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# Reports and Testimony: September 1993

## Highlights

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### NAFTA

*In a two-volume study, GAO examines major provisions of the proposed North American Free Trade Agreement and discusses their potential impact on the economy, the environment, labor, and immigration. Page 26.*

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### Amtrak Safety

*Amtrak does not consistently implement its inspection and preventive maintenance programs and lacks clear criteria for determining when a passenger car should be removed from service for safety reasons. Page 41.*

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### Food Safety

*Now may be the time to review the regulatory framework for ensuring the safety of food and food ingredients because the existing legislative guidance predates today's new food technologies and the Food and Drug Administration's application of this guidance has been controversial. Page 2.*

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# Reports and Testimony: September 1993

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## Agriculture and Food

### **Food Safety and Quality: Innovative Strategies May Be Needed to Regulate New Food Technologies**

GAO/RCED-93-142, July 26 (101 pages).

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.

### **Wheat Commodity Program: Impact on Producers' Income**

GAO/RCED-93-175BR, Sept. 8 (56 pages).

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.

## Business, Industry, and Consumers

### **Small Business: Problems Continue With SBA's Minority Business Development Program**

GAO/RCED-93-145, Sept. 17 (34 pages).

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 eligibility 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 (23 pages).

### **Telecommunications: Charges for Itemized Cellular Telephone Bills**

GAO/RCED-93-214FS, Sept. 21 (24 pages).

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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?

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## Economic Development

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### Testimony

Flood Insurance: Information on Various Aspects of The National Flood Insurance Program, by Judy A. England-Joseph, Director of Housing and Community Development Issues, before the Subcommittee on Housing and Urban Affairs, Senate Committee on Banking, Housing, and Urban Affairs. GAO/T-RCED-93-70, Sept. 14 (13 pages).

A series of recent disasters—the December 1992 nor'easter, the March 1993 storm in Florida, and the records 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.

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## Education

### **Transition From School to Work: States Are Developing New Strategies to Prepare Students for Jobs**

GAO/HRD-93-139, Sept. 7 (56 pages).

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 (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 (nine pages).

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## Employment

### **Unemployment Insurance: Program's Ability to Meet Objectives Jeopardized**

GAO/HRD-93-107, Sept. 28 (68 pages).

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.

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## Energy

### **DOE Management: Consistent Cleanup Indemnification Policy Is Needed**

GAO/RCED-93-167, July 12 (19 pages).

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.

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**Nuclear Security:  
DOE's Progress on Reducing Its Security Clearance Workload**

GAO/RCED-93-183, Aug. 12 (15 pages).

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.

**Nuclear Materials:  
Nuclear Arsenal Reductions Allow Consideration of Tritium  
Production Options**

GAO/RCED-93-189, Aug. 17 (16 pages).

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.

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## Environmental Protection

### **Pesticides: A Comparative Study of Industrialized Nations' Regulatory Systems**

GAO/PEMD-93-17, July 30 (104 pages).

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.

### **Superfund: Cleanups Nearing Completion Indicate Future Challenges**

GAO/RCED-93-188, Sept. 1 (59 pages).

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 (24 pages).

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**Toxic Substances:  
The Extent of Lead Hazards in Child Care Facilities and Schools  
Is Unknown**

GAO/RCED-93-197, Sept. 14 (21 pages).

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 (12 pages).

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**Testimony**

Superfund: EPA Could Do More to Reduce Responsible Parties' Legal Expenses, by Richard L. Hembra, Director of Environmental Protection Issues, before the Subcommittee on Development of Rural Enterprises, Exports, and the Environment, House Committee on Small Business.  
GAO/T-RCED-93-73, Sept. 28 (28 pages).

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.

Superfund: Risk Assessment Process and Issues, 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-93-74, Sept. 30 (18 pages).

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.

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## Financial Institutions

### **Bank Regulation: Regulatory Impediments to Small Business Lending Should Be Removed**

GAO/GGD-93-121, Sept. 7 (40 pages).

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

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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 (22 pages).

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## Financial Management

### **Financial Management: Education's Student Loan Program Controls Over Lenders Need Improvement**

GAO/AIMD-93-33, Sept. 9 (23 pages).

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.

### **Financial Audit: Panama Canal Commission's 1992 and 1991 Financial Statements**

GAO/AIMD-93-22, Sept. 10 (27 pages).

