of vocational education and ensure that all students, including targeted groups, such as the disabled, have access to vocational education programs. Although the Perkins Act provides only about 10 percent of vocational education funding nationwide, many vocational education experts view it as a driving force in setting national vocational education priorities. The law requires GAO to undertake two four-year studies—one of secondary schools and one of postsecondary schools—to identify changes that have taken place in vocational education programs since the amendments took effect. The reporting deadline is July 1995. This interim report provides preliminary information on (1) the status of vocational programs in secondary schools in school year 1990-91 and (2) changes reported in school year 1991-92.

HRD-93-73, May 5, 1993 (14 pages). Welfare to Work: JOBS Participation Rate Data Unreliable for Assessing States' Performance.

To encourage state Job Opportunities and Basic Skills Training (JOBS) programs to serve more welfare recipients, Congress mandated minimum rates of participation that states must meet each year. States failing to meet or exceed the annual rates can lose millions of dollars in federal JOBS funds. GAO found that the Department of Health and Human Services (HHS) is allocating millions of dollars in federal JOBS funds on the basis of inaccurate state-reported participation rate data. These data are not comparably derived across states and should not be relied on when comparing states' performance. Much of the inaccuracy in these data is attributed to states' difficulties in collecting and processing all the required data and misinterpretation of JOBS regulations and HHS instructions. As minimum annual participation rates rise, it will become even more important that these issues are resolved. GAO believes that unless HHS simplifies its participation rate reporting requirements and increases its oversight of states' processes, states will continue to report noncomparable and inaccurate data.

HRD-93-74, July 7, 1993 (54 pages). Welfare to Work: States Move Unevenly to Serve Teen Parents in JOBS.

The Job Opportunities and Basic Skills Training (JOBS) program can be used to help teen parents receiving welfare—even those considered hardest to serve—complete their high school education. In the 16 states GAO reviewed, about 24 percent of the teen parents receiving welfare had been enrolled in JOBS. The share of teen parents enrolled in each of these states, however, differed substantially, anywhere from seven to 53 percent. Although the states varied in important ways that affected teen parents' enrollment, this finding is not unexpected in a program such as JOBS, which is a financial and programmatic partnership between the federal and state governments. GAO cannot yet draw any firm conclusions about the effectiveness of JOBS in helping these young mothers.
The numbers served are relatively small and not enough is known about the impact of JOBS on reducing welfare dependence among teen parents and their families. Moreover, JOBS is a relatively new program that has been operating in an environment of mounting fiscal distress and

competing demands on state budgets. However, as state programs evolve, the economy recovers, and states choose to target more funds to JOBS, states may have greater capacity to enroll teen parents and strengthen the education and support services tailored to their needs. Because some teen parents have been improperly excluded from JOBS and states may be missing opportunities to enroll teen parents before they become welfare cases, GAO believes that steps should be taken to ensure that all teen parents are properly identified and told of the requirements for participating in JOBS.

HRD-93-75, Feb. 26, 1993 (35 pages). VA Health Care: Actions Needed to Control Major Construction Costs.

Between fiscal years 1985 and 1992, the Department of Veterans Affairs (VA) received nearly $4 billion to build and modernize facilities; cost overruns during this period totaled more than $224 million. Although VA has tried to strengthen its construction program, the costs of the program are still too high because (1) factors affecting demand for VA health care services, such as incomes and insurance coverage of local veterans, are not considered in determining the need for VA construction; (2) less costly alternatives to VA construction, such as joint ventures with military facilities and use of state and local resources, are given short shrift in planning VA construction projects; and (3) projects exceed program needs, containing too many beds, too much space, or too costly designs. Also, projects increasingly receive construction funding before design development is complete and adequate cost estimates are developed. GAO believes that because of the likelihood of national health care reform, VA should consider limiting construction of additional acute care capacity until future demand for VA health care services can be determined.

HRD-93-76, June 29, 1993 (67 pages). Foster Care: Services to Prevent Out-of-Home Placements Are Limited by Funding Barriers.

The rise in the number of abused and neglected children, many of whom are placed in out-of-home care, has dramatically increased the pressure on state child welfare programs. Yet the existing federal system for financing child welfare programs offers little incentive for states to provide services designed to keep families together and avert the need for foster care; instead, states find it easier to house a growing population in federally subsidized foster care. For example, it is harder for states to provide child welfare services designed to keep families together because federal funding for these purposes is limited by annual, capped appropriations. In contrast, federal funding for foster care is an open-ended entitlement, making it easier to place children in out-of-home care. In addition, declining state revenues combined with swelling foster care caseloads have largely exhausted state moneys that could otherwise be used for family preservation services. States have tried to cope with fiscal barriers and caseload growth by maximizing the use of federal foster care funds for eligible children, shifting costs to localities, and developing less costly alternatives to institutional placement. States have also developed family preservation programs as an innovative option for reducing caseloads.

HRD-93-77, Mar. 1, 1993 (29 pages). VA Health Care: Selection of a Planned Medical Center in East Central Florida.

The Department of Veterans Affairs' (VA) decision to build its east central Florida medical center at the Crowntree Lakes site rather than as a joint venture is, in GAO's view, unjustified and will likely boost the government's overall construction and operating costs. The March 1992 VA study that recommended the Crowntree Lakes sites was significantly flawed and does not support VA's decision. Moreover, the estimated cost to build the medical center has mushroomed by about $80 million, and projected completion has been delayed by three years. GAO supports VA's 1991 conclusion that the North Viera site, which remains available for a joint venture, would better meet the needs of east central Florida veterans at a lower cost to the government. In addition, construction of a new VA outpatient clinic and nursing home at a site near Orlando to be donated by North Viera's developer would create a potential for sharing arrangements with the Navy. Such arrangements could include treatment of Orlando-area veterans on a space available basis in unused acute care capacity at Orlando Naval Hospital.

HRD-93-79, June 14, 1993 (36 pages). Hospital Sterilants: Insufficient FDA Regulation May Pose a Public Health Risk.

The Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA) were justified in halting sales of a sterilizing solution and disinfectants produced by Sporicidin International, Inc. The sterilizing solution was found to do a poor job of cleaning medical instruments, putting patients at risk of serious infections. The company had been marketing its products without prior FDA authorization and had failed to register its products. FDA inspections at Sporicidin also uncovered significant violations of good manufacturing practices regarding cleanliness and recordkeeping. Although FDA took proper action against Sporicidin, its overall regulation of hospital sterilants and disinfectants has been shoddy, allowing manufacturers of hospital sterilants and disinfectants to market many

products without first guaranteeing that they are safe and effective in killing harmful germs.

HRD-93-81, Apr. 12, 1993 (12 pages). FDA Premarket Approval: Process of Approving Lodine as a Drug.

Wyeth-Ayerst Laboratories was granted a patent for Lodine in February 1978. Although originally intended to expire in February 1995, the patent expiration date was extended until February 1997. Wyeth-Ayerst is attempting to have a private bill passed by Congress that would extend the Lodine patent beyond 1997 because the company believes that the length of time needed to obtain premarket approval by the Food and Drug Administration was excessive. Wyeth-Ayerst contends that the 97-month period taken by FDA to grant approval deprived the company of a substantial period of patent protection. This report reviews the events surrounding the approval of Lodine and clarifies the related circumstances.

HRD-93-83, July 13, 1993 (23 pages). Federal Trade Commission: Enforcement of the Trade Regulation Rule on Franchising.

The Federal Trade Commission (FTC) requires franchisers to give prospective franchise purchasers financial details about the business and explain the arrangements in the franchise agreement. FTC enforces the franchise rule as part of its consumer protection mission. This report provides the following information about FTC's franchise rule: (1) the number of franchise rule investigations and court cases started during fiscal years 1989-92; (2) enforcement problems, such as case-processing delays, at FTC headquarters or regional offices; (3) FTC's effectiveness in working with states to enforce franchise rules and laws; and (4) possible revisions to regulating franchises, such as those contained in legislation proposed during the 102nd Congress. GAO also discusses the outcomes of investigated and litigated complaints, the types of complaints filed, the kinds of franchisers taken to court, and enforcement activities in FTC's Atlanta Regional Office.

HRD-93-84, May 28, 1993 (13 pages). Puerto Rico: Confusion Over Applicability of the Electoral Law to Referendum Process.

This report responds to congressional concerns about the conduct of the referendum held in the Commonwealth of Puerto Rico in December 1991. The referendum allowed the voters to decide whether they wanted their constitution amended to adopt six provisions affecting future political status negotiations with the United States. GAO discusses (1) the applicability of Puerto Rico's electoral law and regulations to the referendum, (2) allegations made about the referendum process, (3) public and private funds expended for the referendum, and (4) the involvement of Puerto Rican government agencies in the referendum process.

HRD-93-86, Mar. 30, 1993 (30 pages). Medicaid: The Texas Disproportionate Share Program Favors Public Hospitals.

Congress established the Medicaid disproportionate share hospital program in 1981 to cover additional Medicaid payments to hospitals serving large numbers of Medicaid and other low-income patients. These hospitals can face large financial burdens because Medicaid often reimburses less than other insurers and because some low-income patients do not qualify for Medicaid. Texas uses a unique formula to identify eligible hospitals and to calculate each hospital's additional Medicaid payment. This report assesses the formula Texas uses and its effect on hospitals qualifying for program funds. GAO also describes how other states measure the amount of care their hospitals provide to all of their low-income patients and how they collect and validate hospital data.

HRD-93-89, Aug. 16, 1993 (62 pages). Vocational Education: Status in 2-Year Colleges in 1990-91 and Early Signs of Change.

The Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 seek to improve the overall quality of vocational education and ensure that all students, including targeted groups, such as the disabled, have access to vocational education programs. Although the Perkins Act provides only about 10 percent of vocational education funding nationwide, many vocational education experts view it as a driving force in setting national vocational education priorities. The law requires GAO to undertake two four-year studies—one of secondary schools and one of postsecondary schools—to identify changes that have taken place in vocational education programs since the amendments took effect. The reporting deadline is July 1995. This interim report provides preliminary information on the status of postsecondary vocational programs in 1990-91 and changes reported in the first year under the amendments.

HRD-93-90, May 18, 1993 (32 pages). Skill Standards: Experience in Certification Systems Shows Industry Involvement to Be Key.

Organizations and industries sponsoring skill standards and certification systems believe that the time and resources devoted to developing and managing such systems represent wise investments in the future of their industry. However, sponsors have not systematically evaluated the impact of the systems on workers or employers. The most important element common to the systems GAO reviewed is industry ownership and control.

Contrary to common belief, the process of identifying occupational skill standards was not seen by certification sponsors as a formidable obstacle to establishing certification systems, but they did see other factors as obstacles, such as high costs and difficulties in developing industry coalitions and getting them to agree on standards. GAO summarized this report in testimony before Congress; see: Occupational Skill Standards: Experience Shows Industry Involvement to be Key, by Linda G. Morra, Director of Education and Employment Issues, before the Senate Committee on Labor and Human Resources. GAO/T-HRD-93-23, May 14, 1993 (11 pages).

HRD-93-92, Sept. 17, 1993 (23 pages). Psychiatric Fraud and Abuse: Increased Scrutiny of Hospital Stays Is Needed for Federal Health Programs.

In response to allegations that some Texas psychiatric hospitals paid kickbacks for patient referrals, falsified diagnoses to obtain insurance payments, and kept patients against their will in order to maximize payments, GAO reviewed the vulnerability of federal health programs to fraud and abuse by psychiatric hospitals. Investigators have found that crooked psychiatric hospitals are more likely to take advantage of patients covered by private insurance, which has higher reimbursement rates for mental health services than federal programs and is thus more profitable. Although federal programs have many controls in place to guard against unnecessary or poor quality care, some control weaknesses exist that render federal programs vulnerable to fraudulent and abusive psychiatric hospital practices. For example, although required by federal law, some state Medicaid programs do not independently evaluate the need for inpatient care. In addition, the Civilian Health and Medical Program of the Uniformed Services lacks adequate systems for ensuring that payments are limited to authorized psychiatric stays and for preventing duplicate payments.

HRD-93-93, July 20, 1993 (15 pages). Medicare Physician Payment: Geographic Adjusters Appropriate But Could Be Improved With New Data.

In January 1991, Medicare began using a new way to determine the amounts it will pay for physician services. Rather than basing payment on what doctors charge for services, Medicare now uses a fee schedule that incorporates a resource-based relative value scale. Under this new schedule, each service receives a value reflecting the work and other resources needed to furnish it. Geographic differences, such as staff salaries and office rents, are factored into the values. Some doctors, particularly those in areas with a high cost of living, have complained that the values do not reflect actual cost differences. GAO concludes that the Health Care Financing Administration's (HCFA) choices of data and methodology for developing the geographic adjusters were reasonable. Except for expanded malpractice data, however, HCFA had not planned to use different data sources to update the geographic adjusters for 1995. Internal Revenue Service (IRS) data may be useful in updating the geographic adjusters. HCFA is working with IRS to assess the feasibility of using IRS data in updating the practice-expenses adjuster. Because HCFA will need only summary data, taxpayer privacy concerns do not appear to be an issue.

HRD-93-94, July 29, 1993 (78 pages). VA Health Care: Comparison of VA Benefits With Other Public and Private Programs.

Because of the growth of public and private health insurance programs, most veterans now have coverage under multiple health care programs. These programs differ, however, in terms of the criteria used to establish eligibility, the services covered, the limits placed on the availability of those services, and the cost sharing between the program and its participants. This report (1) compares the health care benefits available under major public and private programs and (2) analyzes the potential effects of existing benefit differences on veterans' use of the Department of Veterans Affairs' health care system.

HRD-93-96, July 15, 1993 (24 pages). Veterans' Compensation: Premature Closing of VA Office in the Philippines Could Be Costly.

The Department of Veterans Affairs' (VA) disability compensation and survivor benefit programs in the Philippines provide payments to Filipino veterans as a result of their service with U.S. armed forces during World War II. VA had planned to close its Manila office in March 1994 and move claims processing to Seattle, Washington. GAO concludes that VA should not make this change until it has ensured that only proper benefits are made and that only those eligible receive benefits. Even though it has been nearly 50 years since the end of World War II, many claims are still submitted for compensation benefits, most of which are denied by VA's Manila office because of an insufficient basis or because they involve fraud. Careful review by claims examiners knowledgeable of the local situation should continue until VA can develop an effective alternative to processing claims in Manila.

HRD-93-97, Apr. 30, 1993 (35 pages). Systemwide Education Reform: Federal Leadership Could Facilitate District-Level Efforts.

In spite of the many education reforms that took place during the 1980s, most Americans see the nation's public elementary and secondary schools as average, at best. Few of the nation's students can

successfully handle complex reasoning and problem solving, and U.S. student achievement in mathematics and science lags student test scores in other industrial nations. A growing number of educators and policymakers now believe that the best chance to improve student learning involves changing the education system as a whole. Attention is being given to improving student outcomes by determining what students should know and be able to do, and ensuring that all the key components of the educational system are directed to achieving those outcomes. This report describes how certain school districts across the country have undertaken systemwide reform efforts. In particular, GAO provides information on the relationship of federal education efforts to the experiences of the districts.

HRD-93-98, July 21, 1993 (23 pages). Medicare: Separate Payment for Fitting Braces and Artificial Limbs Is Not Needed.

Medicare pays for braces and artificial limbs when beneficiaries need them due to injury or illness. Beginning in 1989, a fee schedule replaced the reasonable charge system as a way of paying for these items. GAO believes that because the fee schedule for braces and artificial limbs covers the costs of the devices as well as related professional services, there is no need to establish separate fees for orthotic and prosthetic practitioners. Also, contrary to industry concerns, physician charges had little effect on Medicare's initial fee schedule payment rates. GAO identified 42 items paid for under the orthotic and prosthetic fee schedule that did not require professional fabrication or fitting services. These items, including sterile saline solutions, ostomy supplies, and off-the-shelf braces, could be moved to a more suitable fee schedule category, saving an estimated $12 million annually. GAO also found considerable variation in coverage criteria for braces and artificial limbs among Medicare's claims-processing contractors. This variation could result in payments for the same item being authorized in some areas and denied in others. Recent steps taken by Medicare should remedy this problem.

HRD-93-99, June 15, 1993 (20 pages). Child Support Enforcement: States Proceed With Immediate Wage Withholding; More HHS Action Needed.

Although all states except New York plan to have procedures in place by January for the immediate withholding of noncustodial parents' wages for child support as required by the Family Support Act of 1988, current data are too sparse to indicate how effective the procedures will be in increasing support collections. Most states have made substantial progress in implementing immediate wage withholding for child support orders. Without further direction from the Department of Health and Human Services (HHS), however, many states may fail to designate a public agency to administer immediate wage withholding by the 1994 deadline. Also, states that have not yet implemented immediate wage withholding could benefit from HHS' prompt release of its mandated study of that subject.

HRD-93-100, May 4, 1993 (25 pages). Alleged Lobbying Activities: Office for Substance Abuse Prevention.

GAO investigated alleged lobbying by the Office for Substance Abuse Prevention, part of the Department of Health and Human Services (HHS). GAO found no illegal lobbying by the Office in its publications or any of its own activities. Violations of the prohibition against grass roots lobbying, however, did occur at two conferences. The grantee who organized an alcohol policy conference set aside time on the agenda for meeting with Members of Congress, and it was clear that this was to be for the purpose of lobbying for pending legislation. The Office, however, did not participate in planning or executing the lobbying. Another violation took place at the Healthy People/ Healthy Environments conference when speakers urged that the audience lobby Members of Congress in support of pending legislation. Although HHS and the Office neither planned nor had advance knowledge of the grass roots lobbying at this conference, appropriated funds were used for grass roots lobbying.

HRD-93-101, May 26, 1993 (10 pages). VA Health Care: Delays in Awarding Major Construction Contracts.

The Department of Veterans Affairs (VA) fiscal year 1992 appropriation included funding for 12 new major construction projects, each estimated to cost $3 million or more. The appropriation law required that VA award (1) construction documents contracts for these projects by September 30, 1992, and (2) construction contracts by September 30, 1993. In addition, VA's appropriation for fiscal year 1991 contained funding for 11 other projects for which VA was to award construction contracts by September 30, 1992. This report reviews the contracting delays of reportable projects for impoundment implications under the Impoundment Control Act. GAO also assesses whether VA had reported all projects funded through these acts for which it had not awarded contracts by September 30, 1992.

HRD-93-103, July 7, 1993 (50 pages). 1993 German Health Reforms: New Cost Control Initiatives.

Despite an enviable record in health care cost containment and universal coverage, the German government decided in 1993 to impose emergency budget caps and begin structural reforms of its health care system.

Germany's universal coverage and well-organized administrative framework, which make it easier to monitor provider fees and monitor service utilization, bolster that country's ability to respond to changing health market conditions. But Germany still faces many cost pressures from an aging population, expanding demands for high-technology care, and consumer demands for high-quality care and choice. Germany's past experience and current reforms using global budgets, physician fee schedules, and constraints on resource growth could provide valuable insights for the United States as it grapples with health care reform. The German experience in refining, changing, and adapting some of the same tools being considered in U.S. reform proposals underscores the dynamic nature of the health care market. One of the most important lessons from Germany is that health care reform is a continuous process. As the United States moves toward comprehensive health care reform, the flexibility to respond to a constantly changing health market will be crucial.

HRD-93-104, May 3, 1993 (25 pages). Veterans' Affairs: Establishing Patient Smoking Areas at VA Facilities.

The Department of Veterans Affairs (VA) runs the nation's largest health care system, serving veterans in 158 medical centers. VA announced in 1989 its intent to prohibit smoking inside all these medical centers when outside smoking shelters were available. In November 1993, however, Congress passed legislation requiring VA to establish smoking areas in its facilities for veterans' use. This report examines the feasibility of establishing and maintaining the mandated smoking areas. GAO discusses (1) how the law might affect VA medical facilities' accreditations, (2) how much the facilities might spend to establish mandated smoking areas, and (3) how long the facilities might take to build these areas.

HRD-93-105BR, Aug. 5, 1993 (85 pages). School Age Demographics: Recent Trends Pose New Educational Challenges.

GAO found that the school-age population—children age five to 17—declined by 2.3 million during the 1980s. But during this period, the number of poor school-age children increased and became more racially and ethnically diverse; the numbers of poor Hispanic and Asian children grew at the fastest rates. Between 1980 and 1990, the poor school-age population grew and became more concentrated in the West and the Southwest, although significant numbers of school-age poor remain in other areas, the South especially. The poor school-age population also increased and became more concentrated in the nation's largest cities. With no changes in the chapter 1 formula for allocating funds to educate low-achieving children in high poverty areas, these patterns will substantially affect the distribution of money to states and counties. With the shift to 1990 census data in the chapter 1 allocation formula, many western and southwestern states will gain funds while other areas, especially those with very high poverty concentrations, are likely to lose funds. Other trends GAO identified have consequences for federal education programs, like those funded under the Bilingual Education Act, that serve other specially targeted child populations.

HRD-93-106, July 16, 1993 (56 pages). VA Health Care: Variabilities in Outpatient Care Eligibility and Rationing Decisions.

Veterans' access to outpatient care at Department of Veterans Affairs (VA) medical centers varies widely. The reasons are twofold: first, medical centers throughout the country interpret VA outpatient eligibility criteria differently; and second, medical centers' rationing decisions vary, including whether to ration and what rationing method to use. This means that veterans with similar medical conditions or income status may receive outpatient care at some medical centers but not at others. As a result, veterans are often confused or frustrated when turned away by VA centers without receiving needed medical care. GAO recommends that VA develop alternative eligibility criteria that produce more predictable eligibility decisions or provide better guidance to centers so that doctors make more consistent eligibility determinations. In addition, Congress may want to direct VA to modify its system for allocating resources to medical centers so that veterans with similar medical or economic status have more consistent access to outpatient care. GAO summarized this report, along with GAO/HRD-93-123, in testimony before Congress; see: Veterans Affairs: Accessibility of Outpatient Care at VA Medical Centers, by David P. Baine, Director of Federal Health Care Delivery Issues, before the Subcommittee on Oversight and Investigations, House Committee on Veterans' Affairs. GAO/T-HRD-93-29, July 21, 1993 (11 pages).

HRD-93-107, Sept. 28, 1993 (65 pages). Unemployment Insurance: Program's Ability to Meet Objectives Jeopardized.

More than 97 percent of all wage and salary workers are covered under the Unemployment Insurance program. But the percentage of unemployed workers who applied for and were deemed eligible to receive unemployment benefits has fallen by 20 percent since the late 1970s to about 40 percent. GAO found that the deteriorating financial condition of state trust funds had ultimately affected the proportion of the unemployed who received unemployment benefits. Declining trust fund balances were linked to changes in the law that tightened program eligibility and

lowered wage replacement rates. GAO concludes that the program's objectives are no longer being met to the extent they were during the program's first four decades. If the same percentage of unemployed workers had received comparable unemployment insurance benefits during the 1990-91 recession as during the 1974-75 recession, about $20 billion more in payments would have been available to stabilize the economy and bolster the incomes of the unemployed. The shrinking number of recipients during the 1980s probably contributed to more than a quarter million people slipping below the poverty line by 1990.

HRD-93-108, Sept. 23, 1993 (42 pages). VA Health Care: Labor Management and Quality-of-Care Issues at the Salem VA Medical Center.

In April 1993, the bodies of two patients were found on the grounds of the VA Medical Center in Salem, Virginia, and allegations were made about poor-quality patient care due to nursing shortages, employees' stress, and poor staff morale. GAO found that the center's new medical director is restoring both staff and public confidence in the facility's management and has started to deal with quality-of-care issues. He has addressed many of the labor-management issues confronting the facility and is trying to overcome nurse staffing shortages that have harmed the quality of care being provided. But more needs to be done. Nurse staffing shortages continue, medical records are incomplete, some psychiatrists are not seeing their patients regularly, and some psychiatrists and nurses are shirking essential duties, such as taking patient histories upon admission, assessing patient needs, and providing discharge planning before a patient is released. In addition, the center's quality assurance program could stand improvement. Management should ensure that this program objectively and systematically monitors and continuously improves the quality and appropriateness of services delivered.

HRD-93-109, July 8, 1993 (8 pages). Social Security Disability: SSA Needs to Improve Continuing Disability Review Program.

The Social Security Administration (SSA) has not met the legal requirements for conducting continuing disability reviews, which ensure that individuals receiving government disability benefits are eligible for them. Significant operational problems due to unprecedented increases in initial claims for social security benefits have prompted SSA to shift resources from conducting the reviews to processing these claims. Since fiscal year 1987, SSA has done only about half of the more than 2 million required reviews. Consequently, SSA will pay more than a billion dollars to beneficiaries who have improved enough to return to work. Further, the integrity of the trust funds is affected because thousands of ineligible beneficiaries remain on the disability rolls. In 1991, SSA streamlined its continuing disability review process by being more selective about which beneficiaries are reviewed. SSA is evaluating ways to further refine its process. GAO believes that SSA should (1) continue to examine ways to better target reviews for beneficiaries who may have medically improved and (2) increase the number of reviews beyond those planned.

HRD-93-111BR, July 21, 1993 (73 pages). Poor Preschool-Aged Children: Numbers Increase but Most Not in Preschool.

The rise in the number, the diversity, and the needs of disadvantaged preschool-aged children poses a serious challenge to the National Education Goal of readying all children for school by the year 2000. During the 1980s, the number of children who were most likely to face difficulties upon entering school and who would have benefited from preschool programs—poor and at-risk children—increased substantially. Further, the poverty rates for preschool-aged children have increased since the decennial census. Head Start and other preschool programs are now faced with a target population of more poor and at-risk children. Poor children are also more likely than non-poor children to be in at-risk categories. To succeed in school, these children often need special help that may or may not be available, such as language or family support services. In 1990, about one-third of poor preschool-aged children participated in preschool. Only about 35 percent of all poor three- and four-year-olds participated in preschool compared with more than 60 percent of the highest income three- and four-year-olds. Preschool participation rates for poor three- and four-year-olds were consistently low; participation by poor preschool-aged children in rural areas was even rarer.

HRD-93-112FS, Aug. 20, 1993 (17 pages). Medicaid: Alternatives for Improving the Distribution of Funds to States.

In a 1991 report (GAO/HRD-91-66FS), GAO suggested three changes to the formula for distributing Medicaid funds to states. First, squaring the per capita income factor should be discontinued and replaced with income measured on a per person in poverty basis. Second, the minimum guaranteed federal reimbursement rate of 50 percent should be reduced. These steps would improve tax burden equity among states and reduce reimbursements to states with high incomes and low poverty rates. Third, total taxable resources—a better indicator of a state's ability to fund programs out of its own pocket—should be substituted for per capita income. This fact sheet

updates the 1991 report. Each of the alternatives described for improving distribution of Medicaid funds to the states simulates federal reimbursement rates using fiscal year 1991 Medicaid funding amounts. The alternatives also show what reimbursement rates would have been assuming that there was no increase in federal funding and a five-percent rise in federal assistance.

HRD-93-117FS, Aug. 19, 1993 (12 pages). Student Loans: Default Rates at Historically Black Colleges and Universities.

Of the $13.5 billion in Federal Family Education Loans made in fiscal year 1991, $372 million—less than three percent—went to students attending historically black colleges and universities. The loan default volume at these institutions for fiscal year 1990 was $45 million. Average annual default rates for loans made to students attending historically black colleges and universities ranged from 21 to 27 percent during fiscal years 1987-90. If these default rates remain steady for fiscal years 1990-92, nearly one-third of the 105 historically black colleges and universities will lose their eligibility for the federal loan program in fiscal year 1994. In addition, as many as three-fourths of these institutions could be subject to a state review to determine their continued eligibility for participating in federal student assistance programs.

HRD-93-118, Aug. 2, 1993 (41 pages). Medicaid Drug Fraud: Federal Leadership Needed to Reduce Program Vulnerabilities.

Medicaid prescription fraud is widespread in the United States, contributing significantly to the government's $5.5 billion tab for prescription drugs in 1991. For example, some pharmacists routinely pad customer prescriptions, keeping the extra drugs to sell or use themselves. Clinics inappropriately give Medicaid recipients completed prescription forms that are then traded for merchandise from local pharmacies or sold on the street to the highest bidder; some pills costing 50 cents at the pharmacy have been resold for as much as $85.

A common scheme is the so-called "pill mill," in which doctors, clinic owners, and pharmacists conspire to defraud Medicaid by prescribing drugs solely to obtain government reimbursement. Patients are often in on the scam, allowing the use of their Medicaid numbers in exchange for kickbacks of cash or drugs. This organized network of physicians, patient brokers, and assorted middlemen frequently transferred money overseas via the notorious Bank of Credit and Commerce International. Recent initiatives in several states have shown signs of stemming these financial losses, but federal leadership and support is needed to ensure broader implementation of these initiatives. GAO summarized this report in testimony before Congress; see: Medicaid Drug Fraud: Federal Leadership Needed to Reduce Program Vulnerabilities, by Leslie G. Aronovitz, Associate Director for Health Financing Issues, before the Subcommittee on Human Resources and Intergovernmental Relations, House Committee on Government Operations. GAO/T-HRD-93-28, Aug. 2, 1993 (10 pages).

HRD-93-121, Sept. 7, 1993 (13 pages). Medicaid Managed Care: Healthy Moms, Healthy Kids—A New Program for Chicago.

The goal of Medicaid is to make health care more accessible to the poor. Yet in Chicago, like many other American cities, too few primary care providers are available to treat pregnant women and children receiving Medicaid assistance. Chicago's infant mortality rate was 15.6 per thousand births, versus 10.7 for the nation as a whole. Beginning this year, Medicaid patients had the option of enrolling in the new "Healthy Moms, Healthy Kids" program, which is similar to traditional fee-for-service arrangements except that providers receive a per capita management fee to coordinate a client's care. Beneficiaries must choose a primary care provider who serves as the patient manager and renders needed health services. Community-based groups will provide case management services to children under six years of age and pregnant women. "Healthy Moms, Healthy Kids" has overcome management and oversight controls that GAO has noted in earlier reports. As presently conceived, the program would remove financial incentives to underserve patients; address quality assurance issues, such as identifying needed patient services through a peer review process; require collection of patient and provider utilization data; and conduct periodic patient surveys, establish a grievance system, and set up a hotline to identify quality-of-care problems. The program's success is not, however, guaranteed. A primary concern is the limited state funds appropriated to implement the program. The program also faces the challenge of attracting and retaining enough health care providers.

HRD-93-123, July 14, 1993 (19 pages). VA Health Care: Veterans' Efforts to Obtain Outpatient Care From Alternative Sources.

During visits to six medical centers, GAO identified 198 veterans who had applied for Department of Veterans Affairs (VA) medical care during the first six months of fiscal year 1992 and were turned away without receiving all needed care. Each of these veterans was turned away for treatment of nonemergency conditions that VA staff considered to be unrelated to military service. GAO found that 168 of these 198 veterans later obtained the care initially sought, such as diagnostic evaluations or medical treatment, mostly from non-VA medical providers. The

remaining 30 veterans did not receive further medical care, mainly because they could not afford it.

HRD-93-124, July 22, 1993 (12 pages). Nonprofit Hospitals: For-Profit Ventures Pose Access and Capacity Problems.

During the 1980s, increasing numbers of hospitals and doctors became partners in for-profit joint ventures, such as outpatient surgery and diagnostic imaging.
Concerns have been raised, however, that the profit motive inherent in these joint ventures can lead to excess capacity for some medical services without improving care for poor patients. Further, concerns about kickbacks and other illegal schemes have prompted federal and state regulators to regulate joint ventures more closely. This report determines the (1) rate at which nonprofit hospitals participate in joint ventures; (2) extent to which these ventures, compared with their parent hospitals, serve the poor; (3) extent that joint ventures can boost excess capacity for medical services in their communities; and (4) effect of recent federal and state regulatory action on joint ventures.

HRD-93-125, July 9, 1993 (20 pages). Retiree Health Plans: Health Benefits Not Secure Under Employer-Based System.

Retiree health benefits under an employer-based health care system are not secure because employers can change both their employee and retiree health benefit plans at will. In response to rapidly rising health benefit costs, employers have generally tried to shift costs to participants. Only a small percentage of employers surveyed in studies GAO reviewed had actually eliminated medical services for retirees, but at least four employers had announced plans to do so. The new accounting standard (FAS 106), which highlights the magnitude of the liabilities, has also spurred changes to retiree health benefit plans. Many companies claim that they have modified retiree health benefits because FAS 106 reduces reported income and shareholder equity. The Employee Retirement Income Security Act of 1974 authorizes the federal government to regulate retiree health benefits. Recent court decisions have allowed employers to modify or terminate health benefits for current and future retirees if they reserved the right to do so in benefit plan documents or collectively bargained agreements.

HRD-93-126, Aug. 11, 1993 (20 pages). Medical Malpractice: Medicare/Medicaid Beneficiaries Account for a Relatively Small Percentage of Malpractice Losses.

Although the precise extent to which medical malpractice has contributed to spiraling health care costs is unknown, the expenses associated with it total billions of dollars. Some proposed malpractice reforms target the Medicare and Medicaid programs. Beneficiaries of these programs account for more than one-third of the nation's health care costs, but little information exists on malpractice suits involving Medicare and Medicaid patients. This report (1) reviews the literature and existing data to compare the incidence and the outcomes of malpractice litigation involving Medicare and Medicare patients with those of the rest of the population and (2) analyzes aggregate hospital data on malpractice losses for Medicare, Medicaid, and other hospital patients. GAO discovered that although Medicare and Medicaid beneficiaries represent more than 45 percent of hospital patients, they received only about one-fourth of the $2.3 billion of hospital malpractice awards during a five-year period.

HRD-93-128, Aug. 27, 1993 (15 pages). Health Care Access: Innovative Programs Using Nonphysicians.

In 1992, about 22 million Americans lived in areas with shortages of doctors. Some experts have suggested that greater use of nonphysician providers could expand access to health care. Recent studies have shown that up to 90 percent of the diagnoses made in outpatient settings could be handled capably by physician assistants or nurse practitioners. Under a unique program sponsored by the Indian Health Service, Alaskans have been trained to provide emergency and primary care in remote villages that are sometimes hundreds of miles away from the nearest doctor. These individuals rely on procedures spelled out in an easy-to-read manual and consult daily by telephone or radio with a hospital-based doctor. Available data indicate that the program has generally been well-accepted by patients and that it has significantly improved the health status of Alaska natives. The federal government has assumed responsibility for any medical malpractice claims arising from the program. Pinellas County, Florida, has studied the Alaska program and has proposed a plan under which paramedics would provide primary care to medically needy persons during off-peak hours, following strictly defined procedures and consulting electronically with hospital-based physicians. Whether such a program can get off the ground is unclear because current laws do not allow paramedics to provide routine primary care services and because it is unclear who would assume medical liability for such paramedic services.

HRD-93-129, Aug. 25, 1993 (14 pages). Long-Term Care Insurance: High Percentage of Policyholders Drop Policies.

From 1988 until the early 1990s, sales of long-term care insurance grew at about 32 percent annually. Although greater consumer protections are built into the long-term care policies being sold today, many Members of Con-

gress are concerned about continuing abuses in this area and the need for more protections. This report provides information on (1) the percentage of policyholders that are expected to allow their policies to lapse and (2) the percentage of policyholders' premiums that are paid as sales commissions. GAO also discusses the adoption of consumer protection standards, such as benefits that provide a return of a portion of premiums paid on long-term care insurance policies that are terminated.

HRD-93-130, Sept. 24, 1993 (55 pages). Medical Malpractice: Estimated Savings and Costs of Federal Insurance at Health Centers.

With support from the federal government, more than 500 community and migrant health centers provide health care for about six million people who live in areas with a shortage of doctors and other health care providers. Under the Federally Supported Health Centers Assistance Act of 1992, the government will—for a three-year period that began in January 1993—assume responsibility for malpractice claims filed against these facilities. Grantee centers could save as much as $55 million in insurance costs during that period. The tab for the government could be as much as $27 million—about $19 million in claim payments and about $8 million in contingency margins. Because of possible time lags between when an injury occurs and when a claim is filed and paid, the government could take 10 years or longer to pay for all the compensable injuries that occur at the medical centers. Therefore, the government's estimated costs for claim payments could total about $27 million, $30 million, and $33 million for coverage years 1993-95, respectively. Claims, however, would be paid through the year 2006. It could cost the government more money over time to resolve the grantees' malpractice claims under this arrangement than if private insurance coverage had continued. Because the act provides unlimited dollar coverage for each claim filed and paid—as opposed to private insurance, which sets dollar coverage limits—losses could be about 50-percent greater. In addition, the act makes the government liable for injuries that private sector insurers would not have been liable for.

HRD-93-139, Sept. 7, 1993 (51 pages). Transition From School to Work: States Are Developing New Strategies to Prepare Students for Jobs.

Public officials and educators considering comprehensive school-to-work transition programs to better prepare high school students for the workplace cite many obstacles to their efforts, ranging from employer reluctance to provide workplace training to parental aversion to their children's participation. About 30 percent of youth aged 16 to 24 today lack the skills for entry-level jobs, and half of adults in their late twenties have yet to find steady jobs. School-to-work transitions in the United States are often viewed by experts as falling short in comparison with those in foreign countries, such as Germany, where roughly two-thirds of all youth participate in apprenticeships that teach occupational skills. This report provides an overview of the comprehensive school-to-work strategies at the state level and identifies opportunities for federal assistance. Proposed legislation before Congress would establish a national school-to-work transition strategy. These bills stress the need for improved academic performance, training in occupational skills sought by employers, and workplace orientation and career guidance. GAO summarized this report and commented on the pending legislation in testimony before Congress; see: Transition From School to Work: S. 1361 Addresses Components of Comprehensive Strategy, by Linda G. Morra, Director of Education and Employment Issues, before the Subcommittee on Employment and Productivity, Senate Committee on Labor and Human Resources. GAO/T-HRD-93-31, Sept. 28, 1993 (nine pages); and Transition From School to Work: H.R. 2884 Addresses Components of Comprehensive Strategy, by Linda G. Morra, Director of Education and Employment Issues, before the House Committee on Education and Labor. GAO/T-HRD-93-32, Sept. 29, 1993 (nine pages).

HRD-93-149, Sept. 20, 1993 (8 pages). Defense Health Care: Expansion of the CHAMPUS Reform Initiative Into Washington and Oregon.

Under proposed reforms to the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), which picks up much of the health care tab for military personnel and their dependents, private contractors would be enlisted to provide health care to CHAMPUS patients. In August 1993, the Secretary of Defense told Congress that the CHAMPUS Reform Initiative, with some benefit revisions and managerial changes, would be the most efficient way to provide health care to beneficiaries in Washington and Oregon. The Initiative offers beneficiaries three options: (1) a health maintenance organization offering better benefits and reduced out-of-pocket expenses; (2) a preferred provider network, which requires a higher level of beneficiary cost sharing; and (3) continuation in standard CHAMPUS. GAO concludes that the Defense Department (DOD) compared the Initiative and standard CHAMPUS in a reasonable way that fairly estimated the two health care delivery methods' likely costs, quality, and access. However, DOD is in the dark about how its other health care delivery methods stack up against the Initiative or standard CHAMPUS. As a result, GAO doubts that DOD's comparative cost base was inclusive enough for it to know that the Initia-

tive is the most efficient method of providing health care in Washington and Oregon.

Testimony

T-HRD-93-1, Feb. 2, 1993 (7 pages). Assessing PBGC's Short-Run and Long-Run Conditions, by Joseph F. Delfico, Director, Income Security Issues, before the Labor-Management Relations Subcommittee, House Committee on Education and Labor.

The risks to the Pension Benefit Guaranty Corporation (PBGC), as well as pension plan participants, from underfunded plans have become more apparent with the termination of several large pension plans sponsored by companies in declining industries. PBGC's administrative and accounting problems have added to concerns about the pension insurance agency. This testimony highlights the following three areas: (1) operational and administrative problems at PBGC, (2) the financial status of PBGC's single-employer insurance funds and the threat to it from currently underfunded private sector plans, and (3) the risks still faced by plan participants. Pension plan sponsors who fail to fully fund their plans put an undue burden on others—sponsors of well-funded plans who may have to pay higher PBGC premiums to cover the insured shortfall; participants in underfunded plans who may end up losing some of their benefits; and, under a worst-case scenario, the federal government, which could be forced to pay guaranteed benefits should PBGC be overwhelmed by a rash of large terminations during an economic downturn. Reducing plan underfunding would lower PBGC's future losses by targeting the greatest threat to the pension insurance agency. Congress should also consider making the variable rate premium more risk-related to cut future losses PBGC will most likely incur.

T-HRD-93-2, Feb. 4, 1993 (8 pages). Pension Plans: Underfunded Plans Threaten PBGC, by Joseph F. Delfico, Director, Income Security Issues, before the Oversight Subcommittee, House Committee on Ways and Means.

Several years ago, GAO placed the Pension Benefit Guaranty Corporation (PBGC) on its "high-risk" list of federal programs because of long-standing internal control weaknesses and potentially huge losses to taxpayers. This testimony discusses GAO's December 1992 high-risk series report on PBGC (GAO/HR-93-5). In GAO's view, successfully addressing the problems confronting PBGC involves management reforms, modification of the pension funding rules, and possible changes in the insurance premium structure. As long as pension plan underfunding persists, the pension insurance program and plan participants' benefits are at risk. GAO believes that this is the time—while PBGC still has a positive cash flow—to develop solutions to better fund pension promises. GAO supports more effective funding standards for defined benefit pension plans. Reducing underfunding would limit PBGC's future exposure and appropriately target the greatest threat confronting it—underfunded pension plans. In addition, Congress should consider whether the overall premium ceiling and existing variable premium rate best reflect the risk to PBGC. Raising premiums, by making the variable rate premium more risk-related, would cut PBGC's deficit.

T-HRD-93-3, Feb. 4, 1993 (5 pages). Health Insurance: Legal and Resource Constraints Complicate Efforts to Curb Fraud and Abuse, by Janet L. Shikles, Director, Health Financing and Policy Issues, before the Crime and Criminal Justice Subcommittee, House Committee on the Judiciary.

GAO testified on health care fraud and abuse and the need for better remedies and more resources to combat the problem. Health insurance experts estimate that fraud and abuse contribute to about 10 percent of the more than $800 billion now spent on health care. GAO's past work has shown that (1) all health care payers are vulnerable to fraud and abuse, (2) significant obstacles hinder the prevention of dishonest billing practices and the pursuit of health care profiteers, and (3) the resources devoted to detection and prosecution are inadequate. This testimony discusses these issues in detail.

T-HRD-93-4, Feb. 17, 1993 (10 pages). Medicare: Funding and Management Problems Result in Unnecessary Expenditures, by Janet L. Shikles, Director, Health Financing and Policy Issues, before the House Committee on Budget.

Medicare's soaring expenditures underscore the need for the government to fund and manage the program judiciously. Among the many problems plaguing Medicare management, two stand out. First, the Health Care Financing Administration (HCFA), the agency that oversees Medicare, does not have an effective, national strategy to protect the program from making erroneous or wasteful payments. Second, budget constraints have led to the underfunding of the types of payment controls that prevent or detect losses due to waste, fraud, and abuse. For example, Medicare failed to adequately investigate complaints of fraud and abuse telephoned in by Medicare beneficiaries, little was done initially to claim more than $250 million in overpayments owed by hospitals, Medicare paid an estimated $2 billion in claims that may have been the responsibility of other health insurers, and loose controls over who can bill Medicare have allowed profiteers to exploit the program through fraud and abuse.

GAO believes that Congress should continue to pursue modifying budget procedures so that funding for safeguards could be increased without having to cut spending elsewhere. In addition, GAO believes that HCFA needs to develop a national strategy to manage the Medicare safeguard program. This would entail assessing the appropriateness and effectiveness of individual contractors' controls and developing ways to ensure that controls that have proven effective are implemented nationwide.

T-HRD-93-5, Feb. 22, 1993 (6 pages). Prescription Drugs: Companies Typically Charge More in the United States Than in Canada, by Janet L. Shikles, Director, Health Financing and Policy Issues, before the Health and the Environment Subcommittee, House Committee on Energy and Commerce.

Drug manufacturers typically charge wholesalers more in the United States than in Canada. In studying prices for 121 widely dispensed drugs sold in both countries, GAO found that these drugs would cost 32 percent more in the United States than in Canada if a common prescription of each drug were purchased at its factory price. Differences between U.S. and Canadian drug prices can be explained largely by two factors that are unique to Canada: (1) federal regulations designed to restrain prices on patented drugs and (2) provincial drug benefit plans that pay for drugs for a large segment of the population. Differences in costs, whether of research, production, or distribution, are not a major factor in explaining differences in drug manufacturers' prices.

T-HRD-93-6, Feb. 23, 1993 (7 pages). Dislocated Workers: Implementation of the Worker Adjustment and Retraining Notification Act (WARN), by Linda G. Morra, Director, Education and Employment Issues, before the Labor Subcommittee, Senate Committee on Labor and Human Resources.

About 7,000 plant closures and mass layoffs occurred in 1990 and 1991, leaving more than one million Americans out of work. Although a 1988 law requires certain employers to give their workers and state and local agencies 60 days' notice of impending plant closings or layoffs, about half of all employers in a GAO survey did not give any notice at all and many of those who had provided notice gave less than the required time. The notification provisions of the Worker Adjustment and Retraining Notification Act (WARN) were intended to give workers time to adjust and allow states to begin helping workers find new jobs as quickly as possible. As the law is written, however, many major layoffs are not covered and, given the high percentage of closures for which there was no notice or notices were late, the use of the courts as an enforcement mechanism does not appear to be working. GAO suggests that as Congress considers ways to improve the implementation of WARN, the Department of Labor be given responsibility for enforcing the law.

T-HRD-93-7, Mar. 3, 1993 (7 pages). Veterans' Health Care: Potential Effects of Health Reforms on VA Construction, by David P. Baine, Director, Federal Health Care Delivery Issues, before the Hospitals and Health Care Subcommittee, House Committee on Veterans' Affairs.

Because it is unclear what effect reform of the nation's health care system and Department of Veterans Affairs (VA) eligibility may have on the demand for VA health care, Congress should proceed cautiously with construction of more VA health care facilities. Any national health care reform that expands insurance coverage among veterans could cut in half demand for VA-sponsored care. Reform of VA's system for determining eligibility for health care could have a similarly dramatic effect on VA utilization, potentially boosting outpatient visits from about 22 million in fiscal year 1991 to as high as 57 million. A limitation on construction of additional VA health care facilities, however, need not interrupt the provision of health care to America's veterans. Rather, Congress and VA should test alternative ways of delivering services that could, at least on an interim basis, provide veterans acute care services in their home communities years earlier than could be provided through new construction. Congress could consider authorizing VA to conduct such demonstration projects in areas, such as Hawaii, northern California, and east central Florida, that have unused capacity in community or military hospitals.

T-HRD-93-8, Mar. 8, 1993 (5 pages). Health Insurance: Remedies Needed to Reduce Losses From Fraud and Abuse, by Janet L. Shikles, Director, Health Financing and Policy Issues, before the Health Subcommittee, House Committee on Ways and Means.

Health insurance experts estimate that fraud and abuse contribute to about 10 percent of the nation's $800-plus billion health care bill. Yet only a fraction of this fraud and abuse is ever identified and prosecuted. Without adequate resources, investigation and pursuit of much of the health care fraud is impossible. A shortage of staff and money dedicated to pursuing fraud and abuse has allowed dishonest providers to stay in business. More resources alone, however, will not overcome fraud and abuse in the health insurance industry. GAO believes that the efforts of independent private payers, public payers, and state insurance and licensing agencies as well as state and federal law enforcement agencies need to be better coordinated. This would help

overcome the systemic obstacles that hamper efforts to address health care fraud.

T-HRD-93-9, Mar. 9, 1993 (6 pages). Social Security: SSA's Processing of Continuing Disability Reviews, by Jane L. Ross, Associate Director, Income Security Issues, before the House Select Committee on Aging.

Growing financial and administrative problems have plagued the Social Security Administration's (SSA) disability programs in recent years. In fiscal year 1992, applications for disability benefits reached an all-time high, as did the time it took SSA to process them. To keep up with the surge in claims, SSA has shifted resources from its continuing disability reviews, which ensure that people receiving government disability benefits are still eligible. GAO remains concerned that SSA has not been doing all the continuing disability reviews required by law. Although SSA is developing ways to better target continuing disability reviews to make more efficient use of its resources, many individuals who are no longer disabled will continue to receive benefits for years to come unless more continuing disability reviews are done. Even in the current environment of large workloads and tight budgets, SSA should continue to explore ways to refine its continuing disability review process and increase reviews beyond current levels.

T-HRD-93-10, Mar. 17, 1993 (8 pages). Medicaid: States Turn to Managed Care to Improve Access and Control Costs, by Janet L. Shikles, Director, Health Financing and Policy Issues, before the Oversight and Investigations Subcommittee, House Committee on Energy and Commerce.

Rising enrollment and spiraling costs are straining severely the government's main health care program for the poor. Although Medicaid was intended to make health care more accessible to the poor, program beneficiaries today often cannot find doctors willing to treat them. Nearly all states are trying to establish managed care programs, which rely on the primary care physician to provide, or arrange for, health care in a cost-conscious way. GAO surveyed Medicaid offices across the country and did detailed work in the following six states: Arizona, Kentucky, Michigan, Minnesota, New York, and Oregon. Managed care has the potential for improved access and quality, but questions persist about whether Medicaid beneficiaries actually achieve better outcomes under this system. Certain measures of access—such as office wait times and emergency room use—show improvements under managed care, and the quality of care provided to beneficiaries generally matches that of traditional Medicaid fee-for-service care. But better measures of medical outcomes still need to be developed and refined before the question of quality can be answered with any certainty. Finally, states report significant cost savings compared to fee-for-service programs, although some experts dispute these claims. Given the direction that states have chosen, their current challenge is to establish comprehensive data collection and monitoring systems to oversee their program. Safeguards need to be in place to identify health care providers who may be taking excessive financial risks and reduce needed services to beneficiaries.

T-HRD-93-11, Mar. 25, 1993 (6 pages). Social Security: SSA Needs to Improve Service for Program Participants, by Jane L. Ross, Associate Director, Income Security Issues, before the Social Security Subcommittee, House Committee on Ways and Means.

This testimony explores the Social Security Administration's (SSA) efforts to improve service to the public. GAO touches on the long delays in processing claims for disability applicants and the reduction in the number of continuing disability reviews. GAO is concerned that state disability determination services' use of overtime and other short-term initiatives may not be adequate to reduce the disability application backlogs to acceptable levels. Also, the low number of continuing disability reviews being done results in losses to the trust funds and undermines program integrity. These short-term issues must be addressed. For the long term, SSA should complete work on its service delivery plan, which outlines how the agency will provide service in the future, before it embarks on piecemeal or costly fixes that freeze current processes in place.

T-HRD-93-12, Mar. 31, 1993 (6 pages). Veterans' Health Care: Potential Effects of Health Financing Reforms on Demand for VA Services, by David P. Baine, Director, Federal Health Care Delivery Issues, before the Senate Committee on Veterans' Affairs.

Demand for inpatient services at Department of Veterans Affairs (VA) facilities could drop by as much as 18 percent if employers nationwide were forced either to offer health insurance for workers or pay a tax to finance nationwide coverage. Under a nationwide universal health plan, the impact could be even greater—demand for VA inpatient care could plummet by 47 percent. Yet the ultimate impact of U.S. health care or VA eligibility reforms on future demand for VA medical services will not be known for some time. The VA health care system should be included in discussions about health care reform, and GAO is encouraged that VA is represented on the President's task force on that subject. But GAO has a more immediate concern: if VA continues to build hospitals on the basis of current demand, the hospitals could have significant excess capacity before they even open.

T-HRD-93-13, Apr. 2, 1993 (12 pages). Medicare Secondary Payer Program: Identifying Beneficiaries with Other Insurance Coverage Is Difficult, by Leslie Aronovitz, Associate Director, Health Financing Issues, before the Regulation and Government Information Subcommittee, Senate Committee on Governmental Affairs.

Under the Medicare secondary payer program, Medicare costs have been cut by billions of dollars. This effort has centered on (1) identifying working beneficiaries and their spouses whose other health insurance is the primary payer to Medicare and (2) recovering Medicare payments that should have been made by private insurers. To achieve these goals, however, Medicare relies on a process that is labor intensive, expensive, and often unreliable. Enforcing the Medicare secondary payor provisions has been a long-standing challenge, and despite efforts by the Health Care Financing Administration and the millions of dollars spent to identify primary payers, hundreds of millions of dollars go uncollected.

T-HRD-93-14, Apr. 20, 1993 (8 pages). Medicare: Physicians Who Invest in Imaging Centers Refer More Patients for More Costly Services, by Janet L. Shikles, Director, Health Financing and Policy Issues, before the Health Subcommittee, House Committee on Ways and Means.

A study of referrals to diagnostic imaging centers, among the most popular kinds of physician-owned joint ventures, provides further evidence that physician involvement in medical facilities is linked to more frequent patient referrals to those facilities and higher health care costs. Often boasting expensive high-technology services like magnetic resonance imaging (MRI), these centers have proliferated in many parts of the country. GAO's analysis of 1990 Medicare claims in Florida reveals that doctors with a financial stake in nonhospital imaging facilities referred their patients more often and referred them for more costly imaging services than did other physicians. The differences were most pronounced among MRI referrals. Because its findings are based on a large-scale analysis of physician referral practices, GAO believes that they provide important new information for Congress as it considers legislation to extend current restrictions on physician self-referral.

T-HRD-93-15, Apr. 22, 1993 (7 pages). Social Security: Rising Disability Rolls Raise Questions That Must Be Answered, by Jane L. Ross, Associate Director, Income Security Issues, before the Social Security Subcommittee, House Committee on Ways and Means.

In April 1993, trustees of the Social Security Disability Insurance Trust Fund reported that the fund could be exhausted by 1995, mainly because the number of beneficiaries has grown faster than expected. To keep the fund solvent through 2020, the trustees have proposed legislation that would give the fund a larger share of the Social Security payroll tax. This testimony discusses (1) the major factors contributing to the rapid increase in beneficiaries; (2) the changing composition of the disability insurance rolls; and (3) the uncertainty about whether recent trends will continue, level off, or reverse themselves.

T-HRD-93-16, Apr. 20, 1993 (9 pages). Private Pensions: Most Underfunded Plan Sponsors Are Not Making Additional Contributions, by Joseph F. Delfico, Director, Income Security Issues, before the Oversight Subcommittee, House Committee on Ways and Means.

Although most plans insured by the Pension Benefit Guaranty Corporation (PBGC) are well-funded, a significant minority of plans are underfunded and the level of underfunding in these plans is growing. The potential consequences of this trend are alarming. PBGC faces an increase in its exposure to the risk of terminating underfunded plans. Sponsors of financially sound plans may see their PBGC premiums increase to cover PBGC's growing losses. Plan participants may lose some benefits should their underfunded plan be terminated. Taxpayers may have to pay should PBGC exhaust the assets it has for paying its obligations. GAO concludes that the current funding rules need strengthening and that proposed legislation, while far from perfect, would substantially increase contributions for many plans.

T-HRD-93-17, Apr. 22, 1993 (9 pages). Organ Transplants: Increased Effort Needed to Boost Supply and Ensure Equitable Distribution of Organs, by Mark V. Nadel, Associate Director, National and Public Health Issues, before the Health and the Environment Subcommittee, House Committee on Energy and Commerce.

More than 10,000 people died waiting for organ transplants during a recent five-year period. Although the technology for organ transplantation has improved dramatically, organ supplies have not kept pace with demand. Federal legislation has attempted to boost supplies of transplant organs and make their allocation more equitable, but patients have little assurance that organs are being distributed fairly. First, the Department of Health and Human Services (HHS) does not monitor the allocation practices of organ procurement organizations. Second, some organizations limit the pool of patients to be considered for transplant to a single transplant center. Third, some organizations do not document why good transplant candidates were skipped over. Fourth, despite a policy of the United Network for Organ Sharing that allocation practices

should be uniform, compliance with this policy by organ procurement organizations is voluntary. HHS needs to develop federal regulations stipulating appropriate allocation practices and develop a measure of procurement success that would enable it to target technical assistance to less effective organ procurement organizations.

T-HRD-93-18, Apr. 29, 1993 (11 pages). The Job Training Partnership Act: Potential for Program Improvements But National Job Training Strategy Needed, by Clarence C. Crawford, Associate Director, Education and Employment Issues, before the Employment, Housing, and Aviation Subcommittee, House Committee on Government Operations.

Title IIA of the Job Training Partnership Act provides job-training and employment-seeking skills to poor people who need training and other labor market services to land jobs. Although the act has been viewed as relatively successful in placing participants in jobs, a recent study raises questions about whether it is as effective as it could be. GAO testified that effective implementation of the 1992 amendments to the act, coupled with more emphasis on program evaluation and a national strategy to eliminate confusion and duplication among the myriad training programs, could make a substantial improvement.

T-HRD-93-19, May 6, 1993 (9 pages). Veterans' Health Care: Potential Effects of Health Care Reforms on VA's Major Construction Program, by David P. Baine, Director, Federal Health Care Delivery, before the Senate Committee on Veterans' Affairs.

This testimony focuses on factors that could affect the need for and the size and the design of Department of Veterans Affairs' (VA) construction projects. These factors are (1) reform of the nation's health care financing system, (2) reform of VA health care eligibility for its beneficiaries, and (3) VA's role under a reformed health care system. GAO also discusses the extent to which VA considers construction alternatives, such as available state and community resources, when it determines the need for major construction projects, along with GAO's recently completed review of the management of VA's major construction program.

T-HRD-93-20, May 4, 1993 (7 pages). Systemwide Education Reform: Federal Leadership Could Facilitate District-Level Efforts, by Linda G. Morra, Director, Education and Employment Issues, before the Elementary, Secondary and Vocational Education Subcommittee, House Committee on Education and Labor.

The 1980s saw a host of education reforms, most of which addressed individual parts of the system, such as merit pay for teachers, smaller class sizes, and increased academic requirements for graduation. Yet many educators and policymakers now believe that to improve student learning, the education system as a whole must be overhauled. These changes center on improving student outcomes by determining what students should know and be able to do and ensuring that all the key components of the educational system are linked to those outcomes. This testimony draws on an April 1993 GAO report (GAO/HRD-93-97) that examined four school districts with years of experience in implementing systemwide reform. In these districts, systemwide reform has been a long-term, ongoing process requiring substantial commitment and effort. Their experiences offer insights into the potential federal role in systemwide reform.

T-HRD-93-21, May 10, 1993 (7 pages). Defense Health Care: Lessons Learned From DOD's Managed Health Care Initiatives, by David P. Baine, Director, Federal Health Care Delivery Issues, before the Military Forces and Personnel Subcommittee, House Committee on Armed Services.

GAO commends the Defense Department (DOD) for moving toward managed health care because GAO continues to believe that this approach, while not a panacea, does offer the potential for controlling costs, improving beneficiary access, and offering high-quality care. Important lessons have been learned about features that need to be in place as DOD's managed care efforts continue. These include the need for (1) uniform health care benefits and cost-sharing requirements within individual categories of beneficiaries, (2) organization and budgeting systems that provide managers the appropriate incentives to manage beneficiaries' care efficiently, and (3) consideration of a variety of factors as DOD continues to contract for health care services.

T-HRD-93-22, May 19, 1993 (7 pages). VA Health Care: Enforcement of Federal Ethics Requirements at VA Medical Centers, by Lawrence H. Thompson, Assistant Comptroller General, before the Oversight and Investigations Subcommittee, House Committee on Veterans' Affairs.

Senior managers at nearly one-third of the Department of Veterans Affairs' (VA) medical centers reported receiving part-time employment incomes, averaging thousands of dollars, from medical schools that receive millions of dollars through VA contracts. Nevertheless, VA has allowed these managers to participate in awarding and administering these contracts. Such activities are prohibited under federal conflict-of-interest regulations and may violate federal criminal statutes. These activities, therefore,

not only subject managers to possible prosecution, but also significantly impair the integrity of VA's procurement process.

T-HRD-93-23, May 14, 1993 (8 pages). Occupational Skill Standards: Experience Shows Industry Involvement to Be Key, by Linda G. Morra, Director, Education and Employment Issues, before the Senate Committee on Labor and Human Resources.

Organizations and industries sponsoring skill standards and certification systems believe that the time and resources devoted to developing and managing such systems represent wise investments in the future of their industry. However, sponsors have not systematically evaluated the impact of the systems on workers or employers. The most important element common to the systems GAO reviewed is industry ownership and control. Contrary to common belief, the process of identifying occupational skill standards was not seen by certification sponsors as a formidable obstacle to establishing certification systems, but they did see other factors as obstacles, such as high costs and difficulties in developing industry coalitions and getting them to agree on standards.

T-HRD-93-24, May 20, 1993 (18 pages). Medical Malpractice: Experience with Efforts to Address Problems, by Lawrence H. Thompson, Assistant Comptroller General, before the Health Subcommittee, House Committee on Ways and Means.

Although the precise extent to which medical malpractice has contributed to the nation's spiralling health care bill is unknown, there is little question that the costs associated with it run into the billions of dollars. The United States faces higher costs for medical malpractice insurance and associated defensive medicine costs than other nations. Of equal importance are the profound effects that medical practice is having on the way medicine is practiced in the United States—effects that can be expected to grow in the future if the malpractice system is not reformed. GAO testified that reform of the medical malpractice system should address three fundamental issues: reducing the incidence of negligent care, fairly compensating individuals injured through medical negligence, and dealing with the complexities involved in efforts to enhance the overall quality of U.S. health care.

T-HRD-93-25, May 27, 1993 (18 pages). Private Health Insurance: Wide Variation in State Insurance Departments' Regulatory Authority, Oversight and Resources, by Leslie Aronovitz, Associate Director, Health Financing Issues, before the Health Subcommittee, House Committee on Ways and Means.

The rapidly rising cost of health insurance and the growing number of uninsured have pushed the debate over health care reform to the forefront. Because most national health care reform proposals include provisions that could fundamentally alter the health insurance marketplace, states and their insurance departments could play a large role in enforcing new requirements should any of these proposals be adopted. Drawing on its nationwide survey of state insurance departments, GAO discusses (1) what portion of the health insurance market is regulated by state insurance departments; (2) the standards state insurance departments follow and the extent of their regulatory responsibilities; (3) the budget and staff resources state insurance departments commit to regulating health insurance; and (4) the key activities departments perform, including monitoring solvency, reviewing rates and policy forms, and responding to consumer complaints.

T-HRD-93-26, June 10, 1993 (9 pages). Direct Student Loans: The Department of Education's Implementation of Direct Lending, by Clarence C. Crawford, Associate Director, Education and Employment Issues, before the Human Resources and Intergovernmental Relations Subcommittee, House Committee on Government Operations.

Implementing direct lending will be a challenge to the Department of Education. It must be prepared to promptly work out kinks in the program to minimize the risks. If limitations on access or increases in loan defaults occur, the Department must identify and address them early to ensure the integrity of direct lending as the principal federal provider of financial aid to postsecondary students.

T-HRD-93-27, June 18, 1993 (10 pages). Multiple Employment Programs: National Employment Training Strategy Needed, by Clarence C. Crawford, Associate Director, Education and Employment Issues, before the Labor, Health and Human Services, and Education Subcommittee, Senate Committee on Appropriations.

For many years, people seeking help in finding jobs have had to contend with a vast number of federal programs offering employment training assistance. Some states have tried to coordinate the programs, but these efforts have not always been successful. To bring some order to the current fragmented "system" of more than 150 different federal employment training assistance programs, local, state, and federal leaders need to work together to set common goals for programs yet allow communities the flexibility to develop service-delivery mechanisms tailored to local needs. This testimony discusses (1) problems created by the myriad of employment training programs, (2) state and local efforts to coordinate

these programs, and (3) the need for a national employment training strategy.

T-HRD-93-28, Aug. 2, 1993 (10 pages). Medicaid Drug Fraud: Federal Leadership Needed to Reduce Program Vulnerabilities, by Leslie Aronovitz, Associate Director, Health Financing Issues, before the Human Resources and Intergovernmental Relations Subcommittee, House Committee on Government Operations.

Medicaid prescription fraud is widespread in the United States, contributing significantly to the government's $5.5 billion tab for prescription drugs in 1991. For example, some pharmacists routinely pad customer prescriptions, keeping the extra drugs to sell or use themselves. Clinics inappropriately give Medicaid recipients completed prescription forms that are then traded for merchandise from local pharmacies or sold on the street to the highest bidder; some pills costing 50 cents at the pharmacy have been resold for as much as $85.
A common scheme is the so-called "pill mill," in which doctors, clinic owners, and pharmacists conspire to defraud Medicaid by prescribing drugs solely to obtain government reimbursement. Patients are often in on the scam, allowing the use of their Medicaid numbers in exchange for kickbacks of cash or drugs. This organized network of physicians, patient brokers, and assorted middlemen frequently transferred money overseas via the notorious Bank of Credit and Commerce International. Recent initiatives in several states have shown signs of stemming these financial losses, but federal leadership and support is needed to ensure broader implementation of these initiatives.

T-HRD-93-29, July 21, 1993 (6 pages). Veterans Affairs: Accessibility of Outpatient Care at VA Medical Centers, by David P. Baine, Director, Federal Health Care Delivery Issues, before the Oversight and Investigations Subcommittee, House Committee on Veterans' Affairs.

Veterans' access to outpatient care at Department of Veterans Affairs (VA) medical centers varies widely. The reasons are twofold: first, medical centers throughout the country interpret VA outpatient eligibility criteria differently; and second, medical centers' rationing decisions vary, including whether to ration and what rationing method to use. This means that veterans with similar medical conditions or income status may receive outpatient care at some medical centers but not at others. As a result, veterans are often confused or frustrated when turned away by VA centers without receiving needed medical care.
GAO recommends that VA develop alternative eligibility criteria that produce more predictable eligibility decisions or provide better guidance to centers so that doctors make more consistent eligibility determinations. In addition, Congress may want to direct VA to modify its system for allocating resources to medical centers so that veterans with similar medical or economic status have more consistent access to outpatient care.

T-HRD-93-30, July 27, 1993 (15 pages). EEOC: An Overview, by Linda G. Morra, Director, Education and Employment Issues, before the Select Education and Civil Rights Subcommittee, House Committee on Education and Labor.

The Equal Employment Opportunity Commission (EEOC) upholds a basic right of Americans: the right to equal employment opportunity regardless of race, color, religion, national origin, age, or disability. EEOC's world has changed drastically since the Commission was established in 1964, and questions have arisen about how well EEOC does its job. With substantial staff increases unlikely, will EEOC be able to respond effectively to the demands of its new environment—one characterized by increasing responsibility and workloads? In these times of shrinking resources, government agencies are rethinking their roles and how they do business. EEOC may also need to change. This testimony (1) briefly describes how EEOC operates, (2) discusses its increasing responsibility and workload, and (3) examines concerns about its operations.

T-HRD-93-31, Sept. 28, 1993 (9 pages). Transition From School to Work: S. 1361 Addresses Components of Comprehensive Strategy, by Linda G. Morra, Director, Education and Employment Issues, before the Employment and Productivity Subcommittee, Senate Committee on Labor and Human Resources.

Public officials and educators considering comprehensive school-to-work transition programs to better prepare high school students for the workplace cite many obstacles to their efforts, ranging from employer reluctance to provide workplace training to parental aversion to their children's participation. About 30 percent of youth aged 16 to 24 today lack the skills for entry-level jobs, and half of adults in their late twenties have yet to find steady jobs. School-to-work transitions in the United States are often viewed by experts as falling short in comparison with those in foreign countries, such as Germany, where roughly two-thirds of all youth participate in apprenticeships that teach occupational skills. This testimony provides an overview of the comprehensive school-to-work strategies at the state level and identifies opportunities for federal assistance. Proposed legislation before Congress would establish a national school-to-work transition strategy. These bills stress the need for improved academic performance,

training in occupational skills sought by employers, and workplace orientation and career guidance.

T-HRD-93-32, Sept. 29, 1993 (9 pages). Transition From School to Work: H.R. 2884 Addresses Components of Comprehensive Strategy, by Linda G. Morra, Director, Education and Employment Issues, before the House Committee on Education and Labor.

Public officials and educators considering comprehensive school-to-work transition programs to better prepare high school students for the workplace cite many obstacles to their efforts, ranging from employer reluctance to provide workplace training to parental aversion to their children's participation. About 30 percent of youth aged 16 to 24 today lack the skills for entry-level jobs, and half of adults in their late twenties have yet to find steady jobs. School-to-work transitions in the United States are often viewed by experts as falling short in comparison with those in foreign countries, such as Germany, where roughly two-thirds of all youth participate in apprenticeships that teach occupational skills. This testimony provides an overview of the comprehensive school-to-work strategies at the state level and identifies opportunities for federal assistance. Proposed legislation before Congress would establish a national school-to-work transition strategy. These bills stress the need for improved academic performance, training in occupational skills sought by employers, and workplace orientation and career guidance.

T-HRD-93-33, Sept. 29, 1993 (11 pages). Benefits for Illegal Aliens: Some Program Costs Increasing, But Total Costs Unknown, by Joseph F. Delfico, Director, Income Security Issues, before the Republican Research Committee: Task Force on Illegal Immigration, House of Representatives.

The benefits available to illegal aliens and their U.S. citizen children make up a small but rising percentage of costs for some government programs, such as Medicaid, public education, and food stamps. Existing cost estimates, however, provide at best a sketchy picture of the situation. Illegal aliens are not required to reveal their status to receive some benefits; in other cases, officials are prohibited from asking about alien status. National cost data are only available for welfare benefits, which in fiscal year 1992 totaled $479 million for illegal aliens with children who are U.S. citizens. The five states accounting for nearly 80 percent of the illegal immigrant population—California, Texas, New York, Illinois, and Florida—pegged the total cost of federal, state, and local aid to illegal aliens at about $2.9 billion. The costs of providing these benefits appear to be on the upswing. These cost estimates, however, exclude government revenues attributable to illegal aliens.

T-HRD-93-34, Sept. 14, 1993 (4 pages). Social Security as an Independent Agency, by Joseph F. Delfico, Director, Income Security Issues, before the Senate Committee on Finance.

GAO has found no compelling reason to establish the Social Security Administration (SSA) as an independent agency, although health care reform's impact on the Department of Health and Human Services could change the situation. GAO believes that, in any event, a single administrator would be the best management structure for an independent SSA. To provide greater agency continuity and institutional memory, GAO supports the appointment of career status staff in top management jobs at SSA. GAO also supports delegating SSA independent authority for personnel management, building maintenance and acquisition, and computer procurement. But regardless of its status, SSA needs to seriously reengineer its business practices, upgrade technology, and reorganize to better respond to its customers' needs.

IMTEC

IMTEC-93-1, Jan. 29, 1993 (41 pages). Health Information Systems: National Practitioner Data Bank Continues to Experience Problems.

The Department of Health and Human Services (HHS) created its National Practitioner Data Bank to help prevent unethical or incompetent doctors from moving across state lines and concealing their professional history. HHS' management of the data bank, however, has allowed weaknesses that undermine achievement of a timely, secure, and cost-efficient operation. The data bank usually does not give users responses to their questions for several weeks, which in turn delays the granting of privileges to health care practitioners. Further, poor internal controls have allowed user organizations to receive sensitive practitioner data to which they were not entitled. In addition, HHS has inadequately monitored the data bank contractor. Finally, although HHS intends to revamp the data bank, its plans have not incorporated a sound system development approach and are based on funding uncertainties. As a result, HHS may acquire a system that does not meet users' needs.

IMTEC-93-2, Oct. 23, 1992 (10 pages). Johnson Space Center Procurement: Controls Over Payments to Contractors Should Be Strengthened.

GAO has identified NASA's contract management practices as one of 16 government areas highly vulnerable to waste, fraud, and abuse. The Johnson Space Center in Houston, Texas, has various internal controls over the management of computer contracts, grants, and purchase orders. Those used for paying contractors, however, put the Center at risk. Specifically, contracting officers and technical representatives at the Center do not link the receipt of products and services actually received against the cost vouchers that contractors submit for payment. Although the Center relies on a series of internal controls to ensure that contractors deliver high-quality goods and services, none of these mechanisms is a substitute for periodic linking of contractors' cost vouchers with products actually received. As a result, it is possible that the Center may be billed—and end up paying—for goods and services never received.

IMTEC-93-3, Nov. 19, 1992 (30 pages). Air Force ADP: Lax Contract Oversight Led to Waste and Reduced Competition.

In handling contracts for data processing services at more than 120 bases worldwide, Gunter Air Force Base in Alabama has shown a pattern of mismanagement and inappropriate actions that has led to the purchase of millions of dollars in unneeded equipment and services. These contracts were valued at more than $8.6 billion as of June 1992. Gunter could not control nearly $1 billion in contracts because it failed to establish an effective way to account for orders, deliveries, and payments. Additionally, it inappropriately limited competition by purchasing equipment and services that were not within the scope of the contract but should have been competed. Gunter wasted millions of dollars by buying equipment that was not justified either by valid user requirements or by convincing cost/benefit analyses. The Office of the Judge Advocate General advised against these actions, but Gunter officials proceeded anyway. The Air Force further limited competition in awarding a $612 million follow-on contract.

It improperly aggregated sole-source and competitive requirements and awarded a sole-source contract to UNISYS for products that in some cases could have been procured competitively. Further, Gunter will probably be forced to award another sole-source contract to UNISYS when the Standard Base Level Computing contract ends in 1997 unless it takes prompt action to create a competitive environment.

IMTEC-93-4BR, Oct. 23, 1992 (15 pages). Tax Systems Modernization: IRS' Use of Consultants to Do the TMAC Price/Technical Tradeoff Analysis.

GAO reviewed the Internal Revenue Service's (IRS) use of outside consultants to do a second price/technical tradeoff analysis for the Treasury Multi-user Acquisition Contract (TMAC) procurement, which will provide IRS with minicomputers, workstations, printers, and other equipment as part of the agency's $8-billion modernization effort. Although IRS' decision to use outside consultants appears reasonable and not inconsistent with the Federal Acquisition Regulation, federal guidance is not specific as to what is required to determine whether expertise is readily available within the government. This experience underscores the need for IRS to properly plan procurements and to ensure the availability of expertise to do them successfully. This is especially true for best value procurements that may involve sophisticated analyses and judgments of the relative value of technical and cost features. IRS' plans to award more procurements using the best value method make it imperative that the lessons learned from TMAC be carried forward. IRS' efforts to include guidance in source selection plans and to have people with the requisite expertise are steps in the right direction.

IMTEC-93-5, Nov. 23, 1992 (12 pages). Pesticides: Information Systems Improvements Essential for EPA's Reregistration Efforts.

After more than three years of effort and $14 million spent on computer systems, the Environmental Protection Agency (EPA) still cannot easily

assemble accurate, reliable, and complete information on pesticides being reregistered. This has complicated the already difficult task the agency faces in meeting pesticide reregistration deadlines mandated by Congress. EPA's information management problems arise from poor systems planning and poor data management. Confronting an overload of reregistration information and short deadlines, EPA adopted a fast track strategy for developing its new reregistration systems—without first adequately setting program management requirements or defining systems requirements. Furthermore, the consistency, accuracy, and completeness of the information within the new systems is also jeopardized because EPA has not implemented procedures to ensure data consistency and quality. The upshot is that the new systems fall short in meeting user's needs; compiling information about pesticides undergoing reregistrations remains a difficult, labor-intensive, and time-consuming job.

IMTEC-93-6, Nov. 4, 1992 (24 pages). Veterans Benefits: Acquisition of Information Resources for Modernization Is Premature.

The Department of Veterans Affairs' desire to invest in new information technology to improve service to veterans is laudable. Yet the plan by the Veterans Benefit Administration to proceed in acquiring $94 million in computer hardware and software, while at the same time grappling with basic changes in its business processes, is clearly premature for several reasons. First, it does not yet fully understand what managerial, operational, or technical problems need to be corrected. Second, effective leadership—capable of bringing together program managers and information technology specialists to reach consensus on problems and solutions—is lacking. Third, the agency's Chief Information Resources Officer does not have the authority to correct identified problems. To invest people, time, and money in acquiring information technology before fully understanding what the Veterans Benefit Administration's future business operation will look like risks a system that may not work as intended. Delaying further modernization procurement until the Veterans Benefit Administration has a clearer idea of where it is headed is the prudent, preferable alternative.

IMTEC-93-8, Feb. 3, 1993 (31 pages). Asset Management System: Liquidation of Failed Bank Assets Not Adequately Supported by FDIC System.

The Federal Deposit Insurance Corporation's (FDIC) requirements to liquidate failed bank assets are not always being followed. As a result, FDIC is not maximizing cash recovery on all failed bank assets. Foreclosure requirements were not followed for 35 of 135 assets GAO reviewed; income of about $1.4 million being generated by collateral on 13 delinquent loans went uncollected; and collateral valued at nearly $80,000 for one loan was inadequately protected, resulting in its being sold by a local jurisdiction to recover unpaid taxes. Information on asset values and status is supposed to be contained in FDIC's computer system and in manual asset case files. GAO discovered, however, that this information is incomplete and hard to retrieve. These weaknesses exist because effective information systems have not been developed to satisfy the Division of Liquidation's needs. FDIC has contracted with a consultant to strengthen its strategic business and information resource management processes.

IMTEC-93-11, Dec. 15, 1992 (13 pages). Composite Health Care System: Outpatient Capability Is Nearly Ready for Worldwide Deployment.

The Defense Department's (DOD) development of the Composite Health Care System—an automated approach to patient records intended for use in more than 600 military health care facilities around the globe—is progressing, and the problems it is encountering are to be expected when developing and deploying a system of this size and complexity. To begin worldwide deployment of the outpatient components at this time, however, would be a mistake—one that could lead to later problems and pose greater risks to patient safety. Although the system shows promise for enhancing DOD's ability to manage patient data, improve the quality of care, and cut costs, several major issues still need to be addressed. DOD has not yet completed an operational test and evaluation of all essential system capabilities or done a credible cost/benefit analysis of the system. In addition, worldwide deployment of the system will be difficult, even after these two issues have been addressed, because DOD has not presented an adequate plan for deploying the system.

IMTEC-93-12BR, Jan. 6, 1993 (21 pages). Weather Forecasting: Important Issues on Automated Weather Processing System Need Resolution.

To improve its weather forecasting, the National Weather Service (NWS), part of the National Oceanic and Atmospheric Administration (NOAA), is spending an estimated $4.6 billion to modernize its observational, information processing, and communications systems. The centerpiece of this effort is the Advanced Weather Interactive Processing System (AWIPS)—an information network that will analyze and display data received from radars and satellites, NWS field offices, and other sources. The tab for AWIPS is pegged at about $467 million. This briefing report (1) determines how effectively NOAA has analyzed and defined its system requirements, (2) identifies key risks

associated with the AWIPS acquisition, and (3) determines whether any identified risks were severe enough to warrant delaying the scheduled award of the AWIPS contract in late 1992.

IMTEC-93-13, Dec. 24, 1992 (25 pages). Mission-Critical Systems: Defense Attempting to Address Major Software Challenges.

Billions of dollars in current and future Defense Department (DOD) weapons and command, control, communications, and intelligence systems depend on high-performance, correctly functioning, real-time computer systems that hold up under severe stresses. Yet the Pentagon's mission-critical systems continue to be plagued by a host of long-standing software development problems, including cost, schedule, and performance shortfalls. This report provides an overview of earlier GAO work on mission-critical systems. Many studies both by GAO and DOD have pointed out a variety of deficiencies, ranging from a lack of management attention to ill-defined system requirements to inadequate testing. Why has this situation persisted for so long? GAO notes that the understanding of software as a product and of software development as a process is not keeping pace with the growing complexity of existing and emerging mission-critical systems. The Pentagon is trying to overcome this dilemma through two main programs—the software action plan working group and the Corporate Information Management initiative. Whether these efforts will solve the military's formidable software problems is uncertain; there are no easy answers.

IMTEC-93-15, Feb. 19, 1993 (10 pages). Defense Communications: Defense's Program to Improve Telecommunications Management Is at Risk.

The Pentagon is not effectively implementing its Telecommunications Management Program, which was intended to analyze communications management shortcomings and suggest ways to overcome them. The program began with a sound strategy for achieving long-term improvements in communications management on the basis of systematic, top-down analyses and restructuring of current business processes. The Defense Department (DOD), however, has shown little commitment to the program. DOD has neither developed a clearly articulated vision of how its communications business and management practices should be conducted in the future nor clarified departmentwide communications management roles and responsibilities. Moreover, DOD has siphoned off program resources to obtain immediate cost savings by consolidating existing communications networks. By taking this short-term, "band-aid" approach, DOD will not have the information, processes, and systems needed to solve its costly communications problems and meet the program's goal of fundamentally improving telecommunications management.

IMTEC-93-16, Jan. 28, 1993 (18 pages). Software Reuse: Major Issues Need to Be Resolved Before Benefits Can Be Achieved.

The Pentagon estimates that expenses for developing and maintaining software for automated information systems now top $24 billion a year. To contain costs and improve the development of high-quality software, the Defense Department (DOD) has turned to software reuse—the practice of developing new applications from existing software. This report provides background information on software reuse, including an overview of issues that can inhibit effective software reuse and information on DOD's strategy to implement a departmentwide software reuse program.

IMTEC-93-17, Apr. 30, 1993 (29 pages). Automated Medical Records: Leadership Needed to Expedite Standards Development.

Although electronic sharing of medical data is crucial to the effective and efficient delivery of quality health care, more than a decade of effort has yielded little agreement among public and private interests on the standards required to develop an automated medical records system. As a result, U.S. health care practitioners continue to rely on a cumbersome, paper-based clinical records system that has remained largely unchanged for decades. Efforts to develop automated medical record standards have been stymied by a lack of leadership. Several voluntary organizations have been most active in developing standards. But the complex nature of medical care, the large number of standards needed, and the variety of special interests involved in standards development have made this a daunting task. To date, the federal role in this effort has been limited. GAO believes that more active federal involvement could speed standards development.

IMTEC-93-18, May 13, 1993 (16 pages). Medicaid: Data Improvements Needed to Help Manage Health Care Program.

Although high-quality data are needed to help manage the Medicaid program and to provide critical input to urgent national health care issues, the Health Care Financing Administration (HCFA) has done little to ensure the data's accuracy and completeness. Many studies have shown that the data states are reporting from their Medicaid information systems are often inaccurate, inconsistent, and incomplete. HCFA has not fixed these problems because it has not viewed

resolution of data deficiencies to be a high priority. As a result, the lack of quality data has made it hard to determine how well people are being served by Medicaid.

IMTEC-93-20, Mar. 8, 1993 (11 pages). Crop Insurance Program: Nationwide Computer Acquisition Is Inappropriate at This Time.

Uncertainties in the Federal Crop Insurance Corporation's (FCIC) future, including the restructuring of the Agriculture Department and reforms in the crop insurance program, make FCIC's planned $62-million computer acquisition a high-risk venture. By modernizing its information technology during such uncertain times, FCIC could be wasting millions of dollars on a project that will not meet its current or long-term needs. FCIC maintains that it needs the computers to meet the immediate needs of its offices and to ensure continued delivery of the crop insurance program. Yet it has neither analyzed its immediate needs nor determined which of its offices—if any—need more equipment right away. Rather than proceed with its nationwide acquisition project at this time, FCIC should identify and satisfy only its immediate technology needs until its future role and structure are clarified.

IMTEC-93-22, Mar. 4, 1993 (8 pages). FTS 2000: GSA's Price Redetermination Yields a Reasonable Decision and Lower Prices.

The General Services Administration (GSA) followed a well-defined, appropriate process for conducting the FTS 2000 Price Redetermination/ Service Reallocation. It consistently followed its source selection plan, which GAO reviewed earlier and found acceptable. GSA also used appropriate methodologies to develop data used to perform its analysis during the Price Redetermination/ Service Reallocation process. As a result, GSA made a reasonable decision in maintaining the current 60-40 percentage revenue split between the two FTS 2000 vendors. This decision had a major impact on FTS 2000 prices, which will fall by about $450 million during the final six years of the contracts. Further, these new prices were generally below the lowest known commercial rates at the time of the Price Redetermination/ Service Reallocation. In addition, to ensure that FTS 2000 prices remain competitive with commercial prices, GSA recently negotiated with both vendors new publicly available price caps covering all services. These agreements appear reasonable and should ensure that the government pays competitive rates during the second term of the contracts.

IMTEC-93-23, Mar. 29, 1993 (12 pages). INTERPOL: Information on the Red Notice System.

The International Criminal Police Organization's (INTERPOL) red notice system sends out international "wanted posters" to help identify and capture fugitives who have committed crimes in the United States. GAO found that the arrest rate for these individuals is unknown because red notice data are not compiled by the U.S. National Central Bureau, INTERPOL, or the Justice Department. Red notices have not been sought for all eligible fugitives mainly because law enforcement officials view them as unnecessary or unhelpful in some cases. Data accuracy is another problem, with discrepancies affecting 43 percent of the files and documentation for red notices issued in fiscal year 1992. Law enforcement officials, however, characterize these discrepancies as minor. GAO also noted shortcomings in computer security. The U.S. National Central Bureau has no guarantee either that its data processing facility and system would continue operating during an emergency or that computer security threats would be identified and countered. Additionally, critical back-up files were not stored apart from the U.S. National Central Bureau site.

IMTEC-93-24, May 17, 1993 (41 pages). High Performance Computing: Advanced Research Projects Agency Should Do More to Foster Program Goals.

The Advanced Research Projects Agency's goal of achieving a thousand-fold increase in useful computing power by 1996 will likely not be met without greater emphasis on the development of system software. High performance computing refers to the use of advanced computing technologies, especially supercomputers, to quickly solve very complex, numerically intensive problems. Topics being studied range from global climate change to molecular structure. The Advanced Research Projects Agency has the largest budget—$275 million in fiscal year 1993—of any single agency participating in the $800-million federal initiative to accelerate the introduction of high performance computers and networks. This report examines (1) the agency's distribution of advanced computers to research sites, (2) interaction with the research community, and (3) the balance between hardware and software investments in the program.

IMTEC-93-27, June 9, 1993 (17 pages). Software Tools: Defense Is Not Ready to Implement I-CASE Departmentwide.

To help streamline operations and manage resources more effectively, the Pentagon began work on several technical projects, including the integrated computer-aided software engineering (I-CASE) acquisition. This effort is intended to provide the military with standard software development tools that can improve software quality and reduce the costs of developing and maintaining software. Due to the immaturity and the

evolving nature of the I-CASE industry, GAO concludes that it is very risky for the Defense Department (DOD) to try to implement I-CASE throughout the military. Further, DOD's strategy of acquiring I-CASE tools before determining how its business process will change and what its future software development needs will be is not prudent. DOD has little assurance that the I-CASE contract will deliver products and services that meet the military's needs.

IMTEC-93-28, Apr. 27, 1993 (20 pages). Treasury Automation: Automated Auction System May Not Achieve Benefits or Operate Properly.

In response to the 1991 Salomon Brothers scandal, which threatened public confidence in U.S. Treasury auctions, the government speeded up development of a computerized auction system for large dealers and made other changes to reduce the potential for fraud and misconduct. It is unclear, however, whether the Treasury Department's new automated auction processing system will actually ensure market integrity and encourage aggressive bidding on government securities. Specifically, the system cannot detect or identify collusion or fraud, although it can provide clues about behaviors that warrant further attention. In addition, Treasury plans to indefinitely allow bidders to submit paper tenders that will not be inspected by the system. Time savings are also in doubt. Finally, Treasury took shortcuts in system development, skipping steps such as documenting detailed functional requirements that would help control risks associated with building and running such a system. GAO recommends that Treasury put the system on hold until these concerns are addressed.

IMTEC-93-30, June 30, 1993 (22 pages). National Water-Quality Assessment: Geological Survey Faces Formidable Data Management Challenges.

Since the 1970s, roughly $500 billion has been spent on water pollution abatement; it is unclear, however, whether this investment is paying off because the data needed to assess the quality of the nation's water are unavailable. In 1986, the U.S. Geological Survey began the National Water-Quality Assessment Program to fill this void. This report identifies (1) the obstacles that the program has encountered in obtaining, interpreting, and disseminating water-quality data from various sources; (2) approaches being used to overcome these obstacles; and (3) the potential these approaches hold in solving water-quality data collection and management problems.

IMTEC-93-31, June 25, 1993 (18 pages). DOD Computer Contracting: Inadequate Management Wasted Millions of Dollars.

The Pentagon office overseeing military computer contracting lacked internal controls and consistently exercised poor contract management in the 2-1/2-year period ended January 1991, during which the government spent nearly $16 million on unneeded or questionable computer equipment and services. These problems resulted in (1) lost equipment and unnecessary warehouse costs totaling almost $1.5 million; (2) more than $9.5 million in contracts awarded for equipment, software, and services without required justification; (3) $2.3 million spent for a resources management system and a related subsystem that were discontinued because they never worked; (4) payment of an estimated $250,000 for services that may not have been received; (5) about $2 million paid for excessive technical and maintenance services; and (6) more than $200,000 spent annually on little-used computer training facilities. The new office director has taken steps to correct these problems and prevent their reoccurrence.

IMTEC-93-33BR, June 29, 1993 (38 pages). Federal Health Care: Increased Information System Sharing Could Improve Service, Reduce Costs.

Sharing of health information among the Department of Veterans Affairs, the Defense Department, and the Indian Health Service offers many potential benefits, including improved service to patients, reduced costs, and better use of health care facilities. Despite these benefits, such sharing is limited and is generally paper-based; electronic exchange of information is nonexistent, and intra-agency exchange is limited. Before additional sharing can be achieved, several barriers must be overcome, with organizational barriers being the most challenging. Each agency has its own regulation, management information requirement, and clinical support operations that will have to be addressed. To facilitate additional sharing, consensus will be needed to standardize some of the agency-specific health care functions and their implementation.

IMTEC-93-34FS, June 30, 1993 (34 pages). Information Dissemination: Federal CD-ROM Titles—What Are Available and How They Were Priced.

This report discussess how federal agencies price the compact disc-read only memory (CD-ROM) titles that they sell to the public. GAO found that agencies' CD-ROM pricing methods varied. Generally, agencies rely on their statutory authority to price the CD-ROM titles that they disseminate. GAO identified more than 180 CD-ROM titles that federal agencies make available to the public. Although some of these are free, most are priced from $13 to about $1,900.

Testimony

T-IMTEC-93-1, Feb. 24, 1993 (2 pages). Tax Systems Modernization: Comments on IRS' Portion of President's Request for Fiscal Year 1993 Supplemental Funds, by Howard G. Rhile, Jr., Director, General Government Information Systems, before the Treasury-Postal Service and General Government Subcommittee, House Committee on Appropriations.

The Internal Revenue Service (IRS) is requesting nearly $150 million to buy computer and telecommunications equipment for 12 projects. The proposed acquisitions, in GAO's view, do not appear to be spur-of-the-moment purchases but mostly represent accelerated acquisitions of planned computer hardware and software buys. Three of the acquisitions, totaling about $41 million, will directly support IRS' Tax Systems Modernization program, which includes telecommunications modernization, an automated system to inventory and control taxpayer correspondence, and a system to support criminal investigations. The remaining $107.4 million is primarily to support IRS' current operations. This testimony provides GAO's observations on the proposal.

T-IMTEC-93-2, Mar. 18, 1993 (4 pages). Embedded Computer Systems: Status of C-17 Software, by Samuel W. Bowlin, Director, Defense and Security Information Systems, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

The C-17 will be the most computerized, software-intensive transport aircraft ever built, relying on 19 different embedded computers incorporating more than 80 microprocessors and about 1.3 million lines of code. The Air Force continues to allow its prime contractor, McDonnell Douglas Corporation, to defer software development to future aircraft. Unable to develop and deliver software on time, McDonnell Douglas has postponed software development rather than slow aircraft production. Each of these deferrals has further delayed the software testing necessary to demonstrate that the C-17 is up to standards. The Air Force is experiencing embedded computer and software development problems with the C-17 in three main areas. First, some critical software functions are either still being developed or are incompletely tested. Second, McDonnell Douglas continues to have difficulty meeting reserve processing and memory capacity requirements. Lastly, McDonnell Douglas still has not developed adequate system documentation, thereby jeopardizing the Air Force's ability to efficiently test, maintain, and upgrade C-17 computer systems.

T-IMTEC-93-3, Mar. 30, 1993 (5 pages). Tax Systems Modernization: Program Status and Comments on IRS' Portion of President's Request For Fiscal Year 1993 Supplemental Funds, by Howard G. Rhile, Jr., Director, General Government Information Systems, before the Oversight Subcommittee, House Committee on Ways and Means.

The Internal Revenue Service's (IRS) antiquated information systems must be brought up to date. The agency has made progress in implementing several interim systems as part of its $23-billion Tax Systems Modernization program. Yet other interim systems now under development have experienced significant problems and delays, calling for a reevaluation of their costs and benefits. IRS has been slower than expected in building the foundation for the long-term modernization. This foundation includes planning improvements that can be effectively supported by the new technology, developing the detailed managerial and technical infrastructure necessary for success, and addressing major human resources implications of Tax Systems Modernization. Lastly, IRS' portion of the proposed Emergency Supplemental Appropriations Act of 1993 is $148.4 million. IRS intends to spend this money primarily for computer hardware and software that it had planned to buy in fiscal year 1994.

T-IMTEC-93-4, Mar. 29, 1993 (10 pages). Environmental Protection: EPA's Actions to Improve Longstanding Information Management Weaknesses, by JayEtta Z. Hecker, Director, Resources, Community, and Economic Development Information Systems, before the Legislation and National Security Subcommittee, House Committee on Government Operations, and Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations.

Gaps in scientific and monitoring information have called into question the soundness of the Environmental Protection Agency's (EPA) regulatory decisions. Much of the agency's information consists of activity-based indicators that do not directly measure either program success or environmental results. This testimony (1) discusses specific information resources management shortcomings at EPA and how they undermine program effectiveness, (2) outlines recent EPA responses to longstanding information management problems, and (3) examines factors that may decide EPA's success in overcoming its information management challenges.

T-IMTEC-93-5, Apr. 22, 1993 (4 pages). FTS 2000: Status and Mandatory Use, by Jack Brock, Director, Government Information and Financial Management, before the Treasury-Postal Service and General Government Subcommittee, House Committee on Appropriations.

The General Services Administration (GSA) has lowered FTS 2000 prices during the past year. As a result of GSA's recent recompetition, FTS 2000 prices are now generally competitive with known commercial prices. Further, GSA has negotiated new mechanisms, publicly available price caps, that should ensure that FTS 2000 rates remain competitive. Under the caps, prices may be reduced following periodic comparisons of FTS 2000 prices with publicly available prices. As for mandatory use, a policy requiring federal agencies to use FTS 2000 services for procurements, GAO concludes that inserting explicit provisions in upcoming legislation is unnecessary because GSA already has enough authority to enforce this requirement.

T-IMTEC-93-6, Apr. 27, 1993 (9 pages). Tax Systems Modernization: Comments on IRS' Fiscal Year 1994 Budget Request, by Howard G. Rhile, Jr., Director, General Government Information Systems, before the Treasury-Postal Service and General Government Subcommittee, House Committee on Appropriations.

Existing tax processing systems do not provide ready access to needed information or allow for modern work processes, a void the Internal Revenue Service (IRS) hopes to fill through its Tax Systems Modernization effort. IRS has requested a significant increase in spending for this program in fiscal year 1994. GAO has raised concerns about the appropriateness and the timing of much of this increase and questions the reliability of a $23 billion estimate made by IRS for the program. In addition, GAO believes that the program's success is at risk unless several problems are quickly resolved. For example, business studies that could significantly affect Tax Systems Modernization remain unfinished; the program lacks a firm management and technical foundation; and the program's human resource implications, including the need for new work force skills, need further consideration. Congress may want to consider requiring IRS to accomplish specific goals before releasing fiscal year 1994 appropriations or considering the fiscal year 1995 budget.

NSIAD

NSIAD-93-1, Nov. 24, 1992 (14 pages). Contract Pricing: A Low Percentage of Contractors Are Responsible for Most Reported Defective Pricing.

Defective pricing is a persistent problem that has caused the prices of defense contracts to be overstated by billions of dollars. The Defense Contract Audit Agency (DCAA) audited contracts totaling $443 billion in fiscal years 1987-91 and reported $3.67 billion in defective pricing. GAO's analysis of the DCAA data shows that defective pricing is concentrated among a small pool of contractors. For the five-year period, about six percent of the contractors audited accounted for 80 percent of the defective pricing. For fiscal years 1990-91, GAO's analysis shows that about seven percent of the contractors audited accounted for 86 percent of the defective pricing.

NSIAD-93-2, Jan. 26, 1993 (10 pages). Chemical and Biological Defense: U.S. Forces Are Not Adequately Equipped to Detect All Threats.

At the outset of Operation Desert Storm, U.S. military forces, though well equipped to detect Iraqi chemical agents, had only limited ability to spot biological threats. Biological detection kits provided U.S. troops before the start of Operation Desert Storm could not provide advance warning of a biological attack. The kits—useful in aiding diagnosis and treatment of troops exposed to biological agents—would not have prevented casualties. Army documents suggest that, had the Iraqis used biological agents such as anthrax and botulinum toxin, fatalities could have been enormous and the Army's medical treatment system could have been overtaxed. In the past, improving the Army's biological detection capability has been a low priority, despite warnings from the intelligence community about the spread of biological agents. In the wake of Operation Desert Storm, biological detection research now accounts for about 30 percent of total chemical and biological detection research and development funding. The Army has been slow to develop and field adequate chemical and biological detection equipment because its early research efforts have not been based on specific field requirements to defeat known enemy threats. As a result, early research efforts have tended to yield items of marginal utility, and little effort is given to developing new technology to address specific threats.

NSIAD-93-3, Dec. 7, 1992 (9 pages). Defense Inventory: Depot Packing and Shipping Procedures.

The Defense Logistics Agency (DLA) routinely consolidates the packing of low priority shipments going to the same military installation at the same time. Yet Pentagon regulations do not allow consolidating the highest priority orders going to the same place at the same time, even though this would yield considerable savings. One DLA depot has estimated that it could save about $250,000 annually through consolidated packing of these priority orders. DLA depots generally pack and ship supply items in an efficient and effective way. DLA is incurring unnecessary costs, however, because of a new Army supply system that automatically expedites transportation for high priority requisitions that fail to show a required delivery date. This procedure contradicts a Pentagon directive allowing DLA depots to downgrade the transportation priority of requisitions when materiel is not needed within 20 days. GAO also found that recycling efforts varied from one military installation to another.

NSIAD-93-4, Nov. 4, 1992 (35 pages). Army Training: Replacement Brigades Were More Proficient Than Guard Roundout Brigades.

In this report on the active Army brigades that replaced the National Guard's combat roundout brigades for Operations Desert Shield and Desert Storm, GAO compares the two groups in terms of officer and noncommissioned officer leadership training completed, military occupational specialty qualification rates, gunnery qualification rates, and collective training events completed. The replacement brigades showed a higher level of proficiency at the time of their deployment to the Persian Gulf for almost every objective measure of individual and unit proficiency than did the roundout brigades. GAO's analysis of the training done by the replacement and roundout brigades the year before Operation Desert Storm showed that replacement brigade soldiers had many more opportunities to develop proficiency in the key building blocks of Army training: leadership, individual, and crew skills. The new equipment received by the replacement brigades did not pose operating difficulties; rather in all cases, it enhanced their capability. Equipment shortages were similar for both groups and generally reflected Army-wide conditions.

NSIAD-93-5, Nov. 5, 1992 (21 pages). Army Acquisition: Contract for the Reserve Component Automation System.

GAO found no reason to object to the Army's decision to award the Reserve Component Automation System contract. Applicable laws and regulations were followed; a proper cost and technical analysis was done; and the Source Selection Authority fully documented the rationale for the decision not to make the award to the lowest bidder. The request for proposals clearly stated that technical capability would be considered more important than cost. The source selection authority concluded that the technical capability of Boeing Computer Services' proposed system more than offset the difference in cost,

although cost was considered in this decision. This process fully conformed to the source selection plan and the information provided to all prospective offerers in the request for proposals.

NSIAD-93-6, Oct. 26, 1992 (20 pages). Nonimmigrant Visas: Requirements Affecting Artists, Entertainers, and Athletes.

This report discusses the admission into the United States of artists, entertainers, and athletes under the Immigration and Nationality Act. GAO also examines: (1) other countries' barriers to employment of U.S. artists, entertainers, and athletes; and (2) other countries' barriers to distributing products—such as movies—linked with U.S. artists, entertainers, and athletes.

NSIAD-93-7, Oct. 14, 1992 (69 pages). POW/MIA Affairs: Issues Related to the Identification of Human Remains From the Vietnam Conflict.

In the mid 1980s, critics alleged that the Army had inaccurately identified the remains of personnel found in Southeast Asia who had been listed as killed or missing in action during the Vietnam War. In particular, the Army's Central Identification Laboratory in Hawaii was criticized for using identification techniques that were not accepted by the scientific community and for lacking adequate staff, facilities, equipment, and review procedures. Since then, the laboratory has revised its practices and procedures to ensure that only scientifically accepted techniques and methodologies are used to identify remains; appointed a world-renowned board-certified forensic anthropologist as the laboratory's first scientific director and hired qualified staff to do the identifications; and established an extensive review process to minimize the possibility of misidentifications. Despite these improvements, the laboratory still lacks internal controls needed to manage an efficient identification operation. GAO found instances when the laboratory (1) could not readily locate case files and remains and (2) did not properly document requests for antemortem records to outside agencies. These weaknesses could delay the identification process. GAO also found that the services' absence of physical control over the remains leaving the laboratory had led either to some remains disappearing or unacceptable risks of such loss.

NSIAD-93-8, Nov. 6, 1992 (18 pages). Property Management: DOD Can Increase Savings by Reusing Industrial Plant Equipment.

Because the military's industrial plant divestiture practice allows the sale of government-owned, contractor-run plants containing equipment that may be needed elsewhere in the Defense Department, the government may end up having to buy replacement equipment at higher cost. For example, in 1989 the Air Force sold an industrial plant, including land, buildings, and 513 pieces of industrial plant equipment, to the contractor—General Electric—for $18.1 million. At the time, other military locations needed 174 pieces of the plant equipment with an estimated replacement value of $26 million. Within a few months after purchasing the plant, General Electric sold several pieces of plant equipment to third parties. Selling the plant to General Electric was contrary to the Pentagon's industrial policy, which encourages the reuse of existing idle or excess plant equipment to minimize new procurements.

NSIAD-93-9, Oct. 20, 1992 (34 pages). Army Inventory: Divisions' Authorized Levels of Demand-Based Items Can be Reduced.

Army divisions in the United States are maintaining demand-based items in excess of the needs of their customers. The Army could cut the number and quantity of such items at the divisions without affecting military capability. The six divisions GAO reviewed kept about $29 million worth of items considered demand-based—about 18 percent of the total authorized inventory—even though the items had been requested fewer than three times during a recent 12-month period. Furthermore, $21 million worth was for items that the Army had no requests for. The Army is testing an inventory concept called "sparing to availability," the objective of which is to optimize the number of spare parts to meet specified weapon system performance targets. Although test results indicate that "sparing to availability" has been successful, the test results are misleading, and the concept may conflict with other ongoing inventory management objectives. Consequently, questions exist about whether "sparing to availability" can achieve its objective.

NSIAD-93-10, July 21, 1993 (22 pages). Air Force Supply: Improvements Needed in Management of Air Mobility Command's Forward Supply System.

The Air Force stocks more spare parts than it needs at overseas forward supply locations. When establishing parts requirements for new weapon systems, adding quantities for forward supply locations duplicates the requirements based on expected failure rates and flying hours. For the C-17 aircraft, these additional requirements boosted the Air Force's budget request for initial provisioning in fiscal year 1993 by $10 million. Although cuts in initial provisioning funding for fiscal year 1993 resulted in no money for forward supply support that year, Air Force officials project that $50.6 million in spares for forward support locations will be procured during the C-17 initial provisioning period. When parts wear out and must be replaced, usage data from forward supply locations are

being reported to the Air Force's requirements system in a way that duplicates the requirements previously set by the Air Force Mobility Command. This reporting results in a double counting of requirements. As of November 1992, the $90 million in inventory at forward supply locations exceeded what is normally needed by about $18 million.

NSIAD-93-11, Feb. 18, 1993 (74 pages). Reserve Forces: Aspects of the Army's Equipping Strategy Hamper Reserve Readiness.

Although Army Reserve and National Guard units are much better equipped than they were a decade ago, substantial equipment shortages persist. Shortages of major equipment items totaling $13.7 billion remain, including some items considered essential to the reserves' wartime missions. Some shortages are especially widespread. Major shortages surfaced in preparing reserve support units to deploy to the Gulf War and, in some cases, harmed the ability of these units to carry out their missions. This report discusses in detail the (1) progress made in equipping the reserves, (2) aspects of the Army's equipping strategy that account for continuing shortages, (3) impact that additional separate funding for reserve equipment has had on the reserves' equipment posture, and (4) extent that equipment freed from force reductions might alleviate existing shortages.

NSIAD-93-12, Dec. 31, 1992 (26 pages). Military Airlift: Changes Underway to Ensure Continued Success of Civil Reserve Air Fleet.

The Civil Reserve Air Fleet program, which uses commercial aircraft to augment military planes during emergencies, is an important, yet relatively inexpensive, component of the Air Force's airlift capability. If fully used, the program can provide more than 30 percent of the Air Force's cargo airlift capability and more than 90 percent of its passenger capability. The program allows the government to avoid the large costs involved in acquiring and supporting a substantial Air Force fleet during peacetime. The Pentagon pays for the airlift as it is used and at predetermined compensation rates. The fleet played a major role in Operation Desert Shield/Storm and is expected to be a big part of the Defense Department's (DOD) airlift capability for the foreseeable future. Although the fleet's efforts in the Persian Gulf were a success, the carriers have identified several problems with the program since the activation, and some have suggested that they may reduce future participation unless changes are made. The Air Force and the carriers are working to resolve many of those concerns in negotiations for the next series of fleet contracts. The carriers believe that future fleet activations are more likely because of the success of the first activation. Also, while the carriers are more aware of the direct and indirect costs associated with the activations, the traditional incentive for program participation—peacetime DOD business—is decreasing.

NSIAD-93-13, Nov. 23, 1992 (63 pages). AID Management: EEO Issues and Protected Group Underrepresentation Require Management Attention.

As of September 1991, women and minorities in the Agency for International Development's (AID) civil and foreign services were underrepresented in many professional and administrative jobs and at more senior grade levels. In most cases, these groups were under-represented by only a small number of individuals; underrepresentation by white females, however, was significantly higher. AID lacks a recruitment plan targeting specific areas of underrepresentation. Although AID did not collect and analyze hiring, assignment, and promotion data, the information available on AID's hiring practices reveals that minorities had been adversely affected. AID has not determined the reasons for the disparities. GAO found that white females were generally not adversely affected by AID's hiring, assignment, and promotion practices and that this group often had the highest selection rate. AID's Equal Employment Opportunity Oversight Board has not met since June 1986, and AID did not create two alternative review groups until 1990 and 1991. Also, senior managers were not held accountable for accomplishing action items listed in AID's affirmative action plan, and AID lacked an effective system to report progress in correcting underrepresentation of women and minorities.

NSIAD-93-14, Jan. 25, 1993 (16 pages). Electronic Warfare: Laser Warning System Production Should Be Limited.

Installed in combat helicopters, the AVR-2 and AVR-2A laser warning systems are designed to alert pilots to the type and location of laser-guided enemy weapons. GAO believes that production of the AVR-2 and AVR-2A should be slowed until operational tests are completed successfully. The AVR-2's poor performance during operational testing forced its redesign. Even though half of the total quantity required has been procured, neither the redesigned AVR-2 nor the further redesigned AVR-2A has been subjected to operational tests to ensure satisfactory performance. This contradicts Pentagon acquisition policy, and the Army risks buying defective systems.

NSIAD-93-15, Dec. 1992 (83 pages). Weapons Acquisition: A Rare Opportunity for Lasting Change.

The United States today wields unprecedented military strength, boasting an impressive arsenal of battleforce ships, combat planes,

tanks, and munitions. The acquisition of many of these weapons, however, has been fraught with major problems. Commitments have been made to programs like the B-2 bomber without first demonstrating that they meet critical performance requirements. Unit costs for weapon systems like the DDG-51 destroyer and the C-17 transport continue to spiral upward. Meanwhile, weapons such as the Advanced Cruise Missile and Apache helicopter have been encountering costly production and support problems.

This report explores what can be done to reverse past trends and improve the acquisition process. Today's acquisition problems are the consequences of a procurement process that has become deeply rooted over the years. Yet GAO believes that the prospects for lasting change, given the diminished Soviet threat and declining defense budgets, have never been more encouraging. This report draws on 15 years of GAO work on acquisition issues, examining the cultural side of acquisition problems to suggest ways to improve the process in the future.

NSIAD-93-16, Nov. 12, 1992 (22 pages). Military Communications: Joint Tactical Information Distribution System Issues.

The program to develop the Joint Tactical Information Distribution System—intended to display tactical information, such as the position of enemy targets, on terminals in fighter aircraft and ground-based command centers—has experienced fluctuations in the number of terminals needed, reflecting uncertainty about the Pentagon's joint system needs and priority. Specifically, the Air Force revised its plan to equip F-15 aircraft with the terminals and the Army virtually eliminated its involvement in the program, then later reversed its position. In 1989 the Defense Department (DOD) decided to begin low-rate initial production of the system despite unsatisfactory test results and recommendations that production be delayed. A Navy-Air Force decision in 1991 to continue low-rate production for a second year was not based on adequate testing. Although testing in 1992 revealed alarming system deficiencies, production continued. The two criteria essential for justifying system production—operational effectiveness and suitability—have yet to be satisfactorily demonstrated. In addition, the system's cost-effectiveness is questionable because of (1) the uncertainty associated with DOD's joint system needs and priority; (2) unsatisfactory test results; and (3) plans for the smaller, lighter weight, and less costly Multifunctional Information Distribution System.

NSIAD-93-17, Oct. 14, 1992 (15 pages). Defense Logistics: DOD Addressing Concerns About Its Fuel Depot in Norwalk, California.

For the past five years, residents of Norwalk, California, have objected to the nearby Defense Fuel Support Point because of the potential for catastrophic fires, ground contamination due to fuel leaks, and economic hardship linked to real estate that has become unsalable. The Defense Department (DOD) studied the situation and, in GAO's view, used sound criteria, assumptions, and analyses to identify and assess three basic alternatives concerning the facility's future—maintaining the status quo, reducing operations, or closing the facility and developing an alternate supply route. Ultimately, DOD decided on retaining the facility and reducing the amount of fuel stored there. Besides studying the alternatives, DOD took steps to address the safety and environmental issues raised by the city. For example, it commissioned studies assessing earthquake dangers and identifying the source, extent, and types of on-site and off-site contamination, together with actions to boost safety and physical security and to clean up contamination. DOD also responded in two instances to economic hardship alleged by a property owner and a lender who wished to finance nearby real estate.

NSIAD-93-18FS, Oct. 13, 1992 (15 pages). Operation Desert Storm: Disposal and Sale of Excess Items.

This fact sheet discusses the results of the Operation Desert Storm Auction, which sold off materiel sent to Saudi Arabia during the Persian Gulf war and was later turned over to the disposal system. In general, items sold during phases I and II of the auction included vehicles from other governments and damaged or unusable U.S. vehicles. Other equipment sold, including tents, cable, kitchen equipment, scrap metal, and aluminum, tended to be heavily caked with sand. Empty ammunition boxes and demilitarized brass casings were also sold. During phase III of the auction, scheduled for November 1992, the military will try to sell off the remaining excess property, mainly vehicle scrap and condemned ammunition containers. The value of the U.S.-manufactured equipment held in Saudi Arabia at the end of May 1992 was about $11 million versus almost $199 million for materiel donated by foreign governments. The vast majority of the equipment sold was in "H" condition, which the Pentagon defines as unserviceable or condemned. Foreign equipment did not meet environmental protection or safety standards and could not be brought into the United States. Through a program to recover usable property, $139.6 million worth of the materiel was reused through the end of May 1992.

NSIAD-93-19, Oct. 15, 1992 (7 pages). Foreign Service: Agencies Use Various Criteria for Granting Limited Career Extensions.

This report examines foreign service agencies' compliance with provisions of the Foreign Service Act of 1980, which permits limited career extensions. Under that legislation, agencies can use limited career extensions to retain senior-level foreign service officers beyond the mandated time limits of their careers. Specifically, GAO discusses: (1) whether limited career extensions were granted in compliance with the law and agencies' policies; (2) the number and percentage of eligible employees granted such extensions; and (3) the effect that these extensions have on promotion opportunities for lower graded staff.

NSIAD-93-20BR, Nov. 16, 1992 (11 pages). El Salvador: Role of Nongovernment Organizations in Postwar Reconstruction.

GAO reviewed the role of nongovernment organizations in the economic and social reconstruction of El Salvador following 12 years of civil war. This report discusses (1) the experiences these organizations have had, especially as they relate to administering and accounting for program funds in line with U.S. standards; (2) what mechanisms are available to help the organizations that want to participate in the reconstruction program to strengthen their administrative capabilities; (3) whether the Salvadoran government has procedures that impede greater participation by the organizations; and (4) the extent to which the organizations, particularly the five primary ones affiliated with the Farabundo Marti National Liberation Front, are participating in the reconstruction efforts.

NSIAD-93-21, Oct. 26, 1992 (65 pages). Foreign Disaster Assistance: AID Has Been Responsive but Improvements Can Be Made.

When disasters strike other countries, the United States traditionally provides most of its assistance through the Agency for International Development's (AID) Office of U.S. Foreign Disaster Assistance (OFDA). This report (1) assesses OFDA's responsiveness to overseas disasters, including the agency's interaction with the United Nations and other nongovernmental organizations; (2) evaluates AID's budget procedures for disaster assistance from 1981 to 1990; (3) reviews AID's policy on responding to long-term or ongoing disasters; and (4) evaluates whether OFDA provides even-handed disaster assistance.

NSIAD-93-23, Nov. 18, 1992 (36 pages). Navy Maintenance: Fewer Shipyards May Be Needed As Ship Repair Requirements Decline.

Recognizing that fewer ship repairs will be needed in the future, the Navy plans to cut the size of the public shipyard work force by about one-third by fiscal year 1995. The shipyards, however, have been told to continue to base their mobilization planning on an outdated model, that of a protracted global war, because the Pentagon has yet to issue new planning guidance on the regional conflicts that are more likely in the 1990s and beyond. Given the sweeping changes in the former Soviet Union and eastern Europe, the Navy should consider downsizing ship repair operations to a cost-effective level that will meet future peacetime needs while also allowing the Navy to meet reasonable contingency requirements. The Navy should use more realistic planning estimates and the reassessment of requirements as a basis for considering whether to recommend closing more public shipyards.

NSIAD-93-24, Oct. 23, 1992 (27 pages). AV-8B Program: Aircraft Sales to Foreign Government to Fund Radar Procurement.

In 1990 the Navy embarked on a $401 million program to add radar to the AV-8B aircraft. To buy these radar systems, the Navy sold two AV-8B aircraft to Italy from Defense Department stocks—a practice that constitutes an unauthorized use of foreign military proceeds. The Navy also sold three AV-8Bs to Italy, with Italy assuming the responsibility to buy these aircraft that the Navy already had under contract. This sale freed up appropriated funds that were used to buy the radar. The upshot of these sales is that the Marine Corps will have five fewer aircraft than Congress had appropriated funds to purchase. Although the Navy was repeatedly late in providing funds on the AV-8B radar contract, it did not violate the Anti-Deficiency Act because contract provisions were written essentially to preclude an unfunded liability situation.

NSIAD-93-25, Dec. 9, 1992 (48 pages). National Guard: Using the Army's Supply System Will Reduce the Guard's Inventory Investment.

To support its units, the Army National Guard maintains inventories of repair parts and other supplies at 54 locations throughout the 50 states, the District of Columbia, and U.S. territories. Concerns have been raised that the National Guard's supply system may be duplicating supply functions already being performed by the Army. GAO found that the National Guard and the Army could both use the same wholesale supply system, thereby reducing Guard inventory levels without harming supply responsiveness. GAO also found that the National Guard's system for requisitioning inventory in peacetime is not the same one used during mobilization. During mobilization for Operations Desert Shield and Desert Storm, some Guard units encountered requisitioning problems because units lacked training on and experience with the Army's Unit Level Logistics System,

the automated requisitioning system they are expected to use when mobilized.

NSIAD-93-26, Nov. 17, 1992 (20 pages). Space Shuttle: Status of Advanced Solid Rocket Motor Program.

The Advanced Solid Rocket Motor, one of the National Aeronautics and Space Administration's (NASA) most controversial and expensive projects, is expected to give the space shuttle enough boost to lift it into orbit. The advanced motor program has been touted as a way to enhance the shuttle's safety and reliability and to increase its lift capacity by about 12,000 pounds. Although these benefits are still expected, the need for the advanced motor has declined since the program began. The new motor may not be used for either of the two payloads projected to need the additional lift capacity. In addition, two advisory groups have questioned whether NASA should develop a new motor when the existing redesigned motor has proven safe and reliable. The advanced motor's estimated development cost has increased in recent years by about 95 percent—to $3.25 billion—mainly because of expanding the development scope, increasing construction costs, and adding cost reserves. The schedule for the first advanced solid rocket motor flight has slipped by 2-1/2 years because of delays in awarding the development contract, funding constraints, and a redesign of the building where propellant is mixed and cast. Program officials said that program costs will ultimately exceed $3.25 billion because the fiscal year 1993 funding level will cause NASA to further stretch out the development schedule.

NSIAD-93-27, Nov. 4, 1992 (49 pages). East European Energy: Prospects for Improvement in Albania's Energy Sector.

Albania, by far the poorest nation in Europe, has recently emerged from a long period of Communist rule and international isolation to embrace democratic and free market principles. The reform-oriented government elected in March 1992 confronts an economy in shambles and desperately needs foreign investment to recover. Albania's energy sector can play a key role in speeding the country's economic recovery. This report discusses the (1) trends in and problems related to Albania's energy production, imports, exports, and use; (2) plans by Albania to address its energy problems; (3) role of foreign trade and investment in Albania's energy sector and factors that discourage them; and (4) U.S. government and international organizations' efforts to help Albania's energy sector and improve its business climate.

NSIAD-93-28BR, Dec. 31, 1992 (69 pages). Army Materiel Command: Factors Influencing Retirement Decisions During 1990 Reduction in Force.

Congress is debating proposed legislation that would encourage more early retirements during the reduction of civilian employees at the Defense Department. This briefing report studies the retirements experienced by the Army Materiel Command as part of its 1990 reduction in force, during which specific authority was given to allow early retirements. GAO (1) determines the extent to which early retirements may have helped avoid involuntary separations in that instance, (2) identifies the main factors that differentiated employees who took early retirements in that reduction in force from those who did not, and (3) obtains insights on retirement-eligible employees' reactions to hypothetical retirement incentives. GAO also obtained the views of employees already eligible for standard retirement at the time of the Army Materiel Command's reduction in force.

NSIAD-93-29, Nov. 4, 1992 (16 pages). Defense Logistics Agency: Why Retention of Unneeded Supplies Persists.

According to its own records, the Defense Logistics Agency (DLA) had nearly 500,000 different items on hand as of March 1991 that had not been requisitioned for at least three years. These items accounted for $980 million of DLA's entire $11.7 billion inventory. Although DLA created programs to reduce the number of national stock numbers managed and to remove the unneeded assets from its inventory, not all items are covered by these programs. Many item managers are unfamiliar with inactive items they are responsible for. Data files contain inaccurate data that may cause managers to make incorrect decisions on retaining or deleting stock. GAO found assets for locally purchased items that had been returned to warehouses with no established means to use them. Also, national stock numbers sponsored by nondefense agencies are not covered by DLA's programs. GAO found assets for nondefense users that were left sitting in warehouses. Since GAO's review, the Defense Department has told DLA to take corrective actions on these problems.

NSIAD-93-30, Nov. 13, 1992 (70 pages). Operation Desert Shield: Problems in Deploying by Rail Need Attention.

To rapidly deploy its forces in wartime, the Army depends on the rail system to transport its equipment from installations to ports of embarkation. The rail facilities and loading operations at Army mobilization stations are therefore focal points for deployment, and they are expected to become increasingly critical as Army units in Germany, Korea, and other locations return to the United States. At the six mobilization stations GAO visited, the Army transported unit equipment to ports as scheduled

during the six-month period covered by Operation Desert Shield, but deteriorated rail facilities at some mobilization stations constrained loading operations. Future conflicts could easily require the deployment of even great numbers of U.S. forces during shorter periods of time. The Army began a program in fiscal year 1986 to repair rail facilities, but the effort's effectiveness has been severely hampered by program management problems. Also, the Pentagon and the Army have not corrected many deployment problems that GAO identified in 1987.

NSIAD-93-31, Aug. 12, 1993 (14 pages). Defense Inventory: More Accurate Reporting Categories Are Needed.

Nearly $15 billion of $53.5 billion worth of inventory intended to meet wartime and peacetime needs—spare and repair parts, fuel, construction materials, clothing and textiles, and medical and dental supplies—was unneeded, according to a recent GAO analysis. In other words, only $38.6 billion was actually needed to guarantee an uninterrupted supply of materiel as required by Defense Department (DOD) regulations. Not only is it unclear what portion of the nearly $15 billion worth of inventory may eventually be used, but in the past, changing requirements resulted in some inventory becoming excess to DOD's needs. As now reported, this inventory (1) overstates that amount of inventory that is needed; (2) does not provide Congress, DOD managers, and others with an accurate description of the inventory that the Pentagon needs to ensure uninterrupted supply; and (3) does not disclose the extent to which DOD is holding inventory that may never be used and exceeds current needs.

NSIAD-93-32BR, Nov. 27, 1992 (15 pages). Navy Ships: Plans and Anticipated Liabilities to Terminate SSN-21 Program Contracts.

Although final termination costs may not be known for years, the Navy's tab for ending contracts for the Seawolf nuclear submarines is significantly below the estimated cost to build the vessels. The estimated cost to build one SSN-21 class submarine tops $2 billion, but completing several Seawolf contracts and terminating the rest is pegged at $714 million. Ending the SSN-21 class submarine construction program with the second submarine (SSN-22) should save about $15 billion. The Navy did not terminate all SSN-23 contracts and is going ahead with construction of a spare nuclear core, a main propulsion unit, and other components—a move that should facilitate the building of the third SSN-21 class submarine if it is approved. Congress provided about $540 million to help preserve the industrial base for submarine construction. The Pentagon has no plans to release these funds to the Navy until a final decision is made on spending—most likely in early 1993 following the release of a Defense Department study on the shipbuilding base. Ending the SSN-21 program will likely reduce U.S. nuclear-powered submarine construction capacity and capability. Construction of nuclear submarines should be finished by the mid-1990s, and no new contracts are expected until fiscal year 1998. The declining work load for submarine builders is not sustaining their current construction capacity or capability. As a result, costs for the two SSN-21 submarines and other ships now being assembled by the two submarine shipbuilders will probably increase because of reallocating overhead costs over a smaller production base; a smaller, more senior, higher paid work force; and higher vendor costs.

NSIAD-93-33, Nov. 4, 1992 (25 pages). Communications Acquisition: Army Still Needs to Determine Battlefield Communications Capability.

In two analyses completed in 1991, the Army concluded that three planned communications systems would handle the work load generated by the Army Tactical Command and Control System (ATCCS), a collection of automated systems handling battlefield information. The analyses, however, are fraught with deficiencies that bring into question whether the communications systems will adequately support ATCCS. For example, the Army (1) did not use an appropriate threat scenario, (2) did not verify or accredit the model used to do the analyses, (3) used data information on users' communications requirements, and (4) included limitations that weakened the analyses. The Army is trying to correct some of these limitations. In response to the reduced Soviet threat, the downsizing of the U.S. military, and the ongoing changes in warfighting doctrine, the Army is reviewing ATCCS to see whether its system requirements need revising. Any revisions could affect the communications support needed for ATCCS.

NSIAD-93-34, Nov. 17, 1992 (52 pages). Navy Ships: Status of SSN-21 Design and Lead Ship Construction Program.

This is the unclassified version of a May 1992 GAO report on the Navy's Seawolf Nuclear Attack Submarine (SSN-21) construction program. GAO found that the SSN-21 program is experiencing cost overruns and schedule delays. As of the end of 1991, design costs were estimated to more than double by the time the design contract is completed and total construction costs were estimated to rise by about 45 percent over the original target costs. Welding cracks discovered during the lead ship's construction caused a one-year delay. As a result, the potential construction schedule impact of the Newport News Shipbuilding's and Electric Boat's late delivery of design data has been reduced. Two weapons systems that

were planned for use on the SSN-21 experienced development and funding problems and were canceled. Because of this, the SSN-21 will be less capable than planned.

NSIAD-93-36, Nov. 16, 1992 (114 pages). DOD Service Academies: More Changes Needed to Eliminate Hazing.

Hazing, outlawed for more than a century, has not disappeared from the service academies. At all three service academies, hazing occurs more often than official records would suggest, although the academies rarely charge anyone with hazing, preferring to pursue discipline under a lesser charge. The distinction between hazing and legitimate fourth class indoctrination, which typically includes harassment by upperclass students, can be murky. Recent changes to the fourth class systems at the Military and Naval academies appear to have successfully reduced the extent of hazing, although some kinds of hazing, such as verbal harassment and ridicule, persist. The Air Force Academy has not done an in-depth review of its fourth class system similar to those conducted at the other academies and has shown no recent reduction in the level of hazing. The harmful effects of hazing on cadets and midshipmen include higher levels of stress, lower grade point averages, attrition from the academies, and reduced career motivation.

NSIAD-93-37, Nov. 6, 1992 (110 pages). Officer Commissioning Programs: More Oversight and Coordination Needed.

In fiscal year 1990, the Pentagon spent more than $1.5 billion to train newly commissioned officers. This report reviews the three main officer-commissioning training programs in each service—the academies, the Reserve Officers' Training Corps, and the Officer Candidate Schools. GAO discusses the cost of training an officer, the quality of officers trained by the various commissioning sources, the effectiveness of management oversight of officer training, and the immediate opportunities to cut costs.

NSIAD-93-38, Nov. 18, 1992 (8 pages). Air Force Requirements: Cost of Buying Aircraft Consumable Items Can Be Reduced by Millions.

Contrary to Congress' expectations, the Air Force did not make the changes GAO recommended in a July 1991 report (GAO/NSIAD-91-201) concerning its consumable item requirement computation system. The changes would have ensured that (1) recurring demand back orders were not counted twice in requirement computations and (2) on-hand assets available to satisfy depot maintenance requirements were considered in the computations. Had the Air Force made the recommended changes, it could have reduced fiscal year 1993 requirements by $508 million and related procurements by $203 million. This estimate is based on budget data showing procurements to be about 40 percent of requirements.

NSIAD-93-39, Nov. 4, 1992 (41 pages). Military Afloat Prepositioning: Wartime Use and Issues for the Future.

A key part of U.S. mobility strategy, known as afloat prepositioning, is keeping ships continuously loaded with combat equipment and support items. These ships are anchored near potential trouble spots so that they can quickly respond to developments during wartime. This report discusses (1) how afloat prepositioning was used during the Persian Gulf war, (2) the Defense Department's (DOD) postwar initiatives to improve afloat prepositioning, and (3) issues related to DOD's expansion of afloat prepositioning.

NSIAD-93-40, Jan. 25, 1993 (43 pages). Desert Shield/Storm: Air Mobility Command's Achievements and Lessons for the Future.

The Air Force Air Mobility Command performed well under demanding circumstances during Operation Desert Shield/Storm, showing flexibility in its response to unforeseen difficulties associated with the airlift operation. The Air Force's ability to transport sustainment cargo—the material required to supply deployed troops—and units to the theater of operations efficiently was taxed by several factors, some of which were beyond the Air Force's control. These difficulties, however, were largely offset by the lengthy buildup period between August 1990 and January 1991. By the start of Desert Storm, the Defense Department and the Air Force had devised "work arounds" that, to a large degree, alleviated these problems. Yet even with the Air Force's flexibility in devising work arounds, the lack of available aircrews prompted the Air Force to extend allowable hours for flight times; regulations normally limit these hours because of the dangers associated with aircrew fatigue. Further, the long distances and lack of an in-theater recovery base forced the Air Force to rely extensively on Air Reserve Component volunteer aircrews before the official call-up of the Reserves was authorized. Finally, the Air Force's decision to activate partial, rather than complete Reserve units, caused confusion about command structure and administrative procedures.

NSIAD-93-44, May 5, 1993 (74 pages). Air Force Organization: More Assessment Needed Before Implementing Force Projection Composite Wings.

In response to changing global threats, substantial cuts in defense spending, and base closures and realignments, the Air Force has been

restructuring in several ways. One initiative is the creation of composite wings, which place all aircraft at an installation under the base commander. Most composite wings are created by reorganizing existing base operations and command responsibilities, but the Air Force is also building three composite wings from the ground up by assembling a mix of aircraft to respond to contingencies. These wings are known as "force projection composite wings." The Air Force did not do enough analyses, however, before deciding to build these force projection composite wings. A nondeployed wing of this kind has never operated in peacetime and available evidence does not support such an arrangement. In addition, the Air Force has neither developed clear criteria for evaluating the concept nor determined all the costs associated with the wings. Force projection composite wings will have significant limitations as they must be augmented by aircraft from other bases in order to perform their missions. Limited opportunities exist for these new wings to train as large-scale composite forces. Further, the Air Force has done no analysis of alternative bases before determining the locations for the air/land wings, and the Army was not consulted before the sites were chosen. Putting wings at these sites may undermine combat capabilities and readiness.

NSIAD-93-45, Feb. 5, 1993 (67 pages). Strategic Bombers: Adding Conventional Capabilities Will Be Complex, Time-Consuming, and Costly.

The Air Force's "Bomber Roadmap" estimates that it will cost about $3 billion to modify and equip the B-1B and B-52 bombers with conventional capabilities, but this figure is understated by billions of dollars. At the end of the Cold War, the Air Force redefined the role of its bomber force from one focused on nuclear war to one equipped to do a variety of conventional missions—a scenario spelled out in the June 1992 "Bomber Roadmap." This report discusses operational and fiscal challenges that Congress and the Pentagon will need to address when deciding the level of funding needed to make the changeover to a conventional role. GAO identifies some operational problems that must be resolved if the B-1B aircraft is to become the backbone of the conventional bomber force, and GAO questions the Air Force's plans to equip each type of bomber with some mix of precision-guided munitions.

NSIAD-93-46, Dec. 4, 1992 (18 pages). B-2 Bomber: Status of Compliance With the 1992 and 1993 Defense Authorization Act.

Congress' keen interest in the B-2 Program is reflected in recent legislation restricting the program's use of appropriations until the Pentagon has certified that specific B-2 performance characteristics have been demonstrated. This report discusses the status of these demonstrations. The flight test program continues behind the schedule that the Air Force planned when the first aircraft was delivered and the flight test program began. The Air Force's flight schedule now extends flight tests to August 1996 because of problems during flight testing and the late delivery of flight test aircraft. Air Force officials now say that the demonstrations will be completed in 1993; however, the subsequent certification will not be based on actual flight tests of integrated offensive and defensive avionics on a B-2 aircraft. GAO doubts whether supplemental testing in the laboratory and the flying test bed will yield solid evidence of the B-2's abilities in these critical areas. Congress' continued funding of the program has enabled the Air Force to move forward with the production of the last five aircraft. As of September 30, 1992, these planes had not entered the final stages of assembly.

NSIAD-93-47, July 16, 1993 (19 pages). Air Force Appropriations: Funding Practices at the Ballistic Missile Organization.

This report reviews how the Advanced Strategic Missile Systems program used its fiscal year 1990 appropriations. GAO concludes that the program office satisfied the congressional stipulation that at least $21 million of fiscal year 1990 appropriations be used to boost guidance development. The program office used $11.2 million of the fiscal year 1990 missile appropriations to help pay for four advanced guidance technology development contracts that had been charged against fiscal year 1989 appropriations. However, $9.2 million of the $11.2 million represented obligations incurred before the start of fiscal year 1990. Use of funds in this way violated the law and was inconsistent with the Air Force regulation governing the obligation and deobligation of appropriated funds. In addition, the Air Force's replacement of fiscal year 1989 appropriations with fiscal year 1990 appropriations—a move to free up 1989 funds for nonguidance projects whose funding was curbed by language in the conference report—circumvented the intent of the fiscal year 1990 appropriations legislation.

NSIAD-93-48BR, Feb. 10, 1993 (15 pages). B-2 Bomber: Acquisition Cost Estimates.

Estimating the cost of acquiring the B-2 bomber has been a challenge for the Air Force. Schedule delays in development, changes in procurement estimates, and funding restrictions have contributed to difficulties in estimating cost. This report evaluates the difference between the B-2 acquisition cost estimates for the 75 aircraft program, the 20 aircraft program, and a 15 aircraft program.

GAO also identifies how appropriated funds have been applied by the program and how the Air Force plans to apply future funds.

NSIAD-93-49, Mar. 4, 1993 (29 pages). Antiarmor Weapons Acquisitions: Assessments Needed to Support Continued Need and Long-Term Affordability.

Since the Soviet threat has diminished, the Pentagon has not done enough analyses of its antiarmor needs and alternative capabilities to meet mission needs. The Defense Department's (DOD) acquisition regulations provide guidance for preparing the needed analyses at key milestones. Many of the systems, however, have not had a milestone review since the threat changed. Generally, the military services' latest detailed analyses supporting the need for current acquisitions were still based on defeating Soviet and Warsaw Pact forces. Although the services use the annual budget reviews to consider threat changes and conduct informal analyses and special studies of the continued need for antiarmor acquisitions, these budget reviews do not generally include analyses that are required for major milestones. GAO's review of analyses prepared for milestone decision points since the 1991 revision to the DOD acquisition regulations found that the services generally have not assessed whether their needs could be met by weapon systems with other missions or from other services.
In addition, the services have not, as required, assessed the affordability of major acquisitions through the end of procurement. As a result, the military lacks reasonable assurances that the systems to be acquired are needed and affordable.

NSIAD-93-50, Jan. 21, 1993 (33 pages). Chemical Weapons Destruction: Issues Affecting Program Cost, Schedule, and Performance.

Congress told the Pentagon in 1985 to destroy the bulk of the U.S. stockpile of lethal chemical weapons. The Defense Department plans to spend nearly $8 billion to build and run specially designed, high-temperature incinerators on Johnston Island in the Pacific Ocean and at eight locations around the continental United States. GAO's review of test results from the Johnston Island facility shows lower than anticipated destruction rates stemming from unreliable equipment. This could mean that the destruction program will take longer than planned and exceed cost estimates. The overall average hourly rate of rocket destruction improved substantially from the first to the second test phase, but extensive maintenance downtime continued to slow operations. Public concerns about the safety of chemical weapons incineration have caused several states to consider legislation that could halt construction of the facilities. The Army began a study in October 1991 to identify and evaluate the possible use of alternative technologies to destroy chemical weapons and agents. The Army has also continued to encounter difficulties in obtaining the required environmental permits. Congress recently extended the mandatory completion date of the disposal program by more than five years and postponed funding decisions for future incineration facilities until the results of the alternative technology study are known.

NSIAD-93-51, Nov. 6, 1992 (16 pages). Depot Maintenance: Planned Transfer of Industrial Plant Equipment From Seneca Army Depot.

The Pentagon, citing insufficient work load, plans to transfer industrial plant equipment maintenance and special weapons storage missions from the Seneca Army Depot in Romulus, New York, to a facility in Mechanicsburg, Pennsylvania. The Defense Department (DOD) believes that the costs for maintaining and rebuilding industrial plant equipment will be lower at the Mechanicsburg site. GAO's analysis shows that DOD's cost comparison was incomplete and inaccurate and that rebuilding costs at both facilities were actually very close, although GAO cites several factors that support consolidation at the Mechanicsburg facility.

NSIAD-93-53, Dec. 3, 1992 (37 pages). Undersea Surveillance: Navy Continues to Build Ships Designed for Soviet Threat.

Although the threat posed by the Soviet submarine fleet has declined dramatically of late, the Navy has not yet completed an undersea surveillance system to handle enemy submarines in shallow water—a more probable threat scenario in the future. The Surveillance Towed Array Sensor System (SURTASS) was built to pick up sounds from Soviet submarines in deep ocean water. The Navy, however, now plans to use SURTASS to detect diesel submarines cruising in shallow water—a capability that has yet to be demonstrated through developmental and operational testing. At the same time, the Pentagon is looking into other ways to detect submarines in shallow water. The Navy currently has 19 ships equipped with SURTASS. It expects to replace 18 of these single-hulled ships with nine twin hull ships by 1998. Between fiscal years 1992 and 1998, the Navy plans to spend about $1.2 billion on SURTASS upgrades and procurement of new SURTASS twin hulled surveillance ships.

NSIAD-93-54, Apr. 30, 1993 (68 pages). Naval Academy: Gender and Racial Disparities.

This report examines how the U.S. Naval Academy has been treating women and minorities. Performance indicators show that women have not fared as well as men with regard to class standings; academic, physical education, and military grades;

outcomes of the conduct and honor systems; and attrition rates. Minority students have not fared as well as white students on these same indicators. In addition, a GAO survey of midshipmen revealed perceptions that women and minorities generally received treatment equal to that of men and whites. However, a higher percentage of men than women perceived that women were treated better, and a higher percentage of women than men perceived that they were treated worse. The situation was similar with minorities. Although the Academy has taken a number of steps to better address the assimilation of women and minorities, it does not have a comprehensive data base to analyze student performance indicators to identify significant gender or racial disparities. The Academy has not documented the implementation of earlier equal opportunity recommendations.

NSIAD-93-55, Dec. 11, 1992 (47 pages). Foreign Assistance: AID's Private-Sector Assistance Program at a Crossroads.

The Agency for International Development (AID) has slowly come to view private-sector development in the Third World as a high priority and now devotes significant resources to this goal. AID's ability to focus on this area is constrained by several factors, however, including competing priorities and a lack of staff expertise. AID's private-sector assistance has had mixed success, with best results obtained in supportive environments when enough resources and appropriate expertise were applied. AID has had difficulty creating self-sustaining institutions to deliver services after assistance ends. The future role of the agency in this area is uncertain. The nature and extent of AID's role, if any, in directly promoting U.S. trade and investment relations with developing countries must be defined relative to its other objectives and to other agencies' responsibilities.

NSIAD-93-56, May 10, 1993 (55 pages). Foreign Assistance: U.S. Efforts to Spur Panama's Economy Through Cash Transfers.

In response to the President's proposals, Congress in 1990 provided nearly $500 million to help revive Panama's ailing economy. Documents at the Agency for International Development (AID), however, do not provide an analytical basis showing how the executive branch justified the size of the total aid package for Panama or the size and composition of the component parts. AID believes that the assistance program has been a success because the Panamanian economy has improved since the program began in mid-1990. Although this large cash infusion probably had an impact, GAO questions whether the U.S. cash grants jump-started the Panamanian economy, especially since 60 percent of the assistance was not disbursed until 1992 or later, well after the economy had begun to rebound.

NSIAD-93-57, Jan. 25, 1993 (80 pages). Aid to Kenya: Accountability for Economic and Military Assistance Can Be Improved.

The United States has provided more than $300 million in economic and military aid to Kenya since 1987—a period of mounting allegations of Kenyan government misuse of foreign aid. Inadequate controls and other problems make some U.S. assistance vulnerable to ineffective use or to diversion by the Kenyan government. GAO did not identify specific instances of diversion of U.S. funds or equipment; however, the United States cannot be certain that all assistance is being used for its intended purposes. For example, the Agency for International Development's accountability for local currency funds is inadequate, housing guaranty repayments by the Kenyan government are delinquent, food aid distribution is sometimes delayed, military aid monitoring could be strengthened, and questions exist about the potential use of U.S.-supplied helicopters.

NSIAD-93-58, Nov. 18, 1992 (20 pages). Foreign Assistance: Cost Reductions Possible From Improved Cash Transfer Management.