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 Commissions' 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

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matters related to improving data processing and other operations that were not material to the financial statements.

**Financial Audit:  
House Beauty Shop Revolving Fund for Periods Ended 9/30/92,  
12/31/91, 12/31/90**

GAO/AIMD-93-42, Sept. 13 (14 pages).

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.

**Financial Management:  
Creation of Bureau of Indian Affairs' Trust Fund Special  
Projects Team**

GAO/AIMD-93-74, Sept. 21 (11 pages).

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.

**Financial Audit:  
Resolution Trust Corporation's Internal Controls at  
December 31, 1992**

GAO/AIMD-93-50, Sept. 28 (eight pages).

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.

**Financial Audit:  
Pension Benefit Guaranty Corporation's 1992 and 1991  
Financial Statements**

GAO/AIMD-93-21, Sept. 29 (44 pages).

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.

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**Financial Management:  
Army Lacks Accountability and Control Over Equipment**

GAO/AIMD-93-31, Sept. 30 (26 pages).

GAO evaluated the Army 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.

**Financial Management:  
Defense's System for Army Military Payroll Is Unreliable**

GAO/NSIAD-93-32, Sept. 30 (27 pages).

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.

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GAO recommends several measures to ensure that payments to soldiers are accurately made, recorded, and reported.

**Federal Credit Reform:  
Information on Credit Modifications and Financing Accounts**

GAO/AIMD-93-26, Sept. 30 (eight pages).

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.

**Financial Management:  
Energy's Material Financial Management Weaknesses Require  
Corrective Action**

GAO/AIMD-93-29, Sept. 30 (55 pages).

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 has 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.

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## Testimony

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

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.

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## Government Operations

### **Multiple Award Schedule Contracting: Changes Needed in Negotiation Objectives and Data Requirements**

GAO/GGD-93-123, Aug. 25 (100 pages).

Federal agencies buy billions of dollar worth of goods and services each year through the General Service 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.

**Personnel Practices:  
Retroactive Appointments and Pay Adjustments in the Executive  
Office of the President**

GAO/GGD-93-148, Sept. 9 (32 pages).

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.

**Federal Data Collection:  
Status of 1992 Agriculture and Economic Censuses and  
Future Challenges**

GAO/GGD-93-152BR, Sept. 23 (53 pages).

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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.

**Federal Personnel:  
Employment Policy Challenges Created by an Aging Workforce**

GAO/GGD-93-138, Sept. 23 (23 pages).

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.

**White House Travel Office:  
Interim Report on Travel Office Management and Investigation of  
Alleged Improprieties**

GAO/GGD-93-143, Sept. 30 (nine pages).

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.

## Testimony

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

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.

Federal Lobbying: Comments on the Adequacy of Federal Lobbying Laws, by Johnny C. Finch, Assistant Comptroller General for General Government Programs, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-GGD-93-49, Sept. 30 (16 pages).

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.

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## Health

### **Medical Technology: Quality Assurance Systems and Global Markets**

GAO/PEMD-93-15, Aug. 18 (108 pages).

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.

### **Long-Term Care Insurance: High Percentage of Policyholders Drop Policies**

GAO/HRD-93-129, Aug. 25 (20 pages).

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 Congress 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.

**Health Care Access:  
Innovative Programs Using Nonphysicians**

GAO/HRD-93-128, Aug. 27 (18 pages).

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 indicates 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 does not allow paramedics to provide routine primary care services and because it is unclear who would assume medical liability for such paramedic services.

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**Medicaid Managed Care:  
Healthy Moms, Healthy Kids—A New Program for Chicago**

GAO/HRD-93-121, Sept. 7 (15 pages).

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 incentive 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.

**Psychiatric Fraud and Abuse:  
Increased Scrutiny of Hospital Stays Is Needed for Federal  
Health Programs**

GAO/HRD-93-92, Sept. 17 (25 pages).

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.

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## Housing

### **Homeownership: Appropriations Made to Finance VA's Housing Program May Be Overstated**

GAO/RCED-93-173, Sept. 8 (44 pages).

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.

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## Income Security

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### Testimony

Social Security as an Independent Agency, by Joseph F. Delfico, Director of Income Security Issues, before the Senate Finance Committee.  
GAO/T-HRD-93-31, Sept. 14 (six pages).