Some countries have earned and kept millions of dollars in interest on cash grants from the United States, despite guidelines for managing foreign aid grants that call for retaining funds in the U.S. Treasury as long as possible to minimize federal borrowing costs or returning the interest earnings to the Treasury to offset these costs. GAO's review of assistance to 22 countries revealed that nearly $230 million in interest had been earned by recipient governments on about $6.6 billion in cash grants between October 1988 and May 1992. Israel, the single largest recipient, receives its cash grants within 30 days of appropriation and has earned about $163 million in interest on $3.6 billion in grants. Poland, another special case, earned about $31 million on a $200 million U.S. contribution to a currency stabilization fund. Options for improving the Agency for International Development's (AID) cash management practices without detracting from foreign assistance objectives include (1) direct payment by AID for official debts and for reimbursements for imports and (2) retaining the current practice of depositing funds into separate accounts but with the interest accruing to the United States.

NSIAD-93-59FS, Nov. 23, 1992 (7 pages). Military Bases: Army Revised Cost Estimates for the Rock Island and Other Realignments to Redstone.

The Commission on Base Realignment and Closure recommended in July 1991 that 36 bases be closed and 43 others be moved or realigned; one of these realignments involved the

Rock Island Arsenal in Illinois. The Army estimated that moving portions of the Rock Island Arsenal to Redstone Arsenal in Alabama would cost $76.8 million, including $38.3 million for military construction at Redstone. In light of concerns that the construction cost estimate for the move had almost doubled from the $38.3 million figure cited, this fact sheet reviews the Army's cost estimates.

NSIAD-93-60, Mar. 16, 1993 (39 pages). National Defense Stockpile: Views on DOD's 1992 Report to the Congress and Proposed Legislation.

In the wake of the diminishing threat from Eastern Europe and the former Soviet Union, a February 1992 Defense Department (DOD) report urged slashing the government's $9 billion stockpile of strategic and critical materials by $5.7 billion. The Pentagon's overall process for estimating stockpile requirements is of little use, however, in determining specific estimates. Material consumption ratios, used to convert estimates of economic activity into requirements for strategic and critical material, were as much as 10 years out of date, casting doubt on the validity of the 1992 report. DOD sensitivity tests showing the consequences of alternative assumptions on requirements examined only a narrow set of alternatives. Notwithstanding these shortcomings, GAO supports judicious disposal of outdated and clearly excess materials and a temporary curtailment of uncommitted purchases. DOD could dispose of obsolete materials such as vegetable tannins without endangering national security or disrupting the material markets. Caution is advised, however, in disposing of other materials because of the problems in DOD's methodology for determining material requirements. DOD has in its stockpile excess ferromanganese and ferrochromium, alloys that are readily available on the world market. Although continued procurement of these alloys is uneconomical, each of the alloys has only one U.S. producer, and a sudden end to government purchases could harm these producers' ability to compete on the commercial market. Legislation allows the purchase of alloys to continue through fiscal year 1993.

NSIAD-93-61, Nov. 13, 1992 (39 pages). Navy Maintenance: Overseas Ship Repairs and Associated Costs.

The Navy spent $1.3 billion on overseas ship maintenance in fiscal years 1987-91. Almost 85 percent of all repairs were done at three Navy-run facilities. Overseas ship maintenance costs are declining, and the Navy projects that overseas costs will total $1.1 billion in fiscal years 1992-98. If the Japan-based ships were returned to U.S. shipyards for long-term planned maintenance, the ships could not meet existing operational requirements because Navy policies require ships to stay in their homeports twice as long as they have been deployed. In addition, the cost for long-term planned maintenance for the Yokosuka-based ships at U.S. shipyards would range from $211.7 million to $741.6 million more for fiscal years 1992-98. Japan's labor-cost-sharing agreement with the United States significantly lowers costs in Japan. Japan will fund 100 percent of the labor costs for U.S. ship repairs by 1996. The Navy lacks enough controls to ensure that its overseas maintenance process complies with statutory limitations on overseas maintenance of U.S. homeported ships. Further, the Navy has not incorporated the legislative limitations on overseas ship repairs into Navy policy and procedures.

NSIAD-93-62BR, Dec. 14, 1992 (12 pages). DOD Budget: Controls Needed Over Inflation Dividends.

This briefing report discusses the Defense Department's (DOD) key management controls over excess funds that have become available because actual inflation has been less than estimated. DOD has overestimated the funds needed for inflation in fiscal years 1992 and 1993 by more than $3.6 billion. On the basis of the Office of Management and Budget's latest economic assumption, DOD now projects inflation dividends of $2.8 billion from fiscal year 1992 appropriations and $837 million from the funds it requested for fiscal year 1993. GAO believes that if DOD were to improve monitoring of funding needs and periodically report on the impact of changing inflation rates, Congress would have the information needed to adjust for inflation dividends such as those projected for fiscal years 1992 and 1993.

NSIAD-93-63, June 30, 1993 (14 pages). Defense Procurement: Programs for Considering Vendor's Past Performance in Awarding Contracts.

GAO reviewed the Air Force Logistics Command and Defense Logistics Agency programs for awarding contracts to vendors with superior quality and delivery histories, but not necessarily offering the lowest prices. This report addresses (1) the origins of these programs, whether they were started in response to evidence of significant quality problems in vendor performance, and what formal legal reviews were done on the programs; (2) the extent of their use and how much they increased prices; (3) the programs' competitive impact on small businesses; and (4) whether preexisting procurement practices could accomplish the same thing.

NSIAD-93-64, Apr. 12, 1993 (37 pages). Test and Evaluation: Little Progress in Consolidating DOD Major Test Range Capabilities.

As its budget declines, the Pentagon is faced with hard choices about how best to manage its $25 billion worth of test ranges. During the last three years, the Defense Department (DOD) has been working on ways to achieve savings and cut costs by consolidating test capabilities and streamlining management arrangements. This report discusses (1) the extent to which DOD has achieved savings and benefits through its consolidation efforts and (2) the effectiveness of the interservice consolidation process known as test and evaluation reliance. GAO notes that although DOD has realized some test and evaluation savings to date, it has missed potentially significant savings by not aggressively consolidating existing test range capabilities. Some test capability consolidations have resulted from intraservice efforts, but most savings are expected through the elimination of overhead positions and reductions to test range support accounts. The interservice test and evaluation reliance process, while laying a foundation for future savings, has resulted in minimal savings and few consolidations because of a lack of DOD aggressiveness. The planned test and evaluation budget cut of $729 million over the fiscal year 1991-95 period represented a cut of about 2.4 percent, a rather modest reduction considering that test and evaluation funding has risen by 25 percent during the past decade.

NSIAD-93-65, Jan. 28, 1993 (32 pages). Force Structure: Issues Involving the Base Force.

The dissolution of the Soviet Union has touched off a national debate over future defense spending levels. Both congressional leaders and the incoming administration have proposed cuts in defense outlays that could result in a smaller military than the Base Force—the level of preparedness that the Pentagon describes as necessary to protect U.S. interests in the post-Cold War era. Although conventional force levels in the current Base Force were originally formulated before the breakup of the Soviet Union, the Pentagon believes that they still fully reflect the current international security situation. The Defense Department's (DOD) force structure decision makes several assumptions about national interests, threats, contingency requirements, military doctrine, and risk. At the heart of the Base Force concept is the ability to deter and defend against uncertain threats in regions critical to U.S. interests, including Europe, Southwest Asia, and the Pacific. Given the relative absence of immediate military threats to U.S. interests, it is unclear how the United States should compare itself militarily to other major nations. GAO cites five key policy issues that policymakers must consider in determining the size and composition of U.S. military forces. These issues provide a framework for debating force structure issues in the future.

NSIAD-93-67, Mar. 31, 1993 (70 pages). Export Controls: Issues In Removing Militarily Sensitive Items From the Munitions List.

With the opening up of the former Soviet Bloc, U.S. exporters are pressing to liberalize U.S. export controls to boost their export competitiveness. In November 1990, the President ordered the removal of dual-use items from the U.S. Munitions List and its licensing controls unless significant national security interests would be jeopardized. In response to congressional concerns that national security interests may not be adequately considered when weighed against the commercial and economic benefits of liberalized export controls, this report examines (1) items being considered for removal from the List and (2) the extent to which national security interests were being considered and protected in the decision process.

NSIAD-93-68, Mar. 29, 1993 (14 pages). Defense Industrial Base: An Overview of an Emerging Issue.

The defense technical and industrial base refers to the people, technical know-how, and facilities used to produce the weapons and equipment needed to defend the United States. This base has three main components: research and development, production, and maintenance and repair, each of which involves government and the private sector. During the current military downsizing, the Pentagon's requirements for new weapons and support equipment will likely be reduced dramatically and the ongoing restructuring of the defense industrial base is expected to intensify. The Defense Department (DOD) has taken the position that free market forces will guide the restructuring of the defense industrial base. GAO has concerns about this strategy because defense contractors tend to be more concerned with maximizing returns for investors rather than with how long-term changes in the defense industrial base might affect national security. In addition, DOD has not been aggressive in assessing U.S. reliance on foreign sources and foreign investment in the defense industrial base.

NSIAD-93-69, Nov. 18, 1992 (15 pages). Persian Gulf: U.S. Business Participation in the Reconstruction of Kuwait.

The Department of Commerce's failure to meet the June 1992 reporting deadline on the extent of contracts awarded U.S. companies for rebuilding Kuwait was due to several factors. First, the President did not assign responsibility for the report until after it was due. Second, after Commerce prepared the report, it took several months to complete the interagency review process that, in turn, required Commerce to update the information, further delaying publication. According to the first Commerce report, the

Kuwaiti government awarded U.S. business more than $2 billion in contracts in 1991—about half of all reconstruction business. The second report said that the U.S. share of reconstruction contracting through July 1992 topped $4 billion—also about half of reconstruction contracts. In preparing the reports, Commerce faced several constraints, including (1) incomplete information from the Kuwaiti government needed to identify the dollar values for contracts Kuwait awarded to foreign companies, (2) the reluctance of the U.S. and Kuwaiti private sectors to provide information, and (3) the lack of a central source for this information. Commerce was able to obtain more complete information from the Corps of Engineers. To meet the urgently needed emergency services and clean-up in Kuwait, the Corps awarded restoration contracts without using full and open competition. Also, the Kuwaiti government told the Corps to award several contracts to preferred firms. As a result, the Corps awarded about 87 percent of its prime contracts with less than full and open competition.

NSIAD-93-70, Dec. 1, 1992 (49 pages). Financial Systems: Weaknesses Impede Initiatives to Reduce Air Force Operations and Support Costs.

The Air Force lacks accounting systems to account for all operations and support costs connected with fighter wings, its main aircraft unit. Existing Air Force data collection systems fall short in accumulating information that is sufficiently accurate, timely, and comprehensive. The Air Force's efforts to better manage the cost of aviation fuel, reparable parts, and depot maintenance and repair are being hurt by the lack of accurate and complete cost information. Although fighter wings may end up saving money, the systems do not give wing commanders the detailed information that they need to make informed decisions on parts repair and fuel conservation, nor do they provide the Air Force with the data needed to evaluate the results of the fuel savings test. The financial systems supporting F-15 repair and modifications at the Warner Robins Air Logistics Center do not contain accurate cost information, mainly because of internal control weaknesses, a situation that hinders the F-15 manager from adequately overseeing costs and repairs.

NSIAD-93-71, Dec. 3, 1992 (54 pages). National Aero-Space Plane: Restructuring Future Research and Development Efforts.

The National Aero-Space Plane Program, which during the past seven years has been developing an aircraft that can achieve a low earth orbit using a single stage, has been fraught with turmoil, changes in focus, and unmet expectations. The program is again at a crossroads, with costs increasing, technical progress behind schedule, and insufficient program funds. Although the program is supposed to be unconstrained by operational requirements, discussions about the utility or cost/benefit of the program have prematurely evolved into efforts to justify the program by citing the potential benefits from future operational aerospace vehicles and spin-off applications. GAO believes that, in responding to pressures to successfully compete for funding and to show results in the face of reduced budgets, unrealistic expectations have been raised about the time and cost required to achieve the program's goals and objectives. Program officials, aware of the need to again redirect the program, have proposed several alternative development strategies, but no decision has been made on which, if any, of the proposals will be approved. GAO recommends delaying any decision to build and test the X-30—a manned experimental flight vehicle—until critical technologies are developed and proven and decisions on program restructuring are made.

NSIAD-93-73, Nov. 5, 1992 (8 pages). Space Programs: NASA's Independent Cost Estimating Capability Needs Improvement.

The Advisory Committee on the Future of the U.S. Space Program recommended in December 1990 that the National Aeronautics and Space Administration (NASA) establish an independent cost analysis group to advise on cost estimates provided to Congress and the Office of Management and Budget. NASA's efforts to date have not met the committee's intent, although the agency recently announced plans that may be more responsive. NASA's initial actions were deficient because (1) results of formal cost review were reported to program officials rather than directly to the head of NASA; (2) advice provided to the head of NASA on cost estimates was informal and undocumented; (3) cost estimates were reviewed only at the start of new initiatives, not at all major decision points over a program's life; and (4) the cost analysis group did not have adequate staff to do independent estimates at all major decision points. NASA recently announced plans to establish a new independent cost assessment group to be staffed with enough resources to function as envisioned by the committee.

NSIAD-93-74, Feb. 25, 1993 (148 pages). Navy Carrier Battle Groups: The Structure and Affordability of the Future Force.

Mounting budget pressures, reduced global threats, competing priorities, and affordability issues dominate the congressional debate on national security. At the same time, the Navy is embarking on several costly carrier programs—procuring another carrier, refueling the reactors on existing nuclear carriers, and replacing and

upgrading aircraft. These programs will have long-term impacts on the size and cost, and potentially the capability, of a 12-carrier force. For example, replacing the current tactical combat aircraft with the planned F/A-18E/F and AX aircraft could cost more than $120 billion. Alternatives exist that could save tens of billions of dollars. In addition, less costly options exist that could satisfy many of the carrier battle groups' traditional roles without endangering U.S. national security. For example, a smaller, less expensive carrier force could be achieved by relying more on increasingly capable surface combatants and amphibious assault ships and/or by employing a more flexible carrier deployment strategy. GAO believes that the Pentagon and Congress must agree on the size and affordability of the carrier force required to meet national defense goals, including the consideration of other options, before committing to build another nuclear carrier.

NSIAD-93-75, Dec. 29, 1992 (43 pages). Military Airlift: Structural Problems Did Not Hamper C-141 Success in Desert Shield/Storm.

The C-141 aircraft, long considered the backbone of the Air Force's strategic air lift, is approaching the end of its service life. The Air Force is trying to keep the aircraft in operation as long as possible by flying it fewer hours and limiting the weight of cargo flown. Although the C-141 performed well in Operation Desert Shield/Storm, it has experienced serious technical and structural problems. Moreover, the effort to extend the service life of the airplane continues to be delayed because of technical problems and higher funding priorities. If the Air Force sticks with current plans to keep much of the C-141 fleet in active inventory until at least 2010, major work will be required to prevent continued deterioration; even then, use of the aircraft may have to be constrained severely. The physical deterioration of the C-141 fleet and the slow pace at which the service life is being extended will lead to reduced airlift capacity. The problem is exacerbated by delays in the C-17 program, which will not significantly contribute to airlift capacity until the late 1990s at the earliest.

NSIAD-93-76FS, Dec. 15, 1992 (5 pages). Public Works Consolidation: Jacksonville Naval Public Works Consolidation.

The Navy plans to consolidate public works departments at three of its facilities in the Jacksonville, Florida, area—Mayport Naval Station, Jacksonville Naval Air Station, and Cecil Field Naval Air Station. The new public works center in Jacksonville will provide centralized planning and management for public works, public utilities, public housing maintenance, transportation support, engineering services, shore facilities planning, and corresponding logistical support. This fact sheet provides information on the (1) cost of public work operations before and after consolidation, (2) changes to authorized personnel levels and the impact of consolidation on employee relocation, and (3) cost of renovating public office space at Jacksonville Naval Air Station to accommodate the new center.

NSIAD-93-77, Oct. 22, 1992 (30 pages). Environmental Cleanup: Observations on Consistency of Reimbursements to DOD Contractors.

This report provides information on Defense Department reimbursement of defense contractors' environmental cleanup costs. It presents case studies on four locations affecting three large defense contractors: (1) a rocket testing and manufacturing site near Sacramento, California, run by Aerojet-General Corporation; (2) two waste disposal sites near Seattle, Washington, that received hazardous waste from the Boeing Corporation and others; and (3) a former aircraft manufacturing site in Burbank, California, run by Lockheed Corporation.

NSIAD-93-78, Dec. 21, 1992 (10 pages). Defense Acquisition: Oversight of Special Access Programs Has Increased.

This is an unclassified summary of a recent classified GAO report on oversight policies and practices at Defense Department (DOD) special access acquisition programs. These programs—also known as "black programs"—are highly secret projects with tightly controlled access and stringent security measures beyond those of standard classified programs. Beginning in the mid-1980s, Congress repeatedly voiced concerns about the growing number of special access programs and the Pentagon's refusal to provide information Congress needed to effectively oversee these programs. In a 1989 report, GAO noted a trend toward increased oversight and centralization of oversight of special access programs within DOD—a trend that continues today. As a result of congressional and other external pressures, DOD has taken additional steps to bolster and centralize oversight of special access programs. The DOD Inspector General and the military services' audit agencies and inspectors general have also increased their oversight of these programs.

NSIAD-93-79, Nov. 20, 1992 (12 pages). Contract Pricing: Unallowable Costs Charged to Defense Contracts.

In reviewing overhead costs submitted by six defense contractors, GAO discovered that contractors did not identify and exclude all unallowable costs, as required. For example, in addition to nearly $1 million in costs questioned by the Defense Contract Audit Agency, GAO noted another $2 million in unallowable or questionable

overhead costs. Federal regulations governing entertainment, employee morale and welfare, and business meeting costs are so vague that they are being interpreted broadly by some of the contractors GAO reviewed. Limited transaction testing—tracing expenditures back to supporting documentation and evaluating their allowability—of contractor overhead cost submissions by the Defense Contract Audit Agency may have also contributed to unallowable or questionable costs going unchecked. In GAO's view, transaction testing is a key step to ensuring that contractor internal controls are excluding unallowable costs from bills submitted to the Defense Department.

NSIAD-93-80, Dec. 15, 1992 (66 pages). Army Force Structure: Future Reserve Roles Shaped by New Strategy, Base Force Mandates, and Gulf War.

In response to rapid geopolitical changes around the globe, the Army plans to downsize to a level not seen since before the Korean War. GAO reviewed the Army's planned force reductions and the roles that will be assigned to Army Reserve and National Guard forces. Specifically, this report discusses the factors influencing the Army's decisions on future reserve roles, rationale behind its planned reserve force reductions, and opportunities to more effectively use the reserves in the smaller force of the future.

NSIAD-93-81, Nov. 19, 1992 (13 pages). Navy Acquisition: AN/BSY-1 Combat System Operational Evaluation.

Between November 1990 and May 1991, the Navy assessed the AN/BSY-1 combat system, which is meant to assist in combat operations in antisubmarine, antisurface, strike, mine, and other warfare missions. Although GAO does not disagree with the resulting recommendation that AN/BSY-1 be approved for fleet use, it does note that two AN/BSY-1 critical operational issues—reliability and maintainability—were unsatisfactory and that limitations resulted in incomplete demonstration of two critical operational issues—weapon deployment and navigation—and unrealistic operational testing. GAO could not reach a conclusion on the independence of the operational evaluation. Records show that AN/BSY-1 program and contractor personnel were on board the submarine on days when it was being tested. The Navy could furnish no documentation that these personnel left the submarine before AN/BSY-1 operational evaluation began. On the basis of limited observations, the Navy determined that the AN/BSY-1 operational evaluation was adequate. Because the number of required on-site visits has yet to be established, however, GAO could not assess how effectively the Navy carried out its responsibilities.

NSIAD-93-82, Dec. 4, 1992 (22 pages). Drug War: Drug Enforcement Administration Staffing and Reporting in Southeast Asia.

GAO reviewed the Drug Enforcement Administration's (DEA) staffing and intelligence reporting in Southeast Asia—specifically Burma, Laos, Thailand, Hong Kong, and Singapore. This report discusses the (1) factors affecting the size, location, and operations of DEA offices in these areas; (2) contributions and qualifications of DEA intelligence analysts assigned to Southeast Asia; (3) analytical support provided by the Commander-in-Chief, U.S. Pacific Command, to DEA intelligence programs in Southeast Asia; and (4) adequacy of DEA intelligence reporting in Southeast Asia. GAO found that DEA has not fully staffed its Southeast Asia offices with effectively performing intelligence analysts, resulting in lower overall intelligence contributions. Various political and administrative factors, rather than the extent of the narcotics problem in each country, have generally influenced the size, location, and operations of DEA offices in Southeast Asia. For example, even though Burma is a major producer of illicit opium and heroin, political upheaval in that country has meant a limited DEA role there. In addition, DEA operates no office in Laos, the second largest opium producer in Southeast Asia, due to a lack of Laotian cooperation. Three of four analysts posted to Southeast Asia have done a poor job providing intelligence reports—a situation GAO believes is due mainly to a lack of regional or area knowledge, skills, and abilities among the analysts. According to a DEA official, the agency has no criteria other than time-in-grade requirements for determining whether applicants for intelligence analyst positions are qualified to do the work.

NSIAD-93-83, Apr. 26, 1993 (92 pages). Intercountry Adoption: Procedures Are Reasonable, but Sometimes Inefficiently Administered.

Each year, U.S. citizens adopt between 7,000 and 10,000 foreign children for a variety of reasons—often because the prospective parents believe that they are ineligible for domestic adoptions and consider intercountry adoptions to be faster, easier, and less expensive adoptions. Once involved in the adoption process, however, some parents find the process to be complex, stressful, and difficult to complete. GAO found that the procedures of the U.S. agencies involved in such adoptions are reasonable and necessary. A GAO survey of parents and private adoption agencies who completed intercountry adoptions in 1991 disclosed that 70 percent of the parents were generally satisfied with the overall adoption process. GAO did find that the U.S. agencies did not administer some of their procedures efficiently—specifically, in processing the parents' fingerprints for background checks

and in transmitting case data to overseas visa-issuing offices. These inefficiencies sometimes led to adoption processing delays.

NSIAD-93-84, Dec. 15, 1992 (14 pages). Theater Missile Defense Program: Funding and Personnel Requirements Are Not Fully Defined.

The Strategic Defense Initiative Organization (SDIO) cannot estimate total cost and personnel requirements for the planned theater missile defense system because it has not fully defined the design and performance requirements for the overall capability. For the functional element upon which it has concentrated—active defense—SDIO has not yet developed an overall program plan that defines how theater missile defense will interact within its own elements, with existing air defense capabilities, or with other components of the Global Protection Against Limited Strikes system. Further, SDIO has not yet developed an overall program plan and acquisition strategy for acquiring and deploying the systems and has not fully defined certain performance requirements. SDIO projected that it would need about $2.4 billion more funding during fiscal years 1992 through 1997 than had been approved for the theater missile defense program in the Department of Defense's fiscal year 1993 plan. SDIO officials said that the fiscal year 1994 plan would include enough funding to implement the currently planned program. Although the Army does not know its total theater missile defense force requirements, it has estimated that it will need about 1,300 people for the Theater High Altitude Area Defense system and has stated that no new personnel would be required if the upgraded Patriot system is selected for lower tier defense. The Pentagon is required to provide Congress with a master plan covering the theater missile defense program when the President submits his 1994 fiscal year budget.

NSIAD-93-85, Dec. 9, 1992 (6 pages). Navy Maintenance: Cost and Schedule Performance at San Diego and Long Beach Shipyards.

Cost growth and schedule overruns at the San Diego and Long Beach shipyards were quite similar during fiscal years 1989-91. The cost growth averaged about 30 percent in both areas. In San Diego, cost growth affected 84 of 94 ships, and schedule overruns occurred on 47 of 94 ships. In Long Beach, cost growth affected 31 of 33 ships and schedule overruns occurred on 19 of 33 ships. At the Long Beach Shipyard, cost growth affected eight of 23 ships and schedule overruns occurred on 10 of 23 ships. Overall, there was almost no difference between the government cost estimates at the start of repair and the actual costs at completion. This is because the government estimate (1) generally includes a 10- to 15-percent growth factor and (2) is an agreed upon price negotiated by the shipyard and the Navy before work is started.

NSIAD-93-86, Mar. 16, 1993 (24 pages). Army Logistics: Better Approach Needed to Identify Systemic Causes of Problem Parts.

The Aviation System Command's current management approach is to react to specific part problems to minimize the effect of these problems on readiness rather than to identify the systemic causes of the problems. When problems with parts arise, this approach leaves managers with little choice but to take costly actions such as expediting procurements and deliveries on contracts. Although the Command has the basic framework in place for gathering information on the systemic causes of problems with parts, it is not collecting accurate and up-to-date data that are expressed in consistent, uniform terms. GAO found that the Command has no comprehensive initiatives to identify systemic causes of problem parts. One activity within the Command, however, has been evaluating a proactive system to avoid supply availability problems. This activity has shown potential for reducing parts' costs and improving readiness.

NSIAD-93-87, Dec. 3, 1992 (8 pages). Information Technology: Comments on Navy Facility Consolidation Plan.

In July 1992, the Navy gave its Information Technology Facility consolidation plan to GAO to review. GAO concludes that the plan adequately considers the needs of Navy installations for information technology and meets the certification criteria in the fiscal year 1992 Defense Department appropriations act. The plan (1) limits duplications, achieving efficiency through reduced overhead and the transfer of mainframe computer work load onto fewer, more modern computer systems; (2) focuses on cost-effectiveness in the selection of consolidation sites; (3) will not impose hardships on military personnel as a result of transfers; and (4) will have an imperceptible impact on the economies of affected communities.

NSIAD-93-88, Feb. 8, 1993 (22 pages). State Department: Management Weaknesses at the U.S. Embassy in Mexico City, Mexico.

The U.S. embassy in Mexico City lacks sufficient management controls to ensure full compliance with regulations and reduce its vulnerability to waste, fraud, and abuse. In less than two years, the embassy lost property, including office equipment and household furnishings, valued at $120,000. Essentially, the problem was "swept under the rug" because the embassy's records were so poor that it could not identify how the items had been lost and if employees

should be held responsible. The embassy did not report its missing property to the State Department, though this was required. In addition, weaknesses in controls over cashiering have affected mission operations since the mid-1980s. Moreover, the embassy has not established a formal competition advocacy program to ensure that contracts are fully competed. Other problems at the embassy include a lack of compliance with the State Department's new residential housing standards, weaknesses in the personnel system, and a lack of effective budget controls. Although the embassy plans to correct many of these problems, GAO believes that a formal program of management improvement is needed to (1) focus senior management attention on problems and issues and (2) provide a basis for continuity as foreign service officers rotate to their next assignments and are replaced by new officers having management responsibilities in critical control areas.

NSIAD-93-89, Feb. 18, 1993 (15 pages). Veterans Disability: Information From Military May Help VA Assess Claims Related to Secret Tests.

The Defense Department between 1942 and 1975 conducted at least three secret chemical experiments using military personnel as test subjects. Two of these experiments, dating to World War II, involved mustard gas. The third took place during the Cold War and examined the effects of nerve gas and psychochemicals, including LSD. Because of a lack of data, the Department of Veterans Affairs (VA) has found it difficult to decide on the validity of veterans' claims arising from the mustard gas experiments. Few veterans could prove that their health problems were due to their participation in the mustard gas tests; until 1992, VA had approved only 13 of 145 claims for benefits. In July 1992, VA changed its adjudicating procedures for these kinds of claims. To receive compensation, veterans with health problems associated with mustard gas exposure need only show that they participated in the tests. Yet only limited information on the tests is available, including test sites, test dates, and participating military units. Moreover, what little information is available is in records scattered among many military locations. As a result, VA will continue to have difficulty deciding whether veterans' claims are legitimate. VA's only outreach effort to identify test participants was hampered by the limited information available on the testing programs. Only 128 veterans out of the thousands who participated could be identified in 1991 from existing information.

NSIAD-93-90, Jan. 29, 1993 (40 pages). Operation Desert Storm: Army Not Adequately Prepared to Deal With Depleted Uranium Contamination.

During the Persian Gulf War, a number of U.S. combat vehicles were contaminated by depleted uranium after being struck by munitions or when ammunition stored on board was ignited by accidental fires. Although the Army does not know the full extent to which personnel were exposed to depleted uranium—a radioactive, chemically toxic metal—GAO discovered that at least several dozen U.S. soldiers, some unknowingly, either breathed it in, ingested it, or were hit by contaminated shrapnel. Army and Nuclear Regulatory Commission (NRC) officials believe, however, that the exposure levels did not exceed allowable limits set by NRC. Although the Army's policy is to minimize individuals' exposure to radiation, it has not effectively educated its personnel about the hazards of depleted uranium contamination or about proper safety measures. What little information is available is not widely disseminated. The military has begun to test crew members who were injured in Abrams tanks and Bradley Fighting vehicles contaminated by munitions hits, along with an Army National Guard unit that claimed exposure while working with contaminated vehicles in the Persian Gulf, but the Army has no plans to medically evaluate other personnel who might have been exposed. The Army still lacks a formal plan to ensure that contaminated vehicles are decontaminated, disposed of, and repaired in an efficient way. These issues may also be relevant to the other services.

NSIAD-93-92, Jan. 12, 1993 (9 pages). Goddard Space Flight Center: Decision to Contract for Plant Operations and Maintenance.

This report reviews the impacts of the Goddard Space Flight Center's decision to contract out the operations and maintenance of its plant facilities. GAO compared the cost of the current mixed work force of civil service and contractor employees who do this work with the cost of (1) an all civil service work force and (2) an all contractor work force. GAO also looked at the benefits realized and the problems encountered by Goddard as a result of the contracting decision and the transitioning of some of the functions from a civil service staff to a contractor staff. Finally, GAO obtained information from Langley Research Center, which has a similar mix of contractor and civil service staff doing operations and maintenance work, to see if any lessons could be learned that might apply to Goddard.

NSIAD-93-93, July 13, 1993 (57 pages). Women in the Military: Deployment in the Persian Gulf War.

Of the more than half a million U.S. troops sent to the Persian Gulf during Operations Desert Shield and Desert Storm, about seven percent were women. The deployment of so many

women renewed debate about whether the ban on women in combat should be lifted. GAO visited 10 support units sent to the Persian Gulf with both men and women to learn of their experiences. Overall, the unit commanders with whom GAO spoke generally had positive things to say about women's performance in the Persian Gulf War. Women in the military units GAO visited worked on a broad variety of assignments during the deployment, and men and women endured equally harsh encampment facilities and conditions. Health and hygiene problems during the deployment were considered inconsequential for both sexes. Cohesion in mixed-gender units was generally considered to be effective during the deployment, and unit commanders often described cohesion as being best while the units were deployed. Pregnancy was cited as a cause for women returning early from deployment or not deploying at all, but the groups GAO spoke with generally identified few actual cases.

NSIAD-93-95, Apr. 29, 1993 (24 pages). Army Maintenance: Strategy Needed to Integrate Military and Civilian Personnel Into Wartime Plans.

With the demise of the Warsaw Pact and the dissolution of the Soviet Union, the U.S. Army must develop effective combat and support strategies to meet new threats to the nation's security. GAO doubts, however, that the Army's general support maintenance strategies will be effective in future conflicts. The strategy does not reflect the changed threat environment, existing military maintenance capabilities, and actual maintenance practices used in past conflicts. Specifically, the strategy relies on military units for general support maintenance, while in practice the Army uses civilian maintenance workers to do this work, as was the case in the Persian Gulf War. The Army's strategy does not consider using civilians to do general support maintenance during wartime. Of particular concern is the strategy's failure to address regional conflict scenarios in which civilians could likely be used. As a result, the Army must make ad hoc general support maintenance arrangements. Although the Army had enough warning time to arrange for essential repairs during the Persian Gulf War, the timing may not be as favorable during the next conflict and maintenance support operations could be jeopardized. The Army is considering changing its approach for general support maintenance during various conflict scenarios, but none of the proposals being reviewed addresses how to effectively incorporate both military maintenance forces and civilians or how to "mix and match" these forces with the conflict scenarios being considered.

NSIAD-93-96, Mar. 11, 1993 (25 pages). International Air and Trade Shows: DOD Increased Participation, but Its Policies Are Not Well-Defined.

Since May 1991, the Defense Department (DOD) has sent more personnel and equipment to major international air/trade shows than in past years. DOD pegs the cost of participating in six selected shows since May 1991 at about $3.8 million. Half this amount involves training, with the rest arising from personnel support costs and the costs for technology display booths. DOD's contractors defrayed most of the incremental costs for service members transporting and supporting the equipment. Because the policies for participating in international air and trade shows are vague, GAO could not document whether DOD's policies have changed during the last two years. DOD policy on the leasing of equipment to defense contractors for these shows has remained consistent: contractors wanting to demonstrate DOD equipment must lease it from the military and pay all related costs. DOD's increased participation in international events and its use of waivers, however, have made more U.S. equipment available, sparing contractors from paying full leasing costs. In other leading industrialized nations, policies vary as to whether equipment sent to international air/trade shows should promote national security, foreign policy, or community relations goals and what costs contractors should shoulder in leasing equipment from the government.

NSIAD-93-97, Dec. 31, 1992 (19 pages). NASA Program Costs: Space Missions Require Substantially More Funding Than Initially Estimated.

In response to concerns that Congress has been asked to authorize the start-up of new National Aeronautics and Space Administration (NASA) programs estimated to cost hundreds of millions of dollars without having reasonably accurate estimates of their total funding requirements, GAO reviewed NASA's historical experience at estimating space program costs. Almost all of the 29 programs GAO reviewed required substantially more funding than the initial estimates given to Congress. Changes in estimates ranged from a 44-percent decrease to a 426-percent increase over the initial estimates; the median change was a 77-percent increase. General reasons NASA gave for differences between the initial and current estimate included insufficient definition studies, program and funding instability, overoptimism by program officials, and unrealistic contractor estimates. Specific reasons for changes in estimates included program redesigns, technical complexities, budget constraints, incomplete estimates, shuttle launch delays, and inflation. As a result of these factors, the content and schedule of many programs changed substantially between the initial and current cost estimates.

NSIAD-93-100BR, Dec. 15, 1992 (12 pages). EL Salvador: Efforts to Satisfy National Civilian Police Equipment Needs.

The United States needs to continue to assist the government of El Salvador to (1) develop a realistic plan for equipping and operating the National Civilian Police, (2) ensure that the National Civilian Police receive the appropriate priority relative to other Salvadoran government activities, and (3) identify and try to overcome impediments discouraging international donors from providing the help promised to El Salvador in March 1992. The U.S. Military Group in El Salvador also needs to work with the Salvadoran military and national police to (1) locate the 297 hand-held radios and 23 pickup trucks given to the Salvadoran public security forces but now missing from official inventories and (2) retrieve the 876 9-mm semiautomatic pistols that are no longer in the hands of the national police.

NSIAD-93-101, Dec. 30, 1992 (11 pages). Former Soviet Union: Assistance by the United States and Other Donors.

The republics of the former Soviet Union need massive amounts of international assistance to restructure the remnants of a centrally planned economy into independent market economies. This report, one in a series on U.S. aid to Central and Eastern European nations and the former Soviet Union, discusses assistance to the republics from international donors, in particular the United States. GAO (1) identifies the extent and nature of assistance provided, (2) looks at how the United States intends to apply lessons learned from its assistance program to Central and Eastern Europe, and (3) assesses the level of coordination among donors.

NSIAD-93-103, Apr. 22, 1993 (14 pages). DOD's Mobility Requirements: Alternative Assumptions Could Affect Recommended Acquisition Plan.

In the event of a crisis overseas, the U.S. military needs to be able to transport personnel, equipment, and supplies quickly. The first volume of the Defense Department's (DOD) Mobility Requirements Study, issued in January 1992, concluded that by 1999 the United States will lack sufficient mobility capacity in several areas. To counter this projected shortfall, the report recommended that the United States acquire 20 large sealift ships, continue buying C-17 transport aircraft, and boost the number and readiness of ships in the Ready Reserve Force. GAO reviewed the key assumptions in the study affecting sealift and airlift to determine whether they support the conclusions and recommendations. This unclassified version of two classified reports summarizes GAO's findings on the key assumptions used and discusses the implications if these assumptions were changed.

NSIAD-93-104, Jan. 28, 1993 (17 pages). Drug Control: Status Report on Counterdrug Technology Development.

This report provides information on counterdrug technology and its development. GAO reviewed the current efforts of the Defense Department and the Office of National Drug Control Policy to develop and demonstrate counterdrug technology applications with an emphasis on the Pentagon's efforts to develop cargo container inspection technology.

NSIAD-93-106, June 11, 1993 (75 pages). Foreign Assistance: AID Strategic Direction and Continued Management Improvements Needed.

The Agency for International Development (AID) is at a critical juncture in its 30-year history. Even as AID is undertaking new, ambitious initiatives, like providing assistance to the former Soviet Union, it has come under increasing scrutiny because of concerns that its management of the current foreign aid program has been poor. Moreover, the Soviet threat that once was the glue for political and popular support of foreign aid has disappeared, and what resources AID will have to draw on during this era of tight federal budgets is unclear. This broad-based evaluation of AID's management examines whether the agency has (1) effectively coped with the rapid expansion of its responsibilities, (2) established effective management controls over its decentralized operations, and (3) adequately managed its human resources.

NSIAD-93-108, Feb. 22, 1993 (11 pages). Army Acquisition: Effective Subcontractor Oversight Needed Before Longbow Apache Production.

Oversight weaknesses have been a long-standing problem at the McDonnell Douglas Helicopter Company—the prime contractor for the Apache helicopter—and past efforts to correct them have fallen short. Problems with parts for the Apache have been due at least in part to McDonnell Douglas' inattention to the work of its subcontractors. For example, McDonnell Douglas provided inaccurate airframe drawings to one subcontractor and allowed it to produce at least 646 Apaches using these drawings. McDonnell Douglas is now instituting a new plan to overcome weaknesses in quality assurance, product definition, and program management identified by the Defense Department. The data needed to analyze the effectiveness of this corrective action, however, will be unavailable before July 1993. The steps that the military and McDonnell Douglas take to improve subcontractor oversight are particularly impor-

tant because McDonnell Douglas will rely on subcontractors to do much of the work under its $5 billion Longbow Apache contract. Without adequate improvements in its subcontractor oversight, McDonnell Douglas' ability to deliver quality products under its Longbow contractor could be impaired.

NSIAD-93-109, Jan. 21, 1993 (9 pages). Foreign Assistance: Meeting the Training Needs of Police in New Democracies.

As a way to bolster judicial reform in the former Soviet Union and Eastern Europe, Congress recently authorized the executive branch to begin offering law enforcement training in those countries. This report discusses (1) whether the needs of the police forces in the region have been adequately assessed, (2) whether the assistance to police forces now being provided directly supports attempts to build democracy, (3) whether the executive branch has developed a plan to provide police training in support of consolidating democratic values in this region of the world, and (4) which U.S. agency has the experience to meet the training intent of the legislation.

NSIAD-93-110, June 4, 1993 (43 pages). DOD Food Inventory: Using Private Sector Practices Can Reduce Costs and Eliminate Problems.

GAO reviewed the Department of Defense's (DOD) military food supply system for feeding troops within the continental United States, comparing its logistics practices for supplying food with those used by the food service industry to identify any practices DOD could adopt to reduce its logistics costs. GAO found DOD's food supply system to be outmoded and inefficient. Inventories are too large at all levels, and items often sit on shelves for months or years before reaching users. Many costs incurred for holding, handling, and transporting large quantities of food are unnecessary because the existing network of private sector full-line distributors could supply food to DOD much more efficiently. DOD's limited use of private distributors to meet some food needs has demonstrated such benefits as lower costs and improved service.

NSIAD-93-111FS, Feb. 3, 1993 (6 pages). Military Bases: Transfer of Pease Air Force Base Slowed by Environmental Concerns.

This fact sheet discusses the goals and expectations of the March 1991 closure of Pease Air Force Base in New Hampshire as well as how environmental concerns and conditions have slowed redevelopment. The main goal of the Air Force and the Pease Development Authority, a state commission, was to convert the base property to civilian use as soon as possible. Meeting that goal, however, has been delayed by the presence of hazardous waste at several sites on the base. Also, because of the need to restore the facility environmentally, the costs to close Pease have risen. Finally, the revenue projections from land sales are significantly less than originally estimated.

NSIAD-93-112, Aug. 6, 1993 (49 pages). Defense Inventory: Applying Commercial Purchasing Practices Should Help Reduce Supply Costs.

The Pentagon's materiel inventory—the world's largest—includes spare parts and operating supplies for airplanes, ships, tanks, and other complex weapons systems. This report examines the cost considerations underlying the Defense Department's (DOD) inventory decisions for these items. GAO discusses DOD's inability to buy quantities of secondary items that deliver the lowest total cost for ordering and holding. GAO also identifies commercial inventory practices that have substantially cut supply costs at several private sector firms.

NSIAD-93-113, Dec. 23, 1992 (67 pages). Arms Control: U.S. and International Efforts to Ban Biological Weapons.

The United States, unlike most members of the Biological Weapons Convention, opposes a verification mechanism to curb the spread of biological weapons, but indications exist that some obstacles to verification may be worked out over time. So far the convention has been ineffective in stopping the spread of biological weapons around the globe. Twenty years ago, four countries were suspected of developing such weapons; today, at least 10 countries fit into that category, some of which are members of the Convention. About one-third of the world's nations are not yet participating, and attempts at recruitment have been unsuccessful because critical Middle East countries refuse to join. Efforts to create a verification regime have also met with little success, mainly because the United States and some other countries oppose an intrusive inspection regime. In addition, proposed voluntary exchange of biological research and vaccine information has also fallen short because most members have not provided the requested information and some submissions have been incomplete. The United States has actively pursued an expansion and refinement of its export controls and created an adequate mechanism to coordinate export licensing for biological organisms, toxins, and related equipment. These items, however, are widely available on the world market because Germany also maintains comprehensive export controls on them. Although the Australia group members recently agreed to establish national export controls on such items, many biological weapons items will still be available on the world market unless the

group's membership is expanded. For the Convention to be effective, some kind of verification regime may be needed. The arrangement on biological site visits between the United States, the United Kingdom, and Russia as well as an ongoing study of potential verification measures may be instructive in overcoming obstacles to verification.

NSIAD-93-115, Jan. 28, 1993 (13 pages). Space Transportation: The Content and Uses of Shuttle Cost Estimates.

The "average cost per flight" for the space shuttle, which the National Aeronautics and Space Administration (NASA) pegged at $413.5 million in fiscal year 1993, includes most costs for shuttle operations but omits about $30.2 billion spent through fiscal year 1992 to develop the shuttle as well as more than $1 billion that will be needed annually for future shuttle upgrades and for improvements like the advanced solid rocket motor. For fiscal year 1993, NASA estimated the marginal costs savings associated with deleting a single flight at $44.4 million. Marginal cost includes consumable hardware and materials, along with personnel, that can be added or removed with temporary adjustments in the flight rate. It does not include any of the fixed costs required if NASA is to maintain the capability to fly the shuttle eight or nine times per year. NASA says that these fixed costs account for about 90 percent of the total operations cost of a flight. Although no single criterion is generally accepted for determining which costs to include when attributing shuttle transportation costs to payloads, GAO believes that the average cost per flight would better reflect the cost of transportation for payloads that are frequent shuttle users. Because the Space Station Freedom program will be the main user of shuttle services in fiscal years 1997 to 1999, it should be allocated a proportionate share of the shuttle's fixed operating costs when calculating transportation costs during those years.

NSIAD-93-116, Apr. 29, 1993 (12 pages). U.S. Corps of Engineers: Better Management Needed for Mobilization Support.

The U.S. Army Corps of Engineers has begun modifying its plans for mobilization support activities to include regionally based conflicts like the Persian Gulf War, but key planning guidance remains focused on the full mobilization of forces for global war. The Corps has not established any timetable for revising this guidance and does not expect to make any changes until after it has completed a study of its future support program for natural disasters and national security emergencies. The Corps also has not determined its personnel requirements for conflicts involving less than full mobilization. Corps readiness to support mobilization is uncertain. Readiness evaluations are not based on objective standards and exclude overseas activities. In addition, the Corps has failed to follow up on identified deficiencies.

NSIAD-93-117, Apr. 28, 1993 (19 pages). Tactical Intelligence: Joint STARS Needs Current Cost and Operational Effectiveness Analysis.

The 1985 cost and operational effectiveness analysis for the $9-billion Joint Surveillance Target Attack Radar System (Joint STARS) is no longer valid. Significant changes have occurred in key Joint STARS concepts, such as the threats it is intended to meet, the environment in which it will operate, and what it will cost. An updated or new analysis could take as long as 18 months to complete depending on its scope. As now planned, the need for and scope of such an analysis may not be determined until six months prior to the full-rate production decision scheduled for September 1995. By waiting that late, the Defense Department could jeopardize the full-rate production schedules if a full 18-month study is required. Deciding now on the scope of an analysis would eliminate this concern.

NSIAD-93-119, Apr. 14, 1993 (31 pages). Army Inventory: Current Operating and War Reserve Requirements Can Be Reduced.

Although the Army has reduced its requirements for spare parts, its current operating and war reserve requirements are still significantly overstated. At the Aviation Systems Command and the Tank-Automotive Command, requirements for needed inventory were overstated by upwards of $1.6 billion, resulting in millions of dollars in unnecessary repairs as well as potentially unnecessary procurements. The systems and policies being used by the Tank-Automotive Command and the Aviation Systems Command for forecasting requirements are also being used by the other four national inventory control points, suggesting that overstated requirements may be a widespread and a very costly problem for the Army.

NSIAD-93-122, May 10, 1993 (61 pages). Simulation Training: Management Framework Improved, but Challenges Remain.

Congress has supported increased use of simulation technology but has had some concerns about the Defense Department's (DOD) management in this area. This report describes the evolving coordination of simulation activities under the auspices of the Defense Modeling and Simulation Office. Specifically, GAO reviews the Army's acquisition plan for the Close Combat Tactical Trainer—a simulation system to train armor and mechanized infantry forces—to determine whether it provides for (1) high-level management oversight, (2) system interoperability, and (3) adequate

integration of the system with more traditional forms of training for greater cost-effectiveness.

NSIAD-93-123, Feb. 12, 1993 (15 pages). Defense Force Management: Challenges Facing DOD as It Continues to Downsize Its Civilian Work Force.

GAO testified last year that although the Defense Department (DOD) provided significant transition assistance and financial separation incentives to military personnel, it provided much less assistance to facilitate civilian downsizing. At another congressional hearing, GAO said that some Defense managers were concerned that DOD's reliance on hiring freezes to reduce its civilian work force was making it hard to respond to fluctuations in work load and creating the potential for imbalances in worker skills. This report builds on these testimony by (1) reporting on the status of DOD's civilian work force reductions, (2) contrasting DOD's strategy for reducing the military work force with the strategy for reducing the civilian work force, and (3) providing information on DOD's implementation of the new authorizations for separation incentive programs.

NSIAD-93-124, Mar. 30, 1993 (17 pages). Defense Inventory: Defense Logistics Agency's Materiel Returns Program.

The Defense Logistics Agency (DLA) could save millions of dollars in processing costs by (1) eliminating the return of materiel valued at less than the cost to process it into a depot, (2) applying the minimum value to all returns regardless of the amount of stock on hand, and (3) valuing more realistically the materiel being considered for return. DLA's minimum limit of $25 is less than the cost to process a return into a depot, which averaged $40 in fiscal year 1991. In addition, DLA overvalues materiel by including surcharges in determining the worth of returned items, which can add up to nearly half of the acquisition price. Overall, more items are being approved for return than should be. For example, GAO found that DLA had approved the return of three bolts from Germany worth $1.17 even though it already had almost 51,000 bolts on hand, a 15-month supply. Another unreasonable return involved one yard of nylon cord, worth $0.34, returned from an Air Force Air Logistics Center. GAO estimates that if DLA had applied the $40 limit to all returns and had not overvalued materiel, it could have cut about 611,000, or 42 percent, of the returns between June 1991 and May 1992 at a processing cost of about $24.4 million.

NSIAD-93-125, July 15, 1993 (15 pages). Acquisition Reform: Contractors Can Use Technologies and Management Techniques to Reduce Costs.

In the face of defense industry downsizing, the Pentagon is encouraging contractors to switch to modern manufacturing technologies and innovative management techniques. Such changes would benefit the government, which often ends up paying for all or much of contractors' work-in-progress costs—the inventory, labor, and overhead costs incurred during manufacturing. Although defense companies could potentially cut costs significantly by using these technologies and techniques, GAO concludes that competitive market forces may not be enough to motivate companies to significantly lower costs, which can lower profits in the near term. In addition, many defense companies receive government funding, which provides few incentives for aggressive cost cutting. Pentagon programs have played only a limited role so far in motivating companies to reduce costs. GAO believes that significant progress in this area depends on the Defense Department stimulating contractors' cost reductions through several policies and programs, not merely those that focus on manufacturing technologies.

NSIAD-93-127, May 24, 1993 (44 pages). Classified Information: Volume Could Be Reduced by Changing Retention Policy.

The reason that the U.S. government maintains such a large volume of classified information—some dating to before World War II—is that declassification has been unnecessarily delayed. According to the General Services Administration, government officials exempted most material from the automatic declassification procedures because they believed that the prescribed maximum period was too short. Classifiers continue to unnecessarily retain classified material by not specifying a date or event for automatic declassification. As a result, most national security information will not be available to the public for at least 30 years. In other cases, classified documents have been erroneously marked. This has been a major problem at the State Department, where officials have been classifying most documents in full rather than designating those portions that actually contain classified information.

NSIAD-93-128, Mar. 30, 1993 (10 pages). Acquisition Management: Waivers to Acquisition Work Force Training, Education, and Experience Requirements.

To bolster its weapons acquisition process, the Defense Department (DOD) has sought to professionalize its acquisition work force through education, training, and experience requirements. DOD officials, however, are allowed to waive specific qualification requirements for acquisition personnel. During fiscal year 1992, officials approved 33 waivers for program managers, general officers,

and program executive officers. Two recurring reasons were cited for these waivers: the individual lacked either the program management course or the requisite acquisition experience. Yet GAO found that nearly half of the individuals receiving waivers did not satisfy either requirement. Compared to the other services, the Army issued a disproportionately higher number of waivers for senior officials. Although the law clearly intends that senior acquisition officials be highly qualified in the acquisition discipline, the waivers indicate that many of these officials did not meet previously enacted training and experience requirements. The general practice of assigning to acquisition positions senior officers with little or no acquisition experience is at odds with the law's intent.

NSIAD-93-129, Apr. 26, 1993 (37 pages). Acquisition Management: Implementation of the Defense Acquisition Workforce Improvement Act.

In response to continuing concerns about the Pentagon's ability to effectively manage acquisition programs, Congress passed legislation requiring the Defense Department (DOD) to establish an acquisition work force with specific experience, education, and training qualifications. DOD must (1) establish a management structure and policies and regulations for implementing the law, (2) establish qualification requirements, (3) train and educate personnel to meet the requirements, and (4) enhance civilian opportunities to progress to senior acquisition positions. This report evaluates DOD's implementation efforts through January 1993.

NSIAD-93-131, Mar. 19, 1993 (12 pages). Navy Supply: Improved Backorder Management Will Reduce Material Costs.

Despite Navy validation processes designed to detect and cancel unneeded requirements, invalid backorders continue to be overlooked during validation checks because some field activities do not follow required validation procedures. When invalid backorders go unnoticed, the Navy ends up wasting money buying, repairing, transporting, and storing parts that it no longer needs. The Navy's practice of exempting whole categories of backorders from the validation process also prevents many invalid backorders from being identified and canceled.

NSIAD-93-134, Apr. 1, 1993 (36 pages). Apache Helicopter: Tests Results for 30-Millimeter Weapon System Inconclusive.

Although the Army maintains that the Apache's area weapon system has passed most endurance requirements, exceeded reliability requirements, and passed accuracy requirements, testing procedures and conditions did not produce enough information to fully assess whether these requirements were met. GAO recommends that the Army (1) require the contractor to retest the area weapon system to ensure that it meets contract reliability specifications, (2) operationally test the area weapon system to determine what the field users can realistically expect to achieve in terms of reliability performance and distribute the results to the user community, and (3) validate the accuracy improvements on each of the different fuselage configurations during the October 1993 accuracy test.

NSIAD-93-135, Mar. 5, 1993 (12 pages). Abrams Tank: Efforts to Address Engine Recuperator Problems.

The recuperator, a component in the M1 Abrams tank's turbine engine, transfers heat from the engine's exhaust to its incoming air, allowing the engine to run more efficiently. The Army canceled its two alternate recuperator contracts because it foresaw no need for spare recuperators until 1995. According to Army contracting officials, the two contractors experienced a series of problems and increased contract costs in developing their alternate recuperator prototypes. These problems, however, were not cited as a factor in the cancellation of the contracts. Army officials said that although the Army does not need to buy spare recuperators, unresolved problems with the recuperator remain. The extent of the recuperator failures is unknown because the Army does not systematically collect field data on the performance of the recuperator. Currently, the Army has no plans to collect field data on recuperator failures. Officials at Textron Lycoming acknowledge that not all of the recuperator problems have been resolved and that, moreover, these problems will become more severe with the fielding of the heavier, fully equipped M1A2 tank. In an attempt to resolve these problems, the manufacturer has submitted engineering changes to the Army for testing.

NSIAD-93-136, May 28, 1993 (40 pages). DOD Contracting: Techniques to Ensure Timely Payments to Subcontractors.

Subcontractors depend on cash flow generated by progress or other periodic payments from prime contractors to meet payrolls and pay other bills. This report focuses on whether federal prime contractors are paying subcontractors promptly, a significant issue given that payments to subcontractors sometimes constitute well over 50 percent of prime contract costs. This report (1) identifies existing statutory and regulatory provisions that provide payment protection for federal subcontractors and (2) evaluates the

feasibility and desirability of additional payment protections for subcontractors.

NSIAD-93-137, Mar. 16, 1993 (12 pages). NASA Aeronautics: Impact of Technology Transfer Activities Is Uncertain.

The National Aeronautics and Space Administration (NASA), the focal point for the federal government's support of aeronautics technology, is responsible for preserving the United States' leadership role in aeronautical science and technology and for disseminating information resulting from its activities. These efforts are vital because the civil aeronautics industry, employing about 700,000 workers, plays a major role in commerce, transportation, and national security. In 1991 it provided a $29 billion boost to the U.S. trade balance. The industry is also known for fostering spin-offs of advanced technology products useful in other sectors of the U.S. economy. This report identifies NASA's technology transfer activities and assesses their impact on the industry's international competitiveness.

NSIAD-93-138, May 12, 1993 (10 pages). Operation Desert Storm: Limits on the Role and Performance of B-52 Bombers in Conventional Conflicts.

The limited role of strategic bombers in Operation Desert Storm, coupled with employment, equipment, and training problems, precludes a definitive assessment of the contribution they can make in a conventional war. The B-52 was intended to undermine the morale of Iraqi ground forces through periodic bombardment. The sheer number of other aircraft attacking the same targets and inadequate battle damage assessments, however, make it hard to isolate the B-52's contribution. GAO does note several issues that should be addressed in deciding the future of the bomber force. First, because the B-52 was often employed like a tactical fighter aircraft, Desert Storm did not make full use of its conventional capabilities. Second, the nuclear orientation of the B-52 force made the plane inadequately prepared for the demands of conventional missions in the Persian Gulf. Finally, B-52 support during Desert Storm was at the same time a notable success story and an object lesson in the magnitude of the effort required to sustain B-52 operations overseas. GAO believes that the need for theater commanders to play a major active peacetime role in identifying bomber equipment and training priorities was a major lesson learned during Desert Storm. But the bomber priorities embodied in the Air Force road map, such as fixed targets and long range, autonomous operations, do not reflect the theater commanders' use of B-52s in Desert Storm. Nor did the Air Force seek input from theater commanders in developing its road map.

NSIAD-93-140, Apr. 7, 1993 (7 pages). Navy Contracting: Military Sealift Command's Control Over Time-Chartered Ships.

The Military Sealift Command (MSC) regularly charters both commercial and government-owned vessels to ship military cargo. Under a time-chartered contract, MSC pays a daily fee for the use of a ship during a specific time period but the owner remains responsible for ship operations, such as supplying the crew. MSC believes that it has complied with the law in allowing three of its time-charted ships—the Atlantic Forest, the Green Wave, and the Green Ridge—to be worked on in foreign shipyards. GAO found that (1) MSC's decision to allow the Atlantic Forest to be reflagged overseas appears to have been within its discretion and (2) MSC's position that time-chartered ships remain within the jurisdiction of their owners, and are therefore allowed to be repaired overseas, appears reasonable.

NSIAD-93-141, May 19, 1993 (37 pages). Naval Air Operations: Interservice Cooperation Needs Direction From Top.

In response to congressional interest in naval aircraft performance during Operations Desert Shield and Desert Storm, GAO focused on complications arising from the joint service operating environment and the impact on naval air operations. This report identifies (1) the difficulties and the challenges that Navy and Marine Corps aviation units encountered integrating their combat skills and equipment capabilities with those of other services, (2) the impact that these challenges had on Navy and Marine Corps aircraft operations, and (3) actions being taken in response to lessons learned.

NSIAD-93-143FS, Apr. 26, 1993 (4 pages). Operation Desert Storm: DOD's Funding Actions Relating to Leftover Inventories.

This fact sheet provides information on the military services' residual or excess secondary inventory items resulting from Operations Desert Shield and Desert Storm. Such items include aircraft and ship parts, medical and construction supplies, and clothing. GAO answers the following questions: How did the Pentagon arrive at $3.1 billion as the value of residual inventory resulting from Operations Desert Shield and Desert Storm? What does each service estimate the value of its residual inventory to be? What is the status of the Pentagon's proposed funding adjustments affecting this inventory?

NSIAD-93-144, Aug. 27, 1993 (11 pages). Naval Aviation: Consider All Alternatives Before Proceeding With the F/A-18E/F.

GAO believes that the decision to develop the F/A-18E/F was premature. The aircraft was not justified to counter a specific military threat that could not be met with current capabilities. Instead, the main reason for developing the F/A-18E/F was to have available an aircraft large enough to carry improved weapons and electronic systems that were expected to become available in the future. Even assuming a valid military threat, the Navy made no analysis to determine whether the threat could be met by changing tactics or strategy or by using weapons systems in the inventory of another military service. Further, pursuing F/A-18E/F development at this time may preclude consideration of other viable ways to accomplish the mission. In this time of changing military threats and shrinking defense budgets, the Navy, in justifying the F/A-18E/F, should have gone beyond a mere attempt to show which fixed-wing aircraft would be most desirable.

NSIAD-93-145, May 12, 1993 (35 pages). Army Reserve Forces: Process for Identifying Units for Inactivation Could Be Improved.

This report evaluates the process that the Army used to identify Army National Guard and Army Reserve units found on the Pentagon's March 1992 force reduction list. GAO (1) documents the process that was used and determines the key entities involved in developing the Army's portion of the list and (2) determines the criteria used to select specific units for inactivation and evaluates whether these criteria were applied consistently.

NSIAD-93-147, Feb. 16, 1993 (9 pages). Mine Warfare: Consolidation at Ingleside Has Not Been Justified.

The Secretary of the Navy's January 1993 analysis of the plan to consolidate mine warfare forces at Ingleside, Texas, does not justify that move. The Center for Naval Analysis estimates that moving to Ingleside is one of the costliest alternatives. The Secretary's report neither adequately challenges that view nor addresses the fundamental need for mine warfare forces to train with the fleets they are to protect—a difficult task if Ingleside is chosen. A draft National Academy of Sciences study directed by the House Armed Services Committee argues that mine warfare forces need to be located with the fleets on both coasts. The draft says that this is one of the many disadvantages of locating these forces at Ingleside. The Navy's failure to support its decision with compelling evidence that can override the cost factor and the fleet training issue suggests that Ingleside is not the best alternative.

NSIAD-93-148, May 21, 1993 (5 pages). Defense Support Program: Ground Station Upgrades Not Based on Validated Requirements.

GAO believes that it is premature to upgrade Defense Support Program ground processing stations, part of a strategic surveillance and early warning satellite system, because the Air Force has not completed validation of operational requirements as mandated by military regulations. GAO also found that including global processing capability in the upgrades may not be cost-effective. Global processing would enable the Air Force to process data generated by the total Defense Support Program satellite constellation network at a single ground station. Air Force officials said, however, that there are no corresponding plans to reduce the number of ground stations. This factor, together with an incomplete requirements process, raises considerable doubts about the Air Force's plan to spend $95 million to upgrade the stations.

NSIAD-93-149, Sept. 1, 1993 (46 pages). Foreign Assistance: Promoting Judicial Reform to Strengthen Democracies.

The Agency for International Development (AID) has earmarked nearly $170 million for judicial reform projects in Latin America and has spent about $46 million. The most valuable lessons learned from AID's experiences in Latin America are that (1) imposing judicial reform on a country that is not ready for change is generally ineffective and wasteful, (2) addressing technical problems while ignoring political and institutional obstacles to reform is usually unproductive, (3) impact evaluations are important to making sound program management decisions, (4) obtaining support for the program from the entire U.S. team in the recipient country has been important to successful projects, and (5) having adequate staff with experience in judicial reform is essential.

NSIAD-93-150, Apr. 29, 1993 (3 pages). Military Bases: Army's Planned Consolidation of Research, Development, Test, and Evaluation.

The Army is consolidating or converting more than 40 laboratory functions into several streamlined organizations. Specifically, the consolidations reviewed by the 1991 Defense Base Closure and Realignment Commission included the Combat Materiel Research Laboratory Medical Research and Development Command, along with the Corps of Engineers Library. Only the Army Research Laboratory consolidation requires military construction, and the cost estimate for it has increased slightly since it was submitted to the Commission in April 1991. The number of civilian positions to be cut as a result of the three consolidations remains essentially the same as that submitted in 1991.

NSIAD-93-151, July 1, 1993 (15 pages). Navy Inventory: Better Controls Needed Over Planned Program Requirements.

The Ships Parts Control Center manages the Navy's stock of ship and submarine parts. GAO found weaknesses in the center's internal controls over and monitoring of planned program requirements. Specifically, the center's files contained duplicate and unauthorized planned program requirements, as well as inappropriate requirements for which the center did not budget and did not use to support specific supply actions. In addition, the center's written guidance for validating these requirements was inadequate. Duplicative and unauthorized payments could result in the procurement of unneeded materials. Although the planned program requirement system has been used by the Navy for many years, adequate program management data were unavailable to determine how well it operated. Improved control over and monitoring of the system by the center could help ensure that the Navy's planned program requirements are valid and satisfied promptly and efficiently. The center has taken steps to identify system problems and has reduced the number of planned program requirements in its files. The center also plans to emphasize this subject in its next management control review cycle.

NSIAD-93-152, May 10, 1993 (52 pages). Drug Control: Revised Drug Interdiction Approach Is Needed in Mexico.

Mexico is now the main route used by South American drug traffickers to bring cocaine into the United States. The Drug Enforcement Administration reports that two-thirds of the cocaine smuggled into the United States during 1990—an estimated 350 metric tons—was channeled through Mexico. The United States and Mexico started up the Northern Border Response Force Program in 1990 to interdict South American drug traffickers and make northern Mexico an unattractive staging area for U.S.-bound cocaine shipments. The United States has provided nearly $40 million in direct assistance for the program so far. This report examines (1) the status of the program, (2) problems encountered in implementing the program, and (3) future plans to expand drug interdiction activities in Mexico and neighboring Latin American countries.

NSIAD-93-154, Mar. 8, 1993 (9 pages). Soviet Nuclear Weapons: Priorities and Costs Associated with U.S. Dismantlement Assistance.

The Defense Department has earmarked more than $300 million to help improve the safety and security of former Soviet nuclear weapons and materials and to prevent its proliferation. Although the Russians have ruled out direct U.S. involvement in the dismantling of Soviet bombs and warheads, the United States is seeking to help the former Soviet republics destroy missile delivery vehicles, and, in a related effort, the United States and Russia have agreed to cooperate in converting highly enriched uranium in former Soviet weapons into reactor fuel for possible sale to the United States. Despite these positive steps, significant gaps remain in the U.S. understanding of how to best deal with the legacy of the Soviet nuclear arsenal. Russia's request for U.S. help in building a fissile material storage facility has raised questions about cost and other issues, and the United States has deferred selecting an approach for the long-term disposition of Russian plutonium until more can be learned about various technologies. Moreover, it is still too early to determine precisely how the United States would integrate converted Russian highly enriched uranium into U.S. reactor fuel enrichment operations. GAO summarized this report in testimony before Congress; see: Soviet Nuclear Weapons: U.S. Efforts to Help Former Soviet Republics Secure and Destroy Weapons, by Joseph E. Kelley, Director of International Affairs Issues, before the Senate Committee on Governmental Affairs. GAO/T-NSIAD-93-5, Mar. 9, 1993 (15 pages).

NSIAD-93-155, June 7, 1993 (48 pages). Commercial Practices: DOD Could Save Millions by Reducing Maintenance and Repair Inventories.

The Defense Department's (DOD) secondary inventories, which include spare parts for weapons and consumable items, such as nuts and bolts, increased by $60 billion between 1980 and 1988. GAO examined DOD's logistics practices involving supplies and compared them with commercial practices that DOD could adopt to reduce inventory costs. At DOD wholesale and retail locations, current supply management practices have led to excess inventories and inventories of obsolete or old items; also, management and storage of years' worth of supplies cost DOD millions of dollars each year. Private companies have demonstrated the cost savings potential of some modern inventory management practices, such as the use of "supplier parks" centrally located near industrial centers where the supplies are used and the use of direct delivery programs with suppliers. GAO recommends that DOD test the applicability of such practices to military industrial centers and quantify the costs and benefits of adopting the practices.

NSIAD-93-157BR, June 23, 1993 (42 pages). Exchange Programs: Inventory of International Educational, Cultural, and Training Programs.

This briefing report provides an overview of U.S. government-funded international educational, cultural, and training exchange programs. GAO provides an inventory of federally funded international exchange and training programs; discusses

potentially duplicative, overlapping, or fragmented programs; assesses the extent of program coordination and oversight; and identifies some legal requirements that some executive branch officials claim limit their ability to manage international exchange programs.

NSIAD-93-158, Aug. 10, 1993 (54 pages). The Drug War: Colombia Is Undertaking Antidrug Programs, but Impact Is Uncertain.

In the three years since the Andean Strategy was announced, Colombia has actively thrown its support behind U.S. counternarcotics objectives. It has applied pressure against drug-traffickers through police and military operations, and drug trafficking by the Medellin cartel has been disrupted. The overall effectiveness of Colombia's efforts and U.S. programs is unclear, however, because U.S. officials lack the data needed to make such an assessment. Various obstacles have hindered the effectiveness of U.S. efforts in Colombia, including the limited ability of some Colombian agencies to mount effective programs, increased insurgency and narcoterrorism, expansion of the cartels into heroin, corruption in the Colombian government, and the lack of effective antidrug programs in other countries. Various U.S. management problems have also helped to hamstring antidrug programs in Colombia, ranging from State Department cuts in funding for military and law enforcement programs to poor coordination among U.S. agencies to inventory and financial weaknesses. U.S. officials cannot guarantee that U.S. policies on aid uses and human rights are being met. GAO summarized this report in testimony before Congress; see: The Drug War: Colombia Is Implementing Antidrug Efforts, but Impact Is Uncertain, by Joseph E. Kelley, Director of International Affairs Issues, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-NSIAD-94-53, Oct. 5, 1993 (13 pages).

NSIAD-93-159, Mar. 23, 1993 (10 pages). UNESCO: Improvements in Management Practices.

The United Nations Educational, Scientific, and Cultural Organization (UNESCO) has acted on eight of 12 recommendations GAO made in a June 1992 report on UNESCO management, particularly in the areas of evaluation, human resource management, and budget presentation. Beyond GAO's recommendations, UNESCO has (1) made evaluation an element of each professional's performance rating, (2) separated staff because their positions were no longer needed, and (3) improved its budget presentation. GAO has some concerns about UNESCO's oversight of the Participation Program, which funds projects and grants on a cost-sharing basis with individual member states. Overall, UNESCO's member states, Director General, managers, and employee associations have shown a commitment to management reform. This commitment will need to continue for the long term if UNESCO is to fully implement GAO's recommendations and solidify its recent management improvements.

NSIAD-93-160, June 23, 1993 (48 pages). Navy Laboratories: Plans for Consolidation and Progress Toward Implementation.

The Navy intends to cut more than 2,700 jobs by fiscal year 1997 by consolidating technical and overhead functions at its research and development laboratories. The Navy plans, through mission reorganization, to transfer functions and nearly 6,000 associated positions between research, development, test, and evaluation activities. These figures do not take into account additional reductions and transfers that could result from future budget cuts and Pentagon downsizings. This report discusses the (1) Navy's consolidation planning process and its initial plan, (2) Navy's implementation of the plan and the status of consolidation, and (3) impact of the consolidation on Navy programs.

NSIAD-93-161, Mar. 31, 1993 (11 pages). Military Bases: Revised Cost and Saving Estimates for 1988 and 1991 Closures and Realignments.

GAO reviewed the Pentagon's cost estimates and savings for base closures and realignments in 1988 and 1991. Although closure and realignment costs have so far remained relatively stable, land revenue projections have fallen dramatically. As a result, the Defense Department's (DOD) estimate of money needed for the Defense Base Realignment and Closure Account, which funds one-time costs to close or realign bases, more than doubled between fiscal years 1991 and 1993. There were also significant fluctuations in the components that make up the total estimated costs for the account. For example, the projection for military construction dropped from $2.2 billion to $1.5 billion, while the estimate for environmental cleanup rose from $510 million to $859 million. Operations and maintenance costs fell by about $33 million. The changes occurred because DOD now has better data to base its estimates on and because audits have shown that some construction costs were either too high or were unnecessary. Between fiscal years 1991 and 1993, estimated land sale revenues dropped from $2.1 billion to $1.1 billion because some properties were transferred to other federal agencies and local governments without compensation and because better data were obtained on what properties might sell for.

NSIAD-93-162, May 5, 1993 (31 pages). DOD Special Access Programs: Administrative Due Process Not Provided When Access Is Denied or Revoked.

The Departments of Defense (DOD), Energy (DOE), and State use a wide range of procedures when denying or revoking clearances for classified information. This is also the case when DOD revokes access to special access programs and sensitive compartmented information. For example, DOD and State suspend clearances for long periods without telling employees why. DOD also suspends many clearances indefinitely, never revoking them, even though the individuals may have either been discharged or imprisoned. DOD and DOE did not tell people how they could obtain information on the investigations. Furthermore, the appeal procedures at DOD and State could be perceived as lacking independence because the officials hearing the appeals were either involved in the unfavorable determinations or were in the same chain of command. In reviewing administrative due process for DOD's special access program, GAO discovered that the Navy and the Air Force skirted the process for government and contractor employees. All three military services did provide due process, however, when access to sensitive compartmented information was initially denied or revoked. The Navy and Air Force appeal procedures for sensitive compartmented information could also be perceived as lacking independence. GAO is particularly concerned about the special access program administrative due process procedures proposed for contractor employees in the recently authorized National Industrial Security Program. If these procedures are adopted, contractor employees could be denied due process because the procedures can be waived. GAO summarized this report in testimony before Congress; see: Administrative Due Process: Denials and Revocations of Security Clearances and Access to Special Programs, by Donna M. Heivilin, Director of Defense Management and NASA Issues, before the Subcommittee on Civil and Constitutional Rights, House Committee on the Judiciary, and before the Subcommittee on the Civil Service, House Committee on Post Office and Civil Service. GAO/T-NSIAD-93-14, May 5, 1993 (19 pages).

NSIAD-93-163, June 22, 1993 (14 pages). Depot Maintenance: Requirement to Update Maintenance Analyses Should Be Modified.

The military services have neither completed nor updated their reliability-centered maintenance analyses on operational aircraft and aircraft engines. Such analyses, part of an overall preventive maintenance approach, are intended to restore equipment to its design levels of safety and reliability. The goal is to ensure, at the least expense, that equipment lasts as long as it was designed to. Service officials said that performing or updating analyses of operational equipment with extensive maintenance experience was not cost-effective. The services are, however, doing reliability-centered maintenance analyses of major systems under development, such as the Army's T800 engine and the Air Force's F-22 aircraft. Pentagon officials believe that applying concepts such as reliability-centered maintenance during system development contributes to efficient preventive maintenance programs.

NSIAD-93-164FS, Mar. 23, 1993 (23 pages). Security Assistance: Excess Defense Articles for Foreign Countries.

Excess defense articles are items no longer needed by the U.S. armed forces that are either sold or given to foreign countries. Because the Defense Department (DOD) lacks a data management system to track transfers of these items, it is hard to determine the number and value of excess defense articles transferred to foreign countries in any fiscal year. In addition, the military services do not routinely follow DOD's pricing directives and have sometimes understated the value of the items transferred. GAO, taking into account the unreliability of DOD data, estimates that the value of excess defense articles transferred to the seven countries in its study—Israel, Egypt, Turkey, Greece, Portugal, Morocco, and Oman—is at least $400 million so far.

NSIAD-93-165, June 23, 1993 (36 pages). Drugs: International Efforts to Attack a Global Problem.

The major industrialized nations have taken a global approach to combating the production, sale, and use of illicit drugs. Under this approach, counternarcotics programs in drug producing and trafficking countries are funded by either donor countries or international organizations. This report provides a snapshot of international counternarcotics efforts. GAO describes (1) the types of antidrug programs funded and the extent to which they support or complement U.S. counternarcotics strategy objectives, (2) U.S. efforts to increase international support for U.S. counternarcotics objectives, including support in countries where the United States has little political influence; and (3) the mechanisms used to coordinate international counternarcotics programs.

NSIAD-93-167, July 27, 1993 (10 pages). Minority Contracting: DOD's Reporting Does Not Address Legislative Goal.

This report examines the Defense Department's (DOD) implementation of 10 U.S.C. 2323, which recommends the award of five percent of DOD contract dollars to minority small

businesses, historically black colleges and universities, and minority institutions. These contracts could involve procurement; military construction; operation and maintenance; and research, development, test, and evaluation. GAO discusses DOD's (1) progress toward the five-percent program goal, (2) use of certain contracting procedures authorized to achieve the section 2323 goal, and (3) progress in boosting participation by minority small business concerns.

NSIAD-93-168, July 23, 1993 (67 pages). Food Aid: Management Improvements Are Needed to Achieve Program Objectives.

The Agricultural Development and Trade Act of 1990 gives the Agency for International Development (AID) responsibility for managing agricultural commodity assistance to foreign countries. This report evaluates two programs run by AID—the Emergency and Private Assistance Program and Food for Development Program. GAO reviews (1) the uses of commodities provided under titles II and III of the act and local currencies generated by the sale of commodities; (2) the impact of the assistance on enhancing food security; and (3) AID's management of the programs, particularly in safeguarding financial resources generated under the programs.

NSIAD-93-169, May 21, 1993 (11 pages). Defense Transportation: Defense Logistics Agency's Regional Freight Consolidation Centers.

The Pentagon is not realizing the estimated savings from sending vendor shipments through the Defense Logistics Agency's (DLA) regional freight consolidation centers because many vendors are not passing the savings on to DLA and because freight volume has been lower than expected. In addition, the Defense Department (DOD) did not consider a more economical alternative that GAO believes could have reduced DOD's transportation costs by more than 40 percent by using existing government freight rates and by sending the shipments from the vendors directly to the storage depots. Overall, the centers are close to delivering shipments to depots within the required time, but three percent of the vendors GAO surveyed cited many problems with lost, damaged, or mishandled freight.

NSIAD-93-171, Aug. 4, 1993 (44 pages). Navy Ships: Problems Continue to Plague the Seawolf Submarine Program.

The Navy's Seawolf (SSN-21) submarine, a nuclear-powered attack vessel originally developed to counter the Soviet threat, continued to experience cost increases and schedule delays during 1992. Since December 1991, the estimated total cost for the design and lead ship construction at completion rose about $28 million and $64 million, respectively. Design availability and construction work force problems contributed to SSN-21 construction delays. Because of incompatibility between the design and construction schedules, more delays are possible. Although it is too early to tell whether steps taken by the Navy and the contractor—General Electric's Electric Boat Division—will overcome these problems, the Navy believes that its actions will maintain the SSN-21's May 1996 delivery deadline. SSN-21 welding problems appear to have been resolved and a recurrence is unlikely.

NSIAD-93-172, July 9, 1993 (24 pages). Army Training: Expenditures for Troop Schools Have Not Been Justified.

The internal control weaknesses in the Army's troop school program, first reported more than a decade ago, persist today, calling into question whether the Army is able to manage the program effectively and efficiently. Troop schools are run under contract by private colleges and supplement the job training given to soldiers by noncommissioned officers. As it now stands, expenditures for troop schools have not been justified. Most of the justifications GAO reviewed were not based on assessed performance of individual soldiers, as required, and none documented that troop schools were the most cost-effective alternative. At the schools, the Army continues to offer many courses without proper authorization; wastes money on unneeded courses; and allows contractors to administer tests to determine whether soldiers need training, despite the potential for creating false demand. The persistent nature of these problems clearly indicates that the Army has not followed up on the corrective actions it initiated in response to GAO's 1988 findings and recommendations.

NSIAD-93-173, Apr. 15, 1993 (113 pages). Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments.

The Defense Department's (DOD) selection process for military base closures and alignments—165 installations have been targeted as of March 1993—is generally sound, but savings estimates were overstated by nearly $1 billion and questions can be raised about the reasonableness of some specific recommendations. For example, (1) because the Navy stressed reducing excess capacity, cases arose in which bases were slated for closure even though other bases were considered of less military value; (2) the Army chose not to recommend a base for closure because of environmental cleanup costs—a reason excluded from calculations of closure costs; (3) existing documentation provides little insight into the reasoning behind some of the Air Force's final decisions, although Air Force officials' oral explanations seemed to make sense; and (4) the Defense Logistics

Agency overstated estimated realignment savings. Furthermore, oversight by the Secretary of Defense during the base closure process was weak. The standards used for DOD's cumulative economic impact analyses were not supportable, and DOD continued to ignore government cost implications despite earlier GAO recommendations to the contrary. The effect of DOD's recommendations on federal agencies could be substantial, especially if the military moves out of General Services Administration buildings into new DOD facilities. In addition, hospital closings would also boost government Medicare costs. GAO summarized this report in testimony before Congress; see: Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments, by Frank C. Conahan, Assistant Comptroller General for National Security and International Affairs Programs, before the Defense Base Closure and Realignment Commission. GAO/T-NSIAD-93-11, Apr. 19, 1993 (10 pages).

NSIAD-93-173S, May 25, 1993 (52 pages). Military Bases: Letters and Requests Received on Proposed Closures and Realignments.

This supplement to the GAO report analyzing the Pentagon's selection process for base closures and realignments (GAO/NSIAD-93-173, Apr. 1993) contains letters written to GAO by many interested parties, including Members of Congress, local government officials, and private citizens. In some cases, the correspondence and attached materials, such as analyses and evaluations, provided useful leads. In other instances, the materials added support to issues GAO was actively pursuing. Although GAO was unable to follow up on many of the issues because of time constraints, it believes that this correspondence may be useful to the Base Closure Commission as it considers the proposed closures and realignments.

NSIAD-93-174, Apr. 22, 1993 (30 pages). Serbia-Montenegro: Implementation of U.N. Economic Sanctions.

The U.N. Security Council Sanctions Committee has not fulfilled its responsibilities for monitoring how U.N. member states are implementing economic sanctions against Serbia and investigating alleged violations, nor have the nations bordering Serbia had the help needed to enforce the sanctions. Although economic sanctions have disrupted the Serbian economy, they have not caused Serbia to abandon its aggressive policies toward its former Yugoslav neighbors. Some strategic products—petroleum, for example—continue to reach Serbia-Montenegro, and hundreds of other sanction violations are suspected. No coordinated international effort has been made to monitor the sanctions' implementation, identify and document weaknesses, or recommend corrective action. The United States, the European Community, and the U.N. are considering several options, including improving the monitoring of goods en route to Serbia-Montenegro; increasing resources and technical help to border countries; tightening financial sanctions; and increasing investigations, prosecutions, and publicity to deter violations.

NSIAD-93-175, July 30, 1993 (23 pages). Battlefield Automation: More Testing and Analysis Needed Before Production of Air Defense Radar.

The Army's Forward Area Air Defense System will rely on ground-based sensors to track and target enemy aircraft. If a production decision on low-rate initial production of the ground-based sensors is made as scheduled, the Army will be committing to the acquisition of an unproven system that may be unjustified. The Army will not have completed enough testing to verify that the ground-based sensor will work as intended. The Army will also not have done an analysis justifying the sensor as the best cost alternative for meeting air defense requirements before a production decision is made. Although the Pentagon has delayed funding for the ground-based sensor until fiscal year 1995, GAO urges that sufficient testing and an operational effectiveness analysis be done before any production decision is made.

NSIAD-93-176, Sept. 24, 1993 (66 pages). Multilateral Foreign Aid: U.S. Participation in the International Fund for Agricultural Development.

The International Fund for Agricultural Development underwrites projects designed to promote agricultural self-sufficiency in foreign countries. The amount of assistance is to be based on the countries' poverty levels and the need to boost food production and nutritional levels of the poorest individuals. Aid to small and landless farmers is a priority. This report (1) evaluates how the fund has conducted its operations, (2) evaluates the agency's funding outlook, (3) determines whether projects are experiencing any problems, and (4) reviews the relationship between the fund and the Agency for International Development.

NSIAD-93-178, July 15, 1993 (20 pages). NASA Procurement: Proposed Changes to the Jet Propulsion Laboratory Contract.

The National Aeronautics and Space Administration (NASA) has failed to seek competitive bids for managing the Jet Propulsion Laboratory. The California Institute of Technology ended up the only bidder for a new five-year contract under which Caltech is paid $14 million annually to run the laboratory. In 1992 this amount was higher than the fee paid to sponsors of other university-run federally funded research and devel-

opment centers. Caltech began conducting rocketry and other experiments at the laboratory in the 1930s, and its work continued under U.S. Army sponsorship during World War II. Caltech has managed the laboratory for NASA since 1958. GAO questions the allowability of so-called "working meals," which the contractor is charging to the current contract on the basis of a very loose interpretation of the cost principle allowing educational institutions to be reimbursed for the cost of meals. NASA should also consider whether and to what extent laboratory employees should be reimbursed for their children's college tuition costs.

NSIAD-93-179, June 10, 1993 (20 pages). Operation Desert Shield/ Storm: Impact of Defense Cooperation Account Funding on Future Maintenance Budgets.

In earlier reports (GAO/NSIAD-92-194 and GAO/NSIAD-91-304), GAO stated that the Pentagon's estimates of maintenance funding requirements for equipment used in Operation Desert Storm may have been overstated. Although early inspections found that equipment initially returning from Operation Desert Storm was in good condition and would need little additional maintenance beyond that normally planned and budgeted for, equipment returned later was discovered to be in much worse shape. This report discusses the nature and the extent of damage sustained by the military's equipment used in the Persian Gulf and includes color pictures of equipment exposed for lengthy periods to harsh desert conditions. GAO also discusses the cost of maintaining and repairing equipment used in the operation and the degree to which such costs are being covered by contributions from U.S. Allies to the Defense Cooperation Account.

NSIAD-93-180, June 18, 1993 (32 pages). Disaster Assistance: DOD's Support for Hurricanes Andrew and Iniki and Typhoon Omar.

Within a three-week period, Florida, Louisiana, Hawaii, and Guam were ravaged by storms that inflicted billions of dollars in damages and disrupted the lives of hundreds of thousands of people. As part of the government's response to Hurricanes Andrew and Iniki as well as Typhoon Omar, the Federal Emergency Management Agency asked the Defense Department to help provide humanitarian assistance to the disaster victims. This report (1) identifies the roles and the missions of the active military and National Guard forces that provided the assistance; (2) identifies problems affecting their delivery of assistance; (3) determines whether their participation affected their units' readiness and training; (4) determines whether the military needs to reorient its roles, training, equipment, and doctrine for these kind of operations; and (5) identifies the costs and the sources of funding associated with the military's participation in disaster assistance.

NSIAD-93-181, June 25, 1993 (34 pages). ICBM Modernization: Minuteman III Guidance Replacement Program Has Not Been Adequately Justified.

The Minuteman III weapon system is expected to be the nation's only fielded land-based intercontinental ballistic missile system after 2003. The Pentagon plans to modify the system—at a cost of $4.6 billion—so that it can continue operating until 2020. By then, the weapon system will be 50 years old, a far cry from the original plans envisioning a 10-year life span for the Minuteman. GAO believes that it would be premature to begin engineering and manufacturing development of the first phase of the guidance replacement program in August 1993. These efforts should be delayed until the Air Force has completed the necessary studies and analyses to justify proceeding. The program's second phase is uncertain at this time, pending a better definition of the post-Strategic Arms Reduction Treaty mix of U.S. and Russian strategic nuclear forces and capabilities. Even if enhanced operational capabilities are agreed upon and the Minuteman III will need to be upgraded, it remains to be seen whether the planned advanced inertial measurement system is the best way of delivering these capabilities.

NSIAD-93-182, June 25, 1993 (49 pages). Ballistic Missile Defense: Information on Directed Energy Programs for Fiscal Years 1985 Through 1993.

The $4.9 billion allocated by the Strategic Defense Initiative Organization (SDIO) for fiscal years 1985-93 for developing lasers and particle beams was spent primarily on five programs—the space-based chemical laser; the ground-based laser; the space-based neutron particle beam; the acquisition, tracking, and pointing subsystems; and nuclear directed energy concepts. The development of these technologies has not advanced as quickly as expected. SDIO estimates that over four years, $777 million will be needed to complete the work needed for a decision on whether to fund system-level demonstrations for several of the programs. SDIO has requested only $103 million for all directed energy work in fiscal year 1994, suggesting that it may take longer than four years to complete that work. The free electron laser was transferred to the Army, which did not provide any funding for it in fiscal year 1994.

NSIAD-93-184, July 7, 1993 (51 pages). Military Sales to Israel and Egypt: DOD Needs Stronger Controls Over U.S.-Financed Procurements.

The United States has given billions of dollars in security assistance to both Israel and Egypt. In 1991, Israel convicted one of its Air Force officers of skimming an estimated $40 million in U.S. funds by submitting false purchase orders on U.S.-financed contracts. This incident heightened congressional concerns about the incidence of waste, fraud, and abuse in the Foreign Military Financing Program. This report (1) discusses why Israel and Egypt often buy U.S.-funded goods directly from contractors rather than through the U.S. government and (2) identifies weaknesses in the program. GAO also examines the procurement procedures of each country.

NSIAD-93-185, Aug. 13, 1993 (24 pages). Financial Management: Fiscal Year 1992 Audit of the Defense Cooperation Account.

During fiscal year 1992, foreign governments, private groups, and individuals contributed more than $5 billion to the Defense Department (DOD), mainly to defray the costs of Operations Desert Shield and Desert Storm. GAO found that DOD credited all cash contributions to the Defense Cooperation Account and administered these funds in accordance with legal and accounting requirements. Through various memoranda, DOD also established procedures for tracking, reporting, and valuing in-kind support. DOD corrected reporting discrepancies that GAO had noted in an earlier report. DOD's fiscal year 1992 reports to Congress reflected adjustments to the estimated value of in-kind contributions. DOD's formal regulations on the Defense Cooperation Account and related contributions of cash and goods have not been issued. This lack of formal guidance may have caused the proceeds from the sale of contributed goods to be deposited in an account other than the Defense Cooperation Account.

NSIAD-93-186, July 19, 1993 (21 pages). Aerial Refueling Initiative: Cross-Service Analysis Needed To Determine Best Approach.

This report examines the performance of the air refueling tanker force during Operation Desert Storm. GAO analyzes (1) the relevance, in light of that wartime experience, of a 1990 initiative to boost tanker efficiency, effectiveness, and interoperability and (2) the adequacy of the Defense Department's assessment of the initiative, which basically called for standardizing Air Force refueling equipment for tankers and fighters on the refueling system used by the other services and many U.S. allies. The tanker modifications would also allow two fighters to refuel simultaneously, a capability known as multipoint.

NSIAD-93-187, May 18, 1993 (10 pages). Space Station: Program Instability and Cost Growth Continue Pending Redesign.

Contrary to NASA's recent estimate that Space Station Freedom as currently designed will cost $31.3 billion through the year 2000, GAO estimates the real cost at $43 billion, plus at least $78 billion more through 2027. NASA's estimate excludes substantial funds needed to successfully complete development and support the station during its planned 30-year life. In recent years, GAO has expressed concern that NASA has not been maintaining financial reserves commensurate with the program risks. NASA officials said in May 1993 that part of its adjustments to recent contractors' cost growth included restoring an average financial reserve margin of about 19 percent to the overall program estimates through 2000. Yet this margin is based on annual station development and operations appropriations of about $2.5 billion. Should these large annual funding levels fail to materialize, financial reserves after 1995 could not cope with problems arising during the building, testing, launching, and assembly of the station.

NSIAD-93-188, Aug. 3, 1993 (15 pages). Army Housing: Overcharges for On-Base Lodging Have Not Been Repaid.

In a September 1990 report (GAO/NSIAD-90-241) on Army facilities used to lodge military personnel temporarily assigned for training or other purposes, GAO found that Army bases had overbilled soldiers by $70 million and used the money to subsidize officers' clubs, golf courses, guest houses, and similar activities. GAO found that the Army has yet to repay the overcharges that have accumulated from inflated transient lodging fees. Transient lodging service charges have been reduced somewhat but continue to be inflated.

NSIAD-93-189, July 28, 1993 (18 pages). Operation Desert Storm: Improvements Required in the Navy's Wartime Medical Care Program.

Navy medical units that supported Operations Desert Shield and Desert Storm were assigned wartime missions they were unprepared for. They were neither staffed nor equipped to care for the numbers of casualties they were told to expect, provide noncombat medical care, support the evacuation of casualties out of theater, or receive large numbers of chemically contaminated casualties. The personnel information systems used to assign individuals to Navy medical units contained incomplete and outdated information. Many doctors and nurses who were scheduled to deploy did not do so for a variety of reasons. In addition, medical personnel had not trained during peacetime for their wartime mission. Personnel also raised concerns about their ability to obtain equipment and supplies needed to treat mass casualties and to perform other missions. Fortunately, the six-

month interval between deployment and the start of the ground war allowed individuals to prepare for their wartime roles. By most accounts, medical units supplied by the Navy provided adequate care for those in need. However, had the Navy incurred the predicted number of casualties, or had the ground war started earlier or lasted longer, the care provided by these units might have fallen short.

NSIAD-93-190, July 9, 1993 (32 pages). State Department: Management Weaknesses at the U.S. Embassies in Panama, Barbados, and Grenada.

The State Department's track record in managing its overseas operations has not been good; a host of internal control problems continue to plague U.S. embassies, including shortcomings in property oversight, financial management, contracting and procurement, training, and staffing. In this report, GAO notes that U.S. embassy officials in Panama, Barbados, and Grenada sometimes failed to follow State Department guidance and procedures for property, cashiering, procurement, and other management functions. In other cases, responsible officials were unaware of the management control requirements. Sometimes inadequate controls were blamed on former embassy officials. Inaccurate embassy reporting on internal control systems has perpetuated the management oversight problems. GAO agrees with embassy officials that staffing gaps, combined with limited resources for training, have affected management controls. Although several efforts are under way to improve management controls, the embassies have no plans for a formal program of management improvement and cost control.

NSIAD-93-191, Sept. 9, 1993 (56 pages). NASA Property: Improving Management of Government Equipment Provided to Contractors.

The National Aeronautics and Space Administration (NASA) has provided its contractors with billions of dollars worth of government property for them to use in research and development, production, and service contracts. The value of government property, especially general purpose equipment, provided to contractors has soared in recent years, despite government policies designed to minimize this practice. This report determines (1) NASA's compliance with federal regulations intended to minimize the amount of government-owned, contractor-held general purpose equipment; (2) the effectiveness of government and contractor controls over equipment; and (3) the adequacy of NASA's reporting of this equipment.

NSIAD-93-193BR, June 18, 1993 (8 pages). Refugee Resettlement: Initial Reception and Placement Assistance.

This report provides information on the initial resettlement assistance provided refugees entering the United States. The State Department's refugee reception and placement program establishes agreements with private voluntary agencies and provides them with per capita grants to assist refugees with their basic needs during their first 90 days in the United States. GAO discusses (1) what assistance the voluntary agencies agree to provide, (2) how they provide it, and (3) whether they are fulfilling their agreements.

NSIAD-93-194, May 14, 1993 (14 pages). Defense Civilian Downsizing: Challenges Remain Even With Availability of Financial Separation Incentives.

GAO has been monitoring the Pentagon's management of civilian force reductions since 1991. This report (1) updates the status of the Defense Department's (DOD) civilian work force reductions; (2) updates some of the problems and consequences arising from DOD's approach to civilian downsizing, including the difference in how white-collar and blue-collar employees have been affected so far; and (3) provides a preliminary assessment of DOD's initial use of financial separation incentives. GAO also discusses some important constraints on DOD's planning for future force reductions.

NSIAD-93-195, July 30, 1993 (19 pages). Property Disposal: DOD Is Handling Large Amounts of Excess Property in Europe.

The drawdown of forces in Europe has resulted in more than 1 million short tons (a short ton is 2,000 pounds) of excess property worth billions of dollars, everything from typewriters to wheeled and tracked vehicles. Most of the property is from Army bases. Each service has established a method to deal with the excess equipment and supplies arising from the drawdown. Between October 1989 and February 1993, Defense Reutilization and Marketing Offices in Europe received $4.7 billion of excess equipment and supplies. These offices have revised their procedures to accommodate the additional excess and supplies that the services have turned in to them since the drawdown began. The Pentagon lacks a systematic means of sharing information on some excess property at the installation level. Thus, the property is being returned to the wholesale level or sent to disposal, which is causing problems in the efficient drawdown of equipment and supplies. For example, Army units are turning in items needed by other Army units, and items sold through the disposal process only fetch about two percent of the acquisition cost.

NSIAD-93-196, Aug. 3, 1993 (20 pages). Foreign Assistance: Accuracy of AID Statistics on Dollars Flowing Back to the U.S. Economy Is Doubtful.

The accuracy of Agency for International Development (AID) statistics on the extent to which U.S. foreign economic assistance flows back to the United States through the procurement of goods and services is doubtful because of major data limitations and the methodologies used to generate the statistics. AID agrees that reflow statistics cannot be verified. The merits of continuing the Buy American Reporting System are questionable because (1) the accuracy of the system's statistics is not expected to improve, (2) AID officials said that the system's data are not essential for any management purpose, and (3) the system is costly and time-consuming. In addition, there is no statutory requirement for reporting reflow statistics. Because the foreign economic assistance program is very small compared with the size of the U.S. economy, the amount that flows back to the United States through the procurement of goods and services appears to have had a negligible impact on the U.S. economy. Even if all AID funds were used to procure 100-percent U.S. origin goods and services, AID obligations would total only one percent of the annual U.S. exports and one-tenth of one percent of the U.S. gross domestic product.

NSIAD-93-198, Sept. 29, 1993 (55 pages). Test and Evaluation: DOD Has Been Slow In Improving Testing of Software-Intensive Systems.

Most of the Pentagon's software costs, estimated to hit $42 billion by 1995, are linked to the maintaining, upgrading, and modifying of existing computer systems. Many of today's sophisticated weapons systems cannot operate without fully functioning software. Because software mistakes can have dire, even life-threatening, consequences, software-intensive weapons systems must be thoroughly tested before production. This report discusses (1) the extent to which software problems affect the performance of weapons systems being tested, (2) pervasive barriers in the acquisition process that limit the effectiveness of test and evaluation of software-intensive systems, and (3) the Defense Department's efforts to overcome software test and evaluation problems.

NSIAD-93-199, July 22, 1993 (40 pages). Navy Maintenance: Improved Labor Estimates Can Reduce Shipyard Costs.

Navy reviews done between 1989 and 1991 and later GAO tests found that labor estimates for ship repairs often were overstated. In addition to increasing repair prices, overstated labor estimates caused the reporting of erroneous labor efficiency data. Without accurate labor efficiency data, managers could not measure labor performance and identify areas needing attention. This problem arose because shipyard planners did not always follow estimating policies, internal controls were absent, and labor standards were not always current to help planners prepare accurate estimates. The shipyards did devote considerable effort to implementing labor-saving improvements, such as more efficient production methods and equipment. The benefits from these improvements, however, were not always incorporated into labor estimates for repairs because planners were not told of new processes and equipment. Consequently, labor savings stemming from improvements often were not reflected in reduced benchmarks for efficiency measurement or in lower repair prices.

NSIAD-93-200, July 15, 1993 (57 pages). Roles and Functions: Assessment of the Chairman of the Joint Chiefs of Staff Report.

The Chairman of the Joint Chiefs of Staff is required to review the roles and functions of the military services at least every three years and issue a report recommending changes needed to sustain the maximum effectiveness of the armed forces. In this review of the Chairman's February 1993 report on the roles, missions, and functions of the armed forces, GAO assesses the methodology used to prepare the report and identifies opportunities for eliminations, reductions, consolidations, and realignments beyond those cited in the report. GAO also discusses obstacles that make reductions in overlapping military capabilities hard to achieve. Although the Chairman's report cited some important opportunities for change and went beyond the first study completed in 1989, it did not recommend significant reductions in overlapping functions. Attempts to reduce unnecessary overlaps will require aggressive leadership and in-depth analysis, particularly because such efforts are likely to encounter strong opposition from the losing military service and its supporters.

NSIAD-93-201, Aug. 12, 1993 (15 pages). NASA Aeronautics: Protecting Sensitive Technology.

Most of the National Aeronautics and Space Administration's (NASA) scientific and technical aeronautics publications are publicly available. The distribution of a few publications is restricted, depending on the kind of competitively sensitive information they contain. NASA sometimes interprets Freedom of Information Act requirements strictly to deny requests for information. NASA also broadly construes the concept of national security under the Arms Export Control Act to cover competitive sensitivity and recommends amendment or denial of export license applications. GAO did not find enough information to support the view that NASA's competitively sensitive information is being widely transferred to foreign competitors. NASA is trying to beef up its information control program. It is developing and implementing specific processes to identify and handle competitively

sensitive information. It has also begun to establish an overall aeronautics technology transfer policy on the identification and handling as well as the measurement and tracking of competitively sensitive technologies.

NSIAD-93-202, Sept. 17, 1993 (60 pages). Foreign Assistance: Improvements Needed in AID's Oversight of Grants and Cooperative Agreements.

The Agency for International Development (AID) distributes project money mainly through direct contracts, host country-awarded contractors, and grants and cooperative agreements. Specific support grants and cooperative agreements are intended to support clearly defined programs established or proposed by the recipients. During fiscal year 1991, AID had nearly $5 billion in such grants with about 900 private voluntary groups, educational institutions, and other nonprofit organizations. GAO examined AID missions in Bolivia, Egypt, El Salvador, and Indonesia to see whether AID had effective control and procedures to (1) maximize competition in grant awards, (2) ensure proper use of grant funds, and (3) monitor grantee performance.

NSIAD-93-203, July 27, 1993 (23 pages). Military Aid to Egypt: Tank Coproduction Raised Costs and May Not Meet Many Program Goals.

As part of the 1979 Camp David Accords, the United States has channeled billions of dollars in military assistance to Egypt; the flow of annual grants to Egypt has remained steady at $1.3 billion per year since 1987. In the early 1980s, Egypt decided to modernize its Army by procuring a new main battle tank. Egypt sought and received U.S. financial support for building a tank factory near Cairo, and later, for coproducing M1A1 tanks there. This report (1) discusses the rationale behind the U.S. decision to coproduce the tanks with Egypt, (2) compares the cost of coproduction with the cost of providing complete tanks, and (3) provides information on future plans for the Egyptian tank factory.

NSIAD-93-204, July 7, 1993 (31 pages). Naval Aviation: The Navy Is Taking Actions to Improve the Combat Capabilities of Its Tactical Aircraft.

Equipment limitations during Operation Desert Storm made it hard for Navy and Marine Corps aircrews to locate, identify, and attack targets precisely during combat; to identify unknown aircraft beyond visual range; and to defend against some antiaircraft threats. The military sought to minimize aircraft losses due to these limitations by flying airplanes at higher altitudes, a move that sacrificed bombing accuracy. If fewer U.S. aircraft had been on hand, the capabilities of individual aircraft would have been more important. Also, if the Iraqis had undertaken greater offensive action, increased U.S. bomber accuracy and more effective aircraft defense systems would have been critical. The equipment limitations that air crews had to work around were caused by trade-offs linked to the expense, the cost growth, and the time associated with developing and fielding new weapons systems. Navy officials were aware of most aircraft limitations before the war and had taken steps to overcome them.

NSIAD-93-205, June 30, 1993 (10 pages). Medical Readiness Training: Limited Participation by Army Medical Personnel.

GAO reported in August 1992 (GAO/NSIAD-92-175) that many Army medical personnel had not trained during peacetime to perform their assigned wartime roles during Operation Desert Storm. This report revisits that issue and discusses the (1) training that is now available to prepare Army medical personnel for their wartime mission, (2) factors inhibiting medical personnel's participation in this medical readiness training, and (3) steps the Army has taken to improve medical readiness training.

NSIAD-93-206, Aug. 11, 1993 (14 pages). Operation Desert Storm: Army Medical Supply Issues.

Of 15 Army hospitals that GAO reviewed, the 10 with available data reported shortages of some medical supplies during the build up for the ground offensive for Operation Desert Storm. Items in short supply included flu vaccines, morphine, and antibiotics, as well as certain lab reagents and X-ray film. The initial shortages arose because hospitals were shipped to the Persian Gulf without their full complement of medical supplies. Commercial medical suppliers filled most requisitions during the Gulf War, but they could not meet the deadlines for some large orders. Four medical items—three of which are related to nerve agent exposure—posed problems for the industrial base, although none of the hospitals GAO reviewed reported shortages of these four items. The Army plans new initiatives for meeting hospital supply needs during future contingencies.

NSIAD-93-207, June 18, 1993 (12 pages). National Aero-Space Plane: A Need for Program Direction and Funding Decisions.

GAO reported in December 1992 that the (1) projected cost for the baseline National Aero-Space Plane program had soared from $3.1 billion to $17 billion, (2) time frames for achieving milestones such as the first flight were uncertain, and (3) development of key technologies had encountered problems. The upshot has been a deferment of the decision to begin phase III. Neither the Office of Science and Technology Policy, the Steering Group, nor the Defense

Department (DOD) has provided clear direction on what the program's future efforts and objectives should be. The Air Force and the National Aeronautics and Space Administration (NASA) have generally accepted a program office proposal to conduct a series of flight tests before committing to building the X-30, but DOD has not made a final decision on this proposal. Additionally, DOD and NASA have not agreed on the program's current and future funding needs. These conditions hinder efforts to properly plan and execute future technical efforts, initiate required contractual action, and project program costs.

NSIAD-93-208, May 18, 1993 (14 pages). Space Station: Information on National Security Applications and Cost.

In terms of national security, the Pentagon has no real need for a manned space station. In fact, the Space Station Freedom would be less suitable for military research than would existing facilities on the space shuttle. In March 1993, the National Aeronautics and Space Administration (NASA) revised its cost estimate for the station to $31.3 billion. At the same time, NASA stretched the schedule for having permanent occupants in the space station to the year 2000. NASA's updated estimate, like earlier estimates, excludes substantial sums required to successfully complete development and support the station during its planned 30-year life. Additional funding necessary to support and outfit the station for permanent occupancy would top $11 billion. Further, at least $78 billion would be required to bring the facility to its full planned capability and maintain, supply, and operate the station after permanent occupancy was achieved. When these costs are included, the space station funding requirements through 2027 soar to at least $121 billion. The only existing space station is the Russian Mir, which, although believed to be beyond its design life, continues in use, and major upgrades are planned in 1994 to add remote sensing and atmospheric studies capabilities. In the long term, the Russians plan to build a more capable space station.

NSIAD-93-209, Aug. 20, 1993 (16 pages). B-2 Bomber: Comparison of Operational Capabilities and Support Costs for 15 Versus 20 Aircraft.

With a price tag of $45.3 billion for 20 aircraft and related expenses, such as initial spares and facility construction, the B-2 bomber is one of the Pentagon's most expensive programs. GAO concluded in an earlier report (GAO/PEMD-92-36R, Sept. 1992) that the final five B-2 bombers could not be justified on the basis of strategic nuclear missions. This report evaluates the operational and support plans for the B-2. GAO specifically examines differences in the B-2's conventional operational capabilities, military construction funding, and operations and maintenance costs for purchasing 20 rather than 15 aircraft.

NSIAD-93-211, Aug. 23, 1993 (11 pages). Army Training: Commanders Lack Guidance and Training for Effective Use of Simulations.

The field training exercises the Army has traditionally used to prepare its forces for combat are becoming increasingly difficult to stage. Funding for the ammunition, fuel, and maintenance needed for these exercises has been cut, and environmental concerns now restrict the use of ranges and maneuver areas. In response, the Army is turning to simulations to supplement field training exercises. The Army projects that it will spend upwards of $1 billion on simulations during the next five years. The Army recently developed a training strategy that incorporates the use of simulations, but GAO concludes that it will not provide unit commanders with the detailed guidance they will need to use the simulations most effectively. In the past, the Army has used unapproved and modified simulations that ran the risk of not reflecting actual weapons capabilities and battle tactics. The Army beefed up its controls in 1992, a move that should ensure that only approved simulations are developed and purchased.

NSIAD-93-212, Aug. 6, 1993 (18 pages). Operation Desert Storm: Casualties Caused by Improper Handling of Unexploded U.S. Submunitions.

During Operation Desert Storm, at least 25 U.S. military personnel were killed by U.S. submunitions and many others were injured. The Army attributes 16 of these deaths to inappropriate handling of munitions. This report reviews aspects of the Army's Persian Gulf experience with its M42, M46, and M77 submunitions, which were responsible for some of the deaths and injuries. GAO discusses whether (1) the dud rate for these munitions as calculated during acceptance tests was higher than the Army's requirements or goals, (2) U.S. soldiers were adequately warned about the dangers of unexploded submunitions, (3) it was reasonable to use submunitions in areas that U.S. soldiers expected to occupy, and (4) the Army's planned improvements will reduce these casualties in the future.

NSIAD-93-213, Sept. 10, 1993 (19 pages). Drug Control: DOD Operated Aerostat Ship Although Conferees Denied Funds.

Beginning in the late 1980s, the U.S. Army and the U.S. Coast Guard began operating a small fleet of leased commercial vessels with tethered blimps, called aerostats, to detect and monitor boats and airplanes suspected of drug smuggling. This report discusses (1) the Pentagon's efforts to combine Army and Coast Guard missions in the Caribbean and (2) the

Defense Department's use of funds in fiscal year 1992 for the operation and maintenance of sea-based aerostat ships for purposes not authorized by Congress.

NSIAD-93-214, July 15, 1993 (10 pages). Industrial Base: Impact of Defense Downsizing on Selected Abrams Tank Subcontractors.

Cuts in defense spending have reduced the volume of business and the number of jobs at many Abrams tank contractors. As of May 1993, 11 of the 14 tank contractors GAO queried had lost sales or had laid off workers because of defense cutbacks. So far, a combination of continuing Abrams tank production and spare parts sales, foreign military sales, and commercial and other defense sales has kept these 14 contractors afloat. Eight of the 14 contractors, however, were unclear about whether their current tank component production capabilities could be retained. The contractors said that their ability to reconstitute Abrams tank production would be affected by whether they had comparable commercial business and whether they produced the tank component using the same facilities, equipment, and personnel as were used in commercial production. The contractors said that they would need anywhere from six months to five years to reconstitute production for tank components. Impediments to reconstitution included obtaining critical skills, vendors, materials, test equipment, and production facilities along with meeting government requirements and specifications.

NSIAD-93-215, June 25, 1993 (49 pages). Homosexuals in the Military: Policies and Practices of Foreign Countries.

In light of ongoing congressional debate over the President's proposal to lift the ban on homosexuals in the armed forces, this report examines how 25 foreign countries have handled this issue. Included are in-depth reviews of four countries—Canada, Germany, Israel, and Sweden—that allow gays to serve. Of the 25 countries in GAO's sample, 11 allow gays to serve, 11 prohibit gays from serving, and three have no regulations or policies on this issue. Military officials in Canada, Germany, Israel, and Sweden all report that the presence of homosexuals in the military has not been an issue and has not harmed unit readiness, effectiveness, cohesion, or morale.

NSIAD-93-216, July 9, 1993 (15 pages). Military Satellite Communications: Opportunity to Save Billions of Dollars.

The Pentagon's plan to save billions of dollars by taking advantage of modern technology in building its military satellites has failed to materialize. The Defense Department (DOD) still lacks a coordinated process for incorporating the latest technology into its military satellite communications. Unless such a process is established, DOD may end up continuing to acquire costly, customized military satellites. DOD developed alternative satellite architecture that relied on common bus designs—standard satellite platforms capable of carrying various payloads. It was estimated that these buses would cut long-term costs substantially. DOD ultimately shelved all of the alternatives, despite the fact that one of the common bus designs proved to have many technological advantages and a lower price tag.

NSIAD-93-218, July 12, 1993 (51 pages). State Department: Survey of Administrative Issues Affecting Embassies.

GAO surveyed 104 U.S. embassies on problems affecting the following areas: staffing, training, financial management, contracting and procurement, property management, and regional support. According to the survey respondents, (1) many embassies have staffing gaps in key administrative jobs; (2) the number of administrative staff at some embassies has not kept pace with increasing workloads; (3) some staff training needs go unmet; (4) financial management systems do not meet embassy needs; (5) some embassies have not taken required steps to improve overseas contracting and procurement; and (6) not all embassies inspect the condition of their facilities annually, and most do not prepare the required inspection reports. Most of the respondents said that they were satisfied with the administrative services received from the State Department's regional offices, but some were unhappy with the offices' financial management services. GAO summarized this report along with GAO/NSIAD-93-190 in testimony before Congress; see: State Department: Widespread Management Weaknesses at Overseas Embassies, by Frank C. Conahan, Assistant Comptroller General for National Security and International Affairs Programs, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-NSIAD-93-17, July 13, 1993 (25 pages).

NSIAD-93-220, Sept. 1, 1993 (39 pages). Drug Control: Heavy Investment in Military Surveillance Is Not Paying Off.

Although the Pentagon has significantly expanded U.S. monitoring and detection of cocaine smugglers, this expanded capability has come with a hefty price tag and has yet to reduce the flow of cocaine onto American streets. The portion of the federal drug budget earmarked for military surveillance has quadrupled during the past five years, without measurable goals or results to show that the increases were warranted. Decisionmakers have lacked critical information needed to assess the costs and benefits of military surveil-

lance. The nation's continuing failure to reduce the cocaine flow is not an indictment of the Department of Defense's (DOD) surveillance efforts. But in the absence of measurable goals for DOD's mission, the fact that cocaine remains affordable and readily available in the United States strongly suggests that surveillance is not producing results commensurate with its costs. GAO summarized this report in testimony before Congress; see: Drug Control: Expanded Military Surveillance Not Justified by Measurable Goals or Results, by Louis J. Rodrigues, Director of Systems Development and Production Issues, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-NSIAD-94-14, Oct. 5, 1993 (nine pages).

NSIAD-93-221, Sept. 30, 1993 (8 pages). Suppression of Enemy Air Defenses: Air Force Plans.

The Air Force's Supression of Enemy Air Defenses (SEAD) system is designed to take out enemy air communications, radar, and other systems that are directing surface-to-air missiles and antiair artillery. By the turn of the century, the Air Force plans to retire the aging F-4G "Wild Weasel" SEAD aircraft and eliminate dedicated SEAD units. Pentagon officials acknowledged in 1992 that this plan entails some risk because of the time gap between the retirement of the F-4G and the fielding of enough new SEAD systems to counter decreases in the capabilities of the new systems. The Air Force decided this year to field even fewer SEAD-equipped aircraft with potentially even less capability, further increasing the risk. Yet the Defense Intelligence Agency and the Air Force have identified significant threats that indicate a continuing need for SEAD. Air Force officials say that potential budget cuts and force reductions are driving the decision to eliminate single mission units, such as the F-4G force, because they compete for dollars with the Air Force's high priority F-22 and B-2 programs.

NSIAD-93-224, Aug. 23, 1993 (14 pages). Household Goods: Packing and Containerization Contract at Fort George G. Meade, Md..

An unsuccessful bidder questioned Fort Meade's decision to continue using the winning contractor to pack, crate, ship, and store personal property belonging to military personnel after learning that the contractor may have lacked necessary Interstate Commerce Commission operating authorization. Although the winning bidder's operating authorization was later vacated by a court order, GAO concludes that the Fort Meade award was neither wrong nor otherwise improper.

NSIAD-93-225, July 1, 1993 (7 pages). Contract Pricing: Issues Related to DCAA Staff Levels.

As part of the overall military downsizing, the Defense Contract Audit Agency's (DCAA) staffing has been cut significantly—from a peak of about 7,000 positions in fiscal year 1990 to 5,650 positions in fiscal year 1993. For fiscal year 1994, the President has proposed an increase of about 70 positions at the agency. DCAA must have adequate resources to protect the government from overpriced contracts. GAO believes that the debate over DCAA staffing levels must take into account the following: (1) ensuring adequate review of subcontractors for defective pricing, (2) ensuring that the government is protected from unnecessary contractor overhead costs, (3) reducing the huge backlog of audits of contractor incurred costs, and (4) ensuring adequate levels of transaction testing—tracing expenditures back to supporting documentation and evaluating their allowability—to spot unallowable contractor cost submissions.

NSIAD-93-228, July 16, 1993 (13 pages). Army Acquisition: More Testing Needed to Solve Heavy Equipment Transporter System Problems.

The Army's new Heavy Equipment Transporter System (HETS) consists of a tractor and semitrailer designed to transport tanks and other heavy equipment. The Army's justification for expanding the HETS transportation company's mission and increasing HETS quantity requirements appears adequate. An Army analysis showed that achieving the expanded mission would yield substantial cost savings.

The new HETS, however, had not met its contractually required reliability and maintainability levels, and a current test will not conclusively prove compliance with those requirements. Also, the HETS has not shown that it can adequately accomplish its mission or that it is suitable for fielding. Moreover, the new system has a safety problem caused by the semitrailer's tendency to veer into the other lane on turns and curves. The new HETS contract originally contained language that embodies the spirit of the Defense Department's fly-before-buy policy. The Army, however, conditionally accepted deliveries of HETS before contractual reliability and maintenance requirements had been demonstrated.

NSIAD-93-229, July 16, 1993 (78 pages). Ballistic Missile Defense: Evolution and Current Issues.

Since the first successful Soviet intercontinental ballistic missile test in August 1957, the United States has been preoccupied with developing an adequate line of defense against these nuclear weapons. This effort culminated in the Strategic Defense Initiative (SDI)—a space-based defense system first proposed in 1983 as a way to knock out incoming nuclear missiles. Although the United States has spent more than $30 billion to

develop SDI, the Secretary of Defense recently announced the "end of the Star Wars era." Theater missile defense is now the first priority, and national missile defense is the second priority. The total request for fiscal year 1994 is $3.8 billion. This report provides information on the evolution of SDI, its oversight by the Defense Department, investments in major projects, technical progress and remaining challenges, commercial spin-offs of SDI technology, use of retired missiles as launch vehicles for SDI sites, and plans for using nuclear power in space.

NSIAD-93-231, Sept. 16, 1993 (10 pages). Army Training: Prioritizing and Following Up on Lessons Learned Should Minimize Recurring Weaknesses.

The Army assesses the performance of units during their rotations at the combat training centers, identifies lessons learned from their battle experience, and shares this information so that training and doctrine can be fine tuned. Despite this effort, GAO found that Army units repeat many of the same mistakes during maneuvers at the combat training centers. Some of these mistakes could have serious consequences on a real battlefield. For example, when fighting broke out in the Persian Gulf, Army officials sought to resolve problems in Army training that could contribute to fratricide incidents. Most of these problems had been identified two years earlier but had yet to be corrected. The Army is not reaping all the benefits of the lessons learned at the training centers because the Training and Doctrine Command's program lacks procedures for assigning priorities to the lessons and for tracking the schools' use of them.

NSIAD-93-232, Aug. 5, 1993 (42 pages). Army Acquisition: Medium Truck Program Is Not Practical and Needs Reassessment.

The Army's plan to extend the acquisition schedule for replacing its medium tactical trucks from 15 to 30 years will make it hard to meet important program and fleet management goals and expectations, such as significantly reducing the average age of the fleet and lowering the fleet's operation and support costs. The acquisition strategy also raises operational concerns. For example, the Army doubts whether enough new trucks will be purchased to eliminate the battlefield deficiencies of the existing truck fleet until after 2012. In developing its medium truck replacement program, the Army considered several alternatives. The Army's analysis, however, considered only a limited range of alternatives, was based on incorrect data, and assumed a 15-year procurement, not the current 30-year program. GAO identified several alternatives to the current program that could result in more cost-effective truck purchases. One promising alternative is to buy more of the Army's current five-ton trucks—the M939A2—instead of the five-ton replacement truck. The Army has so far purchased thousands of the M939A2 trucks and has been pleased with their performance and reliability.

NSIAD-93-233, Aug. 24, 1993 (11 pages). Army Materiel Command: Providing Early Retirement Incentives in 1990 Could Have Saved Money.

In a December 1992 report (GAO/NSIAD-93-28BR), GAO discussed the responses of employees at the Army Materiel Command to 10 hypothetical early retirement incentives and the increased rate at which the employees might have left under each of the incentives. This report estimates the changes in government costs that would have resulted from implementing each of the initiatives. It also estimates the effect that each of the incentives would have had on offsetting voluntary separations at the Army Materiel Command had it pursued its initial 10-percent force reduction goal.

NSIAD-93-241, Sept. 30, 1993 (47 pages). Military Downsizing: Balancing Accessions and Losses Is Key to Shaping the Future Force.

Although the military services have significantly reduced accession levels over those of previous years, they are also recruiting large numbers of personnel to better ensure a balanced force across the various pay grades and skill areas. Congress has prescribed reduction targets and provided other guidance to the Pentagon to facilitate downsizing, minimize involuntary separations, and preserve a balanced force. This report examines the Defense Department's (DOD) adherence to congressional guidance and authorization in military downsizing. GAO discusses (1) what progress DOD has made toward meeting reduction targets, (2) how downsizing actions are affecting new recruiting or accessions, (3) what range of voluntary and involuntary reduction actions are being taken to meet downsizing objectives, (4) how downsizing is being accomplished across various groupings of officer and enlisted personnel by years of service and how this is affecting future force profiles, and (5) what issues might be important to future reduction decisions.

NSIAD-93-244, Sept. 24, 1993 (61 pages). Air Force Academy: Gender and Racial Disparities.

As part of an ongoing series of GAO reports on the treatment of women and minorities at the three service academies, this report deals with disparities at the Air Force Academy. GAO discusses (1) differences in performance indicators between men and women and between whites and minorities, (2) cadets' perceptions of the fairness of the treatment that female and minority cadets receive, and (3) actions that the Academy has taken to enhance the success of women and minorities at the Academy.

NSIAD-93-249FS, Aug. 11, 1993 (4 pages). DOD Inventory: Reporting Exclusions and Valuation Procedures.

The Pentagon annually reports the amounts of its inventories of principal and secondary items in the Supply System Inventory Report. Principal items are end items that range from trucks in storage to replacement assemblies, such as aircraft circuit cards. Secondary items are consumables—items that are not repairable—and include spare and repair parts, construction materials, clothing, and medical supplies. This report provides information on the (1) categories of items that are excluded from the Supply System Inventory Report and (2) status of the military's efforts to establish a uniform system for inventory valuation.

NSIAD-93-250, Aug. 20, 1993 (7 pages). DOD Budget: Future Years Defense Program Needs Details Based on Comprehensive Review.

The Future Years Defense Program, the military's overall financial plan, is used as a basis for internal Defense Department (DOD) program review and is relied on by Congress in reviewing budget requests and enacting appropriations. Unlike in earlier years, the document DOD calls its fiscal year 1994 plan contains only target defense budget totals for the outyears, omitting detailed program data. As a result, there are no planning assumptions to evaluate. In the past, GAO has evaluated planning assumptions for such factors as management savings and the adequacy of funding for major weapons programs through analysis of programmatic detail. DOD officials said that they did not include detailed outyear data in the fiscal year 1994 program because the data available at the time were outdated. Preparation of the fiscal year 1995 program, which will be submitted with the President's budget next year, represents the first opportunity to provide Congress with a plan based on a comprehensive review of the defense program since completion of the fiscal year 1992 plan. Each successive year for which there is no plan based on such a comprehensive review further removes defense planning from the annual appropriations process. Therefore, it is critical that DOD's plan for fiscal year 1994 rely on a comprehensive review of the defense program.

NSIAD-93-251, Sept. 30, 1993 (37 pages). Foreign Technology: Collection and Dissemination of Japanese Information Can Be Improved.

Japan is often cited as a case study in the role that government can play in successfully collecting and disseminating information on foreign technology to both industry and government. After World War II, Japan solidified its technology base by importing foreign technology to supplement its own research and development. Such efforts have helped make Japan's economy the second largest in the world. This report focuses on U.S. and Japanese organizations that collect and distribute foreign technology information to customers in government, industry, and academia. GAO (1) describes the Japanese government's process for performing these tasks and contrasts it with the U.S. government's process; (2) presents the views of Japanese officials on the elements of successful foreign technology collection and dissemination; and (3) assesses the efforts of U.S. government organizations with offices in Japan that are doing this work.

NSIAD-93-252FS, Aug. 5, 1993 (10 pages). Haiti: Costs of U.S. Programs and Activities Since the 1991 Military Coup.

Since the 1991 overthrow of Haiti's president, the United States has been involved in a variety of efforts to interdict, detain, process, and repatriate Haitian asylum seekers and to provide humanitarian assistance to Haiti. The U.S. government has also participated in the Organization of American States (OAS) trade embargo against Haiti and has contributed to the OAS/UN Observer Mission. U.S. government agencies spent or earmarked about $211 million for Haitian-related activities between October 1, 1991, and March 31, 1993, and will incur an additional $14 million by September 30, 1993. Most of the money is being spent on such items as travel, food, medical supplies, tents, vehicle maintenance, and overtime pay. In most cases, these costs are incremental—those over and above normal operating costs—and usually exclude such expenses as regular salaries, which would be paid regardless of the activities in which the employees were engaged.

NSIAD-93-254, Aug. 23, 1993 (22 pages). U.S.-Israel Arrow/Aces Program: Cost, Technical, Proliferation, and Management Concerns.

The Pentagon lacks valid baseline information needed to assess the Arrow missile defense system's cost, schedule, and technical performance. Even though the Defense Department has no plans to buy the Arrow, such an analysis is needed to determine whether the Arrow is the most cost-effective U.S. alternative and the best choice for meeting Israel's needs. In addition, the United States could be drawn into funding most of the costs of the complete Israeli Arrow missile defense system in response to incremental Israeli government requests. The U.S. government has exercised inadequate control of the technology and funds it has supplied to the Arrow missile program. No U.S. agency has monitored or verified Israel's compliance with provisions of the Arrow licensing agreements. Moreover, no U.S. agency has comprehensive information on U.S. items and technology exported to the program to

allow adequate U.S. oversight and help deter and detect unauthorized uses and transfers.

NSIAD-93-264BR, Sept. 22, 1993 (18 pages). Military Education: Information on Service Academies and Schools.

A variety of constraints—physical, financial, and environmental—make it unlikely that military academies, with the exception of the Air Force Academy, will be able to absorb additional professional military education institutions. All three academies are at or over capacity for classroom and dormitory facilities, and both the Army and Navy Academies have very little land on which to build additional facilities. Because the services differ in how they interpret the definition of professional military education as defined in the Military Education Policy Document, the Joint Chiefs of Staff's guidance for training military service personnel, the Army has ended up with more professional military education schools that could be candidates for consolidation than has the Air Force. GAO identified 32 different schools that conduct 60 different courses; during academic year 1992-93, more than 36,000 students were enrolled at these schools. The cost for providing professional military education in fiscal year 1993 was pegged at about $123 million. This figure includes salaries for instructors and support staff but does not factor in such expenses as student salaries.

NSIAD-93-270, Sept. 13, 1993 (26 pages). Ballistic Missile Defense: Strategic Target System Launches from Kauai.

The Ballistic Missile Defense Organization will have spent about $183 million on the Strategic Target System (STARS) through fiscal year 1993. This project entails launching boosters carrying targets and other experiments from Kauai, Hawaii. About $27 million is budgeted for fiscal year 1994. Beginning in fiscal year 1995 when the program becomes operational, the cost of each STARS launch should range from about $6 million to $11 million. Program operating costs are pegged at an additional $17 million to $20 million annually. Expenses arising from a failed launch would mainly be linked to clearing vehicle debris and the effects of any fires on the ground. Twelve more STARS launches from Kauai are scheduled through fiscal year 2003. Although some of the missions could be achieved from other locations, such changes would entail mission delays and performance degradation, along with additional costs for building alternative launch sites.

NSIAD-93-272, Aug. 19, 1993 (23 pages). Electronic Warfare: Inadequate Testing Led to Faulty SLQ-32s on Ships.

The Navy has spent more than $300 million for thousands of design changes to correct deficiencies and improve the primary electronic warfare system that protects ships against incoming missiles, yet the system's abilities remain doubtful. The Navy has spent upwards of $1.7 billion to acquire the SLQ-32 and plans to spend hundreds of millions of dollars to buy more systems despite indications that the system has serious flaws. Fleet commanders have rejected the SLQ-32 systems installed on their ships as unworkable. This situation has arisen primarily because of the Pentagon's lack of control over the Navy's acquisition process and the Navy's failure to fully disclose SLQ-32 deficiencies. These problems will only worsen if the Navy moves ahead and buys more of these flawed and untested systems.

NSIAD/RCED-93-284, Sept. 22, 1993 (71 pages). Nuclear Nonproliferation and Safety: Challenges Facing the International Atomic Energy Agency. The discovery of Iraq's nuclear weapons program, North Korea's refusal to allow the International Atomic Energy Agency (IAEA) to conduct nuclear inspections, and the Chernobyl nuclear power plant accident have focused attention on nuclear proliferation and the safety of nuclear power plants. These issues are of particular concern to IAEA, whose main duties are verifying the peaceful use of nuclear material and promoting nuclear energy. This report examines the (1) effectiveness of IAEA's safeguards program and the adequacy of program funding, (2) management of U.S. technical assistance to IAEA's safeguards program, (3) effectiveness of IAEA's program for advising member states about the safety of nuclear power plants, and (4) adequacy of program funding.

NSIAD-93-293BR, Sept. 30, 1993 (34 pages). 1994 Defense Budget: Potential Reductions, Rescissions, and Restrictions to RDT&E Programs.

This report reviews the Defense Department's (DOD) budget request for fiscal year 1994 and prior years' appropriations for research, development, test, and evaluation (RDT&E) programs. Schedule delays, changes in program requirements, and uncertainties have affected RDT&E funding requirements for fiscal year 1994 as well as prior years' appropriations. GAO identified potential budget cuts of about $473 million and rescissions from prior years' appropriations of nearly $43 million. GAO also identified about $958 million in requested funding that Congress can restrict.

NSIAD-93-295BR, Sept. 16, 1993 (54 pages). 1994 DOD Budget: Potential Reductions to the Operation and Maintenance Programs.

In reviewing the military services' operation and maintenance budget requests for fiscal year 1994, GAO identified potential reductions and rescissions totaling about $6.7 billion.

The potential reductions cover a variety of functions, everything from spare and repair parts to underseas surveillance and counter-drug efforts. The main reasons for the reductions include the following: An excessive amount of funds remained unobligated from prior years' appropriations. The budget request for fiscal year 1994 included an amount anticipating congressional cuts. The amount of funding that the services expect to receive from other countries was not offset against the fiscal year 1994 budget request. The services implemented cost-saving recommendations for improving inventory management that are not reflected in the fiscal year 1994 budget request. Factors affecting the requested budget amounts changed from the time the budget requests were submitted, and these changed factors reduced the amount of funds needed. The services expect to spend less than the amount of funds requested for the specific purposes used to justify the budgeted amount.

NSIAD-93-296, Sept. 20, 1993 (30 pages). 1994 Defense Budget: Potential Reductions to Ammunition Programs.

Most items in the military services' $1.1 billion fiscal year 1994 request for ammunition and the Army's $207 million request for production base support are justified. In GAO's view, however, nearly $198 million of this request is not justified and should not be funded. Further, nearly $64 million from the services' fiscal year 1993 appropriations and about $55 million from the services' fiscal year 1992 appropriations are no longer needed for the ammunition for which the funds were appropriated. These amounts could be rescinded or used to cut the fiscal year 1994 budget. In addition, the Air Force might not need the $26.5 million that it requested for fiscal year 1994 for 30-mm training cartridges.

NSIAD-93-298, Sept. 30, 1993 (6 pages). Navy Contract: AOE 6 Shipbuilding Claims Settled But More Delays and Cost Growth Likely.

In January 1987, the Navy awarded an $863 million, fixed-price incentive contract for the design and construction of the first AOE 6 class ship, with options for three more ships. Because of program schedule delays and cost increases, however, the Navy reduced the program from seven to four ships. By February 1991, the contractor, National Steel and Shipbuilding Company, had submitted more than $300 million in claims against the Navy for cost increases that it believed the Navy was responsible for. GAO concludes that these problems and resulting claims stemmed from an optimistically low bid, concurrent development and construction, inadequate Navy and contractor management attention, and unrealized gains in expected shipyard productivity. The Navy administered the claims evaluation process according to established procedures. The lead ship has yet to be fully tested at sea, where operational problems may first arise. Thus, the final costs, delivery dates, and extent to which the ships under construction will meet expectations are still unknown. Declines in the size of the fleet and carrier force and a reordering of defense priorities may preclude the need for another AOE class ship, the AOE 10.

NSIAD-93-303BR, Sept. 30, 1993 (78 pages). 1994 Defense Budget: Potential Reductions, Rescissions, and Restrictions to Procurement Programs.

This report reviews the Defense Department's (DOD) budget request for fiscal year 1994 and prior years' appropriations for certain procurement programs. Schedule delays, threat changes, program requirement changes, and questions that have arisen since the budget request was developed provide opportunities to reduce the funding levels. GAO identified potential budget cuts of nearly $2 billion for fiscal year 1994 and potential rescissions of about $902 million to prior years' appropriations. GAO also identified nearly $1.2 billion in requested funding that Congress can restrict.

Testimony

T-NSIAD-93-1, Apr. 20, 1993 (9 pages). Army Force Structure: Attention Needed to Ensure an Ample Supply of Ready Support Forces, by Richard Davis, Director, National Security Analysis, before the Military Forces and Personnel Subcommittee, House Committee on Armed Services.

Although much attention has been paid to improving the readiness of National Guard combat forces, the needs of the Army's support forces in both the Army National Guard and the Army Reserve should not, in GAO's view, be overlooked. This testimony addresses the status of the Army's combat support and combat service support forces during the ongoing military downsizing. GAO believes that support units, so critical to success in the Persian Gulf War, must be maintained in sufficient numbers and that their resource needs must be met. GAO discusses (1) the importance of reserve support forces to the Army's total force, (2) some problems that the Army encountered in deploying enough ready support forces to the Gulf War and ways in which the Army's equipping policy may have contributed to some readiness problems, and (3) ways in which the Army can improve the strength of its support forces as it scales back and restructures.

T-NSIAD-93-2, Oct. 1, 1992 (8 pages). Space Nuclear Propulsion: History, Cost, and Status of Programs, by Nancy R. Kingsbury, Director, Air Force Issues, before the Investiga-

tions and Oversight Subcommittee, House Committee on Science, Space, and Technology.

This testimony discusses space thermal propulsion programs being developed by the Defense Department and the National Aeronautics and Space Administration with the support of the Department of Energy. GAO focuses on the history, costs, and current status of these programs as well as on the roles and responsibilities of the major participants.

T-NSIAD-93-3, Apr. 27, 1993 (13 pages). U.S. Military Presence in Europe: Issues Related to the Drawdown, by Joseph E. Kelley, Director-in-Charge, International Affairs Issues, before the Readiness Subcommittee, House Committee on Armed Services.

This testimony draws on past and ongoing GAO work on the U.S. military drawdown in Europe. GAO (1) provides a status report on the drawdown, including problems created by changing requirements; (2) discusses in detail U.S. and host country's financial obligations related to the base closures in Europe, especially residual value negotiations and severance pay for local nationals; and (3) comments on burden sharing and efforts to dispose of excess equipment.

T-NSIAD-93-4, Feb. 25, 1993 (8 pages). Drug Control: Increased Interdiction and Its Contribution to the War on Drugs, by Louis J. Rodrigues, Director, Systems Development and Production Issues, before the Treasury, Postal Service, and General Government Subcommittee, Senate Committee on Appropriations.

The portion of the federal drug budget devoted to reducing the flow of drugs into the United States has almost doubled during the past five years, and funding for the Pentagon's detection and monitoring missions has soared more than 400 percent since 1989. Yet cocaine remains affordable, its purity remains high, and it continues to be readily available on American streets. The failure to reduce the amount of cocaine entering the country is the combined result of (1) the enormous profits that make interdiction losses relatively inconsequential to drug traffickers and (2) the inability of the United States to counter successful smuggling methods. Some level of interdiction effort must be maintained, not only as a symbolic gesture of national resolve but also as a key part of the national strategy for combatting the cocaine cartels. The level of that effort, however, should be commensurate with the relative contribution that interdiction is making—and can be expected to make—to the national war on drugs. GAO testified that additional investments in air and maritime surveillance will not substantially improve drug interdiction.

T-NSIAD-93-5, Mar. 9, 1993 (10 pages). Soviet Nuclear Weapons: U.S. Efforts to Help Former Soviet Republics Secure and Destroy Weapons, by Joseph E. Kelley, Director, International Affairs Issues, before the Senate Committee on Governmental Affairs.

The Defense Department has earmarked more than $300 million to help improve the safety and security of former Soviet nuclear weapons and materials and to prevent its proliferation. Although the Russians have ruled out direct U.S. involvement in the dismantling of Soviet bombs and warheads, the United States is seeking to help the former Soviet republics destroy missile delivery vehicles, and, in a related effort, the United States and Russia have agreed to cooperate in converting highly enriched uranium in former Soviet weapons into reactor fuel for possible sale to the United States. Despite these positive steps, significant gaps remain in the U.S. understanding of how to best deal with the legacy of the Soviet nuclear arsenal. Russia's request for U.S. help in building a fissile material storage facility has raised questions about cost and other issues, and the United States has deferred selecting an approach for the long-term disposition of Russian plutonium until more can be learned about various technologies. Moreover, it is still too early to determine precisely how the United States would integrate converted Russian highly enriched uranium into U.S. reactor fuel enrichment operations.

T-NSIAD-93-6, Mar. 10, 1993 (16 pages). Military Airlift: Status of the C-17 Development Program, by Frank C. Conahan, Assistant Comptroller General, before the Military Acquisition Subcommittee, House Committee on Armed Services, and Oversight and Investigations Subcommittee, House Committee on Armed Services.

Despite continuing cost escalations and delivery schedule slippages for the C-17, the Air Force remains a strong supporter of the program, raising concerns that it may be unwilling or unable to objectively evaluate the transport aircraft's progress and shortcomings. The Air Force and the contractor—McDonnell Douglas Corp.—consistently have been too optimistic in their cost and schedule estimates and now have obligated more than $1 billion on undefinitized contracts for future aircraft without having a legally enforceable delivery schedule. The completion of the flight test program has slipped to January 1995 due to a variety of problems, including poor flight efficiency, low flight rates, and late delivery of flight test aircraft. GAO estimates, however, that the flight tests will not be completed before July 1995. Moreover, several serious technical problems have surfaced over the past year or so, including range and payload deficiencies, a major wing failure in static testing, the need to redesign the flaps and slats using new materials, and

problems with the landing gear. GAO expects that other technical problems will be found, potentially boosting program costs and further delaying the schedule. Overall, GAO is very concerned about the affordability of the C-17 and whether proper consideration has been given to alternatives that could offer an adequate airlift capability at less cost to the taxpayer.

T-NSIAD-93-7, Mar. 23, 1993 (22 pages). Exchange Programs: Observations on International Educational, Cultural, and Training Exchange Programs, by Joseph E. Kelley, Director, International Affairs Issues, before the International Operations Subcommittee, House Committee on Foreign Affairs.

In response to congressional concerns about the proliferation of U.S. government-funded international educational, cultural, and training exchange programs, this testimony (1) provides an inventory of such programs; (2) provides information on potentially duplicative, overlapping, or fragmented programs; (3) assesses the extent of program coordination and oversight; and (4) identifies legal requirements that may be inhibiting their flexibility in responding to rapidly changing requirements. GAO discusses 16 agencies, which reported spending about $660 million for 80 exchange or training programs serving 41,000 people in fiscal year 1992.

T-NSIAD-93-8, Mar. 18, 1993 (15 pages). Military Airlift: Status of the C-17 Development Program, by Louis J. Rodrigues, Director, Systems Development and Production Issues, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

Despite continuing cost escalations and delivery schedule slippages for the C-17, the Air Force remains a strong supporter of the program, raising concerns that it may be unwilling or unable to objectively evaluate the transport aircraft's progress and shortcomings. The Air Force and the contractor—McDonnell Douglas Corp.—consistently have been too optimistic in their cost and schedule estimates and now have obligated more than $1 billion on undefinitized contracts for future aircraft without having a legally enforceable delivery schedule. The completion of the flight test program has slipped to January 1995 due to a variety of problems, including poor flight efficiency, low flight rates, and late delivery of flight test aircraft. GAO estimates, however, that the flight tests will not be completed before July 1995. Moreover, several serious technical problems have surfaced over the past year or so, including range and payload deficiencies, a major wing failure in static testing, the need to redesign the flaps and slats using new materials, and problems with the landing gear. GAO expects that other technical problems will be found, potentially boosting program costs and further delaying the schedule. Overall, GAO is very concerned about the affordability of the C-17 and whether proper consideration has been given to alternatives that could offer an adequate airlift capability at less cost to the taxpayer.

T-NSIAD-93-10, Mar. 23, 1993 (13 pages). El Salvador: Status of Reconstruction Activities One Year After the Peace Agreement, by Jim Johnson, Director, International Affairs Issues, before the Western Hemisphere Affairs Subcommittee, House Committee on Foreign Affairs.

It has been only a little more than one year since the United Nations-sponsored peace agreement in El Salvador was signed and the reconstruction program is in its early stages, but progress toward peace and economic reconstruction has been made. The overriding problem in El Salvador is that although the international community had pledged $800 million for reconstruction, insufficient money has been forthcoming, particularly for areas like public safety and land distribution that are critical to the long-term success of the political settlement. In general, expectations for economic rehabilitation generated by the peace agreement have outpaced fiscal realities. Solutions to differences between the government and the Farabundo Marti Liberation Front on the plan's content are being dealt with through negotiations and concessions. The end result, however, has been to expand programs to the point that the costs exceed the available or anticipated resources. Negotiated solutions were reached without regard for where the money would come from—a natural outgrowth of well-intentioned parties making decisions about other people's money. The United States has committed $250 million to pay for immediate and long-term reconstruction needs for a five-year period. This was essentially front loaded to allow other donors time to provide funds they pledged. The problem now is that projects' funding requirements greatly exceed what the United States has to spend.

T-NSIAD-93-11, Apr. 19, 1993 (6 pages). Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments, by Frank C. Conahan, Assistant Comptroller General, before the Secretary's Commission on Base Realignment and Closure, Department of Defense.