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.

## Information Management

### **Document Security: Justice Can Improve Its Controls Over Classified and Sensitive Documents**

GAO/GGD-93-134, Sept. 7 (42 pages).

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 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.

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**IRS Information Systems:  
Weaknesses Increase the Risk of Fraud and Impair Reliability of  
Management Information**

GAO/AIMD-93-34, Sept. 22 (21 pages).

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 manipulated 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.

**Patent and Trademark Office:  
Key Processes for Managing Automated Patent System  
Development Are Weak**

GAO/AIMD-93-15, Sept. 30 (28 pages).

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.

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## International Affairs

### **North American Free Trade Agreement: Assessment of Major Issues, Volumes 1 and 2**

GAO/GGD-93-137, Sept. 9 (13 pages and 155 pages).

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 (18 pages).

### **Foreign Assistance: Accuracy of AID Statistics on Dollars Flowing Back to the U.S. Economy Is Doubtful**

GAO/NSIAD-93-196, Aug. 3 (21 pages).

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.

**Haiti:**

**Costs of U.S. Programs and Activities Since the 1991 Military Coup**

GAO/NSIAD-93-252FS, Aug. 5 (11 pages).

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.

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**Foreign Assistance:  
Promoting Judicial Reform to Strengthen Democracies**

GAO/NSIAD-93-149, Sept. 1 (49 pages).

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.

**Multilateral Foreign Aid:  
U.S. Participation in the International Fund for Agricultural  
Development**

GAO/NSIAD-93-176, Sept. 24 (67 pages).

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.

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**Testimony**

**Multilateral Assistance: U.S. Participation in FAO's Technical Cooperation Program**, by Harold J. Johnson, Director of International Affairs Issues, before the Subcommittee on International Security, International Organizations and Human Rights, House Committee on Foreign Affairs. GAO/T-NSIAD-93-23, Sept. 23 (19 pages).

The Food and Agricultural Organization (FAO), a UN agency, seeks to improve agricultural, fishery, and forestry practices around the globe. The

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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.

Export Promotion: Initial Assessment of Governmentwide Strategic Plan, by Allan I. Mendelowitz, Director of International Trade, Finance, and Competitiveness Issues, before the Subcommittee on Economic Policy, Trade and Environment, House Committee on Foreign Affairs. GAO/T-GGD-93-48, Sept. 29 (13 pages).

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.

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## Justice and Law Enforcement

### **Thrift Failures: Federal Enforcement Actions Against Fraud and Wrongdoing in RTC Thrifts**

GAO/GGD-93-94, Aug. 10 (40 pages).

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.

**National Fine Center:  
Expectations High, but Development Behind Schedule**

GAO/GGD-93-95, Aug. 10 (32 pages).

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.

**Drug Control:  
DOD Operated Aerostat Ship Although Conferees Denied Funds**

GAO/NSIAD-93-213, Sept. 10 (20 pages).

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.

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## National Defense

### **Army Acquisition: Medium Truck Program Is Not Practical and Needs Reassessment**

GAO/NSIAD-93-232, Aug. 5 (42 pages).

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.

### **DOD Inventory: Reporting Exclusions and Valuation Procedures**

GAO/NSIAD-93-249FS, Aug. 11 (six pages).

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.

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**Defense Inventory:  
More Accurate Reporting Categories Are Needed**

GAO/NSIAD-93-31, Aug. 12 (15 pages).

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 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.

**Electronic Warfare:  
Inadequate Testing Led to Faulty SLQ-32s on Ships**

GAO/NSIAD-93-272, Aug. 19 (23 pages).

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.

**Ballistic Missile Defense:  
Strategic Target System Launches From Kauai**

GAO/NSIAD-93-270, Sept. 13 (27 pages).

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.

**Army Training:  
Prioritizing and Following Up on Lessons Learned Should Minimize  
Recurring Weaknesses**

GAO/NSIAD-93-231, Sept. 16 (10 pages).

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.

**Defense Health Care:  
Expansion of the CHAMPUS Reform Initiative Into Washington  
and Oregon**

GAO/HRD-93-149, Sept. 20 (eight pages).

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 Initiative is the most efficient method of providing health care in Washington and Oregon.