The Defense Department's (DOD) selection process for military base closures and alignments—165 installations have been targeted as of March 1993—is generally sound, but savings estimates were overstated by nearly $1 billion and questions can be raised about the reasonableness of some specific recommendations. For example, (1) because the Navy stressed reducing excess capacity, cases arose in which bases were

slated for closure even though other bases were considered of less military value; (2) the Army chose not to recommend a base for closure because of environmental cleanup costs—a reason excluded from calculations of closure costs; (3) existing documentation provides little insight into the reasoning behind some of the Air Force's final decisions, although Air Force officials' oral explanations seemed to make sense; and (4) the Defense Logistics Agency overstated estimated realignment savings. Furthermore, oversight by the Secretary of Defense during the base closure process was weak. The standards used for DOD's cumulative economic impact analyses were not supportable, and DOD continued to ignore government cost implications despite earlier GAO recommendations to the contrary. The effect of DOD's recommendations on federal agencies could be substantial, especially if the military moves out of General Services Administration buildings into new DOD facilities. In addition, hospital closings would also boost government Medicare costs.

T-NSIAD-93-12, May 20, 1993 (9 pages). Environmental Cleanup: Unresolved Issues in Reimbursements to DOD Contractors, by Donna M. Heivilin, Director, Defense Management and NASA Issues, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

Fifteen of the Defense Department's (DOD) largest contractors estimate that their future environmental cleanup costs will total $2.1 billion. Much of this amount could apply to non-government business, but DOD's liability could still be substantial. Because DOD does not routinely collect information on its projected costs from these contractors, it cannot properly budget for future costs of contracts for goods and services. Although DOD has said that contractors do not receive profits on their reimbursements, in some cases DOD has included such profits. DOD is also starting to pay for contractors' cleanup costs directly. In one case, the Navy agreed to indemnify contractors for cleaning up hazardous material. The Army has similar clauses in other contracts, potentially creating additional cleanup cost liabilities.

T-NSIAD-93-13, May 6, 1993 (30 pages). Depot Maintenance: Issues in Management and Restructuring to Support a Downsized Military, by Donna M. Heivilin, Director, Defense Management and NASA Issues, before the Readiness Subcommittee, House Committee on Armed Services.

Substantial excess capacity exists within the military's depot maintenance system. In GAO's view, the Pentagon's estimate of 25 to 50 percent is conservative. This testimony answers the following questions: (1) What is the basis for current Defense Department allocations of depot work between the public and private sectors? (2) Is the private sector's role changing in the performance of depot maintenance activities? (3) What is the status of the public-private competition initiative? (4) What needs to be done to ensure that future defense maintenance requirements can be managed more cost-effectively?

T-NSIAD-93-14, May 5, 1993 (12 pages). Administrative Due Process: Denials and Revocations of Security Clearances and Access to Special Programs, by Donna M. Heivilin, Director, Defense Management and NASA Issues, before the Civil Service Subcommittee, House Committee on Post Office and Civil Service, and Civil and Constitutional Rights Subcommittee, House Committee on the Judiciary.

The Departments of Defense (DOD), Energy (DOE), and State use a wide range of procedures when denying or revoking clearances for classified information. This is also the case when DOD revokes access to special access programs and sensitive compartmented information. For example, DOD and State suspend clearances for long periods without telling employees why. DOD also suspends many clearances indefinitely, never revoking them, even though the individuals may have either been discharged or imprisoned. DOD and DOE did not tell people how they could obtain information on the investigations. Furthermore, the appeal procedures at DOD and State could be perceived as lacking independence because the officials hearing the appeals were either involved in the unfavorable determinations or were in the same chain of command. In reviewing administrative due process for DOD's special access program, GAO discovered that the Navy and the Air Force skirted the process for government and contractor employees. All three military services did provide due process, however, when access to sensitive compartmented information was initially denied or revoked. The Navy and Air Force appeal procedures for sensitive compartmented information could also be perceived as lacking independence. GAO is particularly concerned about the special access program administrative due process procedures proposed for contractor employees in the recently authorized National Industrial Security Program. If these procedures are adopted, contractor employees could be denied due process because the procedures can be waived.

T-NSIAD-93-15, June 9, 1993 (11 pages). U.N. Peacekeeping: Observations on Mandates and Operational Capability, by Frank C. Conahan, Assistant Comptroller General, before the Terrorism, Narcotics, and International Operations Subcommittee, Senate Committee on Foreign Relations.

The number, cost, and complexity of U.N. peacekeeping missions have increased dramatically in recent years. In the 40 years from 1948 through 1987, the U.N. deployed only 13 peacekeeping missions; in the following five years, the U.N. deployed 14. Expenditures for peacekeeping have mushroomed from $364 million in 1986-87 to an estimated $3.6 billion in 1992-93. At the same time, the whole concept of peacekeeping is evolving. Where it once mainly involved monitoring cease-fire agreements, it now encompasses situations like those in Cambodia, Somalia, and other areas where the missions are much broader. This testimony discusses the following three issues: (1) peacekeeping mandates, (2) limits on the U.N.'s capacity to undertake and support peacekeeping missions, and (3) the status of command and coordination in the field.

T-NSIAD-93-16, June 23, 1993 (14 pages). Overhead Costs: Unallowable and Questionable Costs Charged to Medicare by Hospital Corporation of America, by Neal P. Curtin, Director for Reporting, National Security and International Affairs Division, before the Oversight and Investigations Subcommittee, House Committee on Energy and Commerce.

GAO examined $2.6 million in expenses incurred by the Hospital Corporation of America (HCA) and found that $1.1 million of that amount was questionable. GAO believes that the general nature of the Medicare cost principles was the main reason for HCA including unallowable costs in its Medicare cost reports. The way in which HCA interpreted the cost principles also contributed to questionable costs being included in the report. HCA is not, however, the only health care provider that has included questionable costs in Medicare cost reports. The Inspector General (IG) at the Department of Health and Human Services recently reviewed general and administrative expenses and employee fringe benefit costs at 19 hospitals and two corporate offices across the country. The IG identified $50 million in unallowable costs and more than $3 million in questionable costs included in their Medicare cost reports. Such inappropriate costs are boosting the cost of health care overall and Medicare in particular.

T-NSIAD-93-17, July 13, 1993 (14 pages). State Department: Widespread Management Weaknesses at Overseas Embassies, by Frank C. Conahan, Assistant Comptroller General, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

GAO surveyed 104 U.S. embassies on problems affecting the following areas: staffing, training, financial management, contracting and procurement, property management, and regional support. According to the survey respondents, (1) many embassies have staffing gaps in key administrative jobs; (2) the number of administrative staff at some embassies has not kept pace with increasing workloads; (3) some staff training needs go unmet; (4) financial management systems do not meet embassy needs; (5) some embassies have not taken required steps to improve overseas contracting and procurement; and (6) not all embassies inspect the condition of their facilities annually, and most do not prepare the required inspection reports. Most of the respondents said that they were satisfied with the administrative services received from the State Department's regional offices, but some were unhappy with the offices' financial management services.

T-NSIAD-93-18, July 16, 1993 (14 pages). Chemical Weapons Storage: Communities Are Not Prepared to Respond to Emergencies, by David R. Warren, Associate Director, Defense Management and NASA Issues, before the Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations.

Communities near the nation's eight chemical munitions storage sites are unprepared to deal with the accidental release of lethal chemicals despite federal outlays of $187 million since 1988 on an emergency preparedness program. The eight sites are located in Pine Bluff, Arkansas; Anniston, Alabama; Pueblo, Colorado; Newport, Indiana; Lexington, Kentucky; Aberdeen, Maryland; Umatilla, Oregon; and Tooele, Utah. The lack of progress on the part of the Army and the Federal Emergency Management Agency stems from program weaknesses, such as fragmented authorities and responsibilities, and poor controls over funds, leading to missed program milestones and delays in issuing guidance. The upshot is that local communities lack plans to (1) quickly notify residents of a chemical accident and tell them how to respond; (2) evacuate and shelter-in-place those residents who would be immediately affected by a chemical accident; (3) provide protective equipment to people helping with the evacuation or conducting decontamination; and (4) provide medical treatment for casualties.

T-NSIAD-93-19, July 15, 1993 (14 pages). Defense Management: Printing Operations at the Department of Defense, by Donna M. Heivilin, Director, Defense Management and NASA Issues, before the Joint Committee on Printing.

In 1990, the Pentagon announced the consolidation of all Defense Department (DOD) printing and duplicating services under a single manager. DOD expects this move to save about $13.7 million in 1993 and about $30 million annually beginning in 1994. This testimony provides a limited price comparison of printing and duplicating jobs completed in DOD

facilities, as compared with the expected price for the same work commercially procured through the Government Printing Office. GAO also discusses (1) DOD's progress in consolidating its printing operations, (2) DOD's adherence to congressional direction concerning its printing and duplicating operations, and (3) DOD acquisition of printing services under its Joint Computer-Aided Acquisition and Logistics Support Program.

T-NSIAD-93-20, July 26, 1993 (10 pages). Foreign Assistance: Reforming the Economic Aid Program, by Frank C. Conahan, Assistant Comptroller General, before the House Committee on Foreign Affairs.

The Agency for International Development (AID) has entered the 1990s unprepared to meet the management challenges facing it. This testimony, which draws on a June 1993 general management study of AID (GAO/NSIAD-93-106), describes many long-standing management problems that have prevented AID from effectively implementing the foreign aid program. GAO provides evidence that AID's organization became so diffused that it often appeared to operate as a loose affiliation of independent miniagencies, each with its own agenda, procedures, and management systems.

T-NSIAD-93-23, Sept. 23, 1993 (10 pages). Multilateral Assistance: U.S. Participation in FAO's Technical Cooperation Program, by Jim Johnson, Director, International Affairs Issues, before the International Security, International Organizations and Human Rights Subcommittee, House Committee on Foreign Affairs.

The Food and Agricultural Organization (FAO), a UN agency, seeks to improve agricultural, fishery, and forestry practices around the globe. The Technical Cooperation Program was created in 1976 to finance projects in developing countries at the request of their governments. Project staff advise governments, train local officials, prepare investment proposals, and assist in emergencies. This testimony discusses (1) the degree to which FAO has conformed to its established criteria in selecting Technical Cooperation Program projects, (2) FAO's management of the program, and (3) the role of FAO's governing bodies and the United States in overseeing the program and following up on auditor recommendations.

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PEMD-93-1, Oct. 15, 1992 (11 pages). Trauma Care Reimbursement: Poor Understanding of Losses and Coverage for Undocumented Aliens.

GAO looked at the compensation received by four trauma centers in California, New Mexico, and Texas for treatment they provided to undocumented aliens. Three of the centers did not have any major problems obtaining Medicaid reimbursement. Representatives of the fourth facility said that they had not received such payments and had no indication from the state that emergency treatment for undocumented aliens would be covered by Medicaid. GAO confirmed that the state has never published this information. In an effort to support requests for financial aid or to track the sources of uncompensated care, the three facilities receiving Medicaid reimbursement had also tried to estimate the cost of providing services to undocumented aliens. GAO, however, found important methodological weaknesses in each facility's analysis. Nonetheless, an objective procedure for using routinely collected information to assess immigration status accurately is a potentially fruitful strategy that might be implemented at modest cost in a variety of settings.

PEMD-93-2, Nov. 6, 1992 (81 pages). Traffic Congestion: Activities to Reduce Travel Demand and Air Pollution Are Not Widely Implemented.

GAO's nationwide survey of metropolitan planning organizations revealed only limited evidence of integration of air quality and local transportation planning processes, even in areas with poor air quality; many respondents said that local officials are unwilling to reduce congestion by discouraging single-occupancy ridership. The 1990 Clean Air Act Amendments encourage the use of transportation systems management techniques—a variety of low-cost approaches to maximize the efficiency of existing roads or to lower demand on them—to meet air quality goals. The Environmental Protection Agency is authorized to mandate these techniques in locales that fail to meet federal air quality regulations. This report discusses in detail the role of federally required urban transportation planning agencies in managing transportation systems and the extent to which air quality concerns affect the inclusion of these activities in the local transportation planning process.

PEMD-93-4, June 4, 1993 (61 pages). Intensive Probation Supervision: Mixed Effectiveness in Controlling Crime.

Since 1980, the U.S. prison population has doubled. Accompanying this enormous increase has been a sharp rise in the cost of keeping these offenders in jail. The high cost of imprisonment has led to the proliferation of intermediate sanction programs, which offer a level of sanction between parole or probation and traditional imprisonment. Arizona's intensive probation supervision (IPS) program has dampened criminal activity, but only when offenders were directly under IPS control. Although IPS sentences reduced direct costs, additional requirements, such as mandatory jail time, could make total costs for IPS programs greater than those for traditional imprisonment. GAO has two main conclusions. First, even a prison sentence does little to stop some offenders from committing crimes once they are released and may even increase the likelihood that they will commit more crimes. This conclusion is supported by the fact that about half of the offenders in one Arizona county and a third in another county were arrested within three years of sentencing. Second, despite mixed results, intensive supervision has a role to play in corrections policy. The findings from Arizona, although not strong enough to recommend a major expansion of intensive supervision programs, do add to the growing body of research suggesting that these programs have merit. Given the lack of unambiguously successful alternatives, any option that controls crime and offers the promise of dollar savings deserves serious attention.

PEMD-93-5, Feb. 3, 1993 (21 pages). Paperwork Reduction: Agency Responses to Recent Court Decisions.

Federal agencies are constantly collecting, analyzing, and disseminating information from individuals, businesses, and other levels of governments. The Paperwork Reduction Act of 1980 seeks to minimize the paperwork burden on the public while maximizing the usefulness of the information collected by the government. The law gives the Office of Management and Budget (OMB) approval authority for the collection of information by federal agencies. This report examines how recent court cases—especially Dole v. United Steelworkers of America—have affected the paperwork clearance process. GAO discusses (1) what guidance, if any, agencies have received and what criteria they use to decide whether an information collection request falls under the Steelworkers decision; (2) how broadly the agencies have interpreted the court cases; and (3) what changes the agencies have made in the number and type of information collection requests they send to OMB for approval.

PEMD-93-6, Dec. 9, 1992 (92 pages). Groundwater Protection: Validity and Feasibility of EPA's Differential Protection Strategy.

In surveying state officials across the country, GAO discovered that many states possess at least some of the data needed to assess the vulnerabil-

ity of groundwater to pesticide contamination. Significant gaps in the data exist, however. Officials in only 15 states reported that data have been mapped in their state for all eight vulnerability factors necessary for doing valid assessments. Even when data are available, they often cover only part of the state and are not detailed enough to use in preparing valid assessments. In fact, no state has been completely mapped at a sufficient resolution for every factor. States need to collect more data if they are to conduct valid groundwater assessments. GAO found that the performance of vulnerability assessment models has been inconsistent. At best, existing models have been shown to predict groundwater vulnerability adequately only in some cases—that is, for some pesticides in some soils. Moreover, the model tests generally have not been done on the subcounty scale necessary to show whether the Environmental Protection Agency's differential strategy is either scientifically sound or economically viable. To be useful for regulatory purposes, both the models and their testing will have to be improved.

PEMD-93-8, Jan. 13, 1993 (79 pages). Student Testing: Current Extent and Expenditures, With Cost Estimates for a National Examination.

Recent proposals from the federal government and private groups have focused unprecedented attention on the idea of a national examination for elementary and secondary students. Yet little information exists either on the present extent and cost of testing or on the likely cost of a national examination system. GAO reviewed the matter and found that students do not seem to be overtested today. Systemwide testing—exams given to all students at any one grade level in a school district—consumed about seven hours for an average student in 1990-91 and cost about $15 per student. GAO estimates that such testing cost about $516 million nationwide in that year and that a national examination—depending on whether it uses multiple choice or performance testing—could cost, respectively, about $160 million or about $330 million annually. Should Congress decide to forge ahead with national examinations, it may want to give serious thought to involving state and local educators in producing the tests. If the desired end result is a well-accepted and widely used national examination, Congress should also consider how to ensure the technical quality of the tests.

PEMD-93-11, Apr. 28, 1993 (73 pages). Educational Testing: The Canadian Experience With Standards, Examinations, and Assessments.

In 1992, the National Council on Education Standards and Testing proposed a national system of standards and assessments as the cornerstone of an overall approach to improving precollege education. This report examines Canada's experience with large-scale testing programs. GAO applies the following five questions to the Canadian experience: (1) How have educational standards been set, by whom, and at what level? (2) What kinds of tests have been used to assess whether the standards are being met? (3) What kinds of stakes have been attached to tests to ensure that they will be taken seriously? (4) What explicit safeguards have been used to prevent misuse of tests? (5) Have efforts at raising expectations and checking results brought promise of improved teaching and learning?

PEMD-93-12, June 23, 1993 (111 pages). Educational Achievement Standards: NAGB's Approach Yields Misleading Interpretations.

GAO reviewed the approach used by the National Assessment Governing Board (NAGB) to establish standards for student performance in mathematics. NAGB reported that few American students had reached these standards. Expert reviewers noted several technical problems with the approach, which had several novel features, and questioned the results. This report extensively analyzes the validity of issues raised by NAGB's approach, examines alternative approaches to setting standards for performance, and reviews NAGB's capacity to provide sound guidance on technical issues. GAO found that NAGB's 1990 standard-setting approach was procedurally flawed and that the interpretations NAGB gave to the resulting scores were of doubtful validity. GAO recommends that the question of how to set and interpret performance standards be reopened and that structures and procedures for governing the assessment be reviewed to ensure that policies are technically sound as well as responsive to constituent interests.

PEMD-93-13, Apr. 8, 1993 (41 pages). Public Health Service: Evaluation Set-Aside Has Not Realized Its Potential to Inform the Congress.

The Department of Health and Human Services can earmark as much as one percent of the annual Public Health Service appropriations to evaluate federal health programs. As a result, over the past five fiscal years, more than $500 million could have been made available for evaluating public health service programs through the set-aside authority. This report describes the use of the evaluation set-aside authorized under the Public Health Service Act and examines how effective the evaluation set-aside has been in providing Congress with information on federal health programs.

PEMD-93-14, Apr. 20, 1993 (50 pages). Cataract Surgery: Patient-Reported Data on Appropriateness and Outcomes.

Although cataract surgery, for many patients, dramatically improves vision, the potential exists for complications that can actually worsen eyesight. Another concern is that some patients may be undergoing cataract surgery when it is not really needed. About three-quarters of the Medicare patients GAO surveyed reported that before surgery, significant eyesight problems had interfered with their ability to drive, read, or watch television. By including symptoms like blurred vision and sensitivity to glare, the proportion of patients with substantial presurgicial vision problems rose to 84 percent. Surgery may have been more questionable, however, for the remaining 16 percent of patients with "slight" symptoms. The overwhelming majority of respondents said that their surgery had been successful. For about two-thirds, the improvement was uniform across all dimensions; that is, the vision symptoms and functions that did not get better at least stayed unchanged. Most of the other patients (30 percent) reported mixed results, with improvements in some symptoms or functional impairments and worsening in others. GAO summarized this report in testimony before Congress; see: Cataract Surgery: Patient-Reported Data on Appropriateness and Outcomes, by Eleanor Chelimsky, Assistant Comptroller General for Program Evaluation and Methodology, before the Senate Special Committee on Aging. GAO/T-PEMD-93-3, Apr. 21, 1993 (23 pages).

PEMD-93-15, Aug. 18, 1993 (90 pages). Medical Technology: Quality Assurance Systems and Global Markets.

To compete successfully in the European Economic Community (EEC) and global markets, the U.S. medical device industry will have to adhere to international technical standards and the principles of total quality assurance. The current systems for premarketing regulation in the United States, Japan, and Canada are similar. All three countries are undergoing convergent changes to increase the safety and the effectiveness of devices, improve product quality and international competitiveness, and harmonize regulatory requirements. The main goals of the proposed EEC and U.S. regulatory systems, however, appear to be different. Whereas the proposed U.S. regulations stress device safety and effectiveness, the EEC regulatory system encourages the enhanced production and exchange of goods throughout the EEC. These differences could result in continued barriers to market access and failure to eliminate the current system of duplicate inspection and approvals for U.S. and foreign device manufacturers. Many U.S. device manufacturers are unaware of the nature, the scope, or the immediacy of the potential challenges to their industry from the global market or the EEC. Further, most U.S. device manufacturers are trying to improve product quality and boost their share of the domestic market rather than enhance their competitiveness in foreign markets.

PEMD-93-16, May 19, 1993 (76 pages). Americans With Disabilities Act: Initial Accessibility Good But Important Barriers Remain.

Before the Americans With Disabilities Act took effect, Congress asked GAO to begin a long-term evaluation to see whether the main objectives of the law were being met. Specifically, Congress was concerned about whether access by persons with disabilities to goods and services provided by the government and the private sector had increased and discrimination against such persons had decreased. GAO found the following: (1) although most features of business and government facilities were accessible to disabled persons, several significant barriers remained; (2) many managers and business owners reported that they were unaware of the law or their specific responsibilities under it; (3) most managers and owners viewed the removal of barriers as beneficial, with few mentioning burdens; and (4) barrier-removal efforts were not always sensible. Many facilities had barriers remaining, and some barrier-removal efforts were planned in areas where no barriers existed. GAO concludes that there is a need for continuing educational outreach and technical assistance for business and government agencies covered by the act.

PEMD-93-17, July 30, 1993 (103 pages). Pesticides: A Comparative Study of Industrialized Nations' Regulatory Systems.

Both in the United States and abroad, public concern has increased over the potential health and environmental effects of pesticides. Some of this concern is linked to expanding world agricultural trade and the movement of agricultural products among nations. The regulations governing pesticide use have become issues of international importance, particularly in light of recent efforts to harmonize them. This report examines the pesticide standards and regulations among nations that are members of the Organization for Economic Cooperation and compares them with those of the United States. For each country, GAO reviews the (1) types of experimental test data required to register food-use pesticides, (2) organizational structures in place to evaluate pesticides, (3) risk assessment and risk management procedures being used, and (4) measures used to enforce pesticide standards.

PEMD-93-18, June 25, 1993 (74 pages). Drug Use Measurement: Strengths, Limitations, and Recommendations for Improvement.

Is drug use declining in American households, schools, and prisons? Is heroin use on the rise? Are Americans still using marijuana, a "gateway" drug, in large numbers? National drug control policy demands answers to these questions. But, in obtaining responses, it must also be asked: How valid are the data? GAO concludes that three leading federally funded annual surveys of national drug use patterns and trends yielded questionable results because of various methodological weaknesses, such as excluding groups at high risk for drug use and relying on self-reported data. Promising new methodologies, such as hair sample analysis, deserve attention as ways to validate self-reports and determine drug use over an extended period. Expanding the subsamples of current surveys and conducting new studies aimed at hard-to-reach, high-risk groups should improve the coverage of underrepresented target populations.

PEMD-93-19, Aug. 27, 1993 (96 pages). Vocational Rehabilitation: Evidence for Federal Program's Effectiveness Is Mixed.

The state-federal vocational rehabilitation program run by the Department of Education helps disabled persons become employed, become more independent, and be integrated into the community. This report discusses whom the program is serving and what the results are. GAO estimates the eligible population, contrasts those accepted and those not, describes the services that clients receive, and evaluates program outcomes. GAO found that only a small fraction of the millions of disabled Americans who are potentially eligible for state-federal rehabilitation services actually receive them and that rehabilitants' gains in employment and earnings fade substantially after about two years.

PEMD-93-20, Apr. 16, 1993 (9 pages). Older Americans Act: Eldercare Public-Private Partnerships.

Shrinking resources and growing demands have led to contractual relationships between area agencies on aging and private corporations. The agencies provide eldercare services to private employers under these public-private partnerships. These arrangements have been criticized on the grounds that preference should be given to older individuals with the greatest economic and social needs, with particular attention given to low-income minority individuals. GAO found that by 1991-92, only a small portion of agencies had actually entered into public-private partnerships. Most of the agencies with such partnerships were not generating enough profits through these arrangements to finance significant amounts of additional services. Moreover, agencies with partnerships reported typically using existing staff to provide services to those referrals they received. Among the 31 agencies that reported both income and cost data for eldercare services provided in 1991, the median net profit was $0. GAO summarized this report in testimony before Congress; see: Older Americans Act: Eldercare Partnerships Generate Few Additional Funds for Public Services, by Eleanor Chelimsky, Assistant Comptroller General for Program Evaluation and Methodology, before the Subcommittee on Human Resources, House Committee on Education and Labor. GAO/T-PEMD-93-4, May 27, 1993 (nine pages).

PEMD-93-22, June 4, 1993 (64 pages). Intensive Probation Supervision: Cost-Savings Relative to Incarceration.

Since 1980, the U.S. prison population has doubled. Accompanying this enormous increase has been a sharp rise in the cost of keeping these offenders in jail. The high cost of imprisonment has led to the proliferation of intermediate sanction programs, which offer a level of sanction between parole or probation and traditional imprisonment. Arizona's intensive probation supervision (IPS) program has dampened criminal activity, but only when offenders were directly under IPS control. Although IPS sentences reduced direct costs, additional requirements, such as mandatory jail time, could make total costs for IPS programs greater than those for traditional imprisonment. GAO has two main conclusions. First, even a prison sentence does little to stop some offenders from committing crimes once they are released and may even increase the likelihood that they will commit more crimes. This conclusion is supported by the fact that about half of the offenders in one Arizona county and a third in another county were arrested within three years of sentencing. Second, despite mixed results, intensive supervision has a role to play in corrections policy. The findings from Arizona, although not strong enough to recommend a major expansion of intensive supervision programs, do add to the growing body of research suggesting that these programs have merit. Given the lack of unambigously successful alternatives, any option that controls crime and offers the promise of dollar savings deserves serious attention.

PEMD-93-23, June 4, 1993 (10 pages). Intensive Probation Supervision: Crime-Control and Cost-Saving Effectiveness.

Since 1980, the U.S. prison population has doubled. Accompanying this enormous increase has been a sharp rise in the cost of keeping these offenders in jail. The high cost of imprisonment has led to the proliferation of intermediate sanction programs, which offer a level of sanction between parole or probation and traditional imprisonment. Arizona's intensive probation supervision (IPS)

program has dampened criminal activity, but only when offenders were directly under IPS control. Although IPS sentences reduced direct costs, additional requirements, such as mandatory jail time, could make total costs for IPS programs greater than those for traditional imprisonment. GAO has two main conclusions. First, even a prison sentence does little to stop some offenders from committing crimes once they are released and may even increase the likelihood that they will commit more crimes. This conclusion is supported by the fact that about half of the offenders in one Arizona county and a third in another county were arrested within three years of sentencing. Second, despite mixed results, intensive supervision has a role to play in corrections policy. The findings from Arizona, although not strong enough to recommend a major expansion of intensive supervision programs, do add to the growing body of research suggesting that these programs have merit. Given the lack of unambiguously successful alternatives, any option that controls crime and offers the promise of dollar savings deserves serious attention.

PEMD-93-24, July 6, 1993 (62 pages). Hazardous Waste Exports: Data Quality and Collection Problems Weaken EPA Enforcement Activities.

Although U.S. companies have the option of exporting their hazardous wastes, which can pose threats to human health and the environment in the importing companies, they must provide data to the Environmental Protection Agency (EPA) before, during, and after shipments. Foreign facilities can then use these data to decide whether to accept the waste. GAO's study of 52 shipments revealed several data quality and collection problems involving either the exporters' activities or the design and the implementation of the hazardous waste export program. In addition, GAO found other problems, including 10 violations of the export regulations, that EPA had overlooked. These problems and the fact that they went undetected are directly linked to the other data and program problems identified. GAO found that governments of importing countries and foreign receiving facilities generally did not rely on data from either the exporters or EPA in making decisions on importing U.S. hazardous waste.

PEMD-93-25, Aug. 5, 1993 (83 pages). Illegal Aliens: Despite Data Limitations, Current Methods Provide Better Population Estimates.

During the 1980s, the methods used to measure the size and flow of illegal aliens were refined to yield a narrower range of estimates than was the case in a 1982 GAO evaluation (GAO/IPE-82-9). As a result, GAO projects the size of the U.S. illegal alien population during 1990 at no more than 3.4 million, a figure considerably below the 5.5 million maximum that the Census Bureau projected. Estimates of the gross annual flow of illegal aliens are more sketchy. For example, according to Immigration and Naturalization Service figures, the total inflow in 1988 was put at 2.3 million people. Owing to a high potential error in this calculation, however, GAO believes that the actual inflow could have ranged anywhere from 1.3 million to 3.9 million people. The main reason that this inflow does not translate into a larger illegal alien population is that much of it represents short-term visits to the United States.

PEMD-93-27, Aug. 11, 1993 (30 pages). Medicare Part B: Reliability of Claims Processing Across Four Carriers.

How fair is the process used by insurance companies to approve or deny Medicare Part B claims? In its review of four insurance companies, GAO found that the computer programs used to evaluate claims produced consistent results and were economical. The programs, however, were not equipped to handle claims involving more subjective criteria, such as deciding whether medical care is appropriate or not. These cases were delegated to claims examiners, typically high-school graduates with no medical background who were expected to decide whether doctors' services were "medically necessary" on up to 400 claims daily. GAO concludes that three factors taken together—the time constraints under which decisions about medical necessity were made, the decentralized way in which medical policies were being developed and instituted, and weaknesses in some quality control methods—raise doubts about the system's ability to treat Medicare claims consistently.

Testimony

T-PEMD-93-1, Feb. 18, 1993 (11 pages). Student Achievement Standards and Testing, by Eleanor Chelimsky, Assistant Comptroller General, before the Elementary, Secondary and Vocational Education Subcommittee, House Committee on Education and Labor.

In this testimony on student achievement standards and testing, GAO discusses (1) the extent and the cost of testing in this country and (2) the experience with standards and tests in Canada. GAO believes that Congress should consider specific ways to encourage the participation of teachers, as well as state and local education administrators, in developing standards and in all aspects of increased testing. Congress should also carefully consider how to ensure the technical quality of any tests in a national examination system.

T-PEMD-93-2, Mar. 31, 1993 (10 pages). Drug Education: Limited Progress in Program Evaluation, by Eleanor Chelimsky, Assistant Comp-

troller General, before the Select Education and Civil Rights Subcommittee, House Committee on Education and Labor.

This testimony provides updated information on the state of program evaluation in the field of drug education for youth. GAO discusses the role of evaluation in (1) the Department of Education's program of grants to states and local school districts under the Drug-Free Schools and Communities Act of 1986; (2) the department's Drug-Free School Recognition Program; and (3) other promising, comprehensive community-based programs. GAO found slow progress in establishing the results of sizable federal funding, or more generally, in learning what works in educating youth about the dangers of drug abuse.

T-PEMD-93-3, Apr. 21, 1993 (23 pages). Cataract Surgery: Patient-Reported Data on Appropriateness and Outcomes, by Eleanor Chelimsky, Assistant Comptroller General, before the Senate Special Committee on Aging.

Although cataract surgery, for many patients, dramatically improves vision, the potential exists for complications that can actually worsen eyesight. Another concern is that some patients may be undergoing cataract surgery when it is not really needed. About three-quarters of the Medicare patients GAO surveyed reported that before surgery, significant eyesight problems had interfered with their ability to drive, read, or watch television. By including symptoms like blurred vision and sensitivity to glare, the proportion of patients with substantial presurgicial vision problems rose to 84 percent. Surgery may have been more questionable, however, for the remaining 16 percent of patients with "slight" symptoms. The overwhelming majority of respondents said that their surgery had been successful. For about two-thirds, the improvement was uniform across all dimensions; that is, the vision symptoms and functions that did not get better at least stayed unchanged. Most of the other patients (30 percent) reported mixed results, with improvements in some symptoms or functional impairments and worsening in others.

T-PEMD-93-4, May 27, 1993 (5 pages). Older Americans Act: Eldercare Partnerships Generate Few Additional Funds for Public Services, by Eleanor Chelimsky, Assistant Comptroller General, before the Human Resources Subcommittee, House Committee on Education and Labor.

Shrinking resources and growing demands have led to contractual relationships between area agencies on aging and private corporations. The agencies provide eldercare services to private employers under these public-private partnerships. These arrangements have been criticized on the grounds that preference should be given to older individuals with the greatest economic and social needs, with particular attention given to low-income minority individuals. GAO found that by 1991-92, only a small portion of agencies had actually entered into public-private partnerships. Most of the agencies with such partnerships were not generating enough profits through these arrangements to finance significant amounts of additional services. Moreover, agencies with partnerships reported typically using existing staff to provide services to those referrals they received. Among the 31 agencies that reported both income and cost data for eldercare services provided in 1991, the median net profit was $0.

T-PEMD-93-5, June 10, 1993 (15 pages). The U.S. Nuclear Triad: GAO's Evaluation of the Strategic Modernization Program, by Eleanor Chelimsky, Assistant Comptroller General, before the Senate Committee on Governmental Affairs.

Evidence from eight classified GAO reports assessing weapon system upgrades suggests that the sea leg is the strongest, most cost-effective component of the U.S. strategic triad. In the case of the air leg, strategic bombers add a critically important stabilizing character to the overall nuclear force, both because they are recallable—unlike missiles—and because they are virtually incapable of making a surprise attack. Yet the secret Pentagon studies used to justify the principal weapon system upgrades of the 1970s and 1980s reveal a disturbing lack of hard data on whether the proposed systems were justified in terms of the threat they faced, their performance compared with other systems, and their relative costs.

RCED

RCED-93-1, Oct. 30, 1992 (33 pages). Mineral Resources: Meeting Federal Needs for Helium.

Federal agencies use helium in everything from space programs to superconductivity research. The Helium Act of 1960, which seeks to conserve and provide a steady supply of this inert gas for essential government activities, requires federal agencies to buy most of their helium from the Department of the Interior's Bureau of Mines. The act further provides that Interior price federal helium so that revenues from sales cover all program costs. This report discusses (1) actions that the Bureau has taken to meet the objectives of the 1960 act; (2) issues that should be considered when Congress decides how to meet current and foreseeable federal needs for helium, including whether the program debt in the Helium Fund should be canceled or repaid; and (3) three alternatives for meeting federal needs for helium—continue the Bureau's existing program, require that all federal needs be met by the private sector, or allow federal agencies to choose to buy helium from either the Bureau or private industry.

RCED-93-2, Oct. 21, 1992 (32 pages). Wildlife Management: Many Issues Unresolved in Yellowstone Bison-Cattle Brucellosis Conflict.

Montana succeeded in eradicating brucellosis from its cattle herds in 1985, allowing Montana ranchers to ship their cattle to other states without first testing them for the disease. Cattlemen are concerned about the possibility that brucellosis, a contagious disease that can cause abortions and infertility in domestic cattle, may be spread from Yellowstone Park's free-roaming bison and elk herds to livestock grazing along the park borders, thereby jeopardizing Montana's ability to freely transport cattle across state lines. Although its policy is not to restrict the movement of the park's bison and elk, the National Park Service has, in an attempt to reduce the risk of brucellosis transmission, killed more than 10,000 bison that have wandered out of the park in recent years. This report provides information on the (1) scientific evidence that brucellosis can be transmitted from bison and elk to domestic cattle, (2) economic damage that might arise from such transmission, and (3) management alternatives for preventing or reducing the likelihood of such transmission.

RCED-93-3, Oct. 29, 1992 (21 pages). Royalty Compliance: Improvements Made in Interior's Audit Strategy, But More Are Needed.

During the past several years, the Department of the Interior has been collecting about $4 billion in royalties each year from oil and gas companies that hold mineral leases on federal or Indian lands. Although the Minerals Management Service (MMS) has substantially improved its strategy for auditing royalty payers, these audits still do not provide reasonable assurances that such royalty payments comply with applicable laws, rules, and regulations. The amount of royalties actually audited or verified is very small, increasing the likelihood that noncompliance will go undetected. In addition, the judgmental samples are not representative of all payers and leases; consequently, MMS cannot determine with any degree of confidence such things as the level of compliance by payers or the magnitude of underpayment—that is, the royalties at risk. MMS can, however, require payers to do the additional work needed to correct the system problems found by audits and to compute any additional royalties due. An MMS task force issued a report in June 1991 recommending major changes to improve MMS' strategy for auditing royalty payers, including the use of statistical sampling, a measure GAO supports.

RCED-93-4, Oct. 13, 1992 (21 pages). Drinking Water: Projects That May Damage Sole Source Aquifers Are Not Always Indentified.

At least 22 million Americans rely on groundwater as their main source of drinking water. The Environmental Protection Agency (EPA) is authorized to deny federal financial assistance to projects that could contaminate "sole source aquifers"—the only source of drinking water for certain communities. As of June 1992, EPA had designated 56 sole source aquifers across the country that serve more than 22 million people. This report discusses whether the Federal Highway Administration followed established procedures for referring two highway projects located over the Edwards Aquifer in Texas to EPA for review. It also examines whether there are potential nationwide weaknesses in the mechanisms that trigger reviews of federal financially assisted projects that may contaminate sole source aquifers.

RCED-93-5, Oct. 16, 1992 (24 pages). Food Assistance: School Milk Contract Bid-Rigging.

The U.S. Department of Agriculture (USDA) has declined to suspend or exclude from participating in school milk contracts a number of dairies and individuals convicted of bid-rigging because the Food and Nutrition Service lacks investigators and lawyers with expertise in such matters. Although both the Justice Department and USDA oversee agricultural cooperatives, currently no formal process is in place for sharing information on cooperatives' pricing. Instead, officials have relied on an informal ad hoc method for sharing information on bid-rigging. USDA has yet to suspend or disbar any of the 16 dairies or the 35 individuals convicted

of bid-rigging from participating in federally funded child nutrition programs. Big-rigging awareness training for contracting officials has proven effective in deterring improper collusion. USDA has provided such instruction for school procurement officials in areas in which bid-rigging is known to have occurred and is expanding this training to other jurisdictions.

RCED-93-6, Dec. 7, 1992 (127 pages). Technology Transfer: Barriers Limit Royalty Sharing's Effectiveness.

Despite the introduction of royalty-sharing programs at government laboratories, federal scientists' interest in patenting has not increased. Many scientists said that the small financial rewards, such as those paid under some royalty-sharing programs, offer little incentive to patent. For example, 17 of 21 agencies GAO reviewed use royalty-sharing formulas that often pay an individual only a few hundred dollars for an invention. GAO also found inadequate financial controls over payments to inventors. In addition, agency management is using virtually all of the laboratory's share of invention income to cover the administrative costs of transferring federal technology to U.S. companies, meaning that the benefits of royalty sharing are not visible to other potential inventors.

RCED-93-7, Dec. 9, 1992 (75 pages). Airline Competition: Impact of Changing Foreign Investment and Control Limits on U.S. Airlines.

Recent bankruptcies by financially strapped U.S. airlines have heightened congressional concerns about the effects of industry consolidation on domestic and international competition. Foreign investment is a potential source of capital for U.S. airlines, but it is limited by law. This report examines the implications of relaxing existing restrictions on foreign investment in and control of U.S. airlines. GAO assesses the impacts in five key areas—domestic and international competition, national security, airline employment, and safety. GAO also examines the Department of Transportation's procedures for enforcing the current restrictions.

RCED-93-8, Nov. 19, 1992 (60 pages). Mass Transit Grants: If Properly Implemented, FTA Initiatives Should Improve Oversight.

The $35 billion grants program at the Federal Transit Administration (FTA), which helps state and local authorities build or upgrade mass transit systems, is one of 16 areas in the federal government that GAO has flagged as highly vulnerable to fraud, waste, and abuse. In a series of reports, GAO has examined grant oversight in four FTA regions that receive about 60 percent of FTA's grant funds. This report (1) builds on GAO's earlier work to demonstrate the systemic effect of FTA's weak oversight, (2) assesses recent FTA and legislative initiatives designed to correct oversight problems, and (3) examines the mix of staff between FTA regional offices and headquarters and the agency's use of contractors to conduct oversight activities.

RCED-93-9, Oct. 6, 1992 (40 pages). Asbestos in Federal Buildings: Federal Efforts to Protect Employees From Potential Exposure.

Before the health risks were recognized, thousands of buildings were constructed with materials containing asbestos. The full extent of the problem in federal buildings is unknown because no single agency has assumed responsibility for collecting information on this situation. Furthermore, the agencies GAO reviewed lack complete and accurate inventories of the buildings containing asbestos. The most comprehensive data available, dating from a 1984 EPA survey, suggest that nearly 40 percent of federal buildings contain asbestos that is loose to the touch. GAO discovered asbestos materials at all 14 federal worksites it visited; at 11 of these sites some of the materials were damaged or were deteriorating. The worksites visited were not fully implementing Occupational Safety and Health Administration (OSHA) requirements and the Environmental Protection Agency's recommendations for managing asbestos. Of the five agencies reviewed, only the General Services Administration (GSA) and the Forest Service had issued policies informing worksite managers about how to manage asbestos. In addition, only GSA routinely monitored the effectiveness of the asbestos programs at the worksites. Officials responsible for asbestos management at these agencies were either unaware of OSHA's asbestos requirements or believed that the requirements applied only under limited circumstances, such as when asbestos might be disturbed during renovations or repairs.

RCED-93-10, Nov. 16, 1992 (17 pages). Nuclear Security: Improving Correction of Security Deficiencies at DOE's Weapons Facilities.

Although it is critical that the nation's stock of nuclear materials be properly secured and safeguarded, routine Department of Energy (DOE) security inspections in 1989 and 1990 uncovered more than 2,100 security deficiencies at 39 of its contractor-run weapons facilities. This report reviews attempts by DOE operating contractors to correct security deficiencies and examines how DOE supervises such contractor efforts. GAO evaluated 20 security deficiency cases at four nuclear weapons facilities and found that contractors are not adequately conducting four of the eight procedures considered necessary to ensure proper correction of deficiencies. The contractors cannot always prove that they have done three critical analyses—root cause,

risk assessment, and cost-benefit—and do not always adequately verify that corrective actions are appropriate, effective, and complete. At the same time, DOE oversight has been hampered by computer system incompatibility. DOE reviews of contractors' corrective action plans are sometimes untimely, and DOE cannot always show that it has validated contractors' corrective actions.

RCED-93-11, Dec. 29, 1992 (48 pages). Wilderness: Effects of Designation on Economy and Grazing in Utah.

In recent years, several proposals have been introduced in Congress that would boost the acreage designated as wilderness in Utah. A 1990 study by the Western Economic Analysis Center, done at the request of the Utah Association of Counties, projects that Utah's economy would lose more than $13 billion if one such proposal becomes law. In addition, some Utah ranchers and residents are concerned that designating an area as wilderness will reduce livestock grazing. GAO concludes that the center's study makes unreasonable assumptions and uses flawed methodology. The $13 billion figure cited is a loss equal to about half of Utah's 1988 or 1989 gross state product and assumes that all mining, grazing, and recreation would cease when the lands are designated as wilderness. The study's methodology is flawed because, among other things, it inflates the total effects of wilderness designation by not discounting future cash flows and by double-counting projected lost revenues. The limitations of this study led GAO to conclude that the effect on Utah's economy of designating more acreage as wilderness has not been adequately quantified. Likewise, the effect of wilderness designation on livestock grazing in Utah has not been quantified.

RCED-93-12FS, Mar. 29, 1993 (51 pages). Rental Housing: Serving the Elderly Through the Section 8 Program.

The Department of Housing and Urban Development (HUD) provides rental housing assistance to families through its section 8 voucher and certificate programs. By subsidizing a portion of household rent, HUD hopes to enable more low-income families to live in private rental housing that is decent and safe. This fact sheet provides information on the following section 8 issues: (1) the demographic characteristics of elderly and nonelderly voucher and certificate recipients, including sex, race, handicapped status, adjusted income, and education; (2) the quality of the housing units rented by elderly voucher and certificate recipients; and (3) the proportion of income that elderly and nonelderly voucher recipients pay for rent.

RCED-93-13, Feb. 17, 1993 (53 pages). Environmental Protection: Implications of Using Pollution Taxes to Supplement Regulation.

Pollution taxes would have to be carefully designed and implemented if they are to deliver the intended environmental and economic benefits. An accurate monitoring system would be needed to ensure that the tax was reducing pollution. Accurate monitoring technology exists for some smokestack emissions, but in other cases, such as those involving fugitive emissions of dust, monitoring could be very difficult. It would also be important to ensure that the tax led to an overall reduction of environmental risks. The regulator would need to be aware that taxing one pollutant might increase the use of other pollutants that are equally toxic. For example, a tax on lead alone could boost the use of cadmium in batteries. In addition, the tax rate that would be needed to reduce pollution to acceptable levels might not always be known. As a result, taxes might need to be introduced gradually and their effects monitored to determine whether pollution was being reduced to acceptable levels. The value of pollution taxes will depend on how well these issues are addressed. Pollution-tax revenues could be used to lower federal taxes that discourage economic growth or to reduce the federal budget deficit.

RCED-93-14, Oct. 30, 1992 (16 pages). Nuclear Security: Safeguards and Security Planning at DOE Facilities Incomplete.

High-risk vulnerabilities may be going undetected at Department of Energy (DOE) field facilities because of ineffective safeguards and security planning. Protection plans, many of which have been in the works for years, remain incomplete for a large number of DOE's sensitive facilities and most of its sites. Although DOE has cited various reasons—such as lack of staff or changes in mission—to explain the situation, GAO believes that the underlying problem is DOE's lack of commitment to the planning process. According to DOE officials, the agency's proposal to improve the process by requiring a new overall plan may actually further complicate the process. They believe that the modified planning process could further delay the safeguards and security plans because many plans now being prepared will have to be rewritten and because work required to develop vulnerability assessments will be increased. GAO agrees that implementation of the revised process could increase the amount of vulnerability assessment work, further delaying the completion of plans. In GAO's view, it is important for DOE to complete the remaining sensitive facility plans.

RCED-93-15, Jan. 19, 1993 (70 pages). Hazardous Waste: Much Work Remains to Accelerate Facility Cleanups.

The Environmental Protection Agency (EPA) can force businesses with hazardous waste operations to clean up waste that has contaminated the environment. About 3,400 facilities are suspected of leaking dangerous material, but, as of June 1992, only 43 had implemented comprehensive cleanup measures. This report examines (1) the status of EPA's corrective action process and (2) the funding that has been made available for the corrective action program and the usefulness of the data used to determine overall costs.

RCED-93-16, Dec. 18, 1992 (54 pages). Intermodal Freight Transportation: Combined Rail-Truck Service Offers Public Benefits, but Challenges Remain.

In 1990 the nation's highways carried 32 percent more freight than in 1980 and 78 percent more than in 1970. Although trucking provides flexible, reliable, and economical service, the growth of this industry has been accompanied by concerns about safety, traffic congestion, pollution, and highway deterioration. Highways around cities like Chicago and Los Angeles are carrying more than 15,000 tractor-trailers a day. This report examines the status and potential benefits of intermodal transportation, in which loaded containers or trailers are transferred intact from truck to rail and back to truck. Specifically, GAO (1) discusses recent trends in intermodal rail transportation, (2) assesses the prospects for more intermodal cooperation between the rail and trucking industries, (3) identifies problems that undercut the effectiveness and benefits of intermodal transportation, and (4) considers federal initiatives that might encourage intermodal cooperation.

RCED-93-17, Mar. 19, 1993 (131 pages). Energy Security and Policy: Analysis of the Pricing of Crude Oil and Petroleum Products.

During the first week following the Iraqi invasion of Kuwait in August 1990, crude oil prices in the United States shot up by more than one-third—from about $22 a barrel to about $30 a barrel. The prices of gasoline, home heating oil, and jet fuel also increased substantially. Yet world inventories of crude oil were at their highest level since the late 1970s. This situation raised questions about how prices for crude oil and petroleum products are set, particularly during market shocks. This report (1) explains the pricing of crude oil and three products refined from it—gasoline, home heating oil, and jet fuel—under normal market conditions and during market shocks and (2) describes the federal government's authority to respond to disruptions in the oil supply and the government's use of this authority during the Persian Gulf war.

RCED-93-18, Feb. 8, 1993 (81 pages). Peanut Program: Changes Are Needed to Make the Program Responsive to Market Forces.

The U.S. Department of Agriculture's (USDA) peanut program has been a steady source of income for farmers and has generally stabilized the U.S. peanut supply. Yet peanut farming, like much of U.S. agriculture, has undergone profound changes since the 1930s. Small farms have gradually been bought out and consolidated into large-scale operations. By 1991, about one-fourth of all producers controlled more than 80 percent of the peanut quota. Today, the small number of producers who hold most of the quota are reaping huge profits from the program. Because the yearly quota support price since 1982 has been well above production costs, quota peanut producers have received, on average, a 51-percent minimum net return after costs. The peanut program also benefits individuals who own farms with assigned quota but choose to sell or rent their quota to others. Economic studies and GAO's analysis show that the peanut program adds from $314 million to $513 million each year to consumers' costs of buying peanuts. At the same time, USDA spends tens of millions of dollars each year to run the peanut program, make mandatory payments to producers, and cover the high cost of peanut products it buys under various food assistance programs. Finally, the program, by boosting the volume of U.S. peanuts available for export, may be lowering prices paid for peanuts abroad. GAO summarized this report in testimony before Congress; see: Peanut Program: Changes Are Needed to Make the Program Responsive to Market Forces, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on Specialty Crops and Natural Resources, House Committee on Agriculture. GAO/T-RCED-93-18, Mar. 10, 1993 (six pages).

RCED-93-19FS, Nov. 27, 1992 (73 pages). USDA Revenues: A Descriptive Compendium.

This fact sheet provides a compendium of the revenues that the U.S. Department of Agriculture (USDA) collects from nonfederal sources for its products and services. In summary, more than 99 percent of these funds come from the following six USDA agencies: the Forest Service, the Agriculture Marketing Service, the Animal and Plant Health Inspection Service, the Food Safety Inspection Service, the Federal Grain Inspection Service, and the Soil Conservation Service. In fiscal year 1992, USDA collected an estimated $1.85 billion from nonfederal sources. The compendium presents information in a common format for 58 revenue-producing products and services administered by the six agencies.

RCED-93-20, Dec. 24, 1992 (33 pages). Air Pollution: Actions to Promote Radon Testing.

To promote radon testing, the Environmental Protection Agency (EPA) began a public information campaign and gave states grants to encourage radon testing by home owners. Although this effort appears to have significantly heightened public awareness of the problem, only nine percent of home owners surveyed have actually tested their residences. As a result, an EPA-convened panel recommended in May 1992 that the current voluntary approach be continued but with certain programmatic changes. These changes include targeting areas where radon levels are considered high and promoting testing and mitigation at the time of real estate transactions. To support state radon efforts, Congress authorized a grant program for yearly grants of $10 million for three years. Funds for this program were recently extended for a fourth year through fiscal year 1993. Although information to measure states' success in promoting testing by home owners was generally unavailable, GAO did identify some state projects that have increased radon testing by targeting homes in areas with potentially high radon levels. In two states that GAO surveyed, the voluntary use of disclosure statements as part of a real estate sales contract was common; in one state, radon testing often took place during real estate transactions in areas with high radon levels. For the most part, the six housing agencies and federally chartered secondary mortgage institutions that finance or insure much of the nation's housing do not require either testing for radon or the disclosure of radon information for participation in their programs.

RCED-93-21, Mar. 31, 1993 (64 pages). Environmental Enforcement: EPA Cannot Ensure the Accuracy of Self-Reported Compliance Monitoring Data.

Many U.S. environmental programs depend on hazardous waste and wastewater discharge facilities to identify themselves as subject to regulation, to monitor their own compliance with applicable environmental standards, and to report the results of their monitoring to the Environmental Protection Agency (EPA) or to state agencies. Because of insufficient or inconsistent controls and the generally low priority assigned to data quality assurance, EPA and many states cannot be certain that all facilities subject to regulation are identified or that sampling results are representative and free of error or falsification. Although EPA has established a data quality assurance system that calls for statistically representative sampling, the Resource Conservation and Recovery Act Program has not yet developed statistical techniques to specify the location for collecting samples and the National Pollutant Discharge Elimination System Program does not use statistical techniques to specify the frequency for collecting samples. Both programs rely instead on permit writers to determine what is representative. Neither program has adequate controls to detect error or fraud in sampling data.

RCED-93-23, May 10, 1993 (30 pages). Personnel Security: Efforts by DOD and DOE to Eliminate Duplicative Background Investigations.

The Defense Department (DOD), the Department of Energy (DOE), and other agencies have developed their own requirements for conducting background investigations and granting security clearances. As a result, clearances are not routinely accepted among agencies, and duplicative investigations may occur. The 1991 National Defense Authorization Act requires DOD and DOE to avoid duplicative background investigations on employees seeking security clearances. Both agencies are major users of background investigations, together budgeting nearly $200 million in fiscal year 1991 for background investigations of their employees. This report examines (1) DOD and DOE efforts to eliminate duplication by automating the exchange of investigative data and (2) DOD's and DOE's participation in interagency efforts to eliminate duplication by standardizing the security clearance process.

RCED-93-24, May 6, 1993 (33 pages). Air Pollution: Impact of White House Entities on Two Clean Air Rules.

GAO reviewed two of about 55 clean air rules issued by the Environmental Protection Agency (EPA), particularly focusing on White House involvement in the rule-making process. The two rules are the Municipal Waste Combustor (MWC) rule issued in February 1991, which established emission standards for new and guidelines for existing incinerators, and the Operating Permit Program (OPP) rule issued in July 1992, which requires about 35,000 major sources of air pollution to apply for operating permits by November 15, 1996. Although the EPA Administrator said that he made the final decisions on both rules, the content of the rules was changed after review and comment by White House entities, specifically the Office of Management and Budget, the Council on Competitiveness, and the Council of Economic Advisors. For example, the Council on Competitiveness recommended the removal of the MWC rule's waste separation provisions, which EPA did. On the OPP rule, EPA adopted the White House recommendation to allow sources to increase their emissions above permit levels without public notice and comment or prior approval by regulatory agencies. The courts have questioned, in the case of both rules, whether the EPA Administrator adequately supported his decisions in the final rule making. GAO believes that, regardless of the White House's effect on EPA's final rules, full

disclosure of discussions with outside parties would contribute to a more complete record, a better explanation of EPA's decisions, and increased public confidence in the integrity of the rule-making process.

RCED-93-25, Nov. 13, 1992 (25 pages). Mass Transit: Information on Federal Participation in Transit Benefit Programs.

Recent legislation allows federal agencies to promote the use of public transportation by their employees through the use of discounted passes or other public transportation subsidies. This report assesses (1) the extent of federal agency and employee participation in state or local transit benefit programs, including the factors influencing participation, and the rates of pay of participating employees; (2) the costs of federal agency and employee participation in state or local programs and how this participation is being managed and implemented; and (3) the extent to which the legislation has successfully encouraged the use of public transportation. GAO concludes that it is too soon to know whether providing transit benefits results in greater use of public transportation among federal employees or, alternatively, whether the population of federal employees using public transportation will remain roughly the same. This impact will be a key consideration when Congress considers extending agencies' authority to offer transit benefits beyond 1993.

RCED-93-26, Apr. 6, 1993 (89 pages). Wetlands Protection: The Scope of the Section 404 Program Remains Uncertain.

The environmental benefits of swamps, marshes, and bogs—long considered fit only for draining and filling—are increasingly recognized today. Wetlands provide vital habitat for wildlife as well as improve water quality and control soil erosion. How to protect these areas has become a major regulatory issue in the 1990s. Under the Section 404 program, the U.S. Army Corps of Engineers is in charge of granting permits to anyone wanting to dredge and fill in navigable waters, including wetlands. GAO made several suggestions in a July 1988 report (GAO/RCED-88-110) on how the Corps could improve program management. This report discusses (1) the extent to which the Corps has acted on GAO's recommendations, (2) legislative and other developments that have occurred since the 1988 report that affect the program, and (3) the extent to which budgetary constraints have affected program administration.

RCED-93-27, Nov. 25, 1992 (31 pages). Rural Credit: Availability of Credit for Agriculture, Rural Development, and Infrastructure.

In response to congressional concerns about the deterioration of rural communities, GAO looked into the availability of credit in rural America in four states—Kansas, Mississippi, Montana, and Virginia. This report examines (1) the extent to which adequate credit exists to fund agricultural production; rural development, which for the purposes of this report is limited to the needs of businesses; and the development of the rural infrastructure (including roads, bridges, and water systems) and (2) the extent to which rural lending institutions are investing in their communities as opposed to more distant areas.

RCED-93-28, Feb. 10, 1993 (61 pages). Farmers Home Administration: Final Resolution of Farm Loan or Servicing Appeals.

In deciding on about 7,700 appeals of Farmers Home Administration (FmHA) loan or loan-servicing decisions, hearing officers ruled that lending officials had not made correct decisions in about 40 percent of the cases. As a result, FmHA must reconsider such applications and again decide whether to offer the appellants loans or loan servicing. GAO estimates that nearly half of the 2,900 appellants whose cases were remanded received at least part of their requested loans or loan servicing. FmHA reconsidered and denied loans or loan servicing for 19 percent of the appellants. Another 14 percent did not receive loans or loan servicing because they had rejected FmHA's offers. Actions for the remaining 18 percent of the appellants were still pending at the time of GAO's review. Although FmHA regulations generally specify time frames for completing actions on initial loan and loan-servicing applications, the agency has not set deadlines for completing actions on remanded decisions. GAO estimates that only 34 percent of the appellants who received loans and loan servicing had their appeals processed in a timely way. Appellants' not providing information in a timely manner was the main reason cited by FmHA officials for the delays.

RCED-93-29, Apr. 27, 1993 (36 pages). Energy Policy: Changes Needed to Make National Energy Planning More Useful.

The oil and price shocks of the early 1970s spurred Congress to create a permanent mechanism for developing and implementing a national energy policy. Under the law, the President must submit a comprehensive national energy plan to Congress every two years. GAO found that the six national energy plans submitted by three administrations since 1979 have varied significantly in responding to the law's provisions. Although most plans set objectives and outlined strategies to achieve them, no plan fully addressed the act's main provisions. For example, no plan established the specified five- and 10-year objectives. Most plans included only general goals, and only three plans provided analysis supporting these

goals. The administrations' differing views on the federal role in energy as well as new energy developments influenced the content of the plans and the degree to which they addressed the law's provisions. GAO believes that although the law provides a useful framework for developing an energy policy, the frequency and timing requirements have not contributed to effective planning. As a result, plans are unlikely to involve the comprehensive planning exercise Congress envisioned.

RCED-93-30, Mar. 18, 1993 (14 pages). Wheat Commodity Program: Despite Reforms, Government's Involvement Remains Substantial.

For more than 40 years, the federal government's wheat commodity program has tried to reduce wheat price fluctuations while ensuring ample supplies for consumers. Because total returns for wheat were often above expected market returns, producers grew wheat to receive these benefits in addition to return from the commercial market. Congress passed legislation in 1985 and again in 1990 to gradually increase the influence of the commercial market on farmers' production decisions and to reduce the level of government support for wheat production. Despite these reforms, the government's involvement in managing surplus wheat remains substantial. Deficiency payments under the wheat program are above the 1982-85 levels, and the Conservation Reserve Program and the Export Enhancement Program have added costs averaging more than $800 million per year from 1986 to 1991. Because the government's costs connected with wheat production are affected by external factors such as droughts and international wheat production and prices, it could be misleading to compare trends in the government's overall costs from year to year. Over the long run, however, GAO would expect costs to be lower than they would have been under the 1981 farm bill.

RCED-93-31, July 16, 1993 (46 pages). Public Housing: Low-Income Housing Tax Credit as an Alternative Development Method.

Under the National Affordable Housing Act of 1990, GAO is required to review different ways of developing public housing units. This report compares the approaches taken by public housing authorities in developing housing under the Public Housing Development Program and the Low-Income Housing Tax Credit Program. The former provides direct federal grants, while the latter allows public housing authorities to raise development funds by forming public-private partnerships with investors. The public housing authorities GAO reviewed used the tax credit program to serve tenants and to develop programs that differed from those in the public housing program. For example, the tax credit projects served smaller households and were more likely to be located in predominantly low-income households than were the public housing projects. Furthermore, if the cost inefficiencies suggested by GAO's case study in Montgomery County, Maryland, exist in other tax credit projects, the federal government may find the tax credit program to be the more costly alternative for helping very poor households. Nevertheless, the public housing authorities GAO reviewed found the tax credit program a valuable resource for developing public housing in this period of shrinking federal budgets.

RCED-93-32, Oct. 16, 1992 (15 pages). Department of Energy: Project Management at the Rocky Flats Plant Needs Improvement.

Various studies of the Department of Energy's (DOE) Rocky Flats Plant in Colorado have highlighted numerous management weaknesses that have affected some projects at the plant. GAO identified two ongoing projects—the supercompactor and upgrades to the plant's low-level waste transfer system—that have experienced massive cost growth during the past four years. In both cases, project managers did not properly oversee the early stages of the projects' development. Both the plant contractor and DOE have taken steps to address some of these weaknesses, but GAO is concerned that these actions may not be comprehensive enough to resolve all the problems. Although the plant contractor has developed corrective action plans and has made progress implementing them, the plans were based only on the contractor's business management review study and may not include some urgently needed corrective actions. DOE officials have said that they have addressed the problems cited in previous management studies but have not yet developed a comprehensive corrective action plan with detailed tasks and completion milestone dates. DOE officials believe that such a plan is necessary and have designated someone to draft one. The agency, however, still needs to define the plan's scope and set a date when the plan should be finished.

RCED-93-33, Nov. 13, 1992 (36 pages). Airspace System: Emerging Technologies May Offer Alternatives to the Instrument Landing System.

Precision landing systems, which allow aircraft to land and depart under poor weather conditions, improve airline safety and increase runway capacity. During the 1970s, the Federal Aviation Administration (FAA) began developing the microwave landing system to replace the current instrument landing system, which has been in use for more than 50 years. FAA expects the microwave landing system to be ready by the mid-1990s. In the years since the decision

was made to develop the microwave landing system, however, other technologies for precision landing systems have emerged, and FAA is now supporting the development of a satellite-based system, as well as an instrument landing system enhanced with a computer-based flight management system. This report reviews these systems. GAO (1) describes the capabilities and costs of these precision landing systems and (2) identifies some potential consequences of FAA's approach to developing them.

RCED-93-34, Feb. 3, 1993 (27 pages). Telecommunications: FCC's Oversight Efforts to Control Cross-Subsidization.

Regulated telecommunications services include basic interstate telephone service, while unregulated services encompass such technologies as voice mail and electronic mail that transmit information over telephone lines. If carriers' costs for these two types of services are not properly allocated, customers of regulated telephone services may end up paying for some of the costs of the unregulated services—a practice known as cross-subsidization. GAO reported in 1987 (GAO/RCED-88-34) that the Federal Communications Commission (FCC) had not assigned enough staff to monitor carriers' cost allocations to protect ratepayers from cross-subsidization. This report reviews FCC's implementation of (1) GAO's recommendation to boost on-site audits of carriers' cost allocations and (2) certain accounting safeguards established after 1987 to protect ratepayers from cross-subsidization, including audits of carriers' cost allocations done from the carriers by certified public accounting firms, FCC's reviews of these audits, and a computerized system for maintaining carriers' cost and revenue data.

RCED-93-35, Nov. 20, 1992 (114 pages). Rural Development: Rural America Faces Many Challenges.

Although many people still view small-town America as an idyllic place to live, the economic underpinnings of this way of life—farming and natural-resource based industries—have either undergone major restructuring or are in decline. As a result, many of these communities are not thriving, and residents must often leave to find work. A GAO-sponsored symposium of experts working on issues affecting rural America highlighted a variety of approaches to overcome inherent rural characteristics that impede growth and to address rapidly changing economic conditions. This report presents the conclusions of that group, which included local and regional leaders; financial experts; representatives of nonprofit associations; and representatives from federal, state, and local government.

RCED-93-37, Jan. 6, 1993 (33 pages). Aviation Safety: Slow Progress in Making Aircraft Cabin Interiors Fireproof.

The Federal Aviation Administration (FAA) issued regulations in the 1980s to strengthen the flammability standards for materials used in aircraft cabin interiors. In establishing the stricter standards, FAA anticipated that nearly 85 percent of the U.S. aircraft fleet would comply by the year 2000 and indicated that it would consider proposing a mandatory retrofit requirement if all airlines did not meet the standards as anticipated. At the start of 1992, about 11 percent of the more than 4,200 aircraft in the fleet had complied with the standards. Although the number of newly built aircraft meeting the standards will increase each year, no airline has replaced or plans to completely replace the interior components of aircraft that were in service before the stricter standards went into effect. As a result, 45 percent of the aircraft fleet at the end of the decade may not meet the new flammability standards; the entire fleet is not expected to comply with the stricter flammability standards until 2018. The total cost to the airlines to modify aircraft not meeting the standards would be several billion dollars and would average more than $1 million per aircraft. FAA estimates that nine to 16 lives could be saved each year if all aircraft met the stricter standards. If the Department of Transportation's current value of $1.5 million for a human life were used to extrapolate a value for the potential fatalities avoided, then up to $110 million could potentially be saved by modifying aircraft to meet the standards. In the event, however, of one or two major crashes in which hundreds of people are killed, the potential savings could be much higher depending how high a value was used for a human life.

RCED-93-38, Apr. 5, 1993 (46 pages). Lead-Based Paint Poisoning: Children Not Fully Protected When Federal Agencies Sell Homes to Public.

Lead paint was used in homes until the 1970s, including many of the 110,000 homes sold to the public in fiscal year 1992 by the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs, and the Farmers Home Administration. In response to the devastating consequences of lead poisoning among young children, Congress in 1988 strengthened requirements for single-family homes that the government sells to the public. Agencies were required to test—rather than visually inspect—painted surfaces, treat both defective and intact surfaces containing lead, and notify purchasers of test results. Yet HUD never revised its regulations to reflect the tougher 1988 testing and treatment requirements. Even the less stringent regulations have not been fully implemented by the agencies' field offices. For example, although HUD requires that inspections be documented, the field offices GAO reviewed could not produce this

documentation. This report also discusses how recent legislation has affected lead-based paint hazards.

RCED-93-39, Dec. 21, 1992 (90 pages). Homelessness: McKinney Act Programs and Funding Through Fiscal Year 1991.

This report provides a legislative history of the McKinney Act; a description of each McKinney Act program; and the amount of money provided under each program, by state, for fiscal year 1991. It also briefly describes newly authorized assistance programs for the homeless and significant changes to existing McKinney Act programs. Overall, about $2.4 billion was earmarked during fiscal year 1987-91 for federal programs to help the homeless; 95 percent of the money went for food, shelter, and health care; the rest went for education and job training.

RCED-93-40FS, Apr. 29, 1993 (32 pages). Rural Development: Profile of Rural Areas.

This fact sheet presents a demographic and economic profile of rural areas that GAO developed on the basis of existing data sources. GAO discusses (1) trends in the population and age of persons in nonmetropolitan counties; (2) trends in nonmetropolitan per capita income, employment, and economic activities; and (3) the geographic distribution of farm program payments.

RCED-93-41, Feb. 23, 1993 (31 pages). Endangered Species: Potential Economic Costs of Further Protection for Columbia River Salmon.

Despite federal and regional outlays of more than $1.3 billion to improve salmon runs in the Columbia River Basin, certain salmon stocks—especially those that spawn far upstream in the Snake River and its tributaries—have reached critically low levels. As a result, the Snake River sockeye salmon was designated an endangered species in 1991, while the Snake River fall chinook and spring/summer chinook were listed as threatened species the following year. In looking into the potential economic costs and effectiveness of efforts to protect these salmon stocks, GAO found that a preliminary estimate of lost jobs due to salmon protection will be unavailable until mid-1993 at the earliest. However, preliminary estimates of the value of goods and services foregone—a measure of net economic costs—suggest that the economic costs of salmon protection may range from $2 million to as high as $211 million annually. According to the more than 300 agencies and organizations GAO contacted, no studies address how effective any of the proposed protection measures may be in increasing the number of adult salmon returning to spawn. Past evaluation of measures to maintain and improve salmon runs either did not address the issue or were inconclusive.

RCED-93-42, Nov. 20, 1992 (16 pages). Aviation Safety: Increased Oversight of Foreign Carriers Needed.

Nine out of the 15 countries recently visited by the Federal Aviation Administration (FAA) lacked government oversight to ensure that their carriers complied with international safety standards. As a result, the Department of Transportation did not approve new carrier applications from these nations. Already licensed carriers from these countries, however, can continue to fly into the United States because FAA believes that they have already established safety records. FAA also has concerns about potential retaliation by foreign governments against the United States. To ensure that carriers from countries not meeting international standards are safe, FAA is increasing inspection coverage but has not stipulated the kind, frequency, or location of inspections.

Current FAA inspections tend to be limited to examining aircraft markings, pilot licenses, and airworthiness certificates. Agency guidance, however, allows more close inspections of foreign carriers when FAA finds or suspects serious safety concerns. In three recent cases, FAA discovered serious structural cracks and corrosion, removed the aircraft from service, but made no effort to determine whether other planes run by the same carriers were safe. In another instance, FAA did not act promptly when alerted by the Canadians to serious deficiencies uncovered in Mexican aircraft during an in-depth inspection. FAA did not increase surveillance until 2-1/2 months later, after the carrier had already been involved in four serious incidents in U.S. airspace.

RCED-93-44, Nov. 27, 1992 (12 pages). Small Business: Nonprofit Agencies Employing the Disabled Seldom Seek Set-Aside Contracts.

Public or private nonprofit organizations for the handicapped—that is, nonprofit agencies employing persons with disabilities—have been authorized to compete for small business set-aside contracts awarded by federal agencies between 1989 and 1993. These nonprofit groups sponsor rehabilitation programs for the disabled or provide them with employment. The latest available data, however, show that these nonprofit groups received less than one percent of all such federal contracts set aside during a 2-1/2-year period. Furthermore, the total value of these contracts was lower than the ceilings set by law. The nonprofit agencies claim that they are not bidding more on set-aside contracts because (1) legislation prohibits nonprofit agencies from supplying a good or service on a permanent, noncompetitive basis once the product or service has been

awarded under a competitive set-aside contract and (2) they are unaware that they may bid on set-aside contracts or do not know how to do so. Efforts to boost nonprofit agencies' participation in set-aside contracts have been limited. Congress may want to consider (1) designating a federal agency to counsel nonprofit groups about bidding on set-aside contracts and (2) allowing products and services provided under the set-aside contracts to be added to the list of items that nonprofit agencies provide to federal agencies on a permanent, noncompetitive basis.