**1994 Defense Budget:  
Potential Reductions to Ammunition Programs**

GAO/NSIAD-93-296, Sept. 20 (30 pages).

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.

**1994 Defense Budget:  
Potential Reductions, Rescissions, and Restrictions to  
RDT&E Programs**

GAO/NSIAD-93-293BR, Sept. 30 (45 pages).

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.

**1994 Defense Budget:  
Potential Reductions, Rescissions, and Restrictions to  
Procurement Programs**

GAO/NSIAD-93-303BR, Sept. 30 (94 pages).

The 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.

**Military Education:  
Information on Service Academies and Schools**

GAO/NSIAD-93-264BR, Sept. 22 (21 pages).

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.

**Test and Evaluation:  
DOD Has Been Slow In Improving Testing of Software-Intensive  
Systems**

GAO/NSIAD-93-198, Sept. 29 (56 pages).

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.

**Suppression of Enemy Air Defenses:  
Air Force Plans**

GAO/NSIAD-93-221, Sept. 30 (eight pages).

The Air Force's Suppression 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 anti-air 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.

**Navy Contract:  
AOE 6 Shipbuilding Claims Settled but More Delays and Cost  
Growth Likely**

GAO/NSIAD-93-298, Sept. 30 (six pages).

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.

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**Science, Space, and  
Technology**

**Federal Research:  
Advanced Technology Program's Indirect Cost Rates and Program  
Evaluation Status**

GAO/RCED-93-221, Sept. 10 (eight pages).

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.

**Federal Research:  
Aging Federal Laboratories Need Repairs and Upgrades**

GAO/RCED-93-203, Sept. 20 (52 pages).

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 (eight pages).

**Foreign Technology:  
Collection and Dissemination of Japanese Information Can Be Improved**

GAO/NSIAD-93-251, Sept. 30 (40 pages).

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.

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## Social Services

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### Testimony

**Benefits for Illegal Aliens: Some Program Costs Increasing, but Total Costs Unknown**, by Joseph F. Delfico, Director of Income Security Issues, before the Task Force on Illegal Immigration, Republican Research Committee. GAO/T-HRD-93-33, Sept. 29 (15 pages).

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.

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## Tax Policy and Administration

**Tax Administration: Computer Matching Could Identify Overstated Business Deductions**

GAO/GGD-93-133, Aug. 13 (30 pages).

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.

**Tax Policy:**  
**Earned Income Tax Credit—Design and Administration Could Be Improved**

GAO/GGD-93-145, Sept. 24 (114 pages).

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.

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## Testimony

**Tax Administration: Improving Compliance With Real Estate Tax Deductions**, by Natwar M. Gandhi, Associate Director for Tax Policy and Administration Issues, before the Subcommittee on Select Revenue Measures, House Committee on Ways and Means. GAO/T-GGD-93-46, Sept. 21 (12 pages).

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.

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## Transportation

**Amtrak Safety:  
Amtrak Should Implement Safety Standards for Passenger Cars**

GAO/RCED-93-196, Sept. 22 (35 pages).

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.

**Trucking Transportation:  
Information on Handling of Undercharge Claims**

GAO/RCED-93-208FS, Aug. 30 (26 pages).

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.

**Mass Transit:  
Federal Participation in Transit Benefit Programs**

GAO/RCED-93-163, Sept. 1 (96 pages).

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 (17 pages).

**Charter Bus Service:  
Local Factors Determine Effectiveness of Federal Regulation**

GAO/RCED-93-162, Sept. 7 (39 pages).

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.

**Aircraft Certification:  
New FAA Approach Needed to Meet Challenges of  
Advanced Technology**

GAO/RCED-93-155, Sept. 16 (75 pages).

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.

**Testimony**

FAA Reauthorization: Opportunity Exists to Address Safety, Capacity, and Efficiency Issues, by Kenneth M. Mead, Director of Transportation Issues, before the Subcommittee on Aviation, Senate Committee on Commerce, Science, and Transportation. GAO/T-RCED-93-75, Sept. 28 (26 pages).

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.

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## Special Publications

### **Abstracts of Reports and Testimony: Fiscal Year 1992**

GAO/OIMC-93-2A and GAO/OIMC-93-2B (indexes),  
Jan. 1993 (277 pages and 409 pages).

Copies are available of this handy guide to GAO reports and testimony. A two-volume set, this reference publication provides an excellent overview of the agency's work during fiscal year 1992. The first volume summarizes more than 1,000 "blue books" and other publications issued between October 1991 and September 1992. The second volume contains comprehensive indexes that allow the reader to quickly locate documents that are of interest.

### **Long-Term Care Reform: Rethinking Service Delivery, Accountability, and Cost Control**

GAO/HRD-93-1SP, July 1993 (six pages).

Public dissatisfaction with the existing long-term care system is mounting. Long-term care is seen widely as both expensive and failing to meet the needs of the disabled. In particular, many people take issue with long-term care's bias in favor of institutional rather than home- and community-based services. This discussion paper was prepared for a GAO forum on long-term care issues. The views presented, although not necessarily the official position of GAO, are an attempt to pull together a wide variety of evidence and expert opinion on the key issues in long-term care reform. GAO touches on the key elements of innovative long-term care programs in the United States and abroad that have developed a wider range of home- and community-based services. These key elements include (1) service flexibility to meet the unique needs of individuals, (2) high standards of organizational accountability to taxpayers for money spent and the quality of services delivered, and (3) effective cost controls to stay within the budgets decided upon by elected officials.

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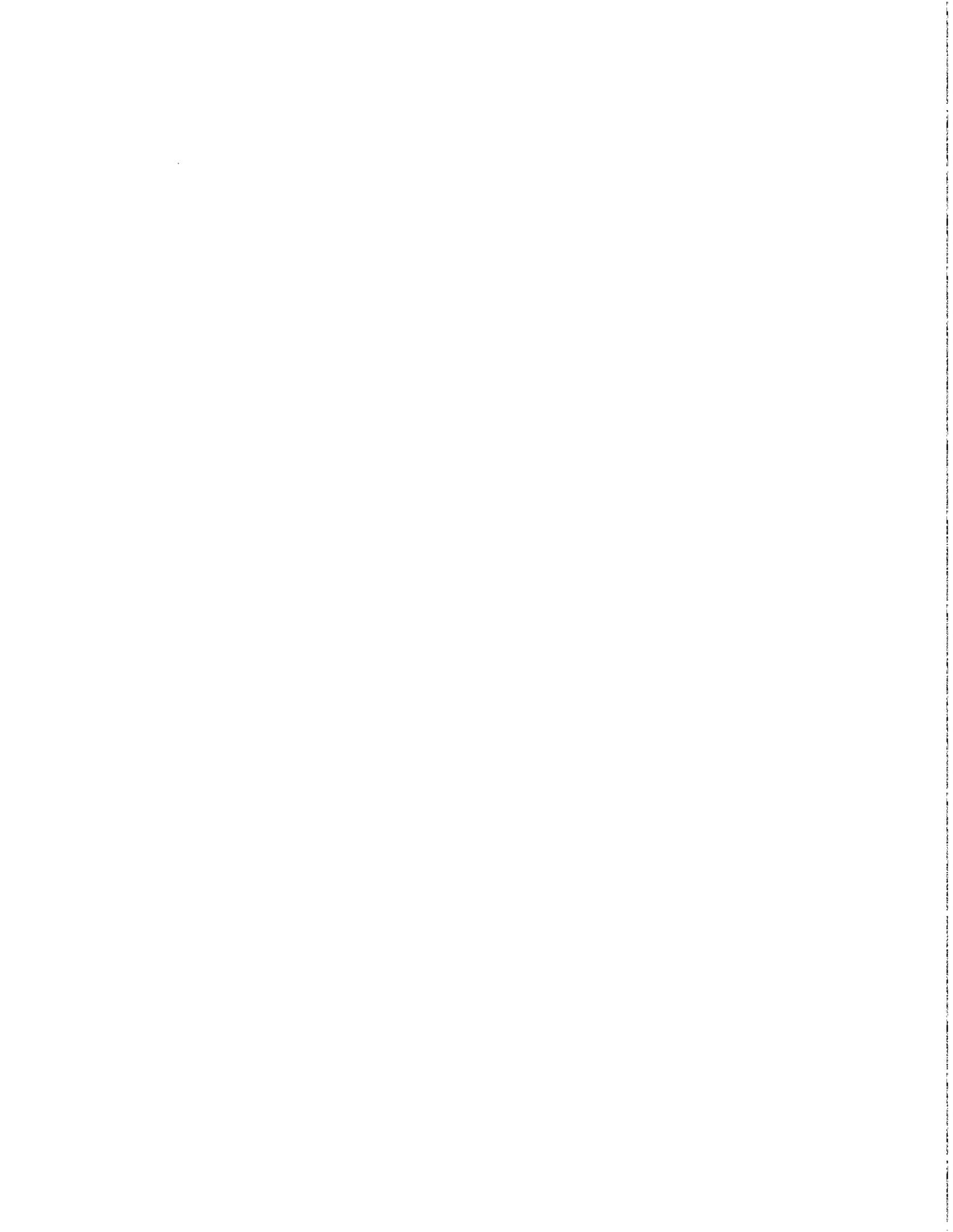
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\*Note: Please fill the
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Grid 2: GAO / [ ] - [ ] - [ ]