RCED-93-49, May 10, 1993 (55 pages). Water Resources: Highfield Water Company Should Not Receive Compensation From the U.S. Army.

The Highfield Water Company has claimed that it should receive between $17.7 million and $52 million from the U.S. Army as compensation for lost property and damages. Highfield argues that Fort Ritchie, located in Maryland, excessively pumped the aquifer during periods of drought between 1974 and 1978, thereby depriving the company of water it needed to meet its customers' needs. As a result, the Maryland Public Service Commission revoked the company's right to exercise its franchise to sell water to its customers. Highfield is appealing for legislative relief, asserting that it has never received a fair hearing on the merits of its case since court actions were dismissed on technical grounds. After reviewing the case, GAO concludes that Highfield was not damaged by the Fort's reasonable use of the groundwater and that Highfield neither owned nor had superior rights to the water. As a result, GAO does not believe that Highfield is entitled to any compensation from the Army.

RCED-93-50, Dec. 11, 1992 (10 pages). Federal Research: Assessment of the Financial Audit for SEMATECH's Activities in 1991.

GAO found no indication during its review that the opinion of Price Waterhouse on SEMATECH's 1991 financial statements, its report on internal control structure, or its report on compliance with laws and regulations cannot be relied upon. In its report on SEMATECH's 1990 financial statements, GAO recommended that the Pentagon require funds to be disbursed through a letter of credit instead of being disbursed in advance through quarterly payments to SEMATECH. The Defense Department has agreed to modify its procedure in January 1993, when it revises the grant agreement, by providing advance payments to SEMATECH on a monthly basis. Five member companies acknowledge including part of their SEMATECH contributions as overhead costs on government contracts that they held. Although allowable under government cost accounting principles, reimbursing members' contributions through overhead serves indirectly to increase the government's overall support for SEMATECH. GAO notes, however, that even if the amounts included as overhead were added to federal and state government contributions, member companies would still have paid their required 50 percent of SEMATECH's costs.

RCED-93-51, May 5, 1993 (37 pages). Small Business: Financial Health of Small Business Investment Companies.

Under a program created by the Small Business Investment Act of 1958, small business investment companies provide financing to small businesses through equity investments (stock) and debt (loans). The companies obtain their money primarily from two sources—privately invested capital and long-term-debentures guaranteed by the Small Business Administration (SBA). When a company has losses exceeding half of its private capital or is unable to repay SBA for leverage, the agency may liquidate the company. When this occurs, small businesses lose an important source of financing, and the private investors and the federal government can lose all or part of their investments. Between October 1986 and September 1991, SBA incurred losses of more than $90 million due to such liquidations. This report provides information on (1) reasons for small business investment companies' liquidations between January 1986 and March 1991, (2) a comparison of the financial performance of active and liquidating companies, and (3) the statistical correlation of several key characteristics of the companies and their investments with their liquidations and financial performance.

RCED-93-52, Nov. 18, 1992 (15 pages). Aviation Safety: New Regulations for Deicing Aircraft Could Be Strengthened.

Six months after the March 1992 crash of USAir Flight at LaGuardia Airport, in which 27 people were killed during an unsuccessful takeoff possibly caused by ice buildup on the plane's wing, the Federal Aviation Administration (FAA) issued tougher regulations on airline ground operations during icy conditions—a considerable accomplishment considering that rulemaking can take as long as seven years. Airlines had until November 1992 to implement the new regulations. The new regulations mandate more thorough inspection of aircraft and ice removal before takeoff. These guidelines take into account the length of time deicing and anti-icing fluids can effectively keep planes free of ice. Earlier regulations stipulated only that aircraft could not take off if ice, frost, or snow were sticking to critical surfaces, such as the wings. The new regulations clearly spell out the information and training that airline personnel will need to ensure safety during icy conditions. GAO has concerns, however, about allowing pilots to check for ice from inside the aircraft. Obstructed views, distance,

and poor lighting could make it difficult, if not impossible, to detect ice from inside the plane. In addition, the regulations exempt commuter airlines, which are also vulnerable to icy conditions. Commuter pilots have reported five incidents during the past four years in which they aborted flights during or immediately after takeoff because of ice problems. Finally, FAA needs to take a more active role in verifying that airline personnel have actually received and understand the training information on the new regulations.

RCED-93-54, Aug. 5, 1993 (40 pages). Assisted Housing: Evening Out the Growth of the Section 8 Program's Funding Needs.

Housing subsidies provided under the government's Section 8 program have enabled nearly 3 million poor families to obtain decent and affordable housing from private owners. The Department of Housing and Urban Development makes this money available through more than 40,000 contracts with local housing agencies, state finance agencies, and private owners. Many of these contracts will expire within five years, and the estimated cost to renew them will soar to more than $15 billion. This report discusses (1) estimated budget authority needs to renew expiring Section 8 rental housing assistance contracts in fiscal years 1994-98, (2) ways to even out the growth in budget authority for contract renewals, and (3) the relationship between budget authority needs to fund contract amendments—additional budget authority for contracts with insufficient remaining funds—and budget authority needs to renew expiring contracts.

RCED-93-55, Jan. 14, 1993 (25 pages). Air Traffic Control: Justifications for Capital Investments Need Strengthening.

The Federal Aviation Administration (FAA) launched a major effort in 1991—now called the Capital Investment Plan—to modernize air traffic control by acquiring new radar, communications, and data processing systems designed to bolster the safety and efficiency of air travel. While acquiring these new systems, FAA has encountered serious problems in cost growth and peformance as well as schedule delays. In an earlier report (GAO/RCED-91-159), GAO found that FAA's failure to prepare mission need statements for any of its major acquisitions had contributed to these acquisition problems. FAA reformed its acquisition process in 1991 by requiring a mission need statement for all new system acquisitions in the Capital Investment Plan. This report discusses whether (1) mission need statements contained evidence to support the need for new investments and (2) the statements relied on analyses of current performance of air traffic control systems.

RCED-93-56, Nov. 19, 1992 (24 pages). Nuclear Weapons Complex: Weaknesses in DOE's Nonnuclear Consolidation Plan.

The end of the cold war and expected reductions in the nation's nuclear weapons arsenal has prompted the Department of Energy (DOE) to study ways to consolidate the agency's nuclear weapons complex. The agency's first choice is to centralize most of its nonnuclear operations, which produce nonnuclear components for weapons, in Kansas City, Missouri. A number of other nonnuclear activities would move to other DOE facilities or be privatized. GAO is concerned because the costs associated with this plan are uncertain and the technical risks of consolidation have not been thoroughly explored. DOE recognizes some of these weaknesses and is looking into other options, such as moving specific operations to the national laboratories. It is also doing more detailed cost estimates on other options. Some weaknesses, however, continue to receive little attention. Further analysis of additional policy options and technical risks is needed to assure Congress and the public that all reasonable options have been explored and that DOE's approach will minimize risks. Moreover, a specific size for the complex has yet to be decided. GAO believes that the selection of the complex's size and capabilities sets a critical baseline for consolidation planning. Once parameters are placed on the future production capability of the complex, consolidation planning to establish that capability can go forward.

RCED-93-57, June 14, 1993 (52 pages). Rural Housing: FmHA's Home Loan Program Not Meeting the Needs of All Rural Residents.

The Farmers Home Administration (FmHA), part of the Agriculture Department, makes home loans to rural residents who cannot afford homes through private financing. GAO found that although rural areas have the worst housing conditions, they receive a smaller percentage of housing assistance than areas close to urban centers. Program funds lent under FmHA's single-family housing program are concentrated in and around metropolitan areas and are disproportionately higher than the demand for housing in these areas warrants. Remote rural areas, on the other hand, receive a disproportionately low amount of funds in relation to housing needs. Congress has acted to ensure that remote rural areas are better served by the program, but these actions have not yet been implemented. FmHA has identified factors contributing to the low demand for program funds in remote areas, including low income limits difficult for remote rural families to meet and subjective application of criteria used to approve housing for the program. This report includes color photos of houses rejected for

the program because of slight violations, such as having a fireplace or too many windows.

RCED-93-58, May 17, 1993 (109 pages). Solid Waste: Federal Program to Buy Products With Recovered Materials Proceeds Slowly.

By the year 2000, everyone in the United States is projected to discard more than four pounds of solid waste a day. Most of this waste ends up in landfills that are reaching capacity, and setting up new sites has become increasingly difficult. Under the Resource Conservation and Recovery Act of 1976, Congress required federal agencies to buy items composed of materials recovered from discarded waste. The Environmental Protection Agency (EPA) was to designate which items agencies were to buy, the Commerce Department was to develop markets for recovered materials, and the Office of Management and Budget (OMB) was to implement the act's procurement policy. GAO found that EPA has been slow to develop procurement guidelines and that Commerce has done little to stimulate market development. In the absence of effective program leadership, some federal agencies have claimed to have been unaware of the program or assigned it a low priority. In response to heightened congressional interest, some agencies have begun complying with program requirements but have identified barriers that could hinder program effectiveness. Although OMB has submitted reports to Congress, it has only recently requested the information needed to measure agency progress. Without a system to provide needed data, complete information needed to assess the program may not be available in the future.

RCED-93-59, Feb. 23, 1993 (33 pages). Air Pollution: Difficulties in Implementing a National Air Permit Program.

Factories, refineries, and other industrial facilities spew out thousands of tons of pollutants each year. Industry is required to obtain operating permits and pay the costs incurred by state air pollution control agencies in approving and administering these permits. The Environmental Protection Agency (EPA) was supposed to issue a permit rule by November 1991 that would govern state permit programs, but disagreement among EPA and other government agencies delayed issuance of the final rule for eight months. This report discusses (1) efforts by EPA and states to start up effective operating permit programs and (2) the adequacy of resources budgeted by EPA to management the permit program and the sufficiency of permit fees assessed by state agencies to cover the costs of their programs.

RCED-93-60, Feb. 3, 1993 (9 pages). Disaster Relief Fund: Actions Still Needed to Prevent Recurrence of Funding Shortfall.

The fiscal year 1991 shortfall in the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund occurred essentially because (1) large expenses were paid from the fund during fiscal year 1991 as a result of disasters from previous years, such as the Loma Prieta earthquake and Hurricane Hugo, (2) no appropriation was made for fiscal year 1991, and (3) the enactment of the supplemental appropriation was delayed. Recent steps taken by Congress and FEMA should lessen the chances of another shortfall. For example, legislation enacted in 1991 stating that supplemental appropriations for the Disaster Relief Fund will be considered as emergency funds should help to reduce the delay in making funds available. Also, FEMA is trying to develop more accurate and timely estimates of disaster costs. Although major disasters like Hurricane Andrew involve huge costs paid over many fiscal years, FEMA's budget submission to Congress gives no idea how much of the balance of the Disaster Relief Fund at the start of the year will be needed to pay for disaster costs arising from previous years. Congress could use such information in considering the need for and the amount of appropriations.

RCED-93-61, Mar. 9, 1993 (30 pages). Mass Transit: Needs Projections Could Better Reflect Future Costs.

In making crucial policy and funding decisions on the future role of public transit, Congress needs the best information available about how states and localities intend to use transit to increase mobility, reduce traffic congestion, improve air quality, and spur economic development. Congress has received four projections of overall transit needs since 1988. Two estimates came from the Federal Transit Administration (FTA) while two nonprofit associations representing state transportation and transit interests each prepared one projection. These projections varied widely—from $3 billion to $32 billion per year—because each used different cost elements and made different assumptions in calculating costs. Several factors, including legislation such as the Clean Air Act Amendments of 1990, the Americans With Disabilities Act, and the Energy Policy Act of 1992, could cause future transit needs to exceed all of the needs projections. FTA needs to make several short-and long-term changes to improve its transit needs projections. New planning requirements for state and local transit plans could become the basis for a nationwide estimate of transit needs. Although these data are not now being collected, the Department of Transportation has an opportunity to facilitate future data availability. GAO summarized this report in testimony before Congress; see: Mass Transit: FTA's Projections Could Better Reflect State and Local Needs, by Kenneth M. Mead, Director of Transportation

Issues, before the Subcommittee on Transportation, Senate Committee on Appropriations. GAO/T-RCED-93-17, Mar. 11, 1993 (12 pages).

RCED-93-63, Feb. 8, 1993 (19 pages). Contract Award Practices: Metropolitan Washington Airports Authority Generally Observes Competitive Principles.

The Metropolitan Washington Airport Authority's (MWAA) procedures for awarding contracts worth more than $200,000 and concession contracts have promoted a competitive environment. The contract awards that GAO reviewed followed MWAA's procedures and reflected a fully competitive process that was open to all interested parties, with solicitations focused on local vendors. GAO did find some practices, however, that could harm the competitive process. These practices include (1) awarding contracts under procedures that have not been publicly disclosed, (2) not clearly delineating responsibility for reviewing the appropriateness of the evaluation criteria used to rank proposals for awarding architectural and engineering contracts, and (3) extending a contract without authorization.

RCED-93-64, Apr. 26, 1993 (69 pages). International Aviation: Measures by European Community Could Limit U.S. Airlines' Ability to Compete Abroad.

With nearly 30 million passengers flying to and from Europe each year, transatlantic service is the largest international market for U.S. airlines. The European Economic Community (EC), however, is changing the way that individual aviation markets of its member nations are regulated. This report assesses (1) changes to air transport regulations that the EC has undertaken; (2) the effect of those changes on competition in the European air travel market; and (3) the implications of those changes for U.S. airlines, including the possibility of granting cabotage rights to a unified EC, which would allow EC airlines to provide air service between points in the United States in exchange for allowing U.S. airlines to serve more routes in the EC. GAO notes that U.S. airlines' ability to compete in the EC could be limited by recent measures that ban non-EC carriers from dropping fares below existing ones on routes within the community and that make it harder to acquire more takeoff and landing slots.

RCED-93-65FS, Mar. 5, 1993 (196 pages). Maritime Industry: Federal Assessments Levied on Commercial Vessels.

This fact sheet responds to congressional concerns about the total number and amount of user fees, taxes, and other charges, excluding fines and penalties, that have been levied on the commercial maritime industry. GAO identified 12 federal agencies that levied a total of 117 diverse assessments for total collections of nearly $12 billion in fiscal year 1991. The assessments were intended to generate revenue or reimburse the agency for expenses incurred in providing a service. This fact sheet discusses in detail the agencies and their assessment activities, the payors of assessments, assessment amounts and totals collected, exemptions from assessments, and proposed assessments. GAO summarized this report in testimony before Congress; see: Transportation: Federal Assessments Levied on Commercial Maritime Industry, by John H. Anderson, Jr., Associate Director for Transportation Issues, before the Subcommittees on Coast Guard and Navigation and Merchant Marine, House Committee on Merchant Marine and Fisheries. GAO/T-RCED-93-24, Mar. 25, 1993 (14 pages).

RCED-93-66, Mar. 25, 1993 (18 pages). Nuclear Health and Safety: Corrective Actions on Tiger Teams' Findings Progressing Slower Than Planned.

Since 1989, the Department of Energy (DOE) has used Tiger Teams—groups composed of DOE and contractor experts—to assess DOE facilities' compliance with environment, safety, and health (ES&H) regulations. Although the Tiger Teams have helped establish a baseline of compliance at major facilities and have raised awareness throughout DOE about the need to improve performance in this vital area, considerable efforts will be needed to fully comply with ES&H requirements and to establish vigorous and formal ES&H programs at DOE. It could take as long as seven years to complete all corrective actions on Tiger Team findings. As a result, DOE needs to continue to work with its field offices on verifying the adequacy of corrective actions. DOE needs to ensure that specific measures of contractor responsiveness to Tiger Team findings are included in all performance evaluation plans.

RCED-93-68, Dec. 8, 1992 (36 pages). Amtrak Training: Improvements Needed for Employees Who Inspect and Maintain Rail Equipment.

Amtrak has devised training programs so that its train engineers and assistant conductors have the necessary knowledge and skills to do their jobs effectively. Training programs for signal maintainers, carmen, and mechanical foremen, however, are fraught with weaknesses that may have left Amtrak with a work force that is less than fully prepared. Because Amtrak had not assessed the programs, its officials were unaware of the problems GAO identified. Amtrak officials cited staff and equipment shortages as the reasons for not providing some training. The three European rail systems that GAO visited have signal maintainer,

carmen, and foremen training programs that are centrally designed and managed, mandatory for all trainees, and that contain the same regimen as Amtrak's engineer training program.

RCED-93-69, Apr. 8, 1993 (47 pages). Trans-Alaska Pipeline: Projections of Long-Term Viability Are Uncertain.

The Department of Energy (DOE) asserts that Congress will have to authorize the leasing of the coastal plain of Alaska's Arctic National Wildlife Refuge—an area of high oil and gas potential—by 1997 to keep the Trans-Alaska Pipeline operating. DOE concludes that because of the projected rate of decline in oil production from Alaska's North Slope, the pipeline will likely be forced to shut down by the year 2009. The possible shutdown of the pipeline could be a consideration in reaching a policy decision on whether to open the refuge to oil and gas development or whether to designate the coastal plain as wilderness, thereby precluding future development. In assessing DOE's conclusion that 2009 is the most likely year that the pipeline will be forced to shut down, GAO evaluated the reasonableness of (1) the minimum operating level that DOE assumed for the pipeline and (2) the model and the key economic, geologic, engineering, and cost assumptions that DOE used to estimate oil production at the North Slope. GAO also looked at the reasonableness of DOE's belief that it will take 10 to 12 years to develop new oil fields in the refuge.

RCED-93-71, Mar. 4, 1993 (15 pages). Nuclear Waste: Hanford's Well-Drilling Costs Can Be Reduced.

To clean up radioactive and hazardous wastes at its Hanford Site in Washington state, the Department of Energy (DOE) will sink nearly 900 monitoring wells over the next several years at a cost of more than $270 million. The wells are designed to provide information on the nature and the extent of soil and groundwater contamination. Recent studies have suggested that DOE could substantially reduce its costs for sinking the wells by using more efficient drilling methods. Although the Hanford Site contractors have implemented many of the recommended cost-saving measures, other actions could further reduce well-drilling costs. These actions include (1) adopting faster and less expensive well-drilling technologies, (2) using the well-drilling program's work force more efficiently, and (3) centralizing the management of the well-drilling program to improve its effectiveness. DOE and the Hanford contractors, however, have made little effort to take advantage of these opportunities.

RCED-93-72, Aug. 31, 1993 (50 pages). Department of Energy: Management Problems Require a Long-Term Commitment to Change.

Congress and others have criticized the Department of Energy (DOE) for inadequately managing its vast nuclear weapons production complex and for allowing contractors, which now dominate agency activities, to elude management and financial oversight. DOE admits these weaknesses and, to its credit, has launched a broad range of initiatives to overcome them. Yet the management challenges facing DOE are so significant that fundamental change will come slowly. Strong leadership is needed to sustain the momentum and to build an effective management structure. Two of the most important management changes have been (1) DOE's reorganization to instill accountability and (2) procurement reforms to bolster contractor oversight. But fundamental DOE weaknesses, including poor communication with field offices and inadequate technical and administrative skills among DOE workers, are undermining the success of these initiatives. Aggressive action to overcome these shortcomings is especially important as the incoming DOE leadership begins grappling with problems plaguing DOE organizational structure and contract management.

RCED-93-74FS, Feb. 18, 1993 (29 pages). USDA Research and Extension Agencies: Missions, Structures, and Budgets.

Congress is considering ways to restructure the U.S. Department of Agriculture (USDA) to boost efficiency and improve delivery of service. This fact sheet provides information on the following four USDA agencies: the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the Soil Conservation Service. GAO discusses the agencies' missions, programs, organizational structures, and staffing and funding for fiscal years 1987 through 1991.

RCED-93-75, Dec. 30, 1992 (15 pages). Federal Research: Foreign Contributions to the Superconducting Super Collider.

The Department of Energy (DOE) may have a hard time getting the foreign contributions needed to meet its $1.7 billion goal for the Superconducting Super Collider. As of the end of fiscal year 1992, DOE had received about $15 million in foreign contributions consisting of pledges and contributions of labor and materials from India, Russia, and China. This amount is close to the $20 million DOE estimated that it would receive by the end of fiscal year 1992. The Superconducting Super Collider funding profile, however, calls for DOE to obtain an additional $1.1 billion in foreign contributions through fiscal year 1996. Although most of this money will have to come from Japan, Japanese officials have said that they are still studying the merits of the project and have yet to decide whether to contribute. If the foreign contributions do not materialize, the tab for U.S.

taxpayers will increase regardless of whether Congress decides to make up for the funding shortfall or let the project's schedule slip. According to DOE, a one-year slippage in the project's overall completion schedule would boost costs by about $400 million—or roughly $1 million a day.

RCED-93-76FS, Jan. 29, 1993 (17 pages). Energy Management: Types of Allowable and Unallowable Costs Incurred Under Two DOE Contracts.

This fact sheet provides information on costs that the Department of Energy's (DOE) management and operating contractor, Martin Marietta Energy Systems, incurred while running DOE's facilities at Oak Ridge, Tennessee; Paducah, Kentucky; and Portsmouth, Ohio. Martin Marietta has two contracts with DOE, one involving Oak Ridge and the other involving the Kentucky and Ohio facilities. GAO identified some limited instances in which costs incurred were determined to be unallowable, including Martin Marietta employee memberships in trade, business, and professional organizations. Compared with the more than $1.8 billion spent on the two contracts in fiscal year 1991, however, the amounts of the unallowable costs were relatively small, and either DOE or Martin Marietta plans to take appropriate corrective action. GAO also found that the most recent allowability-of-costs report, an examination of fiscal year 1991 costs prepared by Martin Marietta's internal audit staff, included a broad discussion of unallowable cost issues and identified some unallowable costs. The two previous reports did not identify any unallowable costs. Further, Martin Marietta gave GAO data showing that it had incurred more than $2.2 million in costs to run DOE facilities in 1992 that had not been charged to the government because Martin Marietta considered them unallowable. These costs included relocation expenses, community relations expenses, incentive compensation for executives, country club dues, and entertainment costs. Also, in fiscal year 1991, Martin Marietta charged more than $320,000 in allowable recreational costs, including $7,300 for golf balls and $20,000 for a Christmas party.

RCED-93-78, Apr. 8, 1993 (25 pages). Public and Assisted Housing: Some Progress Made in Implementing HUD's Family Self-Sufficiency Program.

The government's family self-sufficiency program was created in 1990 to coordinate federal public housing, Indian housing, and section 8 rental housing assistance with public and private support services. The program, by linking housing assistance with support services, like education and job training, seeks to help lower income families attain economic independence and become homeowners. This report discusses (1) the program's status, (2) actions by the Department of Housing and Urban Development (HUD) to coordinate its efforts with those of other federal agencies that will fund the support services needed for the program, and (3) HUD efforts to determine how much to reimburse local housing agencies for the costs of operating their family self-sufficiency programs.

RCED-93-79FS, Mar. 5, 1993 (34 pages). Telecommunications: Interruptions of Telephone Service.

In the fall of 1991, a long-distance carrier suffered a massive outage that cut off most long-distance communications to and from New York City. Particularly disturbing was a disruption in the region's air traffic control system, which depends on telephone lines for voice and data transmission. GAO found that more than 1,000 such outages occurred during 1990 and 1991, affecting upwards of 69 million customers. Discounting an ice storm that lasted two weeks, the average duration of the outages was 3.3 hours; about half of the outages occurred between 9 a.m. and 6 p.m. Local telephone companies experienced about 80 percent of these outages; they said that hardware problems, such as computer failure, and software problems, such as programming errors, were the main culprits. Long-distance companies said that cable cuts were the main reason for their disruptions.

RCED-93-80, Apr. 6, 1993 (40 pages). Lawn Care Pesticides: Reregistration Falls Further Behind and Exposure Effects Are Uncertain.

In their quest for perfect lawns, homeowners and lawn services are applying vast quantities of pesticides to eliminate weeds and insects. Yet the potentially dangerous consequences of these pesticides—from health and environmental problems to groundwater contamination—are not widely understood by the public. Although the Environmental Protection Agency (EPA) relies on reregistration to bring older pesticides into compliance with current scientific standards, the agency continues to fall behind its schedule to reregister pesticides. EPA's most recent estimates for obtaining required studies for 12 of the 18 major pesticides used in lawn care have slipped by as much as four years. Even after reregistration, the safety of lawn care pesticides is doubtful. EPA has not developed guidelines to assess the health effects of human exposure to pesticides after they are applied to lawns. In light of increasing reports of incidents involving pesticides, EPA is reconsidering its long-held view that pesticides pose no risk to the health of homeowners and their families. EPA is particularly concerned about the pesticides' effect on children, who may play on or around treated lawns. EPA has found 13 lawn care pesticides in groundwater and

has identified four potential carcinogens among the 18 major lawn care pesticides.

RCED-93-81, Apr. 5, 1993 (32 pages). Nuclear Waste: Connecticut's First Site Selection Process for a Disposal Facility.

Connecticut, like all other states, is required to dispose of commercial low-level radioactive waste generated within its borders. Because Connecticut is highly developed and densely populated, however, the search for an appropriate disposal site has been lengthy. The process has been further delayed by opposition from citizens groups, as well as a directive from the state legislature requiring the state siting authority to restart the site screening process. This report reviews Connecticut's first effort to develop a low-level radioactive waste disposal facility, including opportunities for public involvement, and compares the incentives that Connecticut will offer to potential host communities with the incentives offered by other states.

RCED-93-83, Mar. 18, 1993 (14 pages). Telecommunications: FCC's Handling of Formal Complaints Filed Against Common Carriers.

The Federal Communications Commission (FCC) relies on a formal complaint process to resolve pricing and other disputes between customers and common carriers, such as local and long-distance telephone companies. A significant rise in complaints during fiscal years 1989 and 1990 and FCC's extensive use of deferrals have caused (1) an increasing number of unresolved formal complaints against common carriers, (2) long periods of time taken to resolve complaints, and (3) a very low level of compliance with the law requiring FCC to resolve tariff complaints within 12 to 15 months of their filing. FCC has taken various steps to resolve formal complaints more quickly, including doubling its staff of formal complaint attorneys, proposing to streamline its resolution procedures, and piloting alternative techniques for dispute resolution.

RCED-93-84, Apr. 16, 1993 (69 pages). Sugar Program: Changing Domestic and International Conditions Require Program Changes.

The U.S. Department of Agriculture's (USDA) sugar program protects domestic sugar producers from lower world prices but has boosted domestic sugar prices, costing food manufacturers and consumers an average of $1.4 billion annually. About 40 percent of this amount goes to producers. Yet program benefits are concentrated among a relatively small percentage of farms. GAO estimates that 42 percent of the sugar grower benefits went to one percent of all sugar farms in 1991. Although cane and beet sugar each represent about one-half of the domestic sugar market, the cane industry's benefits are more concentrated—17 cane farms received about 58 percent of the estimated cane grower benefits in 1991. Benefits for high fructose corn syrup manufacturers, which average $548 million annually, are also concentrated: Four firms accounted for 87 percent of production in 1990. Foreign countries that export their quota sugar to the United States receive the supported domestic price, which is higher than the price these countries could receive on the world market. GAO recommends that Congress consider legislation that would move the sugar industry toward a more open market. As part of this transition, the market price for sugar should be lowered. Congress should gradually lower the loan rate for sugar and direct USDA to adjust import quotas accordingly.

RCED-93-85, May 17, 1993 (52 pages). Safety and Health: Key Independent Oversight Program at DOE Needs Strengthening.

Since its inception in 1988, the Environment, Safety, and Health Office's Site Representative Program has not provided the vigorous independent oversight originally envisioned. Staffing constraints have limited the program's coverage of Department of Energy (DOE) sites, and the office has lacked a systemic approach for using the site residents' observations to evaluate safety and health performance. In addition, DOE has not required line management to respond to the site residents' findings. As a result, line management has failed to adequately address some major safety and health issues cited by site residents, posing unnecessary risks to workers. In restructuring the program in 1992, the Environment, Safety, and Health Office made a number of improvements, but basic problems persist, such as staffing constraints. In addition, new problems further limit this oversight capability—the program's coverage of occupational health has ceased; the program has not set minimum training requirements for site representatives; and the site representatives are not spending enough time touring work areas to identify safety problems. Finally, the office's ability to resolve problems once they are identified is limited because of the absence of requirements spelling out how line managers should respond to findings.

RCED-93-86, June 25, 1993 (35 pages). Transportation Infrastructure: Oversight of Rental Rates for Highway Construction Equipment Is Inadequate.

On federally funded highway projects, unanticipated equipment costs can result from work that was unforeseen at the time that a highway construction contract was awarded. Data on the actual equipment costs for such unanticipated work are usually unavailable, so states and contractors often turn to one of several rental rate guides to determine costs. This report examines the equipment rental rates

that states use to reimburse contractors for unanticipated work on federally funded highway projects. GAO (1) identifies the basis on which the states establish equipment rental rates, (2) assesses whether the states are setting rental rates that properly approximate the contractors' actual equipment costs, and (3) determines whether the Federal Highway Administration is adequately overseeing the way that states use the guides to establish their rental rates.

RCED-93-87, Feb. 12, 1993 (44 pages). Federal Research: Super Collider Is Over Budget and Behind Schedule.

The Superconducting Super Collider—a potential source of basic knowledge about matter and energy—will, when completed, be the world's largest particle accelerator. The prime contractor for the multibillion dollar project, which is being built about 30 miles south of Dallas, Texas, still has not come up with a fully functioning cost and schedule control system. Such a system—with trend analysis showing the estimated cost and schedule for completing the project—is not expected to be up and running until July 1993 or later. Analysis of the major subcontractors' work in progress showed that the project is over budget and behind schedule. For example, trend analyses show that costs at completion for architect and engineering services and conventional construction will be $630 million over the baseline cost estimate of $1.25 billion. Further, it is unclear how much these increases will ultimately change the project's total cost and schedule. To counter cost increases, the Department of Energy (DOE) plans to follow a build-to-cost strategy. This effort is intended to hold construction costs to baseline cost estimates by eliminating, reducing, or deferring some components. Such actions would reduce the Super Collider's experimental capabilities, could harm the experimental research, and could increase overall costs to the government. DOE recently advised Congress that it may only be able to obtain about $400 million of the $1.7 billion that it is seeking from foreign contributors—leaving a shortfall of $1.3 billion. As a result, Congress faces the prospect of having to substantially boost federal funding to complete the project.

RCED-93-88, Mar. 5, 1993 (12 pages). Energy Management: Improving Cost-Effectiveness in DOE's Support Services Will Be Difficult.

The Department of Energy (DOE) contracts extensively for a wide variety of support services, including management, administrative, and technical activities. GAO reported in August 1991 (GAO/RCED-91-186) that contracting for this work can cost substantially more than using federal employees. GAO also indicated that many of these contracts had been awarded, not on the basis of comparisons between federal and contract costs, but solely because DOE did not have enough staff to do the work. This report discusses (1) what actions have been taken in response to GAO's earlier recommendations, (2) obstacles DOE has encountered in trying to improve the cost-effectiveness of support services, and (3) whether steps have been taken to overcome these barriers.

RCED-93-90, Apr. 26, 1993 (72 pages). Nuclear Regulation: Better Criteria and Data Would Help Ensure Safety of Nuclear Materials.

Nuclear materials—some intensely radioactive—are widely used in instruments that identify flaws in construction materials for bridges and other structures, as well as in medicine to treat diseases like cancer. The Nuclear Regulatory Commission (NRC) regulates the safe use and control of these materials. NRC enforces its regulations either on its own or by entering into agreements with states. These states assume regulatory responsibility and must have programs that are compatible with NRC's and are adequate to protect public health and safety. In response to congressional concerns about whether NRC is adequately protecting the public from these nuclear materials, this report reviews (1) the comparability of NRC's programs for agreement states and NRC-regulated states, including assessments of the effectiveness of both programs, and (2) NRC's actions on GAO's past recommendations.

RCED-93-91, Feb. 26, 1993 (12 pages). Aircraft Maintenance: FAA Needs to Follow Through on Plans to Ensure the Safety of Aging Aircraft.

The precarious financial health of the airline industry portends continuing flux in both U.S. airline fleets' mix of planes and in their strategies for operating aging aircraft. Many airlines today are constantly revising their estimated capacity needs, including plans to keep aging aircraft in the skies. GAO believes that the Federal Aviation Administration (FAA) needs a clear picture of airlines' compliance with rules for aging aircraft. Because of the potential gravity of even one major incident involving an aging aircraft, FAA needs to know the compliance status of each of the 1,800 planes in the nation's aging fleet. Although FAA has taken positive steps to monitor airline compliance, it has neither developed data bases on aircraft compliance or the activities of its inspectors nor completed planned inspections of aging aircraft. Better information on airlines' compliance would allow FAA to identify the areas of highest risk, which require more of its attention. Because FAA's large work load disperses inspection resources over many high-priority areas, GAO believes that it is essential that FAA have access to complete and accurate data with which to target resources.

RCED-93-92, Apr. 5, 1993 (15 pages). Rangeland Management: BLM's Range Improvement Project Data Base Is Incomplete and Inaccurate.

The Bureau of Land Management (BLM) spent about $18 million in fiscal years 1990 and 1991 to improve the public rangeland. These funds came from fees paid by ranchers to graze their livestock on BLM land. The law requires that the funds be used for projects such as fencing, weed control, and water development that benefit rangeland resources, including wildlife, watersheds, and livestock. This report discusses how range improvements are accounted for, including (1) the types of range improvement projects funded, (2) the cost of each project, and (3) the rangeland resources benefiting from these projects. GAO also provides information on the role that grazing advisory boards play in determining which range improvement projects are funded each year.

RCED-93-94, May 21, 1993 (34 pages). Pesticides: Pesticide Reregistration May Not Be Completed Until 2006.

Many pesticides are in use today that have never been fully evaluated for their potential to cause cancer, reproductive disorders, birth defects, and environmental damage. More than 20 years ago, Congress required the Environmental Protection Agency (EPA) to reassess and reregister thousands of older pesticides using current scientific standards. Although EPA has made progress in completing the first several steps of the reregistration process, the agency will be unable to complete the pesticide reassessment in 1997 and product reregistration in 1998 as expected. EPA believes that the program may not be completed until 2006. Meanwhile, most of these products continue to be sold and distributed despite sketchy knowledge of their health and environmental effects. EPA will be unable to complete the program on schedule because it did not take into account the complexity and magnitude of the reregistration task or the resources needed to conduct the program. Also, a large number of the studies that the registrants submitted as part of the process have been unacceptable. In addition, EPA's progress in reregistering pesticides used mainly on food products—those with the greatest potential to cause serious health problems—has been much slower than expected. Concentrating on these high-priority pesticides could help EPA assess their risks more quickly and accelerate actions to reduce those risks.

RCED-93-95, May 3, 1993 (26 pages). Farm Finance: Number of New Farmers Is Declining.

The number of new farmers has declined considerably in recent years, largely because of unfavorable economic conditions in the agricultural sector. Also, people interested in farming often encounter problems in obtaining financing to cover the costs of acquiring and operating a farm. The Farmers Home Administration (FmHA), "lender of last resort" for the nation's farmers, has not targeted loan funds to beginning farmers, but such individuals can get loans if they are able to meet the agency's relatively lenient loan-making standards. FmHA has given beginning farmers priority in leasing or purchasing from its inventory of farm properties, but the suitability of these properties for beginning farmers is often questionable. Additionally, some states sponsor programs that target loan assistance to beginning farmers. Beginning farmers may have difficulty, however, in qualifying for credit through these programs or at FmHA. FmHA has yet to fully implement the beginning farmer provisions of the 1990 Farm Bill, such as establishing innovative programs for financing and for assisting in land transfers between generations of farmers. In October 1992, Congress mandated that the agency establish programs targeting farm ownership and farm operating loans to beginning farmers.

RCED-93-96, Apr. 14, 1993 (36 pages). Drinking Water: Stronger Efforts Needed to Protect Areas Around Public Wells From Contamination.

In recent years, groundwater across the country has been threatened or contaminated by harmful pollutants discharged into areas surrounding drinking water wells, often referred to as wellhead protection areas. As a result, some communities have had to shut down their drinking water wells permanently or pay tens of millions of dollars in cleanup costs. Several barriers hinder states' efforts to develop wellhead protection programs, including (1) opposition at the local level against states' enactment of land-use controls and (2) a general lack of public awareness about the vulnerability of drinking water to contamination and the need to protect wellhead areas. Environmental Protection Agency (EPA) and state officials, however, point to a shortage of money as the major obstacle. This shortage also explains the lower priority accorded the wellhead protection programs. One way to alleviate the funding barrier is for states to integrate their wellhead protection program with their comprehensive programs. GAO believes that a further enhancement would be for EPA and Congress to reassess the absence of federal appropriations for wellhead protection programs, in light of their preventive orientation, and focus on protecting precious drinking water supplies.

RCED-93-97, Apr. 9, 1993 (37 pages). Drinking Water: Key Quality Assurance Program Is Flawed and Underfunded.

One key way of ensuring drinking water quality is the periodic inspection, or sanitary survey, of public water systems. Yet GAO discovered that sanitary surveys across the country often fall short. Specifically, 45 states omit one or more key survey elements, such as inspection of the water distribution system or review of water system operators' qualifications. In addition, some states do not require documentation to back up inspections and survey results, and surveyors sometimes interpret results inconsistently. GAO reviewed 200 sanitary surveys in four states—Illinois, Montana, New Hampshire, and Tennessee—and found recurring problems with water systems' equipment and management, particularly among small systems. The gap between the needs and available resources of state drinking water programs—estimated in the hundreds of millions of dollars annually—has severely handicapped states' efforts to conduct sanitary surveys. The problem is compounded by the lack of minimum requirements for performing and documenting surveys. The upshot is that a key survey benefit—spotting and correcting problems before they seriously affect water quality—has often not been realized. GAO concludes that effective corrective measures will depend on resolving the acute funding shortage affecting the Environmental Protection Agency's drinking water program. GAO summarized this report in testimony before Congress; see: Drinking Water: Key Quality Assurance Program Is Flawed and Underfunded, by Peter F. Guerrero, Associate Director for Environmental Protection Issues, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce. GAO/T-RCED-93-31, Apr. 19, 1993 (12 pages).

RCED-93-98, May 24, 1993 (49 pages). Crop Insurance: Federal Program Faces Insurability and Design Problems.

The federal crop insurance program, which offers farmers protection from such risks as flooding and drought, was revised in 1980 to achieve, among other things, actuarial soundness and widespread participation so that other forms of disaster relief could be eliminated. Because the program is not achieving those goals, GAO examined how well the program meets basic conditions of insurability, which help promote actuarial soundness, and how efforts to expand participation have affected actuarial soundness. GAO found that the program does not meet three basic conditions of insurability: (1) some crop insurance risks are not independent, which means that many farms can be stricken by the same disaster and require relief all at once; (2) the government does not have enough farm-level information to differentiate among farmers' risks and therefore may charge similar premiums to high-risk and low-risk farmers, which can result in higher numbers of high-risk farmers covered by the program; and (3) the government cannot detect moral hazard when an insured farmer's actions increase the chance or extent of loss. Program efforts to widen participation by making crop insurance more attractive to farmers have inhibited actuarial soundness; also, with these efforts the program has failed to achieve a 50-percent national participation rate, Congress' goal.

RCED-93-99, Mar. 8, 1993 (43 pages). Nuclear Waste: Hanford Tank Waste Program Needs Cost, Schedule, and Management Changes.

The Department of Energy (DOE) has been trying to clean up the radioactive waste at its Hanford Site in Washington state by encasing it in glass—a process known as vitrification—and shipping it to a geologic repository for permanent disposal. Major technical problems have beset all key steps of the program. Specifically, DOE has not determined how many samples it will ultimately need to determine the contents of the waste and lacks adequate facilities for analyzing the material. DOE has not fully tested its approach for retrieving different wastes to be treated and is basing its pretreatment plans on unproven technology. Even if DOE surmounts these obstacles, the vitrification plant may not be large enough to treat all of the high-level waste in a reasonable time frame and the technical feasibility of DOE's approach to disposing of low-level waste has yet to be demonstrated. In addition to these technical uncertainties, questions have also been raised about the program's cost, schedule, and management. For example, estimates for completing the project have soared from $14 billion to nearly $50 billion.

RCED-93-100, June 30, 1993 (16 pages). Government National Mortgage Association: Greater Staffing Flexibility Needed to Improve Management.

In recent years, downturns in the real estate markets and allegations of mismanagement and fraud have prompted increased scrutiny of several federal loan guaranty programs. Some of these programs have run up huge losses, such as the $2.5 billion loss posted by the Federal Housing Administration (FHA) in fiscal year 1991. The federal government ended up having to pay the lenders for losses on the defaulted mortgages insured by FHA. This report focuses on the Government National Mortgage Association's (GNMA) ability to oversee its approved mortgage originators, or issuers, and the $426 billion worth of mortgage-backed securities outstanding as of September 1992. The federal government will have to pick up the tab should the GNMA issuers default. GAO (1) provides information on how GNMA has changed to accomplish its mission, (2) identifies recent management problems experienced by GNMA

in overseeing its issuers, and (3) examines GNMA's efforts to solve its management problems.

RCED-93-101, Apr. 6, 1993 (23 pages). Agricultural Trade: High-Value Product Sales Are Limited in Export Enhancement Program.

The European Community has become the world's largest exporter of agricultural high-value products, capturing 20 percent of the world's $160 billion trade in these products during 1990, as compared with the United States' 15.6 percent share. This report (1) identifies factors that limit high-value product sales under the Export Enhancement Program and (2) discusses other U.S. Department of Agriculture (USDA) efforts to increase exports of high-value products. GAO concludes that the program is not a good way to boost sales of these products. Restrictive program guidelines, foreign policy considerations, and cumbersome proposal and bidding processes make it hard to significantly increase the percentage of program bonus awards supporting sales of high-value products. Other USDA programs not bound by the Export Enhancement Program's restrictive guidelines may be in a better position to increase sales. The recently developed Long-Term Agricultural Trade Strategy should help USDA to focus on attaining the best mix of export assistance programs to increase sales.

RCED-93-102, Mar. 24, 1993 (47 pages). Energy Conservation: Appliance Standards and Labeling Programs Can Be Improved.

The Department of Energy (DOE) is behind schedule in upgrading energy efficiency standards for household appliances, such as refrigerators, air conditioners, and heat pumps. This has happened because (1) the appliance program's budget has been cut and staffing has remained flat despite an increasing work load and (2) DOE officials generally review proposed standards sequentially, rather than using a faster concurrent review process. The upshot is that U.S. consumers, by continuing to buy less efficient appliances, will spend an estimated $1.7 billion more on energy costs through 2030 than they would have if DOE had upgraded the standards on time. The Federal Trade Commission's (FTC) labeling program is intended to inform consumers about appliance energy use and costs. Despite concerns voiced by consumers and manufacturers about the accuracy of existing appliance labels, which do not take into account changing energy prices, FTC has not reviewed the format and information content of labels, calling into question the program's effectiveness. To promote compliance with federal efficiency standards and accuracy in labels, DOE and FTC rely largely on voluntary tests done by industry associations. GAO did not determine the extent to which appliances met efficiency standards, but it did discover instances in which pool heaters and refrigerator-freezers fell short of the energy efficiency claims on their labels or were less efficient than the standards required. DOE and FTC do not systematically monitor and investigate compliance with the standards.

RCED-93-103, Mar. 31, 1993 (45 pages). Coast Guard: Additional Actions Needed to Improve Cruise Ship Safety.

The Coast Guard continues to discover safety problems aboard cruise ships, including inoperable fire doors and improperly designed escape routes. A common problem is substandard inspections by classification societies and the foreign countries in which cruise ships are registered. In addition, interpretations differ on some key international safety standards. Although the International Maritime Organization (IMO) has begun work on needed reforms, the Coast Guard has not adequately assessed information, nor shared it with IMO, on the extent of lax safety oversight by foreign countries and classification societies. The Coast Guard could improve its own examination program by (1) better collecting and analyzing results of its cruise ship examinations—the current system does not routinely track repeated deficiencies by individual companies, nations, or classification societies—and (2) providing its inspectors with more training on international safety standards. International standards contain limited training requirements for crew members responsible for fighting shipboard fires. Further, international standards for emergency information aboard cruise ships are limited and unclear. Emergency information to help passengers safely evacuate ships is often confusing and incomplete.

RCED-93-104, Mar. 31, 1993 (21 pages). Fossil Fuels: Ways to Strengthen Controls Over Clean Coal Technology Project Costs.

The Department of Energy's (DOE) program for clean coal technology, under way since 1986, has earmarked $2.75 billion to produce innovative technologies that use coal in a highly efficient, environmentally sound, and economically competitive way. DOE has adequate procedures and has made a good effort to review the reasonableness of industry sponsors' projected costs before projects began. In all but one case, project files contained information on how questionable cost estimates had been resolved. After projects were under way, however, incurred-cost audits were not done promptly to ensure that sponsors submitted only allowable costs for reimbursement. Options exist that could yield more timely audits. DOE could also better protect the government's interest by withholding part of federal project funds until necessary cost records are provided and incurred-cost audits are finished.

DOE allows sponsors to include third-party contributions in the sponsors' share of project financing, rather than sharing such contributions with DOE, a practice that increases DOE's investment and financial risk in projects while decreasing the sponsors' investment and risk.

RCED-93-105, Feb. 22, 1993 (33 pages). New Chicago-Area Airport: Site Comparison, Selection Process, and Federal Funding.

The need for a major new airport in the Chicago region has been much studied and debated in recent years. A site selection process narrowed possible candidates to five locations in Illinois and Indiana, which an independent consultant then evaluated on the basis of nine factors. In a controversial decision, a policy committee consisting of representatives from each state reviewed the consultant's analysis and settled on the Lake Calumet site in the city of Chicago. An analysis of the factors in the consultant's study, however, does not indicate a clear-cut choice for the location of a new Chicago-area airport. For two of the nine factors—airspace and air traffic control—particular sites had advantages over the others. The consultant estimated that the rural sites would have the fewest airspace and air traffic control delays and would incur significantly lower costs than the urban sites. For another factor—collateral development costs for utilities and highways and rail lines to access a new airport—the consultant did not provide cost data for comparing the sites. The remaining six factors identified advantages and disadvantages for each site but did not strongly favor any particular one. The policy committee's site selection was based on its interpretation of the consultant's study and other considerations. The committee votes indicate that Illinois members favored the Illinois sites, while Indiana members supported the Indiana site. Seven of the 11 committee members were from Illinois, and a majority-rule process was used to choose a site. Federal funds to help defray the costs of a new Chicago-area airport would have totaled about $3.1 billion for the Lake Calumet site. By comparison, the new Denver airport—the only major airport to be built since 1974—will receive $498 million in federal funds. FAA is concerned that funding a new airport at such levels would seriously affect the government's ability to fund other airport projects across the country.

RCED-93-106, Apr. 22, 1993 (30 pages). Industrial Development Bonds: Achievement of Public Benefits Is Unclear.

The federal government gave up more than $2 billion in revenue in 1991 because of the tax-exempt status of small issue industrial development bonds. The bonds, issued by state and local governments, fund the creation and expansion of manufacturing facilities. Because of the public benefits associated with these bonds, interest earned by investors from them is exempt from federal tax. GAO found that although these bonds are being used for their intended purpose—financing manufacturing facilities—additional benefits being claimed, such as creating jobs, assisting economically depressed areas, and fostering start-up companies, are hard to substantiate. Concerns that the bonds are subject to high default rates or are paid off early, thus removing restrictions requiring the project to remain in manufacturing, were not substantiated by GAO's work.

RCED-93-107, Apr. 16, 1993 (25 pages). Forest Service: Little Assurance That Fair Market Value Fees Are Collected From Ski Areas.

Ski operators on Forest Service land are required to pay the government fees that are based on fair market values. Although these ski operators had $737 million in gross sales in 1991, they paid the government only about $13.5 million in fees. GAO concludes that the current fee system does not ensure that the Forest Service receives fair market values for using its land. When the graduated rate fee system was put into place more than 20 years ago, it was expected that rates would be adjusted periodically to reflect economic changes. Yet the rates by which fees are calculated have not been updated in more than two decades. The fee system developed by the ski industry also does not deliver fees that reflect fair market value. GAO agrees with the Forest Service that a simplified system is desirable. The goal of developing a simpler system, however, must be secondary to ensuring that fees are based on fair market value.

RCED-93-108, June 2, 1993 (11 pages). Environmental Liability: Property and Casualty Insurer Disclosure of Environmental Liabilities.

The tab for hazardous waste cleanup in the United States may total hundreds of billions of dollars during the next several decades. Insurance company representatives have testified repeatedly before Congress that the industry's solvency could be threatened if insurance companies are forced to pay for these cleanups. Faced with mounting numbers of environmental claims and inconsistent state court decisions, property and casualty insurance companies have been in litigation over their liability for cleanup costs and their policyholders' legal expenses. The Securities and Exchange Commission (SEC) requires companies to disclose environmental liabilities when such information would be crucial to an investor's decision to buy or sell securities or how to vote. Only two of the 16 largest property and casualty companies in 1990 and three in 1992 disclosed dollar amounts related to

environmental claims in their annual reports. But five in 1990 and eight in 1991 said that they were involved in litigation over environmental claims. In addition, when requested by SEC, five companies in each year disclosed environmental claims costs and expenses; none of the companies revealed costs that they indicated were material to their financial condition.

RCED-93-109, Mar. 29, 1993 (59 pages). Mineral Royalties: Royalties in the Western States and in Major Mineral-Producing Countries.

The Mining Law of 1872 governs mining for most minerals on federal lands, the vast majority of which are found in the western states and Alaska. This legislation allows individuals to stake claims on federal lands and mine ore, including copper, gold, and silver, without compensating the government. In contrast, the government has been receiving royalties for coal and natural gas on federal lands since the 1920s. Congress has considered but has yet to amend the law to ensure that the public receives a fair return for minerals extracted. This report looks at how 12 western states—Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming—share in the proceeds from minerals mined on state lands and on federal and private lands within each state. GAO also discusses how Australia, Canada, and South Africa—three of the largest mineral-producing countries—share in the proceeds from minerals mined in those countries.

RCED-93-110, Mar. 19, 1993 (17 pages). Coast Guard: Selection of Ports for Establishing or Improving Vessel Traffic Service Systems.

Vessel traffic service systems—typically a central monitoring location and an array of remote surveillance sensors, such as radar and closed circuit television cameras—can be used to help monitor vessel traffic to avoid collisions, groundings, and mishaps. The Coast Guard's plans for establishing, expanding, and improving vessel traffic service systems, as indicated by its fiscal year 1993 budget request, are consistent with the Transportation Department's 1992 Port Needs Study, which prioritized the need for such systems in various U.S. ports and channels. Ninety-one percent of the $26.8 million requested for vessel traffic service systems in fiscal year 1993 is earmarked for ports that the study considered a priority. The Coast Guard is using a cost-benefit approach to determine the specific areas within the chosen ports to be monitored by the systems. The Coast Guard plans, once it has selected the areas, to design systems that take into account specific operating needs and likely weather conditions.

RCED-93-111, Apr. 7, 1993 (13 pages). Energy Management: DOE Has Improved Oversight of Its Work for Others Program.

In a February 1989 report (GAO/RCED-89-21), GAO pointed out significant weaknesses in the Department of Energy's (DOE) controls over the work it carries out for others, primarily other federal agencies. DOE does this work, called Work for Others, either directly or through its contractors. The program cost about $2 billion in fiscal year 1992. This report discusses (1) the problems identified in the 1989 report, (2) DOE's actions in response to these problems, and (3) other problems needing corrective actions. GAO focuses on the activities of DOE's San Francisco Field Office and its two largest facilities—the Lawrence Livermore National Laboratory and the Lawrence Berkeley Laboratory—which are run for DOE by the University of California.

RCED-93-113, June 11, 1993 (31 pages). Air Pollution: State Planning Requirements Will Continue to Challenge EPA and the States.

Although the United States has significantly improved its air quality since the late 1970s, urban smog, carbon monoxide, and particulate matter continue to threaten both the environment and the health of millions of Americans. The Clean Air Act Amendments of 1990 require the states to significantly revise their state implementation plans, the key documents spelling out their strategies and schedules for improving air quality. The legislation also sets deadlines for the states' submission and the Environmental Protection Agency's (EPA) approval of these revisions. This report examines whether the states are submitting their plans on schedule and whether EPA is promptly reviewing and approving them. GAO also examines whether processing of the plans could be improved by the amendments' title V provisions on operating permits for pollution sources. Title V allows the states to switch some requirements pertaining to individual pollution sources from the plans to the permits.

GGD/RCED-93-113, June 3, 1993 (25 pages). Net Farm Income: Primary Explanations for the Difference Between IRS and USDA Figures.

The net farm income figures reported by the Internal Revenue Service (IRS) and the U.S. Department of Agriculture (USDA) differ by billions of dollars each year. In 1989, IRS showed net farm income at $4.2 billion, while USDA pegged it at $49.9 billion. GAO identified the following five explanations for the difference: (1) IRS and USDA figures are derived from two different populations; (2) USDA's net farm income figures included noncash income items that IRS excludes from its figures; (3) IRS and USDA report some sales of livestock differently; (4) IRS and

USDA account for depreciation differently; and (5) IRS' net farm income figures are understated because some tax filers erroneously report farm income and expenses. In any case, data users should be cautious when using either agency's aggregate figures to draw conclusions about the financial condition of U.S. farms. For instance, in 1989, individual filers reported an aggregate net farm loss of $214 million on their tax returns. Yet this aggregate figure did not reflect the fact that the only groups of individual tax filers reporting overall net farm losses were those with adjusted gross incomes of less than $20,000 or more than $200,000.

RCED-93-114, Aug. 12, 1993 (36 pages). Water Resources: Factors That Lead to Successful Cost Sharing in Corps Projects.

The U.S. Army Corps of Engineers is required to develop a cost-sharing partnership with local sponsors of water projects that provide flood control, water supply, hydroelectric power, and recreation. The sponsors are generally local and state governments or other government groups, such as flood control districts or port authorities. GAO surveyed sponsors and found that the following three factors contributed most significantly to a successful relationship: (1) good communications between the Corps and the sponsor, (2) the sponsor's significant involvement in decisions and activities, and (3) the Corps' responses to the sponsor's concerns about cost-sharing agreements. Sponsors were concerned about their inability to pay their share of study or project costs. The inability to pay generally related to flood control/damage projects in the Dallas and Chicago regions. The sponsors' other main concern involved changes in the cost-sharing agreements at different Corps review levels.

RCED-93-115, Sept. 16, 1993 (22 pages). Bureau of Reclamation: Unauthorized Recreation Facilities at Two Reclamation Projects.

GAO concludes that the Department of the Interior exceeded authorized spending limits when it built recreation facilities at both the Boise Project, a series of reservoirs providing irrigation, hydroelectric power, and flood control in Idaho, and the Minidoka Project, a dam and reservoir located in Idaho and Wyoming. The recreation facilities include recreational vehicle and tent campsites, group picnic shelters, trails, and paved roads and parking lots. Plans are also under way to build a marina complex and a visitor center. In addition, Reclamation has not entered into all of the required cost-sharing agreements with nonfederal entities. As a result, the taxpayers and users of Bonneville hydroelectric power have picked up much of the tab to run the facilities, rather than those who have benefitted from them. Reclamation has avoided congressional scrutiny of the costs to build the recreation facilities by identifying them as minimum public health and safety facilities. In GAO's view, Reclamation should be forced to comply with the law or obtain specific congressional authorization to continue running the facilities at taxpayers' expense.

RCED-93-117, June 8, 1993 (46 pages). Water Resources: Federal Efforts to Monitor and Coordinate Responses to Drought.

Collecting and reporting data on drought conditions in the United States is a collaborative, multilevel effort led by the federal government. State and local governments make important contributions of work and funding to this effort. Federal, state, and other users are generally satisfied with the data on drought that are collected and distributed by federal agencies. No permanent federal organization is responsible for monitoring drought conditions and planning the government's response. Instead, individual agencies carry out these activities and arrange to cooperate with one another. When drought has been severe or has had widespread geographic impact, temporary interagency committees have been set up to coordinate the response. Because of the increasingly severe effects that periodic droughts have had on the economy, however, temporary committees may no longer be able to handle the long-term planning needed for such droughts, promptly resolve policy differences among federal agencies, or coordinate the federal response to drought.

RCED-93-118, Apr. 16, 1993 (73 pages). Electricity Supply: Efforts Under Way to Develop Solar and Wind Energy.

Wind and sunlight have the potential to help meet the United States' electrical needs without the adverse environmental effects associated with other energy sources, yet they now supply less than one percent of the nation's electricity. This report identifies (1) economic and institutional barriers that discourage electric utilities from using wind or solar power; (2) efforts by government, utilities, and industry to foster the use of wind and solar power; and (3) ways in which the Department of Energy's programs could further assist the development of wind and solar technologies.

RCED-93-119, July 20, 1993 (34 pages). Superfund: Backlog of Unevaluated Federal Facilities Slows Cleanup Efforts.

Federal agencies own and operate many facilities—everything from research laboratories to landfills to nuclear weapons plants—potentially contaminated with hazardous waste. The Environmental Protection Agency (EPA) has not met its statutory deadlines for evaluating such facilities

and deciding whether to enroll them in the Superfund program. By the end of 1992, EPA had finished evaluating only 500 of 823 potentially contaminated facilities. At its current pace, the agency may take more than a decade to finish evaluating and placing facilities on the National Priorities List. EPA missed its deadlines mainly because it did not place a high enough priority on assessing and evaluating federal facilities. EPA and other federal agencies never established a joint plan for responding to the mandates. EPA began to devote more resources and attention to federal facilities only after a 1991 court order. In addition, some federal agencies have given short shrift to environmental issues and have contributed to delays by giving EPA late or incomplete facility assessments.

RCED-93-121FS, Apr. 16, 1993 (76 pages). Air Traffic Control: Status of FAA's Modernization Program.

The Federal Aviation Administration has been working for more than a decade to modernize its air traffic control system. This effort has involved acquiring new equipment, such as radar and computers; upgrading older equipment; increasing automation; and consolidating facilities. GAO's fourth annual report on this subject discusses the status of the air traffic control modernization, major acquisitions, and new capabilities projects.

RCED-93-122, May 27, 1993 (44 pages). Natural Gas: FERC's Compliance and Enforcement Programs Could Be Further Enhanced.

The natural gas industry, despite increasing competition, retains many characteristics of a monopoly. To protect the public interest, the Federal Energy Regulatory Commission (FERC) regulates the sale and the transportation of natural gas and the construction of pipeline facilities. FERC has tried to stop pipeline companies from engaging in potentially discriminatory practices that favor their own unregulated subsidiaries, but FERC's efforts could be even more effective. For example, FERC needs to aggressively enforce pipeline bulletin board and other reporting requirements used to detect and deter discriminatory practices. FERC also needs to target audits of pipeline companies on the basis of information suggesting that discriminatory practices may exist. FERC recently tried to beef up its enforcement of environmental regulations by hiring more inspection staff and by better informing its inspection staff and the industry of FERC's environmental requirements. GAO suggests that FERC (1) require companies to give FERC advance notice of construction scheduled for environmentally sensitive areas, (2) require companies to submit periodic environmental compliance reports for all major construction projects requiring environmental mitigation measures, and (3) formally seek civil penalty authority from Congress to enforce FERC's requirements for projects approved under the Natural Gas Act.

RCED-93-123, Apr. 27, 1993 (20 pages). Coast Guard: Acquisition Program Staff Were Funded Improperly.

In its fiscal year 1992 appropriations, the Coast Guard received $34 million to fund no more than 621 full-time staff positions to support its acquisition, construction, and improvement account. This account generally funds major acquisitions, such as shore facilities, vessels, and aircraft. GAO found that the Coast Guard improperly used its general operating expenses account to support staff doing work on acquisition, construction, and improvement projects.
This entailed spending about $5.3 million to support about 94 full-time positions. This improper use of funds occurred because the Coast Guard lacked adequate policies and procedures to ensure the proper funding of staffing for acquisition, construction, and improvement projects. Coast Guard officials said that they had informal guidelines for deciding when to fund positions through the acquisition, construction, and improvement account but that these guidelines had never been formally spelled out.

RCED-93-124, May 21, 1993 (52 pages). Nuclear Waste: Yucca Mountain Project Behind Schedule and Facing Major Scientific Uncertainties.

In response to the buildup of highly radioactive waste at more than 70 nuclear facility sites across the country, the Department of Energy (DOE) has been developing an underground repository that was expected to be up and running in 1988. By 1991, DOE was estimating that its scientific investigation of a site at Yucca Mountain, Nevada, could be completed in 2001 at a cost of $6.3 billion and that, if the site proved suitable, a repository could be in operation in 2010. GAO found that at its present pace, DOE's investigation of Yucca Mountain will take at least five to 13 years longer than planned and could cost up to $600 million more than the agency has projected. GAO recommends that DOE review the program's goals and objectives in light of the program's funding priorities. Such a review should address whether the program's emphasis on the scientific investigation of Yucca Mountain is sufficient and how that investigation can be done more efficiently without sacrificing technical quality.

RCED-93-125, Apr. 19, 1993 (30 pages). Alternative-Fueled Vehicles: Potential Impact of Exemptions From Transportation Control Measures.

To reduce air pollution and U.S. oil dependence, Congress has passed legislation promoting the use of alternative-fueled vehicles. Several

barriers, however, including higher fuel costs and uncertainty about the availability of alternative fuels, may deter businesses and consumers from buying these vehicles. As a result, legislation has been introduced that would offer potential buyers exemptions from some transportation control measures, including high-occupancy vehicle lanes. This report examines (1) how exemptions might affect achieving the transportation control measures' purposes, (2) how effective exemptions might be in increasing purchases of alternative fueled vehicles and the use of alternative fuels, (3) whether government and industry officials believe that an exemption program should be controlled by the federal government or the states, (4) how the public might react to exemptions, (5) how exemptions are likely to affect the enforcement of transportation control measures, and (6) what specific kinds of alternative-fueled vehicles might receive exemptions.

RCED-93-126, June 3, 1993 (46 pages). Radioactive Waste: EPA Standards Delayed by Low Priority and Coordination Problems.

The management and the disposal of radioactive waste have long been of national concern, but without congressional or judicial mandates, the Environmental Protection Agency (EPA) is unlikely to issue radiation protection standards in a timely fashion, which could harm the cleanup of contaminated facilities and radioactive waste disposal. Efforts to promulgate radiation protection standards have been delayed, in part, because EPA perceives radiation protection as less important than other agency activities and has, therefore, allocated limited resources to this effort. EPA has also experienced delays in developing proposed standards because of disputes with the Department of Energy (DOE), the Nuclear Regulatory Commission (NRC), and the Office of Mangement and Budget (OMB). Although EPA has tried to strengthen coordination with DOE and NRC, OMB has raised additional concerns about standards submitted for its review. OMB's concerns are largely responsible for delaying the issuance of groundwater protection standards for inactive uranium-processing sites. For more than three years, EPA has been unable to resolve these concerns, and the two parties still fundamentally disagree about whether contaminated groundwater not now being used should be cleaned up.

RCED-93-127BR, June 21, 1993 (25 pages). Species Protection: National Marine Fisheries Service Enforcement Efforts.

During 1991 congressional hearings, shrimp fishermen from the Gulf of Mexico complained that federal agencies were overly aggressive in enforcing regulations requiring turtle eluder devices, which create a hole in shrimp nets allowing trapped turtles to escape. This briefing report examines how enforcement practices under the Endangered Species Act compare with the enforcement of other fisheries and marine protection laws. GAO presents statistical data on the level of federal agencies' enforcement efforts and penalties assessed to enforce four major fisheries and marine species protection laws in the southeastern United States.

RCED-93-128, June 14, 1993 (35 pages). Pesticides: Issues Concerning Pesticides Used in the Great Lakes Watershed.

The federal government and private organizations collect information on the amount of pesticides used in the United States, but no data systems exist that track pesticide usage in the United States. GAO estimates that each year at least 56 million pounds of pesticides from U.S. and Canadian sources end up in the Great Lakes watershed, including about 46 million. pounds used on crops, eight million pounds used on lawns, and more than two million pounds used on golf courses. Pesticides that are repeatedly applied during the year on fruits and vegetables enter the Great Lakes and stay there, becoming more concentrated with time. The long retention time allows some pesticides to settle in lake-bottom sediments and become absorbed into the food chain. High levels of banned pesticides are still showing up in fish tissue. Preliminary findings by the Environmental Protection Agency (EPA) show that the effects of nine herbicides in current use may be more long lasting than once thought. EPA needs to complete its water quality monitoring program and use this up-to-date data in its reregistration program, which requires these pesticides to be reevaluated for their health and environmental effects. Data also indicate that millions of pounds of unusable pesticides being stored on farms present a disposal problem for the Great Lakes region. EPA has begun a program in the area to dispose of some of these pesticides, but large quantities remain, including banned, spoiled, and unneeded materials.

RCED-93-130, July 9, 1993 (27 pages). Arctic National Wildlife Refuge: An Assessment of Interior's Estimate of an Economically Viable Oil Field.

Although no one really knows how much oil may be in Alaska's Arctic National Wildlife Refuge, the Interior Department's oil reserve estimates relied on the best available geologic and geophysical information short of actual drilling data from the refuge. Overall, GAO agrees with Interior that the refuge's coastal plain may contain substantial quantities of oil. This conclusion, however, does not take into account uncertainties in a field's development potential that could arise from variations in future oil prices or costs. Given the uncertainties of

future economic variables, such as oil prices and discount rates, GAO believes that Interior should have developed ranges of minimum economic field size estimates for each prospect and then run its model using the derived field sizes. This would have yielded a greater range of values to account for the uncertainty associated with estimating what constitutes an economically viable oil field in the refuge.

RCED-93-131, Apr. 1993 (53 pages). Energy and Science Reports and Testimony: 1992.

Included among the leading energy and science issues today are the continuing U.S. dependence on imported oil, the staggering costs to clean up the nuclear weapons complex, and the expectations for science and technology to improve U.S. competitiveness abroad. This document contains summaries of GAO reports and testimony issued during 1992 on energy and science topics. Order forms are included to obtain documents of interest.

RCED-93-132, Mar. 26, 1993 (13 pages). Conservation Reserve Program: Cost-Effectiveness Is Uncertain.

Under the Conservation Reserve Program, the Agriculture Department will spend nearly $20 billion between fiscal years 1987 and 2003 to temporarily remove 36.5 million acres of cropland from production. GAO concludes that the program is an expensive way to reduce environmental problems, such as erosion, linked to agriculture production. Little is known about the dollar value of the environmental benefits purchased or about the extent to which removing the land from production will alleviate environmental problems. Furthermore, the program postpones rather than resolves these problems, and additional costs may be incurred to maintain the program's objectives when the contracts expire. Other Agriculture Department conservation initiatives use less costly strategies to achieve lasting environmental objectives; unlike the Conservation Reserve Program, however, these other programs are not intended to curb excess production, and they only indirectly support farmers' incomes.

RCED-93-134, May 14, 1993 (30 pages). National Park Service: Scope and Cost of America's Industrial Heritage Project Need to Be Defined.

America's Industrial Heritage Project consists of several sites scattered throughout southwestern Pennsylvania that will explain how the region's iron and steel, coal, and transportation industries contributed to the nation's industrial growth. The project is expected to revitalize the region's economic base through tourism. Much uncertainty exists, however, about the development and the completion of the project. Although one estimate pegs the cost of completing the project at about $355 million, including $155 million in federal funds, this estimate lacks documentation and the final scope of the project has yet to be defined. Uncertainty also exists about the operation and maintenance of project sites on nonfederal land. Although some of the sites will be run by the National Park Service, other projects built on nonfederal land are to be run by nonfederal entities. Yet GAO was told that federal funds will be used for up to five years to run several projects on nonfederal land. Finally, it is unclear who will be responsible for managing, operating, and maintaining the projects. The Southwestern Pennsylvania Heritage Commission, part of the Interior Department, has been overseeing the project's implementation, but the Commission's term expires in November 1998. Although the Commission favors the establishment of a not-for-profit corporation that would run all the projects, it has yet to make a final choice among the options being considered.

RCED-93-135, June 18, 1993 (18 pages). Aviation Safety: Unresolved Issues Involving U.S.-Registered Aircraft.

International standards stipulate that the country of registration assumes primary responsibility for overseeing its aircraft. Several factors, however, limit the Federal Aviation Administration's (FAA) ability to fulfill this requirement for all U.S.-registered planes. Because FAA does not track the leasing of U.S.-registered aircraft among U.S. and foreign carriers and has not developed clear guidance on the frequency of inspection of foreign-operated, U.S.-registered aircraft, it cannot plan and perform timely inspections of aircraft returning to U.S. operation after having been leased to a foreign carrier. Also, because FAA cannot verify whether foreign carriers have FAA-approved maintenance programs for U.S.-registered aircraft and some of the planes operate in countries that fail to meet international standards, U.S. passengers have little assurance that such aircraft are safe to fly on. FAA also has not developed an effective system to track and verify foreign corporations' compliance with a requirement that 60 percent of their U.S.-registered aircraft's flight hours be conducted in the United States—a measure intended to discourage foreign aircraft owners from using the U.S. aircraft registration system as a flag of convenience. Although FAA has had the opportunity to raise aircraft registration fees, FAA has not increased these fees since 1964. As a result, FAA has lost about $6.5 million in additional revenue since 1968.

RCED-93-136, June 7, 1993 (47 pages). Superfund: EPA Action Could Have Minimized Program Management Costs.

Critics have raised concerns about Superfund contractors' excessive spending of public money on activities that do not advance the cleanup of hazardous waste sites. These concerns have focused on the high administrative and management costs incurred by contractors in the Alternative Remedial Contracting Strategy. GAO found that inaction on the part of the Environmental Protection Agency (EPA) has contributed to high program management costs for such contracts. These high costs arose in part because EPA awarded a large number of contracts and built in excess contract workload capacity to allow the agency to terminate contractors that performed poorly and to prevent future capacity shortages. The cleanup workload shortages EPA envisioned never materialized, however, in part because of a decision to have private parties responsible for site contamination manage and pay for cleanups. To minimize program management costs, GAO recommends that EPA analyze such contracts to determine whether terminating some of them would be more cost-effective than continuing to pay program management costs for the remaining life of underutilized contracts. GAO summarized this report in testimony before Congress; see: Superfund: EPA Action Could Have Minimized Program Management Costs, by Richard L. Hembra, Director of Environmental Protection Issues, before the Subcommittee on Superfund, Recycling, and Solid Waste Management, Senate Committee on Environment and Public Works. GAO/T-RCED-93-50, June 10, 1993 (16 pages).