Grid 3: GAO / [ ] - [ ] - [ ]

Grid 4: GAO / [ ] - [ ] - [ ]

Grid 5: GAO / [ ] - [ ] - [ ]

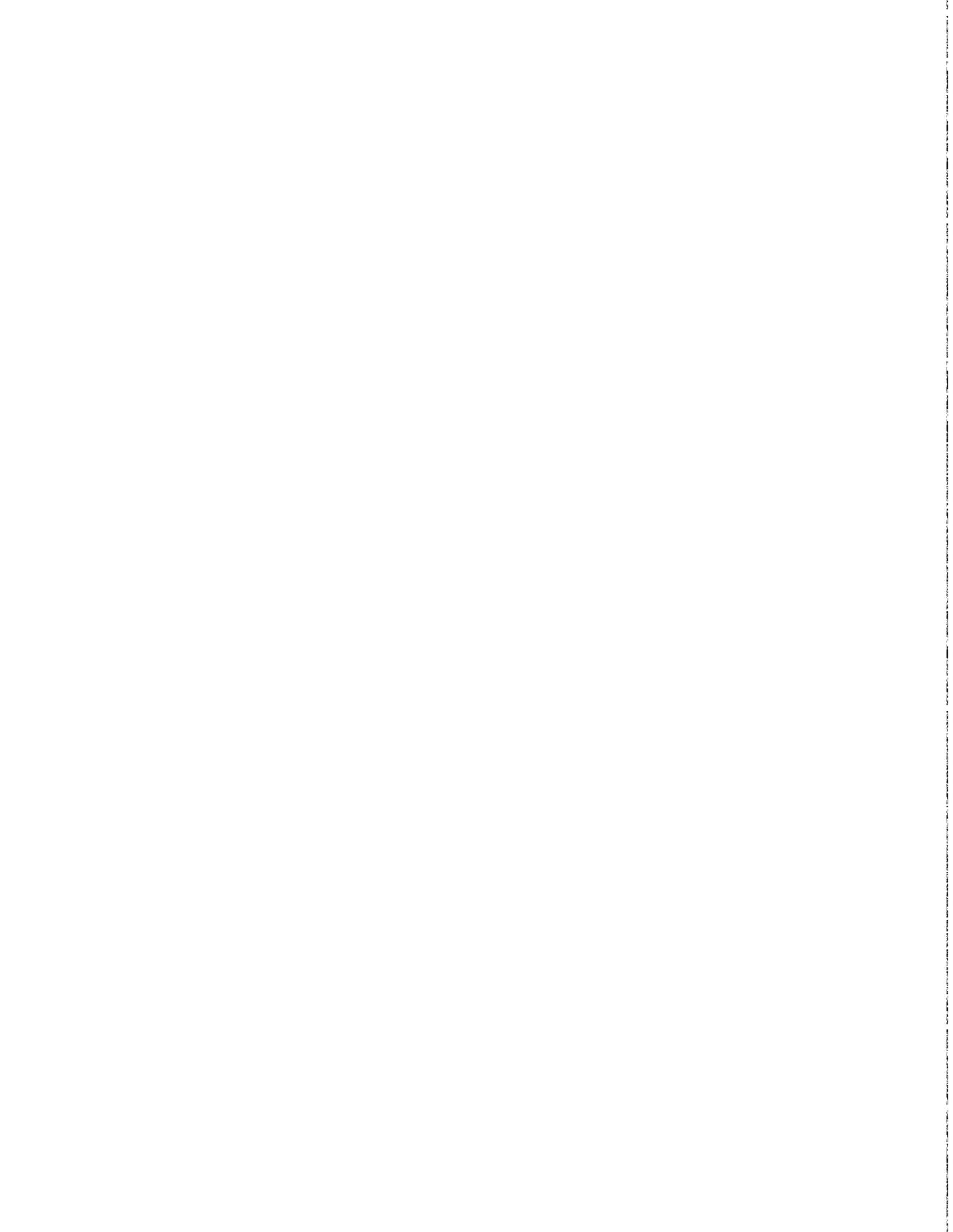
Grid 6: GAO / [ ] - [ ] - [ ]