RCED-93-137, May 19, 1993 (27 pages). Agricultural Marketing: Export Opportunities for Wood Products in Japan Call for Customer Focus.

The U.S. forest products industry has traditionally sold most of its solid wood products, such as lumber and plywood, domestically. However, the industry recognizes that foreign markets have significant potential for growth, while domestic markets have only moderate potential for growth. This report examines approaches used by government and industry to sell solid wood products overseas, particularly in view of marketing theory's current emphasis on the importance of meeting customers' needs. GAO discusses the efforts of the Agriculture Department's Foreign Agricultural Service to support the U.S. industry in promoting its solid wood products in Japan, the United States' largest customer for these products.

RCED-93-138, Sept. 17, 1993 (33 pages). Lead-Based Paint Poisoning: Children in Public Housing Are Not Adequately Protected.

Children with elevated blood lead levels who live in public housing have not been adequately protected from further poisoning from lead-based paint because the Department of Housing and Urban Development (HUD) and local housing authorities have not complied with all the requirements of a 1988 law. The six public housing authorities (PHAs) GAO reviewed often did not comply with HUD regulations for testing these children's homes or relied on testing procedures that may not have fully disclosed the presence of lead-based paint. In only one of the 50 cases GAO reviewed did PHAs comply with emergency abatement or relocation regulations for children with elevated blood lead levels. Many children ended up being exposed to lead-based paint for more than a year after PHAs learned of their diagnoses. A lack of HUD oversight, coupled with PHAs' noncompliance, has left these children vulnerable to lead poisoning and may produce lawsuits that are costly to the federal government. Moreover, HUD regulations do not require either notifying other tenants about lead-based paint dangers or testing other units in buildings where diagnosed children live. Overall, HUD has not complied with all the law's requirements aimed at abating lead-based paint hazards from public housing and has not ensured that PHAs comply with its testing, abatement, and notification requirements.

RCED-93-139, May 28, 1993 (70 pages). Energy Policy: Other Nations' Policies to Reduce Oil and Coal Use in Transport and Industry.

By 2010, U.S. oil and coal consumption are projected to rise by almost one-fifth over 1990 levels. The nation's continued heavy reliance on fossil fuels, particularly oil and coal, raises questions about its ability to meet energy security, environmental, and economic objectives. This report examines how other industrialized nations have dealt with the dilemma. GAO discusses the (1) factors that influence the type and the amount of energy that other nations use and, specifically, the trends in energy supply and use in Canada, France, Germany, Japan, and South Korea and (2) key policies and programs that these nations have adopted to promote conservation and the efficient use of oil and coal in their transportation and industrial sectors.

RCED-93-140, June 3, 1993 (12 pages). Federal Research: Minor Changes Would Further Improve New NSF Indirect Cost Guidance.

The National Science Foundation (NSF), an independent federal agency with a budget of about $2.7 billion, promotes science in the United States through grants to research institutions. The grants pay for both direct costs, such as the salaries of the investigators and the equipment needed for a project, and indirect costs or overhead, which include utility and accounting expenses. In April 1992, GAO reported that several large universities receiving federal grant money were charging inappropriate indirect costs to the govern-

ment, including entertainment expenses, depreciation of a 72-foot yacht, and the operating costs of a shopping center. This report provides information on, and identifies improvements needed in, (1) the indirect cost guidance that NSF provides to small organizations and small businesses, (2) NSF's procedures for establishing indirect cost rates, and (3) the extent to which NSF's audit guidelines and audits cover indirect cost charges.

RCED-93-141FS, Apr. 28, 1993 (26 pages). Rangeland Management: Profile of the Forest Service's Grazing Allotments and Permittees.

This fact sheet provides information on livestock grazing on public rangeland managed by the Forest Service, which allows ranchers to graze cattle on parcels of land called allotments. The Forest Service bills ranchers for the grazing, measuring usage by animal month, defined as one month's use and occupancy of the range by one adult cow, or five sheep or goats. GAO discusses (1) the number, the average acreage, and the average stocking rate of Forest Service allotments and (2) the total and the average number of animal months controlled by Forest Service permittees. GAO grouped the allotment and permittee information into several categories, emphasizing the 500 largest and smallest allotments and permittees. In general, grazing allotments in the western United States were concentrated among the largest ranchers. The 500 largest allotments GAO studied encompassed more than 29 million acres, or about 32 percent of the total allotment acreage. In contrast, the 500 smallest allotments accounted for about 49,000 acres, or 0.05 percent of the total allotment acreage. Similarly, the 500 permittees with the highest livestock grazing levels accounted for nearly 4.5 million animal months, or nearly half of the total number of animal months. The 500 permittees with the lowest livestock grazing levels accounted for about 8,500 animal months, or 0.09 percent of the total number of animal months allowed.

RCED-93-142, July 26, 1993 (96 pages). Food Safety and Quality: Innovative Strategies May Be Needed to Regulate New Food Technologies.

In the past, the introduction of technologies like pasteurization, vitamin fortification, and refrigeration vastly improved food quality and safety. Today's new food technologies hold similar promise but have been accompanied by fears of their unpredictable effects on human health and the environment. Among the most important of these innovations are (1) new biotechnology or genetic engineering; (2) novel macro ingredients—food additives intended to replace major dietary components, such as fats; (3) functional foods—food substances designed to lower the risk or delay the onset of some diseases; and (4) new types of packaging for foods. GAO concludes that because the existing legislative guidance for food and food ingredients predates today's new food technologies and the Food and Drug Administration's (FDA) application of this guidance has been controversial, now may be the time to revisit the regulatory framework for food and food ingredients. A formal review of this framework could yield innovative strategies for striking the optimum regulatory balance between protecting consumers' health and fostering development. A review could also evaluate the adequacy of FDA's enforcement authority and resources to meet its legal responsibilities.

RCED-93-143, June 23, 1993 (13 pages). Energy Management: Systems Contracting Weaknesses Continue.

GAO reported in 1989 that the Department of Energy (DOE) was encouraging the use of "systems contracts" without any proof that these contracts were cost-effective. Systems contracts are used to procure commonly used items, such as office, industrial, and laboratory supplies, as needed rather than purchasing the items in bulk and storing them in inventory. GAO revisited this issue and discovered that DOE's San Francisco Operations Office has yet to implement GAO's earlier recommendations to help ensure that the use of systems contracting is in the government's best interest. As a result, since January 1990, contractors at DOE's Stanford Linear Accelerator Center and the Lawrence Berkeley Laboratory have spent more than $2 million on office supplies without any assurance that the contracts are cost-effective. The San Francisco Operations Office also has not determined whether controls over systems contracts are adequate at the Stanford and Berkeley facilities. During a nine-month period in 1992, Stanford and Berkeley spent more than $540,000 on office supplies with no guarantee that the prices paid were competitive with prices from other suppliers.

RCED-93-144, June 25, 1993 (17 pages). Drinking Water Program: States Face Increased Difficulties in Meeting Basic Requirements.

Under the Safe Drinking Water Act, the Environmental Protection Agency (EPA) may delegate primary drinking water program enforcement authority to the states.
So far, all states except Wyoming have assumed such responsibility. The number and the complexity of the requirements that states must meet have expanded significantly, however. This report examines (1) whether states are complying with the minimum requirements needed to retain primary responsibility for their drinking water programs, (2) how EPA has responded to the prospect that many states may be unable to meet these requirements, and (3) whether EPA is able to take over state programs itself should it become

necessary. GAO concludes that severe resource constraints have made it increasingly hard for many states to carry out the mandatory elements of the federal safe drinking water program, and the states' ability to meet these requirements will probably deteriorate significantly during the next few years.

RCED-93-145, Sept. 17, 1993 (31 pages). Small Business: Problems Continue With SBA's Minority Business Development Program.

Concerned that gaining access to the 8(a) business development program was a lengthy and burdensome process, that the program's administration was inefficient, and that few firms were able to compete successfully in the open market, Congress mandated wholesale changes to the program in 1988. Although the Small Business Administration (SBA) has made some changes to the program, which promotes the development of small businesses owned by socially and economically disadvantaged persons, the program still falls short in several areas. SBA's latest estimate for completing the redesign work is late 1995, five years later than originally projected. The program lacks a management information system, developed in accordance with federal guidelines, that yields complete and accurate information. As a result, Congress and program managers are in the dark about what assistance is being provided to 8(a) firms and whether the program is effective. In addition, access to the program still needs improving. Although SBA must provide 8(a) program applicants with timely feedback on their eligibilility to participate in the program, it continues to operate without an application-tracking system that provides timely information on where and why application-processing problems are occurring. Finally, SBA needs to periodically review the business plan of each 8(a) firm. Without such a review, SBA cannot be sure that each plan is up-to-date, that the 8(a) firms' business development goals are realistic, and that the firms are making progress toward these goals. GAO summarized this report in testimony before Congress; see: Small Business: The Small Business Administration's Progress in Restructuring Its Business Development Program, by Jacquelyn Williams-Bridgers, Associate Director for Housing and Community Development Issues, before the House Committee on Small Business. GAO/T-RCED-93-56, Sept. 22, 1993 (23 pages).

RCED-93-147, Apr. 30, 1993 (43 pages). Grain Inspection: Industry Views on the Decline in Official Inspections and Inspection Costs.

Because the price of grain varies on the basis of its grade and weight, inspection and weighing are critical to ensure that grain buyers actually get what they have paid for. Congress, alarmed by widespread abuses in the quality and the quantity of grain delivered in the mid-1970s, passed legislation creating the Federal Grain Inspection Service, which is responsible for weighing and inspecting grain nationwide. This report discusses the (1) decline in official inspections in the domestic grain market and its impact, (2) fees that official inspection agencies charge for official domestic inspections, (3) fees that the Federal Grain Inspection Service charges for export inspections, and (4) ways to reduce inspection fees.

RCED-93-149, June 25, 1993 (17 pages). Department of Energy: Cleaning Up Inactive Facilities Will Be Difficult.

Changing defense requirements and tightening domestic budgets are forcing the Department of Energy (DOE) to redefine its missions and to reexamine the need for many of its inactive facilities. Cleaning up these inactive facilities can be a lengthy process, involving everything from preliminary assessments of the type and the amount of contamination in floors, walls, and ceilings to the actual removal of nuclear and hazardous materials. GAO found that DOE is in only the preliminary stages of cleaning up inactive facilities. DOE does not know the number of its facilities that are inactive but not yet transferred to its Office of Environmental Restoration and Waste Management, the full extent of the dangers they pose, or the cost of improving their safety until they can be decontaminated and decommissioned. DOE also lacks an accurate idea of the number of facilities it will close during the next 30 years because of changes in its missions, nor does it know how cleaning up these additional facilities could affect the program's total cost. GAO believes that given that DOE might close up to 7,000 facilities, as well as the program's potential cost, having a single office manage all work at inactive facilities may be a more effective approach to coordinating cleanups.

RCED-93-151, Sept. 23, 1993 (100 pages). Federal Land Management: Status and Uses of Wilderness Study Areas.

In response to congressional concerns about the alleged degradation of areas being considered for possible inclusion in the National Wilderness Preservation System, this report provides information on the types and effects of activities in these areas, which are managed by the Bureau of Land Management and the Forest Service. GAO discusses (1) the legislative guidance and the agency policies governing wilderness study area management, (2) various activities and uses occurring in the agencies' study areas, (3) ways these activities affect the areas, and (4) agency actions to monitor and restrict these uses and to repair resulting damage. Congress has allowed many different uses, such as primitive

recreation and grazing, to occur in these areas. In the locations GAO visited, the effects and damage seemed to be concentrated in relatively small and accessible areas. Because people have various views on "wilderness," they will also have different opinions about the severity of "man's imprint" on potential and designated wilderness. The final decision about an area's suitability for wilderness ultimately rests with Congress.

RCED-93-152, Aug. 5, 1993 (38 pages). Endangered Species: Factors Associated With Delayed Listing Decisions.

Delays by the Fish and Wildlife Service (FWS) in listing six species as either threatened or endangered were due to several factors, the most common of which were FWS concerns about the sufficiency of biological data and concerns about potential economic and other impacts. GAO found that the conservation agreements for the Bruneau Hot Springsnail and the Jemez Mountains salamander were inconsistent with FWS policy and guidance. Whether a conservation agreement is an appropriate means of protecting species that would otherwise warrant listing is a decision for FWS to make. On the basis of its findings, however, GAO concludes that a conservation agreement, if it is to be an effective alternative to listing, should (1) address known threats to a species that would otherwise warrant listing, (2) provide for monitoring to ensure that the agreement's mechanisms for protecting the species are properly and fully implemented, and (3) be implemented in a timely manner.

RCED-93-153, May 14, 1993 (15 pages). Nuclear Safety: Progress Toward International Agreement to Improve Reactor Safety.

Representatives of nearly half of the 114 members states of the International Atomic Energy Agency, including the United States, have participated in the development of an international nuclear safety convention—a proposed multilateral treaty to improve civil nuclear power reactor safety. A preliminary draft of the convention has been developed, but discussions are continuing, and when the final convention text will be completed and presented to member states for signature is uncertain. This report provides information on the development of the nuclear safety convention. GAO discusses (1) the draft convention's scope and objectives, (2) how the convention will be implemented and monitored, (3) the views of selected country representatives on what provisions should be included in the draft convention, and (4) the convention's potential benefits and limitations.

RCED-93-154, June 14, 1993 (20 pages). Nuclear Nonproliferation: Japan's Shipment of Plutonium Raises Concerns About Reprocessing.

In January 1993, the Japanese ship Akatsuki Maru, along with an armed escort vessel, completed a two-month voyage during which it transported 1.7 tons of plutonium oxide from France to Japan. Although the plutonium had been reprocessed at a French facility, it was originally obtained from the United States in the form of spent nuclear fuel. The Japanese sought the plutonium to generate commercial nuclear power. Under a 1988 agreement between Japan and the United States, Japan is required to ensure the physical security and safety of such shipments. This report discusses the physical security and safety of the Akatsuki Maru shipment, as well as any costs to the United States arising from it. In addition, the report discusses broader issues raised by the shipment, including concerns about reprocessing and the resulting growth in world plutonium stocks. Finally, the report discusses the implications of the 1988 agreement for future U.S. nuclear agreements.

RCED-93-155, Sept. 16, 1993 (74 pages). Aircraft Certification: New FAA Approach Needed to Meet Challenges of Advanced Technology.

The Federal Aviation Administration (FAA), which is responsible for certifying that new aircraft designs and systems meet safety standards, faces the daunting task of keeping abreast of increasingly complex technologies. Douglas Aircraft Company's MD-11 aircraft, for example, relies on sophisticated computer systems to continuously monitor and adjust the hydraulic, electrical, and fuel systems without any action by the crew. GAO concludes that FAA has not ensured that its staff are effectively involved in the certification process. FAA now delegates up to 95 percent of the certification activities to manufacturers, and FAA staff no longer conduct critical activities, such as the approval of test plans and analyses of hypothetical system failures. FAA has also failed to provide its staff with the assistance and training needed to ensure competence in the new technologies.

RCED-93-156, June 28, 1993 (25 pages). Nuclear Regulation: Cleanup Delays Continue at Two Radioactive Waste Sites in Ohio.

Two sites in Newburgh Heights, Ohio, are contaminated with low-level radioactive material used during the Chemetron Corporation's chemical manufacturing. Although the company ceased operations more than 20 years ago, it has yet to clean up the sites and still holds a license to possess nuclear materials. The Nuclear Regulatory Commission will not cancel Chemetron's license until the company properly disposes of radioactive material and has spearheaded recent efforts to clean up the sites. This report reviews

Chemetron's efforts to clean up the two sites, discusses factors that led to the failure of past cleanups, and addresses problems that Chemetron faces with its current cleanup proposal.

RCED-93-157, May 25, 1993 (16 pages). Coast Guard: Management of the Research, Development, Test and Evaluation Program Needs Strengthening.

The Coast Guard's Research, Development, Test, and Evaluation Program seeks technological advancements that will improve the agency's operations. The program's annual appropriation averaged $28 million in fiscal years 1992 and 1993. This report raises concerns that the Coast Guard lacks adequate (1) policies and procedures for selecting research, development, test, and evaluation projects and (2) management tools to effectively manage its Research and Development Center.

RCED-93-158, May 14, 1993 (15 pages). Federal Research: Super Collider—National Security Benefits, Similar Projects, and Cost.

The Superconducting Super Collider (SSC) will be the world's largest particle accelerator, a basic research tool for seeking fundamental knowledge about matter and energy. The Department of Energy's (DOE) cost estimate to build the SSC grew from $5.3 billion in 1987 to $8.25 billion in 1991. The SSC is not expected to produce any direct national security benefits, although national security may indirectly benefit from the potential but unpredictable practical applications of research discoveries or from technological spin-offs. Although the United States and other countries have smaller accelerators operating, no existing or planned accelerator will be exactly the same as the SSC. Known cost increases suggest that the total cost for the SSC will exceed $11 billion. To preclude the cost and schedule from continuing to increase beyond $11 billion, annual funding levels would need to increase dramatically over that projected in the President's budget. In fact, DOE is assuming in its projection that there will be no funding constraints after fiscal year 1998—an assumption that could prove unrealistic unless the budget deficit improves markedly. GAO summarized this report in testimony before Congress; see: Federal Research: Superconducting Super Collider Cost and Schedule, by Victor S. Rezendes, Director of Energy and Science Issues, before the House Committee on Science, Space, and Technology. GAO/T-RCED-93-47, May 26, 1993 (16 pages).

RCED-93-160BR, July 1, 1993 (30 pages). Railroad Safety: Human Factor Accidents and Issues Affecting Engineer Work Schedules.

The Hours of Service Act, created in 1907 to improve railroad safety, limits the number of hours that railroad employees, including engineers, may work. This briefing report updates a 1992 GAO study (GAO/RCED-92-133) on how the legislation has affected railroad engineers and safety. GAO reviews accidents and work schedules more extensively, discussing (1) how the timing and frequency of human-factor accidents occurring on yard tracks differ from those on mainline tracks; (2) how accident rates differ depending on the kind of shift, the time of day, the hour of the shift, and the shift's start time variability; (3) how work schedule characteristics differ between shifts worked by engineers who had accidents and shifts worked by all engineers; and (4) how the mechanism for notifying train crews to come to work affects the ability of engineers to predict their next work shift.

RCED-93-162, Sept. 7, 1993 (36 pages). Charter Bus Service: Local Factors Determine Effectiveness of Federal Regulation.

For more than a decade, public and private bus companies have debated their roles in meeting the demand for local charter service in the United States. Public transit operators view their services as essential to local community groups who cannot obtain services from private operators; private operators counter that charter service should fall primarily in their domain. Congress has prohibited public transit operators from engaging in charter bus operations except as permitted by the Department of Transportation. This report assesses (1) the extent to which the federal charter service regulation allows communities to cost-effectively and efficiently meet the transportation needs of government, civic, and charitable groups; (2) the extent to which public transit operators and private charter operators have entered into charter service agreements; and (3) the extent to which contracts enable private operators to profit from the provision of charter service by public operators using federally subsidized vehicles.

RCED-93-163, Sept. 1, 1993 (96 pages). Mass Transit: Federal Participation in Transit Benefit Programs.

To bolster air quality and reduce traffic congestion, federal transportation policy has tried to reduce automobile use. One approach has involved employer-provided financial incentives to encourage employees' use of public transportation. This report reviews participation by federal agencies and their employees in transit benefit programs. GAO evaluates (1) the extent of transit benefit program participation and the factors influencing it; (2) the effect of federal participation on employees' commuting patterns; (3) funding of federal participation in transit benefit programs; and (4) administration and management of federal participation, including management control over such assets as transit tickets and vouchers. GAO summarized this

report in testimony before Congress; see: Mass Transit: Federal Participation in Transit Benefit Programs, by Kenneth M. Mead, Director of Transportation Issues, before the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service. GAO/T-RCED-93-72, Sept. 23, 1993 (17 pages).

RCED-93-164, July 29, 1993 (45 pages). Rural Electrification: REA Borrowers' Investments in Cable and Satellite Television Services.

Concerns have been raised about the possibility that borrowers have been using loans from the Rural Electrification Administration (REA) to subsidize their cable or satellite television services. One-fourth of the REA borrowers responding to a GAO survey provide such services; respondents reported investments in these businesses totaling $357 million. REA borrowers may have a competitive advantage in their cable or satellite businesses. They have access, for example, to credit sources created to finance electric and telephone cooperatives. Many share space, equipment, and staff used for their utility services with their cable or satellite business. REA does restrict the amounts that borrowers may invest in nonutility activities. REA also has accounting and auditing controls, including annual audits of borrowers, designed to ensure that borrowers comply with their loan agreements. Regulation of REA borrowers by other federal agencies is limited. State regulation of borrowers and their affiliates varies, depending on whether the borrower is a cooperative or is investor-owned. GAO did not determine whether federal and state oversight prevents borrowers from cross-subsidizing their cable and satellite businesses.

RCED-93-167, July 12, 1993 (16 pages). DOE Management: Consistent Cleanup Indemnification Policy Is Needed.

In indemnifying its cleanup contractors, the Department of Energy (DOE) has adopted an inconsistent approach in which the government often accepts liabilities and contractors assume little financial responsibility. Individual contractors are indemnified not on the basis of a well-analyzed policy but as the result of negotiations, during which DOE does not first test to see whether indemnification is needed or set limits to its potential cost. As a result, some contractors have received more-favorable indemnification provisions than have others. More importantly, this approach has exposed the government to unknown but potentially significant financial risk since more than $5 billion in environmental damage lawsuits and claims have been filed under existing contracts. A consistent policy for indemnification that takes into account use of section 119 of the Superfund Amendments and Reauthorization Act, as well as other specific statutes, such as the Price-Anderson Act, can ensure that cleanup contractors are indemnified in a way that protects both the contractors' and the government's interests.

RCED-93-168, July 23, 1993 (45 pages). Electricity Regulation: Factors Affecting the Processing of Electric Power Applications.

Although the Federal Energy Regulatory Commission (FERC) has tried to cut the time required to process electric power applications, further improvements are possible. FERC is responsible for regulating the rates, the terms, and the conditions of proposed wholesale electricity transactions—a growing portion of the nation's electricity business—as well as mergers and other deals among utilities. These improvements are especially important considering the potential increased workload arising from the Energy Policy Act. FERC's management information system could be upgraded to give agency managers more-specific information with which to spot problems and assess performance. By examining the information exchanged by applicants and FERC staff at the initial filing stage, FERC could determine if changing policy statements or filing requirements would reduce the number of incomplete applications. Alternative resolution techniques could reduce the need for time-consuming trial-like hearings. Similar techniques could help applicants settle disputes before submitting applications to FERC. GAO summarized this report in testimony before Congress; see: Electricity Regulation: Factors Affecting the Processing of Electric Power Applications, by Victor S. Rezendes, Director of Energy and Science Issues, before the Subcommittee on Environment, Energy, and Natural Resources, House Committee on Government Operations. GAO/T-RCED-93-65, Aug. 6, 1993 (16 pages).

RCED-93-169, Aug. 3, 1993 (38 pages). Urban Transportation: Reducing Vehicle Emissions With Transportation Control Measures.

Motor vehicles are the main source of air pollution in many cities. Excessive levels of ozone and carbon monoxide in these areas have been linked to a variety of illnesses, including lung and heart disease. This report examines the use of transportation control measures (TCMs) by states and localities to control vehicle emissions. TCMs range from traditional approaches, such as improving commuter train service and promoting employer-provided carpooling, to economic measures, such as imposing gas taxes and emission fees. GAO concludes that although TCMs should cut overall emissions by less than five percent, they can complement other programs designed to address pollution problems in areas that have not met federal air quality standards. Moreover, the additional reductions in emissions resulting from traditional TCM programs may help localities

meet the standards mandated in the Clean Air Act Amendments of 1990. Pricing measures would be more effective in reducing air pollution but would also encounter greater opposition because of their direct costs to the traveling public. Regardless of the kinds of TCMs that states and localities implement, more research on their effectiveness is clearly needed.

RCED-93-171, July 15, 1993 (38 pages). Airline Competition: Higher Fares and Less Competition Continue at Concentrated Airports.

In a 1990 report (GAO/RCED-90-102), GAO observed that passengers paid substantially higher fares at major airports where only one or two airlines provided most of the service. Since then, Pan Am, Braniff, and Midway have gone out of business, and other airlines are operating under bankruptcy protection. The worsening financial condition of the airline industry could still further dampen competition, boosting fares even higher and reducing service at airports with little competition. This report reviews the effects of market dominance on fares and service at major airports. GAO (1) compares fares at major airports served primarily by one or two airlines with fares at airports with more competition, (2) assesses factors other than market dominance that could explain any differences in fares, (3) points out changes in airport concentration since its last report, and (4) assesses changes in the level of service at airports dominated by one or two airlines.

RCED-93-173, Sept. 8, 1993 (41 pages). Homeownership: Appropriations Made to Finance VA's Housing Program May Be Overestimated.

Under its Home Loan Guaranty Program, the Department of Veterans Affairs (VA) has partially guaranteed $389 billion in home loans made to veterans by private sector lenders. The outstanding balance on these loans was $171 billion as of September 1992. In an effort to pin down the actual cost to the government guaranteeing the loans for their full life—up to 30 years—VA was required, beginning in fiscal year 1992, to estimate the subsidy cost associated with its new loan guarantees. The estimate determines the budgetary appropriations that are provided in the years that the loans are originated to cover all estimated future losses from those years' portfolios of mortgage loans. This report (1) estimates the costs, under different economic scenarios, to the federal government of guaranteeing VA's fiscal years 1992 and 1993 home mortgage loans and (2) compares GAO's estimates with estimates prepared by the administration.

RCED-93-174, July 29, 1993 (23 pages). Fossil Fuels: The Department of Energy's Magnetohydrodynamics Development Program.

The Department of Energy (DOE), along with industry, has been working for years to develop magnetohydrodynamics (MHD) technology for generating electricity. MHD is a potentially high-efficiency technology that generates electrical power from coal by passing extremely hot coal combustion gases through a channel surrounded by a magnetic field. In recent years, DOE's MHD program has focused on demonstrating the proof-of-concept, or feasibility, of coal-fired MHD electric power plants. This report discusses (1) the financial history of developing MHD technology, (2) progress in meeting the proof-of-concept program's schedule, (3) potential problems and concerns, (4) DOE's management of the program, and (5) DOE's plans for MHD.

RCED-93-175BR, Sept. 8, 1993 (56 pages). Wheat Commodity Program: Impact on Producers' Income.

The U.S. Department of Agriculture (USDA) supports wheat farm income mainly through direct payments—technically called deficiency payments because they make up the difference between a target price set by USDA and the amount that producers receive for their wheat. This briefing report examines (1) the program's overall costs, including producers' gains or losses from the program; (2) the distribution of wheat deficiency payments to program participants by counties; (3) the distribution of wheat deficiency payments to program participants by farms; and (4) the distribution of government payments, including wheat deficiency payments, to farms whose wheat production accounted for 50 percent or more of the value of the farms' crop and livestock production.

RCED-93-176FS, Aug. 11, 1993 (20 pages). Clean Water Act: Private Property Takings Claims as a Result of the Section 404 Program.

This fact sheet identifies private property takings claims that have been filed with the U.S. Court of Federal Claims as a result of regulatory actions taken under the Clean Water Act. GAO also provides information on the actual and potential liability of the U.S. government—including the amounts of the claims, interest, and attorneys' fees and other litigation costs—and on federal agencies' costs in litigating these claims.

RCED-93-177, Sept. 14, 1993 (33 pages). Federal Lands: Improvements Needed in Managing Short-Term Concessioners.

Nationwide, about 6,000 short-term agreements (of five years or less) exist under which concessioners provide goods and services to the public on federal land. The services they provide include sightseeing tours and guided fishing, hunting, and rafting trips. This is one in a series of reports on concessioners' operations on federal recreation land. GAO

reviews the federal government's policy and practices for (1) evaluating short-term concessioners' overall performance; (2) ensuring that short-term concessioners comply with federal, state, and local health and safety laws and regulations; (3) ensuring the reasonableness of the prices charged to the public by short-term concessioners; and (4) setting fees for the use of federal land by short-term concessioners.

RCED-93-178, Aug. 5, 1993 (28 pages). Oil Spill Prevention: Progress Made in Developing Alaska Demonstration Programs.

In the wake of the 1989 Exxon Valdez oil spill, Congress established demonstration programs to spur local citizen oversight of oil and tanker operations in Prince William Sound and Cook Inlet. A citizen advisory council funded by the oil industry was set up at each location to monitor the environmental impact of crude oil transport. In GAO's view, the demonstration programs produced many positive changes, significantly boosting citizen participation in environmental oversight. The programs have yet to evolve, however, into the effective citizen-industry-government partnership that Congress initially envisioned. Early disagreements, along with continuing dissension and mistrust, have slowed the development of the partnerships and have limited further improvements to environmental oversight and safety. In addition, participation by a key federal agency—the Environmental Protection Agency—is still lacking in one of the councils. Recent steps taken to improve the partnership are encouraging and should improve relations among the councils, industry, and government. It is premature, however, to conclude that communication and trust will improve to the point that the long-term success of the programs is ensured. If the programs are successful, they could serve as useful models for further program expansion. Periodic reports to Congress on the model programs' status, however, are not required.

RCED-93-182, Sept. 30, 1993 (70 pages). Homelessness: Information on and Barriers to Assistance Programs Providing Foreclosed Property.

Pursuant to a congressional request, GAO reviewed federal programs that make federally-held real estate properties available to nonprofit homelessness assistance organizations, focusing on: (1) the number of properties federal agencies have provided and the geographic distribution of the properties; (2) the agencies' program publicity and promotion; and (3) nonprofit homelessness assistance organizations' obstacles to acquiring property. GAO found that: (1) each agency has procedures for selecting eligible properties for sale or lease to nonprofit organizations, but they limit the availability of properties because of their need to meet competing objectives; (2) the Department of Housing and Urban Development's (HUD) program has accounted for more than 90 percent of the properties sold or leased and 80 percent of the properties in inventory; (3) four agencies have made changes to their programs to make more properties available; (4) about 95 percent of the homelessness assistance organizations have not participated in any of the programs primarily due to the lack of information on the programs, available properties, and knowledge of acquisition procedures; (5) the agencies and the homelessness coordinating council have initiated the organizations' suggested improvements for the outreach programs; (6) federal agencies need to intensify their outreach efforts to interested organizations; (7) significant barriers to organizations obtaining federal properties include acquisition, rehabilitation, operating costs, and financing difficulties; and (8) homelessness assistance organizations have a great need for multifamily properties, but few properties are available because HUD does not currently include such properties in its program.

RCED-93-183, Aug. 12, 1993 (15 pages). Nuclear Security: DOE's Progress on Reducing Its Security Clearance Work Load.

The Atomic Energy Act of 1954 requires the Department of Energy (DOE), which runs the nation's nuclear weapons program and other sensitive undertakings, to run security checks on persons with access to classified information. DOE has cut its backlog of personnel security clearances from about 135,000 cases in 1988 to about 1,000 cases in June 1993—a 99-percent reduction. Although during the late 1980s DOE was not timely in processing clearances for its contractors' employees, the 20 contractor representatives who GAO interviewed could not recall or document significant problems caused by clearance delays. Most of the delays were characterized as inconveniences that the contractors "worked around." Virtually all the representatives said that they were pleased with DOE's current clearance processing times. DOE has not, however, effectively managed its workload of cases involving questionable information. DOE, although committed to reduce the processing time of these cases, has yet to establish adequate controls over contractors' preemployment checks to screen out unsuitable applicants. According to DOE security officials, some contractors are not verifying information on prospective employees, such as education, personal references, past employers, and credit and criminal records.

RCED-93-186, July 23, 1993 (15 pages). Disaster Management: Improving the Nation's Response to Catastrophic Disasters.

The nation's management of disasters was strongly criticized after Hurricane Andrew leveled much of South Florida

and Hurricane Iniki devastated the Hawaiian island of Kauai in 1992. Even before these storms, the federal government's response to major disasters like Hurricane Hugo and the Loma Prieta earthquake drew intense criticism. The government's response to Hurricane Andrew, in particular, raised doubts about whether the Federal Emergency Management Agency was capable of responding to such catastrophes and whether it had learned any lessons from Hurricane Hugo and the Loma Prieta earthquake. GAO has testified repeatedly in 1993 on the inadequacy of the federal strategy for responding to disasters. This report summarizes GAO's analyses, conclusions, and recommendations.

RCED-93-187, Aug. 1993 (110 pages). Transportation and Telecommunications Reports and Testimonies: May 1992-April 1993.

This index summarizes 167 GAO products—reports, testimony, and letters—on transportation and telecommunications topics that were issued from May 1992 through April 1993. The summaries are grouped under 11 issue areas: aviation safety, airport and airway system improvement, surface transportation safety, surface transportation infrastructure, transportation-related competition and consumer protection, Coast Guard and Maritime Administration efficiency and effectiveness, cross-modal budget/financial management issues, Panama Canal Commission, telecommunications, other related subjects, and special publications. Order forms are included to obtain publications that are of interest.

RCED-93-188, Sept. 1, 1993 (58 pages). Superfund: Cleanups Nearing Completion Indicate Future Challenges.

After 12 years and more than $15 billion spent on the Superfund program, questions remain about the Environmental Protection Agency's (EPA) progress in cleaning up hazardous waste sites. EPA has placed 1,275 sites with the most serious problems on a cleanup priority list. EPA has evaluated the potential risks of many of these sites and is now cleaning up 374 of them. This report (1) discusses EPA's efforts to conduct cleanups, including the type and extent of cleanup work at sites deleted from the priority list or sites where cleanup construction is complete, and (2) evaluates the challenges that EPA will face in managing and monitoring these sites. GAO summarized this report in testimony before Congress; see: Superfund: Cleanups Nearing Completion, Future Challenges, and Possible Cleanup Approaches, by Peter F. Guerrero, Associate Director for Environmental Protection Issues, before the Subcommittee on Superfund, Recycling, and Solid Waste Management, Senate Committee on Environment and Public Works. GAO/T-RCED-93-69, Sept. 9, 1993 (24 pages).

RCED-93-189, Aug. 17, 1993 (14 pages). Nuclear Materials: Nuclear Arsenal Reductions Allow Consideration of Tritium Production Options.

Plans underway to cut the nation's nuclear weapons stockpile by about 75 percent from 1988 levels will strongly affect future demand for tritium, a gaseous radioactive isotope of hydrogen used to boost the power of nuclear warheads. Because tritium decays yearly, it must be periodically replenished to maintain the potency of the warheads. This report provides information on (1) the impact of nuclear stockpile reductions on the Department of Energy's (DOE) tritium supply and (2) DOE's alternatives for meeting tritium requirements and for providing a contingency in the event that requirements increase.

RCED-93-192, Sept. 30, 1993 (30 pages). National Park Service: Condition of and Need for Employee Housing.

Pursuant to a congressional request, GAO reviewed the National Park Service's employee housing program, focusing on the: (1) condition of employee housing; (2) Park Service's justification for providing employee housing; and (3) accuracy of the backlog estimate for housing repairs and replacement. GAO found that: (1) as of 1992, 40 percent of the Park Service's employee housing was in good condition and required only routine maintenance, 45 percent was in fair condition and required minor repairs, and 15 percent was in poor condition and required major interior and structural repairs; (2) the Park Service adequately justified 88 percent of its employee housing, since the housing was needed for seasonal and permanent employees, at isolated and non-isolated parks, who provide necessary visitors services or protect government property; (3) the Park Service could not adequately justify 12 percent of its employee housing for permanent employees at nonisolated parks; (4) the Park Service could not explain how it determined its $546-million estimate for employee housing repair and replacement costs; (5) the Park Service did not provide adequate guidance to regional offices and park units on estimate preparation; (6) a sizeable backlog of housing repairs exists because rental incomes and operating funds are not sufficient to cover maintenance costs; and (7) Congress has imposed a limit on rental rate increases to lessen the impact of sharp rent increases.

RCED-93-195BR, Aug. 6, 1993 (20 pages). Urban Transportation: Issues Related to the South Corridor Study.

This briefing report reviews efforts by the Chicago Regional Transportation Authority to assess public transportation in an area known as the South

Corridor. Concerns had been raised that the alternatives being considered could cause economic harm to area businesses and residents. GAO discusses the (1) process that study participants used to develop alternatives for "rationalizing" transit service in the study area, (2) degree to which the public participated in decision-making, and (3) projected time frames for implementing alternatives that would expand or eliminate existing service in the study area.

RCED-93-196, Sept. 22, 1993 (35 pages). Amtrak Safety: Amtrak Should Implement Minimum Safety Standards for Passenger Cars.

Although Amtrak has issued maintenance standards for the condition of passenger cars, GAO found that Amtrak workers did not document either repairs or supervisory review of the inspection process. In addition, some standards were ignored when parts were unavailable or there was not enough time for repairs before putting a car back into service. Amtrak's financial condition has seriously affected the "backbone" of its maintenance operation—equipment overhauls. Revenue shortfalls and corresponding budget cutbacks for the past two years have forced layoffs in service personnel. As a result, about 40 percent of Amtrak's aging passenger car fleet will be past due for overhaul by the end of fiscal year 1993. When cars do not fully comply with the maintenance standards, Amtrak believes that as long as the deficiencies are not safety critical, it is better to keep the cars running than to cut service. The Federal Railroad Administration has issued few regulations governing passenger car safety and provides little oversight of Amtrak's passenger rail equipment.

RCED-93-197, Sept. 14, 1993 (18 pages). Toxic Substances: The Extent of Lead Hazards in Child Care Facilities and Schools Is Unknown.

Millions of children have so much lead in their blood that they may suffer from lifelong intelligence and behavioral problems. Efforts to reduce lead hazards have focused mainly on housing, but concern is mounting over the presence of lead in child care facilities and schools, particularly since children spend so much time there. The combined efforts of federal, state, and local governments to counter lead hazards in child care facilities and schools, however, are limited in scope and do not provide a comprehensive approach for defining and alleviating the problem. Little information is available on either the full extent of the danger that lead poses to the nation's school children or on efforts to address the hazard. GAO summarized this report in testimony before Congress; see: Toxic Substances: Information on Lead Hazards in Child Care Facilities and Schools Is Limited, by Richard L. Hembra, Director of Environmental Protection Issues, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce. GAO/T-RCED-93-48, Sept. 14, 1993 (12 pages).

RCED-93-199, Sept. 7, 1993 (9 pages). Nuclear Waste: Funds Spent to Identify a Monitored Retrievable Storage Facility Site.

The expenditures of the Nuclear Waste Negotiator's office were consistent with the administrative provisions of the legislation that created the office. The Negotiator was empowered to find a state or an Indian tribe willing to host a repository or a monitored retrievable storage facility for storing hazardous waste. The Nuclear Waste Policy Amendments Act of 1987 gives the Negotiator considerable discretion in managing office procedures, such as hiring and paying staff and entering into leases and contracts. The Department of Energy's (DOE) awards of grants to counties and Indian tribes were consistent with the objectives of the monitored retrievable storage program. DOE has adequately reviewed grant applications and has monitored grantees' expenditures.

RCED-93-203, Sept. 20, 1993 (45 pages). Federal Research: Aging Federal Laboratories Need Repairs and Upgrades.

Most federal research laboratories are experiencing common problems associated with aging facilities—leaking roofs and gutters, drafty window frames, power outages, and poor ventilating systems that do not meet industry standards for air circulation. Most of the laboratories GAO visited are more than 30 years old. Although facility managers generally believe that funding for laboratory maintenance is adequate, the eight agencies GAO reviewed reported backlogs of more than $3.8 billion in needed laboratory repairs. Moreover, funding to renovate existing laboratories or build new ones is often minimal. Four of the eight agencies recently started up task forces to reexamine their research and development missions and improve the effectiveness and efficiency of their laboratories. Their findings should help in deciding whether to realign, consolidate, or close laboratories and whether to boost funding for laboratories doing essential work. GAO summarized this report in testimony before Congress; see: Federal Research: Aging Federal Laboratories Need Repairs and Upgrades, by Jim Wells, Associate Director for Energy and Science Issues, before the Joint Economic Committee. GAO/T-RCED-93-71, Sept. 23, 1993 (eight pages).

RCED-93-204, Sept. 10, 1993 (11 pages). Protected Species: Marine Mammals' Predation of Varieties of Fish.

According to government officials, the hunting of steelhead salmon by California sea lions at Ballard Locks

in Seattle, Washington, is the only documented case in which predation by one species is threatening the existence of another, although federal officials suspect that the adverse predation of fish by protected seals may also be occurring at the Columbia River and in the state of Maine. Efforts to counteract the predation at Ballard Lock, including relocating the sea lions and driving them away from the locks, have been unsuccessful. Other possible options include capturing and holding the sea lions during the steelhead's migration and making structural changes to the locks and the accompanying spillway. The National Marine Fisheries Service has considered but rejected the possibility of controlling the sea lion population through lethal means.

RCED-93-206BR, Aug. 20, 1993 (34 pages). Natural Resources Restoration: Use of Exxon Valdez Oil Spill Settlement Funds.

Under the civil settlement stemming from the 1989 grounding of the supertanker Exxon Valdez—the largest oil spill in U.S. history—Exxon agreed to pay a total of $900 million in 11 annual payments. Under the criminal settlement, Exxon was fined $150 million and required to pay $50 million each to the federal government and the state of Alaska to help restore areas damaged by the spill. This briefing report provides information on the amount and distribution of money that Exxon has paid through December 1992 under the settlements. GAO also discusses issues surrounding the functioning of the Trustee Council, which was created to coordinate damage assessments and to seek funds from responsible parties to clean up natural resources. GAO concludes that Alaska and federal trustees managing the oil spill settlement funds will have to address several issues before there can be confidence that the money is being spent for natural resources restoration and other intended purposes.

RCED-93-208FS, Aug. 30, 1993 (26 pages). Trucking Transportation: Information on Handling of Undercharge Claims.

This fact sheet provides information on how trustees and others representing the estates of bankrupt trucking companies handle undercharge claims. GAO discusses (1) the nature and the extent of undercharge claims, (2) the cost of collecting undercharge claims, (3) the nature and the extent of the liabilities of bankrupt trucking companies, and (4) the amount of undercharge claim collections that is available to pay the creditors of bankrupt trucking company estates.

RCED-93-214FS, Sept. 21, 1993 (24 pages). Telecommunications: Charges for Itemized Cellular Telephone Bills.

Concerns have arisen that consumers may be forced to pay an extra charge for bills that itemize the length, date, time, and cost of calls made from their cellular telephones. This fact sheet compares pricing practices within the largest cellular markets, within the most populous states, by the largest carriers, and according to the cost of service within the largest markets. GAO answers the following questions: In how many of the largest cellular telephone markets do cellular carriers require consumers to pay for detailed billing, and what is the average charge? How many of the largest cellular carriers require consumers to pay for detailed billing? In the largest cellular markets, does the cost of service determine whether there will be an extra charge for detailed billing?

RCED-93-220BR, Sept. 30, 1993 (23 pages). Endangered Species: Public Comments Received on Proposed Listings.

One issue likely to be debated during the reauthorization of the Endangered Species Act is whether a scientific peer review is needed of decisions to list species as endangered and threatened under the act. The act requires that these decisions be based on the best available scientific and commercial data, and peer review has been suggested as a way to ensure this. This briefing report provides information on the public comments that were provided in response to species' being proposed for listing, the extent and nature of questions raised about the biological basis for the proposed listings, and the frequency of public hearings on proposed listings. GAO also discusses the number of petitions to list, delist, or reclassify species that the Fish and Wildlife Service found not merited.

RCED-93-221, Sept. 10, 1993 (8 pages). Federal Research: Advanced Technology Program's Indirect Cost Rates and Program Evaluation Status.

The Advanced Technology Program, run by the National Institute of Standards and Technology (NIST), is meant to help U.S. businesses rapidly commercialize major new scientific discoveries and technologies and refine manufacturing technologies. The program's goals are to improve the competitive position of U.S. businesses, give preference to discoveries and technologies that have great economic potential, and avoid providing undue advantages to specific companies. Since 1991, NIST has funded 60 projects proposed by individual or joint ventures. The administration has proposed boosting program funding to $200 million in fiscal year 1997—a 194-percent increase over the year before. This report provides information on (1) program awardees' indirect cost rates, (2) completed projects, and (3) NIST's plans to evaluate the program's effectiveness.

RCED-93-231BR, Sept. 23, 1993 (19 pages). U.S. Department of Agriculture: Centralized Servicing for FmHA Single-Family Housing Loans.

The Farmers Home Administration (FmHA) makes housing and farm loans to rural Americans who cannot otherwise obtain the loans on reasonable terms. Centralized servicing of loans is widely and successfully used by the private sector, including mortgage firms that typically consolidate and centralize loan-servicing functions, such as loan collections, escrow accounting for taxes and insurance, and delinquency management. This briefing report notes that FmHA's single-family housing loan portfolio is far larger than the agency's farm loan portfolio, FmHA's efforts during the past five years to centralize servicing operations for direct housing loans have not been fruitful, the advantages of centralization outweigh the disadvantages, and options for moving forward with centralization would be consistent with the Agriculture Department's efforts to reinvent itself.

NSIAD/RCED-93-284, Sept. 22, 1993 (71 pages). Nuclear Nonproliferation and Safety: Challenges Facing the International Atomic Energy Agency.

The discovery of Iraq's nuclear weapons program, North Korea's refusal to allow the International Atomic Energy Agency (IAEA) to conduct nuclear inspections, and the Chernobyl nuclear power plant accident have focused attention on nuclear proliferation and the safety of nuclear power plants. These issues are of particular concern to IAEA, whose main duties are verifying the peaceful use of nuclear material and promoting nuclear energy. This report examines the (1) effectiveness of IAEA's safeguards program and the adequacy of program funding, (2) management of U.S. technical assistance to IAEA's safeguards program, (3) effectiveness of IAEA's program for advising member states about the safety of nuclear power plants, and (4) adequacy of program funding.

Testimony

T-RCED-93-1, Nov. 10, 1992 (17 pages). EPA's Superfund TAG Program: Grants Benefit Citizens But Administrative Barriers Remain, by Richard L. Hembra, Director, Environmental Protection Issues, before the Investigations and Oversight Subcommittee, House Committee on Public Works and Transportation.

The Environmental Protection Agency's (EPA) Technical Assistance Grant Program provides local communities with up to $50,000 to hire advisers to help them understand the technical aspects of hazardous waste site cleanups. Although the program appears to be helping foster public understanding of and involvement in cleanups of local Superfund sites, problems with public outreach, grants management, and administration may be hampering public participation in the program. To its credit, EPA's recent efforts to streamline the procurement procedures appear to be a step in the right direction. These actions alone, however, are not enough. Limited public outreach efforts and administration barriers continue to dog the program. Moreover, with program reauthorization imminent, clarifying how program recipients may use the grant moneys and how the Superfund Accelerated Cleanup Model may affect the program could minimize additional concerns in the future.

T-RCED-93-2, Dec. 3, 1992 (21 pages). Federal Contracting: Cost-effective Contract Management Requires Sustained Commitment, by J. Dexter Peach, Assistant Comptroller General, before the Oversight and Investigations Subcommittee, House Committee on Energy and Commerce.

Loose administration of government contracts has resulted in contractors getting bonuses for mediocre performance and billing agencies for millions of dollars in unallowable or questionable costs, such as employee parties, tickets to sporting events, and liquor. Civilian agencies now spend about $55 billion per year on contracts. Although contractors can play a key role in delivering needed services, once contracts are awarded federal agencies often give short shrift to overseeing the quality and cost of completed work. More thorough and timely contract auditing could help minimize the government's vulnerability to waste, fraud, and abuse. Currently, a significant backlog exists of audits of costs incurred by contractors. Civilian agencies could also beef up their audit effectiveness by clarifying which agency has responsibility for contractor audits, clearly spelling out unallowable and questionable costs, and making clear the government's position on the use of contractor discounts. At the core of contracting problems, GAO has discovered a lack of senior management attention to agency contracting. In some cases, senior officials have remained blissfully ignorant of waste and abuse because agencies have no way of flagging contracting problems. In other instances, senior officials have neither made managers accountable for effective contract administration nor committed themselves to correcting contracting problems that have surfaced.

T-RCED-93-3, Jan. 12, 1993 (13 pages). Telecommunications: Cellular Service Competition, by John H. Anderson, Jr., Associate Director, Transportation and Communications Issues, before the Senate Committee on Energy and Public Utilities, California Legislature.

Cellular phone service is one of the fastest growing segments of the telecommunications industry. Since starting up in the early 1980s, cellular phone service has seen annual revenues climb to nearly $7 billion; about 10 million subscribers today pay more than $68 per month for service. Under

current Federal Communications Commission (FCC) rules, no more than two cellular carriers may operate in each geographic market. This testimony explores the competitive structure of the industry and determines whether FCC's policies ensure the availability of cellular services at competitive rates.

T-RCED-93-4, Jan. 27, 1993 (18 pages). Disaster Management: Recent Disasters Demonstrate the Need to Improve the Nation's Response Strategy, by J. Dexter Peach, Assistant Comptroller General, before the VA, HUD, and Independent Agencies Subcommittee, Senate Committee on Appropriations.

Several recent catastrophes—especially Hurricane Andrew in South Florida—have fueled growing dissatisfaction with how the nation responds to major disasters. In the aftermath of Hurricane Andrew, inadequate damage assessments, inaccurate estimates of needed services, and miscommunication and confusion at all levels of government slowed the delivery of services vital to disaster victims. The nation may well experience future disasters or emergencies even more devastating than Hurricane Andrew. GAO testified that the federal government's strategy for dealing with disasters is deficient. It makes no provision for comprehensively assessing damage or the needs of disaster victims, which would greatly speed the delivery of assistance. The federal government also lacks explicit authority to adequately prepare for a disaster when there is advance warning. Finally, state and local governments generally lack the training and funding needed to respond to disasters on their own.

T-RCED-93-5, Feb. 2, 1993 (5 pages). Natural Resources Management: Issues to Be Considered by the Congress and Administration, by J. Dexter Peach, Assistant Comptroller General, before the Oversight and Investigations Subcommittee, House Committee on Natural Resources.

This testimony discusses GAO's December 1992 transition series report entitled Natural Resources Management Issues (GAO/OCG-93-17TR). During this era of budgetary constraints, Congress and the new administration face hard choices in how to protect the nation's natural resources. Current funding is inadequate to handle the declining condition of the nation's natural resources and related infrastructure on federal lands. A number of proposals to obtain a better return for the sale or use of natural resources have not succeeded, GAO believes, because (1) the full extent of the staffing and funding shortfalls facing federal natural resources management agencies has not been clearly articulated and (2) the proposals and the dialogue surrounding them have not focused on the need to encourage uses that are compatible with sustaining the nation's natural resources for future generations.

T-RCED-93-6, Feb. 18, 1993 (6 pages). Creation of a Department of the Environment, by Richard L. Hembra, Director, Environmental Protection Issues, before the Senate Committee on Governmental Affairs.

GAO testified on proposed legislation that would create a Department of the Environment. GAO supports such a move. Conferring Cabinet status on the Environmental Protection Agency (EPA) would not only enhance the status of environmental protection issues on the nation's agenda but would also help the nation to respond more effectively to the complex environmental challenges it faces. Other reasons for GAO's support include the growing importance of EPA and of environmental issues; the interrelationship of environmental protection issues and other issues represented by Cabinet departments; and the ability of the proposed elevation to Cabinet status to improve EPA's oversight and accountability.

T-RCED-93-7, Feb. 17, 1993 (13 pages). Energy Management: High Risk Area Requires Fundamental Change, by Victor S. Rezendes, Director, Energy and Science Issues, before the Oversight and Investigations Subcommittee, House Committee on Energy and Commerce.

The Department of Energy's (DOE) contract management philosophy has put billions of dollars in yearly contractors' services at risk. These problems date back to the Manhattan Project of the 1940s, when the government, desirous of enlisting the private sector in developing the atomic bomb, gave contractors wide latitude in running the government's weapons research and production facilities. Today, DOE is trying to overcome this legacy of inadequate oversight by giving contractors more incentive to act responsibly while simultaneously increasing oversight of contractors' activities. GAO applauds these efforts but recognizes that they will take years to implement. With the new administration, DOE has a chance to build on the momentum from recent changes in contract management. The new administration needs to continue demanding greater contractor accountability. Improved information and financial management systems, along with better-trained technical staff, will also be needed to ensure accountability. Finally, changes of this magnitude will take long-term commitment and sustained leadership to implement.

T-RCED-93-8, Feb. 23, 1993 (8 pages). Science and Technology: Federal Efforts to Collect and Analyze Information on Foreign Science and Technology, by James E. Wells, Jr., Associate Director, Energy and Science Issues, before the Technol-

ogy, Environment and Aviation Subcommittee, House Committee on Science, Space, and Technology.

A whole host of federal offices and laboratories collect information on foreign science and technology. Scattered throughout the government, these organizations are concerned primarily with defense, intelligence, commerce, and science. Generally, the groups obtain their information from open (public) sources. In some cases—particularly in the intelligence community—they analyze it and restrict access to their analyses. No central federal agency is responsible for coordinating either the collection or the monitoring of information on foreign science and technology. Agencies with common interests, however, are trying to coordinate the collection and monitoring of relevant information. It is unclear at this point how valuable this data might be to U.S. businesses and whether firms would have much interest in obtaining the information from the government.

T-RCED-93-9, Feb. 18, 1993 (7 pages). Pesticides: U.S. and Mexican Fruit and Vegetable Pesticide Programs Differ, by Peter F. Guerrero, Associate Director, Environmental Protection Issues, before the Commerce, Consumer Protection and Competitiveness Subcommittee, House Committee on Energy and Commerce.

GAO testified that several differences exist in tolerances—maximum limits of pesticides allowed in or on foods—between the United States and Mexico. These differences fall into three main categories: (1) pesticides that have tolerances in both countries but have tolerance in Mexico for some commodities and no comparable tolerances in the United States; (2) pesticides that have tolerances in Mexico but none in the United States; and (3) pesticides that have tolerances in both countries for the same commodities, but at different levels. If Congress approves the North American Free Trade Agreement, the level of imported Mexican produce may soar. This anticipated rise has heightened concern among environmental groups that pesticide levels for Mexican produce may exceed U.S. limits if growers attempt to maximize production with the new opportunities for agricultural exports. Whether or not Congress approves the agreement, pesticide standards for produce will most likely play a larger role in trade discussions as imports from Mexico and other nations continue to increase. In addition, the Food and Drug Administration will need to continue monitoring fruits, vegetables, and other food imported into the United States from Mexico regardless of whether the agreement is enacted. GAO outlines several steps that need to be taken by both governments to ensure that Mexican produce does not violate U.S. pesticide tolerance levels.

T-RCED-93-10, Feb. 18, 1993 (7 pages). Food Safety: Inspection of Domestic and Imported Meat Should Be Risk-Based, by John Harman, Director, Food and Agriculture Issues, before the Commerce, Consumer Protection and Competitiveness Subcommittee, House Committee on Energy and Commerce.

During the past 15 years, the U.S. system for inspecting domestic and imported beef has changed little. Inspectors still rely on sight, smell, and feel when inspecting meat—a method that may not protect the public from harmful bacteria. Contaminated beef recently caused extensive illness and two deaths in several western states, once again raising concerns about inadequate U.S. inspection. In the wake of a GAO report on Canadian meat, the U.S. Department of Agriculture (USDA) and the Canadian government have improved their inspection procedures and better documented that the Canadian inspection system is equivalent to that of the U.S. That system, however, suffers from the same shortcomings as does the U.S. system—the need for fundamental improvement to protect against the greatest food safety risks. USDA needs to weigh the benefits and the risks of inspection by sight, smell, and feel. This method of inspection is extremely labor-intensive and drains resources that could be put to better use. In addition, no matter how many USDA inspectors are assigned to the slaughter line, pathogenic bacteria often avoid detection by sight, feel, or smell.

T-RCED-93-11, Feb. 18, 1993 (13 pages). Airline Competition: Strategies for Addressing Financial and Competitive Problems in the Airline Industry, by Kenneth M. Mead, Director, Transportation Issues, before the Aviation Subcommittee, House Committee on Public Works and Transportation.

Although deregulation of the domestic airline industry has benefitted U.S. consumers through lower fares and more frequent service on many routes, some firms face serious financial problems, and the long-term competitive health of the industry could be at risk. This testimony discusses the interrelated competitive and financial problems of the industry, with a view toward protecting the interests of consumers and ensuring that U.S. airlines are positioned to successfully compete in domestic and international aviation markets. In GAO's view, an effective strategy for reviving the ailing U.S. airline industry should include four key elements: improving airlines' access to capital markets by easing restrictions on foreign investments and control; improving access to the growing international market; reducing barriers to competition; and examining airline pricing practices, especially those of bankrupt carriers.

T-RCED-93-12, Mar. 3, 1993 (15 pages). Crop Insurance: Federal Program Has Been Unable to Meet Objectives of 1980 Act, by John Harman, Director, Food and Agriculture Issues, before the Rural Development, Agriculture, and Related Agencies Subcommittee, House Committee on Appropriations.

Congress significantly expanded the federal crop insurance program between 1981 and 1990, but it sustained more than $2.3 billion in underwriting losses for the period because farmers' premiums were not actuarially sound. At the same time, growing private-sector involvement in the program has meant handsome profits for insurance companies—they earned underwriting gains of more than $100 million during the 1980s—with very little risk attached. Poor oversight over reinsured companies, particularly in the area of claims adjustments, has resulted in millions of dollars in overpayments. Finally, a major congressional objective—to make crop insurance the preeminent means of providing agricultural disaster assistance—has not been achieved. Other forms of agricultural disaster assistance represented 76 percent of all assistance during the 1980s. Several alternatives and variations to the current program have been proposed recently. In the final analysis, Congress will have to weigh the benefit of protecting farmers from hardship and the cost of this protection.

T-RCED-93-13, Mar. 2, 1993 (18 pages). Disaster Management: Recent Disasters Demonstrate the Need to Improve the Nation's Response Strategy, by Judy A. England-Joseph, Director, Resources, Community, and Economic Development Division, before the Investigations and Oversight Subcommittee, House Committee on Public Works and Transportation.

The federal government's strategy for responding to catastrophes like Hurricane Andrew is deficient. It lacks plans for (1) comprehensively assessing damage and the needs of disaster victims or (2) delivering quick, responsive assistance. The federal government also does not have explicit authority to adequately prepare for a disaster when there is warning. Finally, state and local governments generally do not have the training and funding needed to respond on their own to disasters. In the case of Hurricane Andrew, shortcomings included inadequate damage assessments, inaccurate estimates of needed services, and miscommunication and confusion at all levels of government—all of which slowed the delivery of vital services to disaster areas. On the other hand, the military proved that it can respond very efficiently to the immediate needs of the disaster victims. GAO outlines several steps that the Federal Emergency Management Agency and Congress could take to strengthen the government's response to natural disasters.

T-RCED-93-14, Mar. 4, 1993 (15 pages). High Speed Ground Transportation: Financing Issues, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, Senate Committee on Appropriations.

High-speed ground transportation refers to transportation systems, such as the French TGV and the Japanese Shinkansen, capable of sustained speeds of at least 125 miles per hour. In addition, magnetic levitation technology is now being developed in Germany and Japan that could carry passengers safely and efficiently at speeds of more than 250 miles per hour. Progress toward increased speeds in the United States has been limited to improving existing Amtrak routes, especially in the Northeast Corridor, where Amtrak's Metroliner hits speeds of 125 miles per hour in some stretches between Washington and New York. Whether to increase spending for high-speed ground transportation is an important decision that must be made at a time when cutting the federal deficit has made discretionary dollars increasingly scarce. Yet without more federal commitment, this new technology will not advance in the United States. If Congress decides to increase the federal role, it will need to weigh the merits of continued support for incremental improvements by Amtrak versus underwriting more ambitious—and riskier—projects by forging public-private partnerships. Congress will also need to decide whether to target the resources it makes available for specific high-speed ground transportation projects. A fuller understanding of the costs and benefits of specific projects will require reliable data.

T-RCED-93-15, Mar. 10, 1993 (14 pages). Air Traffic Control: Advanced Automation System Problems Need To Be Addressed, by Allen Li, Associate Director, Transportation Issues, before the Aviation Subcommittee, House Committee on Public Works and Transportation.

The Advanced Automation System, a central component in the Federal Aviation Administration's (FAA) program to modernize the nation's air traffic control system, involves substantial software development, changes how air traffic controllers use their equipment, and requires FAA to convert from old to new equipment while maintaining the highest safety standards for the traveling public. Given the substantial complexity and cost of the system, GAO believes that FAA management must exercise closer supervision of IBM's progress and address schedule and technical problems in a more timely manner. Recently announced management initiatives must be carried through. Furthermore, in light of problems plaguing the project during the past

five years and likely changes in FAA's consolidation plan, GAO believes that FAA should decide whether the current plan for each segment of the system is the most appropriate way to meet the needs of the air traffic control system.

T-RCED-93-16, Mar. 11, 1993 (10 pages). Surface Transportation: Federal and State Efforts to Support Declining Intercity Bus Service, by John H. Anderson, Jr., Associate Director, Transportation Issues, before the Surface Transportation Subcommittee, Senate Committee on Commerce, Science and Transportation.

Since regulatory reform of the intercity bus industry a decade ago, nearly 7,000 locations have lost bus service, most of them small towns without any other public transportation. The riders who have been losing service appear to be those least able to afford and least likely to have access to alternative transportation. Many states have provided funds to prevent further deterioration or elimination of intercity bus service. States' efforts to expand intercity bus routes may have been facilitated by the Intermodal Surface Transportation Efficiency Act of 1991, which set aside grant funds for intercity bus needs. The Federal Transit Administration's guidance on implementing the set-aside gives states flexibility in developing their own approaches to meeting intercity bus needs and allows states to use the funds to collect information on the effect of declining service and develop appropriate responses. Continued federal support will help states ensure the availability of intercity bus service where it is needed most.

T-RCED-93-17, Mar. 11, 1993 (7 pages). Mass Transit: FTA's Projections Could Better Reflect State and Local Needs, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, Senate Committee on Appropriations.

In making crucial policy and funding decisions on the future role of public transit, Congress needs the best information available about how states and localities intend to use transit to increase mobility, reduce traffic congestion, improve air quality, and spur economic development. Congress has received four projections of overall transit needs since 1988. Two estimates came from the Federal Transit Administration (FTA) while two nonprofit associations representing state transportation and transit interests each prepared one projection. These projections varied widely—from $3 billion to $32 billion per year—because each used different cost elements and made different assumptions in calculating costs. Several factors, including legislation such as the Clean Air Act Amendments of 1990, the Americans With Disabilities Act, and the Energy Policy Act of 1992, could cause future transit needs to exceed all of the needs projections. FTA needs to make several short-and long-term changes to improve its transit needs projections. New planning requirements for state and local transit plans could become the basis for a nationwide estimate of transit needs. Although these data are not now being collected, the Department of Transportation has an opportunity to facilitate future data availability.

T-RCED-93-18, Mar. 10, 1993 (6 pages). Peanut Program: Changes Are Needed to Make the Program Responsive to Market Forces, by John Harman, Director, Food and Agriculture Issues, before the Specialty Crops and Natural Resources Subcommittee, House Committee on Agriculture.

The U.S. Department of Agriculture's (USDA) peanut program has been a steady source of income for farmers and has generally stabilized the U.S. peanut supply. Yet peanut farming, like much of U.S. agriculture, has undergone profound changes since the 1930s. Small farms have gradually been bought out and consolidated into large-scale operations. By 1991, about one-fourth of all producers controlled more than 80 percent of the peanut quota. Today, the small number of producers who hold most of the quota are reaping huge profits from the program. Because the yearly quota support price since 1982 has been well above production costs, quota peanut producers have received, on average, a 51-percent minimum net return after costs. The peanut program also benefits individuals who own farms with assigned quota but choose to sell or rent their quota to others. Economic studies and GAO's analysis show that the peanut program adds from $314 million to $513 million each year to consumers' costs of buying peanuts. At the same time, USDA spends tens of millions of dollars each year to run the peanut program, make mandatory payments to producers, and cover the high cost of peanut products it buys under various food assistance programs. Finally, the program, by boosting the volume of U.S. peanuts available for export, may be lowering prices paid for peanuts abroad.

T-RCED-93-19, Mar. 11, 1993 (5 pages). Federally Funded Research: Controlling Inappropriate Access to Research Results, by James E. Wells, Jr., Associate Director, Energy and Science Issues, before the Regulation, Business Opportunities, and Technology Subcommittee, House Committee on Small Business.

GAO believes that generally the public interest is better served if appropriate controls and safeguards are in place governing who gets access to and ultimately benefits from the results of federally funded research. GAO's May 1992 report (GAO/RCED-92-104) recommended that the National Institutes of Health and the National

Science Foundation require their grantees to have procedures in place to effectively manage potential conflicts of interest, such as by requiring investigators and other key personnel to disclose any outside interests as part of the grant award process. GAO also believes that the government should at least be consulted about any major, multimillion-dollar agreement that a university, hospital, or other nonprofit research group seeks to negotiate with a private company if that institution receives substantial federal funding and rights to resulting commercial technologies.

T-RCED-93-20, May 18, 1993 (26 pages). Disaster Management: Recent Disasters Demonstrate the Need to Improve the Nation's Response Strategy, by J. Dexter Peach, Assistant Comptroller General, before the Senate Committee on Governmental Affairs.

Several recent catastrophes—especially Hurricane Andrew in South Florida—have led to growing dissatisfaction with the nation's system for responding to major disasters. The federal strategy lacks provisions for the federal government to (1) comprehensively assess damage and the needs of disaster victims and (2) provide food, shelter, and other essential services when local volunteer efforts are not enough. Even when there is warning of an impending disaster, advance preparations are not clearly authorized until after the President has issued a disaster declaration. In addition, the Federal Emergency Management Agency (FEMA) could make better use both of its own resources as well as those it provides to state and local government to improve overall preparedness for catastrophes. GAO recommends that FEMA establish a disaster unit to independently assess damage and estimate response needs following a catastrophe. Second, the President should appoint a senior White House official to oversee FEMA and the federal response to disasters.

T-RCED-93-21, Mar. 10, 1993 (26 pages). State of the Airline Industry: Strategies for Addressing Financial and Competition Problems, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, House Committee on Appropriations.

Although deregulation of the domestic airline industry has benefited U.S. consumers through lower fares and more frequent service on many routes, some firms face serious financial problems, and the long-term competitive health of the industry could be at risk. This testimony discusses the interrelated competitive and financial problems of the industry, with a view toward protecting the interests of consumers and ensuring that U.S. airlines are positioned to compete successfully in domestic and international aviation markets. In GAO's view, an effective strategy for reviving the ailing U.S. airline industry should include the following four key elements: improving airlines' access to capital markets by easing restrictions on foreign investments and control; improving access to the growing international market; lowering barriers to competition; and examining airline pricing practices, especially those of bankrupt carriers.

T-RCED-93-22, Mar. 16, 1993 (11 pages). Food Safety: Building a Scientific, Risk-Based Meat and Poultry Inspection System, by John Harman, Director, Food and Agriculture Issues, before the Livestock Subcommittee, House Committee on Agriculture, and Department Operations and Nutrition Subcommittee, House Committee on Agriculture.

The existing meat and poultry inspection system relies on labor-intensive methods—primarily sight, smell, and touch—that cannot detect pathogenic bacteria, a major public health risk. This shortcoming was illustrated by the recent deaths and illnesses in Washington state linked to undercooked hamburgers contaminated with bacteria. To better protect the public from foodborne illnesses, the Food Safety and Inspection Service (FSIS) must move to a modern, scientific, risk-based inspection system. GAO recommends that the FSIS (1) develop a detailed strategic and operational plan showing how it plans to achieve a more effective inspection system, (2) work with all interested parties to build a consensus on the design of a new inspection system, and (3) seek needed legislative changes and obtain congressional guidance on the objectives of the meat and poultry industry.

T-RCED-93-23, Mar. 15, 1993 (15 pages). High Speed Ground Transportation: Financial Barriers to Development, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, House Committee on Appropriations.

High-speed ground transportation refers to transportation systems, such as the French TGV and the Japanese Shinkansen, capable of sustained speeds of at least 125 miles per hour. In addition, magnetic levitation technology is now being developed in Germany and Japan that could carry passengers safely and efficiently at speeds of more than 250 miles per hour. Progress toward increased speeds in the United States has been limited to improving existing Amtrak routes, especially in the Northeast Corridor, where Amtrak's Metroliner hits speeds of 125 miles per hour in some stretches between Washington and New York. Whether to increase spending for high-speed ground transportation is an important decision that must be made at a time when cutting the federal deficit has made discretionary dollars increasingly scarce. Yet without more federal commitment, this new tech-

nology will not advance in the United States. If Congress decides to increase the federal role, it will need to weigh the merits of continued support for incremental improvements by Amtrak versus underwriting more ambitious—and riskier—projects by forging public-private partnerships. Congress will also need to decide whether to target the resources it makes available for specific high-speed ground transportation projects. A fuller understanding of the costs and benefits of specific projects will require reliable data.

T-RCED-93-24, Mar. 25, 1993 (11 pages). Transportation: Federal Assessments Levied on Commercial Maritime Industry, by John H. Anderson, Jr., Associate Director, Transportation Issues, before the Coast Guard and Navigation Subcommittee, House Committee on Merchant Marine and Fisheries, and Merchant Marine Subcommittee, House Committee on Merchant Marine and Fisheries.

This testimony summarizes responses to congressional concerns about the total number and amount of user fees, taxes, and other charges, excluding fines and penalties, that have been levied on the commercial maritime industry. GAO identified 12 federal agencies that levied a total of 117 diverse assessments for total collections of nearly $12 billion in fiscal year 1991. The assessments were intended to generate revenue or reimburse the agency for expenses incurred in providing a service. This testimony discusses the agencies and their assessment activities, the payors of assessments, assessment amounts and totals collected, exemptions from assessments, and proposed assessments.

T-RCED-93-25, Mar. 31, 1993 (13 pages). Surface Transportation: Funding Limitations and Barriers To Cross-Modal Decision Making, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, Senate Committee on Appropriations.

Decisions on surface transportation investment have become increasingly complex, encompassing the deterioration of the nation's roads, bridges, and transit systems; traffic congestion; air quality; energy efficiency; and mobility for the elderly and disabled. The Intermodal Surface Transportation Efficiency Act of 1991 provided an unprecedented level of funding for transportation needs and gave state and local governments more flexibility in deciding how money should be distributed on highway and transit projects. This testimony focuses on the (1) current fiscal realities that threaten to limit investment opportunities, (2) potential ramifications of authorizing new demonstration projects, (3) use of funding flexibility, and (4) need for improved analytic tools for making intermodal investment choices.

T-RCED-93-26, Mar. 29, 1993 (10 pages). Management Issues Facing the Environmental Protection Agency, by Richard L. Hembra, Director, Environmental Protection Issues, before the Legislation and National Security Subcommittee, House Committee on Government Operations, and Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations.

This testimony focuses on management problems outlined in GAO's December 1992 transition-series report on environmental protection issues (GAO/OCG-93-16TR). The challenges confronting the Environmental Protection Agency (EPA)—resource constraints, information gaps, insufficient corrective action, and the increasingly global nature of environmental problems—are formidable. Regardless of whether EPA becomes a Cabinet-level department, it will have to realize greater efficiencies and effectiveness with the resources it already has. It must develop adequate and accurate information to support its regulatory programs and measure environmental results, and it must establish clear accountability for correcting existing program weaknesses. EPA needs to work with Congress to give these issues the sustained effort and attention that are essential to their resolution.

T-RCED-93-27, Apr. 21, 1993 (18 pages). Superfund: Progress, Problems, and Reauthorization Issues, by Richard L. Hembra, Director, Environmental Protection Issues, before the Transportation and Hazardous Materials Subcommittee, House Committee on Energy and Commerce.

The Superfund program, originally envisioned as a short-term effort to clean up a limited number of hazardous waste sites, has escalated into an expensive, contentious, and long-term effort involving potentially thousands of sites. Although the Superfund program has made progress, especially in responding to emergency releases of hazardous substances and forcing polluters to clean up contamination, little of its primary purpose has been achieved: the permanent cleanup of major hazardous waste sites. This testimony discusses the following questions: How can the pace of site cleanups be accelerated? How can Superfund costs be better controlled? How effective are completed cleanups in protecting human health and the environment? What is the appropriate level of federal investment to address the risks posed by hazardous waste sites?

T-RCED-93-28, Apr. 20, 1993 (11 pages). Coast Guard: Improvements Needed in Management of Programs and Activities, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, House Committee on Appropriations.

The Coast Guard, like many federal agencies today, is operating in a period when funding is scarce and demand for its services is strong. Complicating this situation is the Coast Guard's increasingly broad mission, which encompasses everything from helping victims of natural disasters, like Hurricane Andrew, to intercepting Haitian refugees. As a result, the Coast Guard must function as efficiently and effectively as possible. This testimony is intended to help the Guard build on its achievements and identifies ways to strengthen the efficiency and the effectiveness of its operations and use of budgetary resources.

T-RCED-93-29, Apr. 22, 1993 (15 pages). Surface Transportation: Budget Issues and Optimizing Investment Returns, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, House Committee on Appropriations.

Weighing alternative surface transportation investment choices is becoming increasingly complex, encompassing deterioration of the nation's roads, bridges, and transit systems; traffic congestion; air quality; energy efficiency; and mobility for the elderly and disabled. This testimony discusses key issues affecting implementation of the Intermodal Surface Transportation Efficiency Act of 1991, which gave states unprecedented funding to meet transportation needs as well as greater flexibility in deciding how funds should be distributed between highway and transit projects. GAO discusses the (1) variability in the projected financial condition of the Highway Trust Fund, (2) potential ramifications of authorizing new demonstration projects, (3) use of funding flexibility, and (4) need for better analytic tools for making investment choices.

T-RCED-93-30, Apr. 19, 1993 (14 pages). Air Traffic Control: Uncertainties and Challenges Face FAA's Advanced Automated System, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, House Committee on Appropriations.

The Advanced Automation System, the largest project in the Federal Aviation Administration's (FAA) $33 billion effort to modernize the nation's air traffic control system, has been plagued by worsening schedule delays and cost growth over the past year. FAA and IBM, the main contractor, agreed to a plan that was too ambitious, significantly underestimating the technical challenges involved. In addition, FAA oversight of IBM has been weak. Although GAO testified that recent management initiatives to overcome some of these problems appeared reasonable, it will take time for these changes to work. Moreover, GAO remains concerned about the last three segments of the Advanced Automation System. Less consolidation, a desire to implement advanced software earlier, and less tower modernization will affect project costs and schedules, user benefits, equipment location, and FAA's contract with IBM. GAO believes that continued support should depend on (1) FAA's successfully overcoming the system's technical challenges and (2) the quality of the agency's justification for restructuring and proceeding with the system.

T-RCED-93-31, Apr. 19, 1993 (7 pages). Drinking Water: Key Quality Assurance Program Is Flawed and Underfunded, by Peter F. Guerrero, Associate Director, Environmental Protection Issues, before the Health and the Environment Subcommittee, House Committee on Energy and Commerce.

One key way of ensuring drinking water quality is the periodic inspection, or sanitary survey, of public water systems. Yet GAO discovered that sanitary surveys across the country often fall short. Specifically, 45 states omit one or more key survey elements, such as inspection of the water distribution system or review of water system operators' qualifications. In addition, some states do not require documentation to back up inspections and survey results, and surveyors sometimes interpret results inconsistently. GAO reviewed 200 sanitary surveys in four states—Illinois, Montana, New Hampshire, and Tennessee—and found recurring problems with water systems' equipment and management, particularly among small systems. The gap between the needs and available resources of state drinking water programs—estimated in the hundreds of millions of dollars annually—has severely handicapped states' efforts to conduct sanitary surveys. The problem is compounded by the lack of minimum requirements for performing and documenting surveys. The upshot is that a key survey benefit—spotting and correcting problems before they seriously affect water quality—has often not been realized. GAO concludes that effective corrective measures will depend on resolving the acute funding shortage affecting the Environmental Protection Agency's drinking water program.

T-RCED-93-32, Apr. 22, 1993 (18 pages). Revitalizing USDA: A Challenge for the 21st Century, by Robert A. Robinson, Associate Director, Food and Agriculture Issues, before the Information, Justice, Transportation, and Agriculture Subcommittee, House Committee on Government Operations.

Since its inception in the 1930s, when small, family-owned farms typified American agriculture, the U.S. Department of Agriculture (USDA) has seen its mission expand to include everything from traditional food production to more cross-cutting issues like rural development and biotechnology.

Because agribusiness today is a global enterprise, fundamental change at USDA is essential. This testimony focuses on (1) USDA's need to overcome problems in organizational structure and management systems, (2) recent efforts to streamline USDA, and (3) issues to consider in revitalizing USDA.

T-RCED-93-33, Apr. 26, 1993 (17 pages). FAA Budget: Important Challenges Affecting Aviation Safety, Capacity, and Efficiency, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation Subcommittee, House Committee on Appropriations.

The Federal Aviation Administration's (FAA) $9.2 billion budget request for fiscal year 1994 represents a 3.5-percent increase over the fiscal year 1993 appropriation. This includes $2.5 billion for facilities and equipment; $4.6 billion for operations; $1.8 billion for grants-in-aid to airports; and $250 million for research, engineering, and development. This testimony discusses challenges FAA faces in ensuring the aviation system's safety, capacity, and efficiency. GAO also focuses on the status of FAA's air traffic control modernization program, work forces, airport development, and aviation security initiatives.

T-RCED-93-34, Apr. 28, 1993 (18 pages). Superfund: EPA Needs to Better Focus Cleanup Technology Development, by Richard L. Hembra, Director, Environmental Protection Issues, before the Investigations and Oversight Subcommittee, House Committee on Science, Space, and Technology.

Faced with cleaning up thousands of hazardous waste sites across the country, the Environmental Protection Agency (EPA) has joined forces with industry and other government agencies to develop innovative ways to treat hazardous waste more cost-effectively. GAO testified in September 1992 (GAO/T-RCED-92-92) that the number of innovative technologies demonstrated and selected had increased in recent years but that obstacles were inhibiting their development and use. This testimony updates that discussion and focuses on (1) the extent to which innovative technologies have been demonstrated and either selected for demonstrations or actually used for Superfund site cleanups and (2) some of the existing barriers to development and use of innovative technologies and EPA's efforts to reduce these barriers. GAO also discusses its earlier recommendations for fostering development of innovative technologies for Superfund and EPA's response.

T-RCED-93-35, Apr. 29, 1993 (16 pages). High Speed Ground Transportation: Strategic Approach Needed for Introduction of HSGT, by Kenneth M. Mead, Director, Transportation Issues, before the Transportation and Hazardous Materials Subcommittee, House Committee on Energy and Commerce.

Decisions on the level of U.S. funding for high-speed ground transportation, railway systems capable of sustained speeds of at least 125 miles per hour, must be made at a time when deficit cutting has made discretionary dollars especially scarce. High-speed ground transportation systems are expensive in any form, requiring a strategic selection of the most beneficial projects. This testimony reviews the alternative technologies and focuses on infrastructure improvements needed to bring high-speed ground transportation to the United States on existing railroad rights-of-way. GAO also discusses the social benefits that might accrue from introducing high-speed ground transportation and the problem of accurately assessing them.

T-RCED-93-36, May 5, 1993 (15 pages). Air Traffic Control: Improvements Needed In FAA's Management of Acquisitions, by Allen Li, Associate Director, Transportation Issues, before the Transportation and Related Agencies Subcommittee, Senate Committee on Appropriations.

Increases in air traffic have strained the capacity of the nation's air traffic control system. Aircraft operations increased by 40 percent during the last decade and the Federal Aviation Administration (FAA) estimates that they will rise by another 30 percent in the next 20 years. To deal with increased demand on the air traffic control system and aging equipment, FAA launched a major effort in 1981—now called the Capital Investment Plan—to install new equipment, such as sophisticated radars, computers, and communications networks. This testimony describes problems with the modernization projects' costs and schedules, the causes of those problems, and the steps needed to strengthen FAA's acquisition process.

T-RCED-93-37, May 12, 1993 (11 pages). Multifamily Housing: Impediments to Disposition of Properties Owned by the Department of Housing and Urban Development, by Judy A. England-Joseph, Director, Housing and Community Development Issues, before the Housing and Community Development Subcommittee, House Committee on Banking, Finance and Urban Affairs.

During the past three years, the Department of Housing and Urban Development's (HUD) inventory of multifamily housing has surged from 10,000 units in 1990 to 27,000 units in 1992. In addition, HUD has begun foreclosing on another 42,000 units. GAO found that the most significant impediment to the disposition of this inventory is the shortage of federal funds for rental subsidies needed to preserve units for low- to moderate-income tenants. Once the federal government is obligated to preserve these units, HUD will pay the cost of preservation whether the properties are sold or whether they remain in HUD's inventory. In the absence of

any action to change this situation, HUD will remain the landlord for a huge inventory of properties—a role that HUD was never intended to play nor has it been adequately staffed to fulfill.

T-RCED-93-38, May 13, 1993 (15 pages). Grain Inspection: Industry Views on the Decline in Official Inspections and Inspection Costs, by John Harman, Director, Food and Agriculture Issues, before the Agricultural Research, Conservation, Forestry and General Legislation Subcommittee, Senate Committee on Agriculture, Nutrition, and Forestry.

This testimony focuses on an April 1993 GAO report (GAO/RCED-93-147) on the official grain inspection program run by the Agriculture Department's Federal Grain Inspection Service. GAO discusses (1) the decline of official inspections in the domestic market and the impact of that decline, (2) fees that official inspection agencies charge for official domestic inspections, (3) fees that the Service charges for export inspections, and (4) potential options for reducing inspection fees.

T-RCED-93-39, May 6, 1993 (10 pages). Creation of a Department of Environmental Protection, by James F. Hinchman, General Counsel, before the Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations, and Legislation and National Security Subcommittee, House Committee on Government Operations.

GAO testified that conferring Cabinet status on the Environmental Protection Agency (EPA) would enable the United States to respond more effectively to the complex environmental challenges it faces. However, regardless of whether EPA becomes a Cabinet department or remains an agency, it faces several fundamental organizational and management problems. Systems must be developed to provide adequate and accurate information that will support EPA's regulatory programs and measure environmental results. Accountability for correcting existing program weaknesses must be established. Limited resources must be better managed to achieve the nation's many environmental protection goals in the face of high public expectations.

T-RCED-93-40, May 20, 1993 (15 pages). Aviation Research: Actions to Enhance the Effectiveness of FAA's Research Activities, by Allen Li, Associate Director, Transportation Issues, before the Transportation and Related Agencies Subcommittee, Senate Committee on Appropriations.

The Federal Aviation Administration's (FAA) Research, Engineering, and Development (RE&D) Program plays an important role in ensuring the safety , security, and efficiency of the U.S. air transport system. By providing critical technologies, such as satellite and data link capabilities, the program can reduce delays and increase airspace capacity. Although FAA has taken some positive steps to improve the program, it has not implemented GAO's recommendation to include the requisite budget and staffing information in the RE&D plan. This information is critically important in today's budgetary environment in which FAA will have to make difficult trade-offs between diverse research areas. The program's success in meeting current and future challenges rests on integrating RE&D goals into other program areas, leveraging research done by other federal agencies, integrating various technologies to meet specific safety and capacity problems, and incorporating human factors into all research. The solution to some of today's most pressing problems may call for greater cooperation between FAA and the National Aeronautics and Space Administration.

T-RCED-93-41, May 18, 1993 (15 pages). Pipeline Safety: Use of Instrumented Technology to Inspect Pipelines, by Allen Li, Associate Director, Transportation Issues, before the Investigations and Oversight Subcommittee, House Committee on Public Works.

About half of the nation's supply of crude oil and petroleum products and virtually all natural gas supplies are transported through a network of more than 1.7 million miles of pipelines. Although the overall safety record of these pipelines is relatively good, a massive pipeline spill in Reston, Virginia, in March 1993 underscores the need for more sophisticated inspection technologies. This testimony focuses on the role that instrumented internal inspection devices—known as smart pigs—can play in improving pipeline safety.

T-RCED-93-42, May 27, 1993 (9 pages). Federal Land: Little Progress Made in Improving Oversight of Concessioners, by Keith O. Fultz, Director, Planning and Reporting, before the Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations.

Concessioners are often the primary operators in recreation areas containing some of the nation's greatest national treasures. Despite GAO's warnings during the past three years, however, federal agencies are still doing a poor job of managing concessioners on federal land. The agencies lack enough data to adequately manage concession operations, they cannot demonstrate that they are receiving a fair return, and they have to revise or develop some policies to improve their management of concessioners. Deterioration in federal areas is widespread, and the existing infrastructure—approaching $200 billion in value—is increasingly run down; the cost of deferred maintenance in the national parks and

forests alone is nearly $3 billion. The federal government has a huge investment in its recreation resources, and GAO believes that the government needs to ensure that it is fairly compensated for the use of its land, the visiting public is provided with healthy and safe services, and the nation's recreation resources are adequately protected for future generations.

T-RCED-93-43, May 26, 1993 (13 pages). Airport Improvement Program: Opportunity to Consider FAA's Role in Meeting Airport System Needs, by Kenneth M. Mead, Director, Transportation Issues, before the Aviation Subcommittee, House Committee on Public Works and Transportation.

Since 1982, the Federal Aviation Administration's (FAA) Airport Improvement Program has spent nearly $13 billion on a variety of airport improvements, including runway construction; terminal improvements; and noise, safety, and security projects. Congress appropriated $1.8 billion for the program in fiscal year 1992. This testimony discusses FAA's progress in developing goals and performance measures for airport development, implications of FAA's actions, and GAO's views on FAA's roles and its capacity to manage the program.

T-RCED-93-44, May 20, 1993 (4 pages). Mineral Resources: Meeting Federal Needs for Helium, by James Duffus, III, Director, Natural Resources Management Issues, before the Energy and Mineral Resources Subcommittee, House Committee on Natural Resources.

The federal government uses helium in the space program, weapons systems, and superconductivity research. The Helium Act of 1960 authorizes the Interior Department to conserve, buy, store, produce, and sell helium to meet federal needs. The act also requires federal agencies to buy most of their helium from the Bureau of Mines. GAO testified that the Bureau of Mines has acted to meet the act's objectives. In addition, the helium program debt, which overshadows meaningful debate on the merits of the program, could be canceled without adversely affecting the federal budget. Finally, a reassessment of the objectives of the helium act is in order.

T-RCED-93-45, May 20, 1993 (16 pages). High Speed Ground Transportation: Funds Need to Be Focused Under Proposed Legislation, by Kenneth M. Mead, Director, Transportation Issues, before the Surface Transportation Subcommittee, Senate Committee on Commerce, Science and Transportation.

High-speed ground transportation systems are expensive, requiring a strategic selection of the most beneficial projects. The federal government has provided an average of $147 million each year over 17 years for one project alone—the Northeast Corridor. GAO believes that if Congress chooses to increase federal funding for high-speed ground transportation, it should target funds to the most worthwhile projects. The criteria used in the Administration's proposed legislation could help provide this focus. However, the methodology and assumptions used in developing ridership forecasts need to be completely understood to determine the reliability of states' assumptions about anticipated revenues, subsidies, congestion relief, and air quality improvement.

T-RCED-93-46, May 25, 1993 (27 pages). Disaster Management: Recent Disasters Demonstrate the Need to Improve the Nation's Response Strategy, by J. Dexter Peach, Assistant Comptroller General, before the Nuclear Deterrence, Arms Control and Defense Subcommittee, Senate Committee on Armed Services.

Several recent catastrophes—especially Hurricane Andrew in South Florida—have led to growing dissatisfaction with the nation's system for responding to major disasters. The federal strategy lacks provisions for the federal government to (1) comprehensively assess damage and the needs of disaster victims and (2) provide food, shelter, and other essential services when local volunteer efforts are not enough. Even when there is warning of an impending disaster, advance preparations are not clearly authorized until after the President has issued a disaster declaration. In addition, the Federal Emergency Management Agency (FEMA) could make better use both of its own resources as well as those it provides to state and local government to improve overall preparedness for catastrophes. GAO recommends that FEMA establish a disaster unit to independently assess damage and estimate response needs following a catastrophe. Second, the President should appoint a senior White House official to oversee FEMA and the federal response to disasters.

T-RCED-93-47, May 26, 1993 (9 pages). Federal Research: Superconducting Super Collider Cost and Schedule, by Victor S. Rezendes, Director, Energy and Science Issues, before the House Committee on Science, Space, and Technology.

The Superconducting Super Collider (SSC) will be the world's largest particle accelerator, a basic research tool for seeking fundamental knowledge about matter and energy. The Department of Energy's (DOE) cost estimate to build the SSC grew from $5.3 billion in 1987 to $8.25 billion in 1991. The SSC is not expected to produce any direct national security benefits, although national security may indirectly benefit from the potential but unpredictable practical applications of research discoveries or from technological spin-offs. Although the United States and other

countries have smaller accelerators operating, no existing or planned accelerator will be exactly the same as the SSC. Known cost increases suggest that the total cost for the SSC will exceed $11 billion. To preclude the cost and schedule from continuing to increase beyond $11 billion, annual funding levels would need to increase dramatically over that projected in the President's budget. In fact, DOE is assuming in its projection that there will be no funding constraints after fiscal year 1998—an assumption that could prove unrealistic unless the budget deficit improves markedly.

T-RCED-93-48, Sept. 15, 1993 (6 pages). Toxic Substances: Information on Lead Hazards in Child Care Facilities and Schools Is Limited, by Richard L. Hembra, Director, Environmental Protection Issues, before the Health and the Environment Subcommittee, House Committee on Energy and Commerce.

Millions of children have so much lead in their blood that they may suffer from lifelong intelligence and behavioral problems. Efforts to reduce lead hazards have focused mainly on housing, but concern is mounting over the presence of lead in child care facilities and schools, particularly since children spend so much time there. The combined efforts of federal, state, and local governments to counter lead hazards in child care facilities and schools, however, are limited in scope and do not provide a comprehensive approach for defining and alleviating the problem. Little information is available on either the full extent of the danger that lead poses to the nation's school children or on efforts to address the hazard.

T-RCED-93-49, June 9, 1993 (23 pages). Airline Competition: Industry Competitive and Financial Issues, by Kenneth M. Mead, Director, Transportation Issues, before the Economics and Commercial Law Subcommittee, House Committee on the Judiciary.

Although airline industry deregulation has benefited U.S. consumers and made U.S. airlines more efficient competitors, some airlines face serious financial problems and the long-term competitive health of the industry could be at risk. GAO urges the development of a strategy that includes four key elements: (1) improving U.S. airlines' access to capital markets through relaxing the restrictions on foreign investment and control, under certain conditions; (2) enhancing access to the growing international market for all U.S. airlines; (3) reducing barriers to competition; and (4) examining the claims and the counterclaims about airline pricing practices, especially those of bankrupt airlines. Also, a more strategic approach by the Federal Aviation Administration in addressing air traffic control modernization, airport improvements, and workforce issues could improve the efficiency of airline operations.

T-RCED-93-50, June 10, 1993 (9 pages). Superfund: EPA Action Could Have Minimized Program Management Costs, by Richard L. Hembra, Director, Environmental Protection Issues, before the Superfund, Recycling, and Solid Waste Management Subcommittee, Senate Committee on Environment and Public Works.

Critics have raised concerns about Superfund contractors' excessive spending of public money on activities that do not advance the cleanup of hazardous waste sites. These concerns have focused on the high administrative and management costs incurred by contractors in the Alternative Remedial Contracting Strategy. GAO found that inaction on the part of the Environmental Protection Agency (EPA) has contributed to high program management costs for such contracts. These high costs arose in part because EPA awarded a large number of contracts and built in excess contract workload capacity to allow the agency to terminate contractors that performed poorly and to prevent future capacity shortages. The cleanup workload shortages EPA envisioned never materialized, however, in part because of a decision to have private parties responsible for site contamination manage and pay for cleanups. To minimize program management costs, GAO recommends that EPA analyze such contracts to determine whether terminating some of them would be more cost-effective than continuing to pay program management costs for the remaining life of underutilized contracts.

T-RCED-93-51, July 30, 1993 (7 pages). Nuclear Regulation: NRC's Nuclear Materials Program Needs Improvement to Protect Public Health and Safety, by James E. Wells, Jr., Associate Director, Energy and Science Issues, before the Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations.

The Nuclear Regulatory Commission (NRC) licenses millions of individuals and organizations throughout the United States to use radioactive material for research and development; medical diagnosis and treatment; and industrial, academic, and consumer activities. This testimony, which draws on an April 1993 GAO report (GAO/RCED-93-90), questions whether the public is being adequately protected from nuclear materials outside power plants, noting that NRC lacks information on whether all states receive the same minimum level of protection. NRC does not collect comparable data for its licensing and inspection programs, and the agency lacks a common set of performance indicators to effectively evaluate both the agreement-states program and the NRC-regulated states program.

Moreover, NRC does not have specific criteria or procedures for suspending or revoking an agreement state's program. As a result, NRC has failed to suspend or revoke state programs even though the states are not complying with NRC requirements.

T-RCED-93-52, June 1, 1993 (27 pages). Airline Competition: Options For Addressing Financial and Competition Problems, by Kenneth M. Mead, Director, Transportation Issues, and Francis P. Mulvey, Assistant Director, Transportation Issues, before the National Commission to Ensure a Strong Competitive Airline Industry.

Although airline industry deregulation has benefited U.S. consumers and made U.S. airlines more efficient competitors, some airlines face serious financial problems and the long-term competitive health of the industry could be at risk. GAO urges the development of a strategy that includes four key elements: (1) improving U.S. airlines' access to capital markets through relaxing the restrictions on foreign investment and control, under certain conditions; (2) enhancing access to the growing international market for all U.S. airlines; (3) reducing barriers to competition; and (4) examining the claims and the counterclaims about airline pricing practices, especially those of bankrupt airlines. Also, a more strategic approach by the Federal Aviation Administration in addressing air traffic control modernization, airport improvements, and workforce issues could improve the efficiency of airline operations.

T-RCED-93-53, June 10, 1993 (8 pages). Technology Transfer: Implementation of CRADAs at NIST, Army, and DOE, by James E. Wells, Jr., Associate Director, Energy and Science Issues, before the Energy Subcommittee, House Committee on Science, Space, and Technology.

Cooperative research and development agreements (CRADAs) are one of several mechanisms that federal laboratories use to transfer technology to the private sector. Under a CRADA, federal laboratories and collaborators agree to share resources as they conduct research and development. The CRADA defines the terms and conditions for the collaboration, including who will own, use, and commercialize a technology. This testimony compares the Department of Energy's implementation of CRADAs with the approaches used by the Army and the National Institutes of Standards and Technology.

T-RCED-93-54, June 17, 1993 (12 pages). Public Housing: Projects Developed With Low-Income Housing Tax Credit Differ From Traditional Public Housing Development Projects, by Judy A. England-Joseph, Director, Housing and Community Development Issues, before the Housing and Community Development Subcommittee, House Committee on Banking, Finance and Urban Affairs.

Because of declining federal funding, the number of housing units added to the nation's public housing stock fell dramatically, from about 30,000 in 1981 to less than 3,000 a decade later. Some public housing authorities, responding to the unmet housing needs of low-income households, have begun using the tax credit program as a way to raise money to build more public housing. This testimony compares the low-income housing tax credit program and the public housing program in terms of (1) tenant and project characteristics, (2) costs to the federal government, and (3) public housing administrations' experiences with developing each type of project.

T-RCED-93-55, June 16, 1993 (9 pages). Pesticides: Status of FDA's Efforts to Improve Import Monitoring and Enforcement, by Richard L. Hembra, Director, Environmental Protection Issues, before the Oversight and Investigations Subcommittee, House Committee on Energy and Commerce.

Consumers rely on the Food and Drug Administration (FDA) to test imported and domestic crops for prohibited pesticides. Yet FDA has once again failed to meet some important milestones in developing the Import Support and Information System, which is intended to replace FDA's cumbersome manual processes and enhance the ability of FDA inspectors to stop imported foods adulterated with illegal pesticide residues from reaching U.S. grocery shelves. FDA has no idea when the system will be finished. GAO reported in September 1992 (GAO/RCED-92-205) that in four FDA districts about a third of the imported food in which FDA detected prohibited pesticides was not returned by importers to the Customs Service for supervised destruction or export. GAO continues to believes that FDA needs the authority to impose civil administrative penalties on importers who illegally distribute adulterated food shipments. FDA could also use its resources more effectively if it allowed its district offices greater discretion in placing growers and their imported foods on automatic detention status.

T-RCED-93-56, Sept. 22, 1993 (13 pages). Small Business: The Small Business Administration's Progress in Restructuring Its Business Development Program, by Jacquelyn L. Williams-Bridgers, Associate Director, Housing and Community Development Issues, before the House Committee on Small Business.

Concerned that gaining access to the 8(a) business development program was a lengthy and burdensome process, that the program's administration was inefficient, and that few firms were able to compete successfully in the open market, Congress mandated wholesale changes to the

program in 1988. Although the Small Business Administration (SBA) has made some changes to the program, which promotes the development of small businesses owned by socially and economically disadvantaged persons, the program still falls short in several areas. SBA's latest estimate for completing the redesign work is late 1995, five years later than originally projected. The program lacks a management information system, developed in accordance with federal guidelines, that yields complete and accurate information. As a result, Congress and program managers are in the dark about what assistance is being provided to 8(a) firms and whether the program is effective. In addition, access to the program still needs improving. Although SBA must provide 8(a) program applicants with timely feedback on their eligibilility to participate in the program, it continues to operate without an application-tracking system that provides timely information on where and why application-processing problems are occurring. Finally, SBA needs to periodically review the business plan of each 8(a) firm. Without such a review, SBA cannot be sure that each plan is up-to-date, that the 8(a) firms' business development goals are realistic, and that the firms are making progress toward these goals.

T-RCED-93-57, June 30, 1993 (9 pages). Federal Research: Superconducting Super Collider's Total Estimated Cost Will Exceed $11 Billion, by Victor S. Rezendes, Director, Energy and Science Issues, before the Oversight and Investigations Subcommittee, House Committee on Energy and Commerce.

Management problems continue to hinder accurate and timely reporting of the Superconducting Super Collider's cost and status. Although the project's total cost cannot be reliability estimated, GAO believes that costs have more than doubled since the Super Collider was first proposed to Congress in 1987—from $5.3 billion to more than $11 billion. Because the project's prime contractor and the Department of Energy (DOE) have been slow to disclose project costs and anticipated cost increases, Congress has not been receiving timely and complete information. The project is now at a crossroads, and key funding decisions must be made. The federal share of the project's cost, now capped at $5.6 billion, will have to increase. DOE now expects to receive only $1.4 billion from nonfederal sources—$400 million from foreign sources and $1 billion from Texas. As a result, Congress will have to boost federal funding substantially if the project is to be completed.

T-RCED-93-58, July 1, 1993 (10 pages). Nuclear Waste: Yucca Mountain Project Management and Funding Issues, by James E. Wells, Jr., Associate Director, Energy and Science Issues, before the Energy and Power Subcommittee, House Committee on Energy and Commerce, and Energy and Mineral Resources Subcommittee, House Committee on Natural Resources.

The Department of Energy (DOE) has given low priority to scientifically assessing Yucca Mountain, Nevada, as a possible disposal site for highly radioactive waste, requesting only about half of the funds needed to complete its investigation on schedule. If DOE continues to request and allot limited funds for the investigation, this effort could take at least five to 13 years longer than planned and could boost the disposal program's total cost. To streamline the project, DOE has compressed the time permitted for various scientific studies and is considering similar measures to reduce costs. These actions increase the risk that the site investigations will be inadequate. Moreover, they come at a time when unanticipated technical issues have emerged that could lengthen the investigation. DOE wants to establish a revolving fund to ensure that adequate funds are made available to the disposal program—a move that has implications for the federal deficit, congressional oversight, and the program's long-term financial health.

T-RCED-93-59, June 30, 1993 (11 pages). FAA Work Forces: Important Decisions Affecting Staff Use and Management, by Allen Li, Associate Director, Transportation Issues, before the Aviation Subcommittee, House Committee on Public Works and Transportation.

The number of Federal Aviation Administration (FAA) staff is unlikely to increase during the next several years. If the current level remains unchanged, today's challenges will take on added importance once the economy improves and the volume of air traffic increases. FAA faces a number of staffing problems, including incorrect staffing standards, imbalances of staffing at facilities, lack of follow-through on prior safety commitments, lack of systems for targeting resources to areas that pose the greatest safety risks, and inadequate training of certification staff. FAA also faces challenges in training its security staff and effectively communicating security information from headquarters to the field. Although FAA is trying to upgrade its aircraft certification training program, GAO believes that having specific annual requirements would help ensure that staff received adequate training to effectively certify aircraft.

T-RCED-93-60, June 30, 1993 (15 pages). Superfund: Little Use Made of Techniques to Reduce Legal Expenses, by Richard L. Hembra, Director, Environmental Protection Issues, before the Transportation and Hazardous Materials Subcommittee, House Committee on Energy and Commerce.

For most of the seven years since Congress provided the Environmental Protection Agency (EPA) with tools to expedite Superfund settlement, the agency has done little to promote their use and has placed little emphasis on the need to reduce transaction costs. These tools included (1) "de minimus" settlements, (2) nonbinding allocations of responsibility for cleanup costs by EPA to responsible parties, (3) mixed-funding agreements between EPA and parties to share cleanup costs, and (4) alternative dispute resolution and the use of neutral third-parties to help resolve liability and cost allocation problems. As a result, the full potential of the tools to reduce transaction costs is unknown. Before EPA can make more effective use of these settlement tools, management issues must be addressed. EPA needs to work toward creating an enforcement attitude that is concerned with the transaction costs of Superfund's responsible parties. This would include assessing the potential applicability of these settlement tools, creating regional accountability for their use, targeting resources, reviewing administrative procedures, and making potentially responsible parties more aware of the existence of these tools.

T-RCED-93-62, July 21, 1993 (18 pages). Revitalizing USDA: A Challenge for the 21st Century, by John Harman, Director, Food and Agriculture Issues, before the Senate Committee on Governmental Affairs.

The U.S. Department of Agriculture (USDA) today has a much broader range of missions and programs—from food and agriculture to crosscutting issues like rural development and biotechnology—than it did in the 1930s, when the present organizational structure was put in place. Back then, American agriculture was characterized by the family farm; today, agribusiness is the driving force in a consumer-driven world economy, one in which American agriculture no longer dominates. GAO believes that if USDA is to be revitalized and become a strong leader in the 21st century, wholesale restructuring is in order. This testimony focuses on (1) USDA's need to overcome problems in organizational structure and management systems, (2) recent efforts to streamline USDA, and (3) issues to consider in revitalizing the agency.

T-RCED-93-63, July 21, 1993 (5 pages). Food Assistance: School Milk Contract Bid-Rigging, by Robert A. Robinson, Associate Director, Food and Agriculture Issues, before the Elementary, Secondary and Vocational Education Subcommittee, House Committee on Education and Labor.

Although GAO notes much good news in the enforcement of federal milk bid-rigging laws, more work needs to be done. On the plus side, the Justice Department continues to aggressively investigate milk bid-rigging cases and has taken legal action against a number of violators. The Agriculture (USDA) and Justice Departments agree that more systematic sharing of information on bid-rigging is warranted and are trying to improve communication between the two agencies. In addition, USDA is expanding its training in detecting bid-rigging to other areas of the country. On the down side, USDA seems hesitant to suspend or disbar dairy companies and individuals found guilty of bid-rigging. GAO believes that suspension and disbarment can be effective deterrents to bid-rigging. If USDA fails to exercise these options, however, their effectiveness as deterrents is lost.

T-RCED-93-64, July 27, 1993 (9 pages). Homeownership: Actuarial Soundness of FHA's Single-Family Mortgage Insurance Program, by Jacquelyn L. Williams-Bridgers, Associate Director, Housing and Community Development Issues, before the Housing and Community Development Subcommittee, House Committee on Banking, Finance and Urban Affairs.

GAO testified that the Mutual Mortgage Insurance Fund was not actuarially sound as of the end of fiscal year 1991, but that its financial health may have improved in fiscal year 1992. GAO estimates that the fund had an economic net worth of about -$1.4 billion at the end of fiscal year 1991 and a resulting capital reserve ratio of -0.46 percent of the amortized insurance-in-force, valued at $302 billion at that time. Even if the Federal Housing Administration (FHA), which runs the fund, were to stop insuring new loans after September 30, 1991, the fund's reserves would not cover the federal government's potential liability over the life of the loans outstanding. The actual economic net worth and capital reserve ratios of the fund—and the validity of GAO's estimates—will depend on a number of future economic factors, including the rate of appreciation in house prices over the life of the FHA mortgages of up to 30 years. This factor is significant because, as house prices rise, borrowers' equity increases and the probability of defaults and foreclosures drops. If house prices increase more or less rapidly than GAO assumed, the fund's economic net worth will be higher or lower than GAO anticipated.

T-RCED-93-65, Aug. 6, 1993 (10 pages). Electricity Regulation: Factors Affecting the Processing of Electric Power Applications, by Victor S. Rezendes, Director, Energy and Science Issues, before the Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations.

Although the Federal Energy Regulatory Commission (FERC) has tried to cut the time required to process electric power applications, further

improvements are possible. FERC is responsible for regulating the rates, the terms, and the conditions of proposed wholesale electricity transactions—a growing portion of the nation's electricity business—as well as mergers and other deals among utilities. These improvements are especially important considering the potential increased workload arising from the Energy Policy Act. FERC's management information system could be upgraded to give agency managers more-specific information with which to spot problems and assess performance. By examining the information exchanged by applicants and FERC staff at the initial filing stage, FERC could determine if changing policy statements or filing requirements would reduce the number of incomplete applications. Alternative resolution techniques could reduce the need for time-consuming trial-like hearings. Similar techniques could help applicants settle disputes before submitting applications to FERC.

T-RCED-93-67, Aug. 5, 1993 (6 pages). Mineral Resources: Hardrock Mining Reclamation, by James Duffus, III, Director, Natural Resources Management Issues, before the Oversight and Investigations Subcommittee, House Committee on Natural Resources, and Energy and Mineral Resources Subcommittee, House Committee on Natural Resources.

More than five years ago, GAO reported that it would cost nearly $300 million to reclaim abandoned, suspended, or unauthorized hardrock mining operations on federal land in 11 western states; cleanup estimates since then have ranged as high as $71.5 billion. No federal program or funding sources now exists to ensure that past hardrock reclamation problems on government and private land are remedied. Accordingly, any public policy decision on how best to address these reclamation needs will have to carefully consider the workability of such a program and the source of funding.

T-RCED-93-68, July 29, 1993 (12 pages). Aviation Research: Issues Related to FAA's Research Activities, by Allen Li, Associate Director, Transportation Issues, before the Technology, Environment and Aviation Subcommittee, House Committee on Science, Space, and Technology.

The Federal Aviation Administration's (FAA) Research, Engineering, and Development (RE&D) Program plays an important role in ensuring the safety, security, and efficiency of the U.S. air transport system. Several systems developed through the program, such as the Traffic-Alert/Collision Avoidance System, are now finding their way into everyday use. GAO testified that FAA is taking some important steps to strengthen the RE&D Program, such as introducing mission need statements in fiscal year 1993 to prioritize research and guide funding decisions. FAA has not, however, included the requisite budget and staffing information in the RE&D plan. This information is critical in today's budget environment, which is forcing FAA to make hard choices between diverse research needs. The success of the RE&D Program in meeting current and future challenges depends on integrating RE&D goals into other program areas, leveraging research done by other federal agencies, integrating various technologies to meet specific safety and capacity problems, and incorporating human factors into all research. The solution to some of today's most pressing problems may call for greater cooperation between FAA and the National Aeronautics and Space Administration.

T-RCED-93-69, Sept. 9, 1993 (13 pages). Superfund: Cleanups Nearing Completion, Future Challenges, and Possible Cleanup Approaches, by Peter F. Guerrero, Associate Director, Environmental Protection Issues, before the Superfund, Recycling, and Solid Waste Management Subcommittee, Senate Committee on Environment and Public Works.

After 12 years and more than $15 billion spent on the Superfund program, questions remain about the Environmental Protection Agency's (EPA) progress in cleaning up hazardous waste sites. EPA has placed 1,275 sites with the most serious problems on a cleanup priority list. EPA has evaluated the potential risks of many of these sites and is now cleaning up 374 of them. This testimony (1) discusses EPA's efforts to conduct cleanups, including the type and extent of cleanup work at sites deleted from the priority list or sites where cleanup construction is complete, and (2) evaluates the challenges that EPA will face in managing and monitoring these sites.

T-RCED-93-70, Sept. 14, 1993 (13 pages). Flood Insurance: Information on Various Aspects of the National Flood Insurance Program, by Judy A. England-Joseph, Director, Housing and Community Development Issues, before the Housing and Urban Affairs Subcommittee, Senate Committee on Banking, Housing and Urban Affairs.

A series of recent disasters—the December 1992 nor'easter, the March 1993 storm in Florida, and the record floods in the Midwest this summer—have virtually wiped out the National Flood Insurance Program, raising doubts about whether it will have enough money to meet current and future claims arising from flood damage. GAO notes that the fund is not, nor is it required to be, actuarially sound, mainly because Congress authorized below-market insurance rates for policyholders without providing annual appropriations to cover the subsidy. This testimony reviews (1) the actuarial soundness of the fund and the implication of ending its subsidized flood insurance rates,

(2) procedures used to set the program's flood insurance rates, and (3) financial management problems addressed in Inspector General audits of the fund.

T-RCED-93-71, Sept. 23, 1993 (6 pages). Federal Research: Aging Federal Laboratories Need Repairs and Upgrades, by James E. Wells, Jr., Associate Director, Energy and Science Issues, before the Joint Economic Committee.

Most federal research laboratories are experiencing common problems associated with aging facilities—leaking roofs and gutters, drafty window frames, power outages, and poor ventilating systems that do not meet industry standards for air circulation. Most of the laboratories GAO visited are more than 30 years old. Although facility managers generally believe that funding for laboratory maintenance is adequate, the eight agencies GAO reviewed reported backlogs of more than $3.8 billion in needed laboratory repairs. Moreover, funding to renovate existing laboratories or build new ones is often minimal. Four of the eight agencies recently started up task forces to reexamine their research and development missions and improve the effectiveness and efficiency of their laboratories. Their findings should help in deciding whether to realign, consolidate, or close laboratories and whether to boost funding for laboratories doing essential work.

T-RCED-93-72, Sept. 23, 1993 (12 pages). Mass Transit: Federal Participation in Transit Benefit Programs, by Kenneth M. Mead, Director, Transportation Issues, before the Compensation and Employee Benefits Subcommittee, House Committee on Post Office and Civil Service.

To bolster air quality and reduce traffic congestion, federal transportation policy has tried to reduce automobile use. One approach has involved employer-provided financial incentives to encourage employees' use of public transportation. The related report, GAO/RCED-93-163, reviews participation by federal agencies and their employees in transit benefit programs. GAO evaluates (1) the extent of transit benefit program participation and the factors influencing it; (2) the effect of federal participation on employees' commuting patterns; (3) funding of federal participation in transit benefit programs; and (4) administration and management of federal participation, including management control over such assets as transit tickets and vouchers.

T-RCED-93-73, Sept. 28, 1993 (15 pages). Superfund: EPA Could Do More to Reduce Responsible Parties' Legal Expenses, by Richard L. Hembra, Director, Environmental Protection Issues, before the Development of Rural Enterprise, Exports, and the Environment Subcommittee, House Committee on Small Business.

Parties responsible for cleaning up hazardous waste sites in the Superfund program have complained that the costs associated with resolving liability, sometimes called transaction costs, are excessive. The Environmental Protection Agency (EPA) has several tools to reduce these costs, including (1) "de minimis" settlements; (2) nonbinding allocations of responsibility for cleanup costs by EPA to responsible parties; (3) mixed-funding agreements between EPA and parties to share cleanup costs; and (4) alternative dispute resolution and use of neutral third parties to help resolve liability and cost allocation problems. GAO testified that these tools have been underused, mainly because EPA has not made a sustained effort to encourage regional offices to use them. EPA has been concerned primarily with getting as many responsible party-financed cleanups under way as quickly as possible and has viewed the tools as diverting enforcement resources from this effort. Although EPA has started to give the settlement tools a higher priority, further steps are needed to reduce transaction costs.

T-RCED-93-74, Sept. 30, 1993 (10 pages). Superfund: Risk Assessment Process and Issues, by Richard L. Hembra, Director, Environmental Protection Issues, before the Superfund, Recycling, and Solid Waste Management Subcommittee, Senate Committee on Environment and Public Works.

This testimony discusses the Environmental Protection Agency's (EPA) process for assessing risk at Superfund hazardous waste sites. Risk assessments provide key information that affects the agency's management of current and future site risks, including decisions on whether and how to clean up sites. GAO focuses on EPA's process for assessing the risks to human health posed by Superfund sites and questions that have been raised about some assumptions and calculations used in these risk assessments.

T-RCED-93-75, Sept. 28, 1993 (18 pages). FAA Reauthorization: Opportunity Exists to Address Safety, Capacity, and Efficiency Issues, by Kenneth M. Mead, Director, Transportation Issues, before the Aviation Subcommittee, Senate Committee on Commerce, Science and Transportation.

This testimony discusses the Federal Aviation Administration Authorization Act of 1993 as well as other issues related to the Federal Aviation Administration's (FAA) facilities and equipment, operations, and research activities. The proposed legislation would authorize more than $2 billion for the Airport Improvement Program for fiscal year 1994; would require FAA to inventory instrument landing

systems; and would direct FAA to review its procurement process, personnel system, and organizational structure. GAO focuses on the challenges that FAA faces in each of these areas—issues affecting the safety, capacity, and efficiency of the nation's aviation system.

OCE

OCE-93-1, June 15, 1993 (38 pages). Dairy Programs: Effects of the Dairy Termination Program and Support Price Reductions.

GAO concludes that during 1986-90, the Dairy Termination Program and price support cuts were a cost-effective way of reducing the quantity and expense of government purchases of dairy products. GAO projects that the two programs will reduce government purchases of manufactured dairy products—cheese, butter, and nonfat dry milk—by about 10 million pounds a year from 1988 through at least 2001. This will save the government $8.5 billion, benefit consumers by nearly $3.3 billion, and cost producers about $2.3 billion. The Dairy Termination Program provided more immediate reductions in government purchases and helped to mitigate losses to producers or eased their transition to lower price support levels, whereas support price reductions were slower to affect government purchases but will substantially and permanently reduce them in the long run. Government purchases should remain near current levels—eight to 10 million pounds annually—through 1997 and then decline to below five billion pounds by 2001. Despite the near constancy of the quantity of government purchases, government outlays associated with the support price program have been cut substantially, in great part due to a lowering of the government's purchase price for butter, a product constituting the bulk of government purchases.

OCG

HR-93-1, Dec. 1992 (35 pages). Farmers Home Administration's Farm Loan Programs.

HR-93-2, Dec. 1992 (40 pages). Guaranteed Student Loans.

HR-93-3, Dec. 1992 (46 pages). Bank Insurance Fund.

HR-93-4, Dec. 1992 (45 pages). Resolution Trust Corporation.

HR-93-5, Dec. 1992 (36 pages). Pension Benefit Guaranty Corporation.

HR-93-6, Dec. 1992 (32 pages). Medicare Claims.

HR-93-7, Dec. 1992 (50 pages). Defense Weapons Systems Acquisition.

HR-93-8, Dec. 1992 (37 pages). Defense Contract Pricing.

HR-93-9, Dec. 1992 (41 pages). Department of Energy Contract Management.

HR-93-10, Dec. 1992 (41 pages). Superfund Program Management.

HR-93-11, Dec. 1992 (42 pages). NASA Contract Management.

HR-93-12, Dec. 1992 (39 pages). Defense Inventory Management.

HR-93-13, Dec. 1992 (42 pages). Internal Revenue Service Receivables.

HR-93-14, Dec. 1992 (37 pages). Managing the Customs Service.

HR-93-15, Dec. 1992 (33 pages). Management of Overseas Real Property.

HR-93-16, Dec. 1992 (39 pages). Federal Transit Administration Grant Management.

HR-93-17, Dec. 1992 (33 pages). Asset Forfeiture Programs.

[Ed. note: The following abstract refers to all the High Risk reports.]

Many GAO audit reports have spotlighted the effect of management failures in the federal government—waste, inefficiency, and even scandal. Political leaders have been forced to spend too much time reacting to surprises like the Department of Housing and Urban Development debacle rather than doing the work the agencies were created to do. GAO began its high-risk program to identify those high-dollar government programs most vulnerable to fraud, waste, abuse, and mismanagement. This report is part of the program's high-risk series of reports, which examine the federal government's efforts to identify and correct problems in 17 especially vulnerable areas, fall into three main categories: lending and insuring, contracting, and accountability. Many of the root causes of the problems afflicting these government programs are traceable to the absence of fundamental processes and systems. GAO urges that future congressional oversight focus on the agency reports and audited financial statements required by the Chief Financial Officers Act, agency management's progress in correcting material weaknesses in program internal control and accounting systems, and federal agency efforts to develop and implement performance standards. The Comptroller General summarized the high-risk series in testimony before Congress; see: Government Management—Report on 17 High-Risk Areas, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs. GAO/T-OCG-93-2, Jan. 8, 1993 (22 pages).

OCG-93-1TR, Dec. 1992 (35 pages). Budget Issues.

OCG-93-2TR, Dec. 1992 (35 pages). Investment.

OCG-93-3TR, Dec. 1992 (45 pages). Government Management Issues.

OCG-93-4TR, Dec. 1992 (43 pages). Financial Management Issues.

OCG-93-5TR, Dec. 1992 (33 pages). Information Management and Technology Issues.

OCG-93-6TR, Dec. 1992 (30 pages). Program Evaluation Issues.

OCG-93-7TR, Dec. 1992 (33 pages). The Public Service.

OCG-93-8TR, Dec. 1992 (34 pages). Health Care Reform.

OCG-93-9TR, Dec. 1992 (42 pages). National Security Issues.

OCG-93-10TR, Dec. 1992 (32 pages). Financial Services Industry Issues.

OCG-93-11TR, Dec. 1992 (27 pages). International Trade Issues.

OCG-93-12TR, Dec. 1992 (32 pages). Commerce Issues.

OCG-93-13TR, Dec. 1992 (31 pages). Energy Issues.

OCG-93-14TR, Dec. 1992 (34 pages). Transportation Issues.

OCG-93-15TR, Dec. 1992 (34 pages). Food and Agriculture Issues.

OCG-93-16TR, Dec. 1992 (29 pages). Environmental Protection Issues.

OCG-93-17TR, Dec. 1992 (35 pages). Natural Resources Management

OCG-93-18TR, Dec. 1992 (38 pages). Education Issues.

OCG-93-19TR, Dec. 1992 (38 pages). Labor Issues.

OCG-93-20TR, Dec. 1992 (33 pages). Health and Human Services Issues.

OCG-93-21TR, Dec. 1992 (31 pages). Veterans Affairs Issues.

OCG-93-22TR, Dec. 1992 (29 pages). Housing and Community Development Issues.

OCG-93-23TR, Dec. 1992 (39 pages). Justice Issues.

OCG-93-24TR, Dec. 1992 (33 pages). Internal Revenue Service Issues.

OCG-93-25TR, Dec. 1992 (28 pages). Foreign Economic Assistance Issues.

OCG-93-26TR, Dec. 1992 (34 pages). Foreign Affairs Issues.

OCG-93-27TR, Dec. 1992 (25 pages). NASA Issues.

OCG-93-28TR, Dec. 1992 (31 pages). General Services Issues.

[Ed. note: The following abstract refers to all the Transition reports.]

This report is part of the transition series, a set of 28 reports summarizing GAO's findings on major problems confronting federal agencies, as well as economic and management issues facing Congress and the incoming Administration. One cluster of transition reports, including those on the budget deficit and investment, addresses broad policy issues affecting government as a whole and its relationship to the economy. Another group of reports addresses issues affecting specific federal agencies, such as the Defense Department and the Internal Revenue Service. A third group of reports looks at cross-cutting management issues—everything from financial management to information management. GAO highlighted many of these problems in a similar set of reports issued in 1988. In some instances, progress has been made; all too often, however, the problems have continued to fester and grow worse. In general, the state of management in the federal government is poor. Too many management ideas—and resulting agency structures and processes—that worked well in the past now hinder the government from responding quickly and effectively to a world in tremendous flux. Most agencies have no strategic vision of the future, lack sound systems to collect and apply financial and program information to gauge operational success and accountability, and too often do without people with the skills necessary to accomplish their missions. The Comptroller General summarized the series in testimony before Congress; see: Major Issues Facing a New Congress and a New Administration, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs. GAO/T-OCG-93-1, Jan. 8, 1993 (30 pages).

Testimony

T-OCG-93-1, Jan. 8, 1993 (30 pages). Major Issues Facing a New Congress and a New Administration, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs.

This testimony discusses the transition series, a set of 28 reports summarizing GAO's findings on major problems confronting federal agencies, as well as economic and management issues facing Congress and the incoming Administration. One cluster of transition reports, including those on the budget deficit and investment, addresses broad policy issues affecting government as a whole and its relationship to the economy. Another group of reports addresses issues affecting specific federal agencies, such as the Defense Department and the Internal Revenue Service. A third group of reports looks at cross-cutting management issues—everything from financial management to information management. GAO highlighted many of these problems in a similar set of reports issued in 1988. In some instances, progress has been made; all too often, however, the problems have continued to fester and grow worse. In general, the state of management in the federal government is poor. Too many management ideas—and resulting agency structures and processes—that worked well in the past now hinder the government from responding quickly and effectively to a world in tremendous flux. Most agencies have no strategic vision of the future, lack sound systems to collect and apply financial and program information to gauge operational success and accountability, and too often do without people with the skills necessary to accomplish their missions.

T-OCG-93-2, Jan. 8, 1993 (22 pages). Government Management—Report on 17 High-Risk Areas, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs.

Many GAO audit reports have spotlighted the effect of management failures in the federal government—waste, inefficiency, and even scandal. Political leaders have been forced to spend too much time reacting to surprises like the Department of Housing and Urban Development debacle rather than doing the work the agencies were created to do. GAO began its high-risk program to identify those high-dollar government programs most vulnerable to fraud, waste, abuse, and mismanagement. This testimony summarizes the high-risk series of reports, which examine the federal government's efforts to identify and correct problems in 17 especially vulnerable areas, fall into

three main categories: lending and insuring, contracting, and accountability. Many of the root causes of the problems afflicting these government programs are traceable to the absence of fundamental processes and systems. GAO urges that future congressional oversight focus on the agency reports and audited financial statements required by the Chief Financial Officers Act, agency management's progress in correcting material weaknesses in program internal control and accounting systems, and federal agency efforts to develop and implement performance standards.

T-OCG-93-3, Jan. 26, 1993 (26 pages). Fiscal Year 1994 Budget Estimates for the General Accounting Office, by Charles A. Bowsher, Comptroller General of the United States, before the Legislative Subcommittee, House Committee on Appropriations.

GAO is requesting $497,585,000 for fiscal year 1994—about an 11-percent increase over fiscal year 1992 levels. In fiscal year 1993, GAO's funding was reduced by $7 million, and the agency lost another $5 million in rent collections when the Bureau of Labor Statistics moved out of the GAO Building. The level of funding requested for fiscal year 1994, although not restoring any of the 162 positions cut last year, will allow GAO to cover mandatory pay increases; continue asbestos removal and renovations at its headquarters in Washington, D.C.; and pay for the installation of modern telecommunications equipment and microcomputers. GAO has been able to provide Congress with increasing numbers of products without staffing increases. In fiscal year 1992, the agency's work contributed to a record high of more than $36.2 billion in measurable financial benefits or $82 for every dollar appropriated to GAO. The Comptroller General's goal is to maintain these high productivity levels, even with lower staffing resources, through continued improvements in GAO's training curriculum, acquisition of modern technology, and renovation of the agency's working environment.

T-OCG-93-5, Mar. 10, 1993 (10 pages). Budget Process: Use and Impact of Rescission Procedures, by Milton J. Socolar, Special Assistant to the Comptroller General, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

Congress should proceed cautiously in considering proposals for "enhanced rescission"—giving the President authority to rescind enacted budget authority unless expressly disapproved by Congress—because their effect would be to shift significant power to the executive branch in an area that the Constitution reserves for the legislature. Given the relatively small influence that rescissions can have on budgets and deficits of today's magnitude, rescissions cannot be viewed as a major deficit reduction tool. Rather, they should be considered a way for the President and Congress to debate and resolve their differences on specific program cuts. Proposals to change the process, therefore, should take into account possible changes in the relative balance of power between the executive and legislative branches. Enhanced rescission authority would tip the scales toward the presidency. Expedited rescission authority would have a less dramatic effect, but current processes are sufficient, arguably, to ensure congressional consideration of any rescission proposals for which significant support exists in Congress.

T-OCG-93-6, Mar. 25, 1993 (9 pages). Budget Policy: Long-Term Implications of the Deficit, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Finance.

This testimony discusses the consequences of action—or inaction—to reduce the federal budget deficit. Several scenarios are explained, including ignoring the deficit, "muddling through" by holding the deficit to three percent of GNP, balancing the budget, and achieving a budget surplus. The Comptroller General's central message is that, although putting the budget on a path toward balance or surplus will not be easy, delay will not eliminate the hard choices. Delay only guarantees that the choices will be even more difficult and the pain even greater when policy correction is finally made. The choice is not whether to act but when to act and how.

OGC

OGC-93-1, Nov. 5, 1992 (2 pages). Impoundment Control: Comments on the President's First Special Impoundment Message for Fiscal Year 1993.

GAO reviewed seven deferrals of budget authority in the President's first special impoundment message for fiscal year 1993. GAO found that: (1) the deferrals of budget authority were in accordance with the Impoundment Control Act; and (2) the funds being withheld represented the balance of no-year funds available for demobilization and transition.

OGC-93-2, Nov. 3, 1992 (3 pages). Impoundment Control: President's 104th Special Message for Fiscal Year 1992.

On August 26, the President submitted to Congress his 104th special impoundment message for fiscal year 1992. The message reports one deferral of budget authority, which affects the Housing Guarantee subsidy account for the Agency for International Development. The Housing Guarantee program extends guarantees to U.S. private investors that make loans to developing countries to help them formulate and execute sound housing and community development policies that meet the needs of the poor. GAO found the deferral to be in accordance with the Impoundment Control Act.

OGC-93-3, Feb. 1, 1993 (4 pages). Rescissions: Reporting to Congress Rescissions Proposed and Enacted From Fiscal Year 1974 to Fiscal Year 1993.

To keep Congress apprised of the amount and the frequency of rescissions proposed and enacted, GAO updated its April 1992 compilation of historical information and statistics on rescissions proposed by the President and rescissions enacted by Congress. Included is an updated table showing, from 1974 to the present, the (1) aggregate number and amount of rescissions proposed by the President; (2) aggregate number and amount of proposals enacted by Congress; (3) aggregate number and amount of rescissions initiated by Congress; and (4) total number of rescissions enacted and the total amount of budget authority rescinded, with grand totals for each category. GAO also provides an updated table, showing by administration, from 1974 to the present, the aggregate number and amount of rescissions proposed by the President and enacted.

OGC-93-4, Feb. 5, 1993 (4 pages). Impoundment Control: President's Second Special Impoundment Message for Fiscal Year 1993.

On December 30, 1992, the President submitted his second special impoundment message for fiscal year 1993. The message reports two deferrals of budget authority and revises the amounts of three deferrals previously reported. GAO reviewed these deferrals and found them to be in accordance with the Impoundment Control Act. GAO also reports an impoundment of Department of Agriculture budget authority that should have been reported by the President to Congress but was not. The impoundment involved the Forest Service Timber Salvage Sales account, while the proposed deferrals affected security assistance and emergency refugee funds.

OGC-93-5, Mar. 30, 1993 (3 pages). Impoundment Control: Comments on the President's Third Special Impoundment Message for Fiscal Year 1993.

On February 26, 1993, the President submitted to Congress his third special impoundment message for fiscal year 1993. GAO reviewed the message's three deferrals of budget authority, which involve funds for international disaster assistance and timber salvage sales, and found them to be in accordance with the Impoundment Control Act. GAO notes that the unreported impoundment of budget authority mentioned in GAO's February 1993 letter (GAO/OGC-93-4) is reported in the President's special message.

OGC-93-6, Apr. 20, 1993 (2 pages). Impoundment Control: Comments on the President's Fourth Special Impoundment Message for Fiscal Year 1993.

On March 16, 1993, the President submitted to Congress his fourth special impoundment message for fiscal year 1993. GAO reviewed the message, which revises the amount of one deferral of budget authority affecting the Forest Service's brush removal effort, and found it to be in accordance with the Impoundment Control Act. This message corrects the discrepancy in the amount of deferred budget authority GAO noted in its February 1992 report (GAO/OGC-93-4).

OGC-93-7, June 4, 1993 (2 pages). Impoundment Control: Comments on the President's Fifth Special Message for FY 1993.

On April 20, 1993, the President submitted to Congress his fifth special impoundment message for fiscal year 1993. This message reports one proposed rescission of budget authority, affecting the Voice of America's Israeli relay station, and revises the amount of one deferral of budget authority already reported, affecting administrative expenses at the Social Security Administration. GAO reviewed these proposals and found them to be in accordance with the Impoundment Control Act.

OGC-93-8, July 19, 1993 (3 pages). Impoundment Control: Comments on the President's Sixth Special Impoundment Message for Fiscal Year 1993.

On June 4, 1993, the President submitted to Congress the sixth special impoundment message for fiscal year 1993. This message proposed six rescissions of budget authority affecting the Departments of Housing and Urban Development, Justice, and Transportation. GAO concludes that the President's justifications for each proposed rescission are accurate. GAO has been told informally that the amounts proposed for rescission are being withheld pending congressional action. GAO has been unable to verify this information, however, because neither the agencies involved nor the Office of Management and Budget could provide any documentation showing amounts of budget authority available or amounts being withheld.

OGC-93-9, July 7, 1993 (2 pages). Impoundment Control: Comments on the President's Fifth Special Impoundment Message for FY 1993.

This letter reports on the status of budget authority that the President proposed for rescission in his fifth special impoundment message for fiscal year 1993 but for which Congress never passed a rescission bill. These funds affect administrative expenses at the Social Security Administration and an Israeli relay station. The Office of Management and Budget did not withhold from obligation the budget authority proposed for rescission in the fifth special message. Funds proposed for rescission must be made available for obligation unless Congress acts on rescission bills within 45 days after it has received them. For the rescission proposal submitted in the fifth special message, the 45-day period ended on June 14, 1993, without Congress' having passed such a bill.

OGC-93-10, Aug. 18, 1993 (2 pages). Impoundment Control: Comments on the President's Sixth Special Impoundment Message for Fiscal Year 1993.

This letter discusses the status of funds proposed for rescission in the President's sixth special impoundment message. The funds involve programs at the Departments of Housing and Urban Development, Justice, and Transportation. The Office of Management and Budget reports that the funds proposed for rescission were not withheld from obligation. After receiving a rescission proposal, Congress has a 45-day period of continuous congressional session in which to act on rescission bills. Otherwise, the funds proposed for rescission must be made available for obligation. For the rescission proposal submitted in the sixth special message, the 45-day period ended on July 31, 1993, without Congress having passed a bill for two of the proposals.

Testimony

T-OGC-93-1, May 25, 1993 (5 pages). Procurement Reform: Comments on Proposed Acquisition Improvement Act of 1993, by Robert H. Hunter, Associate General Counsel, National Security, International Affairs and Information Management, before the Legislation and National Security Subcommittee, House Committee on Government Operations.

Procurement reform is especially critical in today's era of federal budget austerity. Although the government spends billions of dollars on procurements, this area does not always get the attention it warrants. GAO testified in support of the Federal Acquisition Improvement Act of 1993, which seeks to bring greater efficiency and fairness to the federal procurement system.

OP

OP-93-1A, Jan. 15, 1993 (345 pages). Status of Open Recommendations: Improving National Security and International Affairs Programs.

This annual report is part of a four-volume set summarizing the findings and open recommendations resulting from GAO audits and other review work in federal agencies for which satisfactory legislative or administrative actions have not yet been completed. To encourage prompt, responsive actions on its recommendations, GAO follows up on them. This report contains information on 2,522 GAO recommendations that were open as of September 30, 1992. The report is available in a four-volume set totaling more than 1,000 pages or on computer disk. Either format can be obtained by using the order form in the back of this publication.

OP-93-1B, Jan. 15, 1993 (454 pages). Status of Open Recommendations: Improving Resources, Community, and Economic Development Programs.

This annual report is part of a four-volume set summarizing the findings and open recommendations resulting from GAO audits and other review work in federal agencies for which satisfactory legislative or administrative actions have not yet been completed. To encourage prompt, responsive actions on its recommendations, GAO follows up on them. This report contains information on 2,522 GAO recommendations that were open as of September 30, 1992. The report is available in a four-volume set totaling more than 1,000 pages or on computer disk. Either format can be obtained by using the order form in the back of this publication.

OP-93-1C, Jan. 15, 1993 (310 pages). Status of Open Recommendations: Improving Human Resource Programs.

This annual report is part of a four-volume set summarizing the findings and open recommendations resulting from GAO audits and other review work in federal agencies for which satisfactory legislative or administrative actions have not yet been completed. To encourage prompt, responsive actions on its recommendations, GAO follows up on them. This report contains information on 2,522 GAO recommendations that were open as of September 30, 1992. The report is available in a four-volume set totaling more than 1,000 pages or on computer disk. Either format can be obtained by using the order form in the back of this publication.

OP-93-1D, Jan. 15, 1993 (428 pages). Status of Open Recommendations: Improving Justice, General Government, Financial and Information Management, and Evaluation Programs.

This annual report is part of a four-volume set summarizing the findings and open recommendations resulting from GAO audits and other review work in federal agencies for which satisfactory legislative or administrative actions have not yet been completed. To encourage prompt, responsive actions on its recommendations, GAO follows up on them. This report contains information on 2,522 GAO recommendations that were open as of September 30, 1992. The report is available in a four-volume set totaling more than 1,000 pages or on computer disk. Either format can be obtained by using the order form in the back of this publication.

OP-93-1E, Jan. 15, 1993 (0 pages). Status of Open Recommendations (Electronic Version).

GAO reported on the conclusions and recommendations resulting from its audits and other reviews of federal departments and agencies. Information is presented on those recommendations in the areas of national security, international affairs, resources, community economic development, human resources, justice, general government, financial and information management, and evaluation programs on which no satisfactory legislative or administrative actions have been completed. They are submitted for use in congressional review of budget requests for fiscal year 1994.

Testimony

T-OPP-93-1, June 10, 1993 (20 pages). Congressional Support Agencies: The Role of the General Accounting Office, by Charles A. Bowsher, Comptroller General of the United States, before the Joint Committee on the Organization of Congress.

This testimony examines the mission of the General Accounting Office and how the agency helps Congress discharge its legislative, oversight, and appropriations responsibilities. The Comptroller General (1) discusses how GAO differs from its sister congressional support agencies and the Inspectors General; (2) presents statistics on GAO work load, productivity, and impact; (3) touches on how GAO work has alerted Congress to emerging problems, such as the thrift crisis and Pentagon underestimates of weapons program costs; and (4) explores recent agency changes, such as personnel downsizing, computer and facilities modernization, and the development of external review.

OSI

OSI-93-4, June 30, 1993 (95 pages). Operation Desert Storm: Apache Helicopter Fratricide Incident.

In a February 1991 incident involving "friendly fire" during the Persian Gulf War, two American servicemen were killed and six were wounded by missiles fired by an Apache helicopter. Concerns were raised about whether equipment failure caused the incident, whether the U.S. Army tried to mislead Congress about the Apache's performance, and whether the Army improperly released information to the press. This report contains a detailed discussion of the incident, including related events and contributing factors; an analysis of the Army's investigation of the incident; and responses to the specific concerns just mentioned.

OSI-93-6BR, Apr. 9, 1993 (11 pages). DOD Hotline Referrals.

Pursuant to a congressional request, GAO reviewed the Department of Defense (DOD) Office of the Inspector General's (OIG) hotline operations, focusing on: (1) OIG procedures for referring hotline allegations to DOD components; (2) the number of referrals in 1990 and 1991; (3) the qualifications and training of the OIG investigators; and (4) the completeness of OIG investigations. GAO found that: (1) from 1990 through 1991, OIG referred 3,600 hotline allegations to other DOD components for action; (2) the hotline staff screens allegations and refers them to the respective DOD components which are responsible for final case disposition and reporting back to the hotline on final disposition; (3) OIG has established a hotline advisory group to review allegations involving senior-level DOD military and civilian officials and sensitive matters; (4) OIG unit investigators are trained and qualified to conduct administrative investigations; and (5) the investigative units have followed, in general, established investigative policies and procedures, however, in half of the cases reviewed, the investigators did not write a required investigative plan.

Testimony

T-OSI-93-1, May 26, 1993 (11 pages). Alcohol, Tobacco and Firearms: Bureau's Handling of Sexual Harassment and Related Complaints, by Barney Gomez, Assistant Director, General Crimes, before the Senate Committee on Governmental Affairs.

GAO testified that the Bureau of Alcohol, Tobacco, and Firearms has not adequately developed, implemented, or communicated the roles of its Offices of Internal Affairs, Equal Employment Opportunity, and Law Enforcement and the Treasury Department's regional complaint centers in addressing incidents of alleged sexual harassment and other discriminatory behavior. This lack of coordination has led to these offices conducting separate inquiries into the same incident. On five occasions between February 1989 and January 1993, the Bureau Director distributed policy statements to Bureau employees requiring a harassment-free workplace. Implementation of that policy, however, has been mixed. Among employees GAO spoke with, concerns and observations surfaced about the confidentiality, objectivity, and independence of some of the Bureau's inquiries. In addition, Bureau employees' general lack of knowledge about actual or potential Bureau actions against harassers compounded their concerns.

T-OSI-93-2, July 30, 1993 (5 pages). U.S. Army and Marine Corps: Allegation of Contracting Irregularities and Conflicts of Interest, by Richard Stiener, Director, Office of Special Investigations, before the Oversight of Government Management Subcommittee, Senate Committee on Governmental Affairs.

The Army allegedly abused the contract "offloading" process and circumvented the Competition in Contracting Act of 1984 as part of a three-year, $8-million contract with the Computer Sciences Corporation. Although this contract expired in September 1989, it was extended to September 1992 to allow for the completion of contracts for goods and services. By March 1993—3 1/2 years after the contract had expired—38 contracts had been issued at a total cost of nearly $33 million, almost $25 million more than originally planned, and the work was continuing. In one instance, the Army acquired a computer system that should have been obtained through competition. Neither the Army nor the Marine Corps did a cost analysis, and the government had little assurance that it obtained a fair price for the work. In addition, appropriated funds were spent for purposes other than that for which they were intended, and both the Army and the Marine Corps violated federal regulations governing contracting officers and computer purchases—problems that GAO attributes to poor contract oversight. GAO also discovered conflicts of interest between U.S. Army civilian employees and the contractor.

PART

PART-93-1, June 1993 (46 pages).
Performance Evaluation of the Energy Information Administration.

Congress created the Professional Audit Review Team (PART)—composed of representatives from leading statistical and analytical agencies, including GAO—to evaluate periodically whether the Energy Information Administration has been doing its work in an independent, objective, and professional manner. This report, which covers the period June 1990 through September 1992, examines the usefulness of energy information reports and the adequacy of contract management, including various aspects of the technical monitor program. The report also looks at action the Energy Information Administration has taken on earlier PART recommendations.

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