Grid 7: GAO / [ ] - [ ] - [ ]

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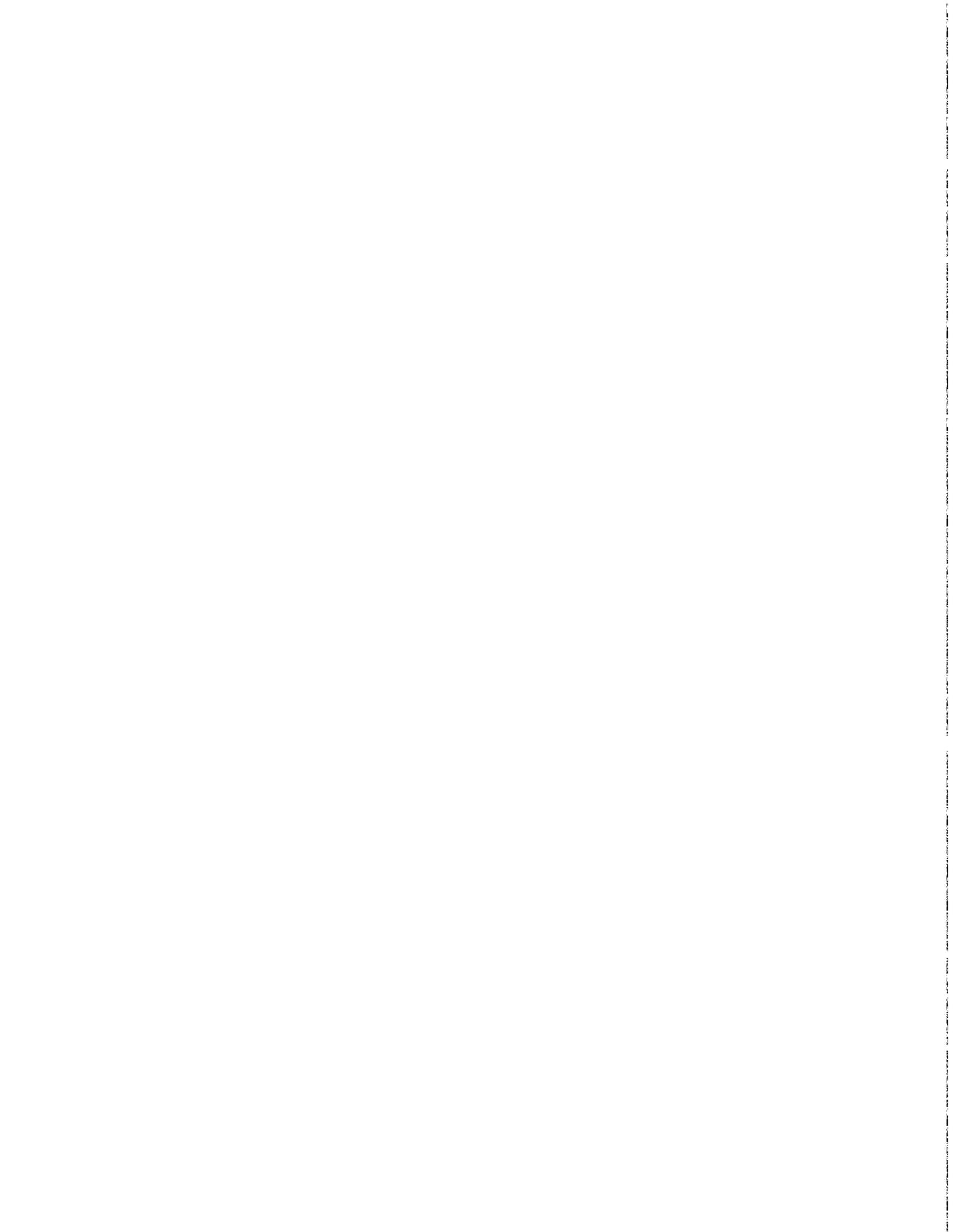
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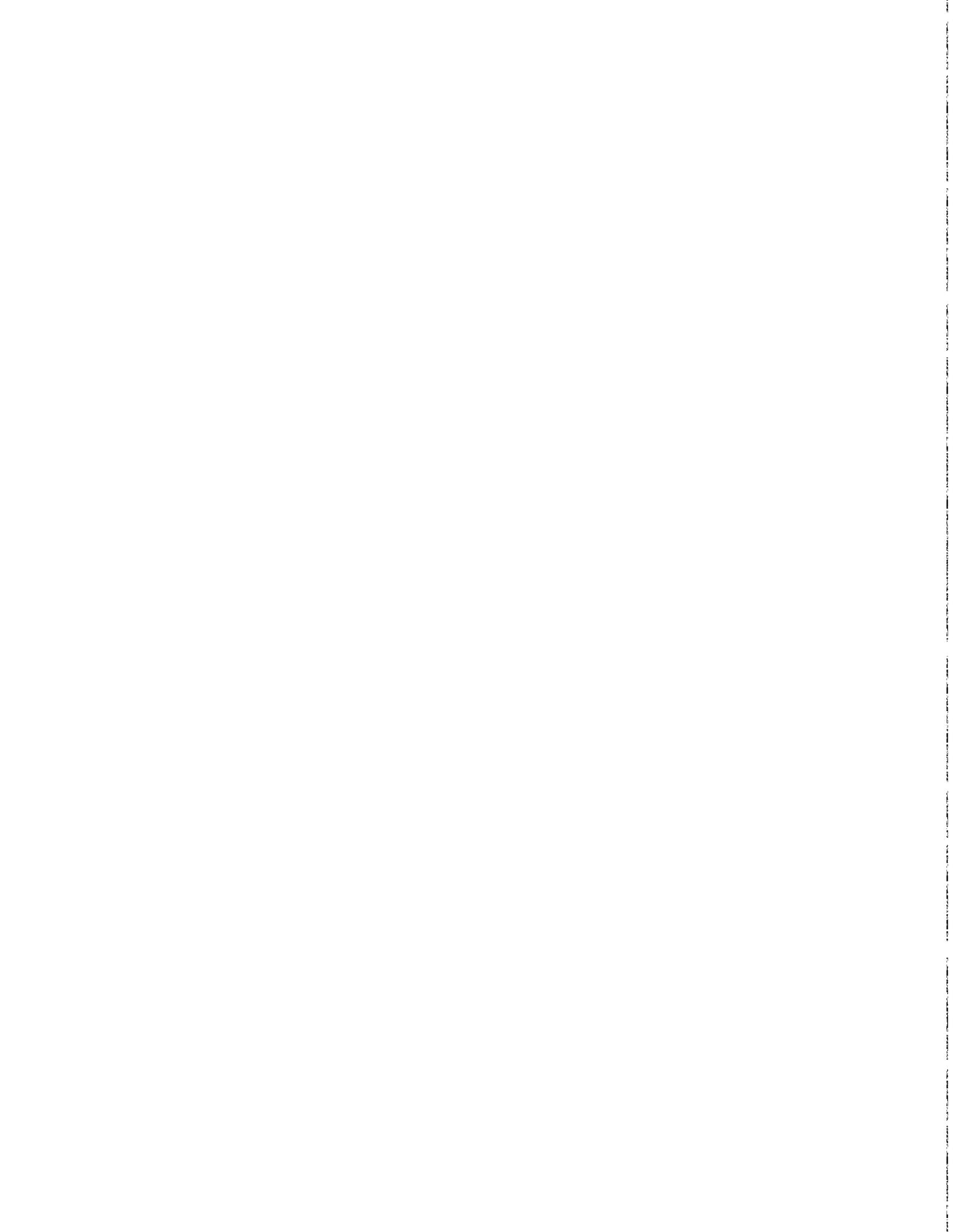
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