Highlights

Nuclear Energy

Contrary to a 1987 Department of Energy study, an explosion in underground nuclear-waste storage tanks at the Hanford site in Washington state would be a major disaster with potentially significant radiation spreading to neighboring areas. Page 7.

Government Printing Office

The GPO, established as a near-monopoly in 1861 to provide efficient, government printing services, has become a huge, inefficient enterprise that last year billed its customers double what they would have paid commercial printers. Page 15.
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Throughout history, agriculture has depended on the continued development and improvement of cultivated varieties through manipulation of genetic traits, usually by plant breeding. The National Plant Germplasm System—a network of public and private institutions—was established to maintain enough supplies of germplasm (plant genetic resources) to sustain national and world agriculture and to guard against crop vulnerability to pests and diseases. This is the first of two volumes examining the management of germplasm stores and the National Germplasm System. GAO found that despite the best efforts of the Agricultural Research Service, more can be done to make the information collected more complete and comparable. GAO developed and tested one possible new methodology for obtaining more complete and comparable information relevant to improving the management of the National Plant Germplasm System. GAO’s methodology is described in detail in this report, and GAO stands ready to assist the Department of Agriculture in implementing this methodology or a similar one that incorporates the same basic concepts for gaining information on a wide range of crops.

Plant Germplasm:
A Data Collection Framework and Questionnaire

This is the second of two volumes examining the management of germplasm stores and the National Plant Germplasm System. This volume provides technical details on a data collection framework and a questionnaire GAO designed to obtain information about germplasm resources from plant scientists in the United States and abroad. A bibliography of relevant work on this topic is also included.

Budget Deficit:
Appendices on Outlook, Implications, and Choices

On September 12, 1990, GAO issued a report (GAO/OCG-90-5) calling attention to the dimensions of the budget problem facing the nation, the
implications of the deficit for the U.S. economy, and some of the choices that must be made to attack the deficit crisis. This companion volume contains five appendixes that elaborate on selected information in that report. Simulations using macroeconomic forecasting techniques, methodology for developing notional unit costs, options and strategies for reducing nondefense program outlays, and revenue options are some of the areas discussed.

**Budget Issues:**

**Capping of Outlays Is Ineffective for Controlling Expenditures**

GAO/AFMD-90-111, Sept. 28 (16 pages).

Outlay caps are limits imposed by Congress, the Office of Management and Budget, or agency heads on the funds an agency and/or a program can expend from appropriated funds in order to control expenditures. These measures have had very limited use in public sector budgeting. GAO identified only three legislatively imposed outlay caps on federal programs during the last 20 years, and in each case the cap applied to a single appropriation account. GAO found that agencies achieved no long-term savings from the three outlays caps because their outlays were simply delayed from the fiscal year with the cap to the following year. In GAO's view, outlay caps could lead to long-term savings only if they permanently reduced agency budget authority. GAO concludes that outlay caps are a costly and ineffective way to control federal spending and to reduce the deficit. Further, GAO is concerned that statutory outlay caps may lead to a significant shift of power between the branches of government.

**Impoundments:**

**Military Construction and Family Housing Funds, Proposed for Rescission, Have Been Released as Required**

GAO/OGC-90-12, Oct. 4 (three pages).

This letter discusses the status of budget authority that was proposed for rescission by the President in his seventh special impoundment message for fiscal year 1990, but for which Congress had not passed a rescission bill. These proposed rescissions dealt with military construction and family housing. On September 25, 1990, the Office of Management and Budget made available for obligation by the Department of Defense all funds proposed for rescission. GAO notes, however, that
pending legislation making appropriations for military construction contains approvals of all the proposed rescissions in the seventh special message with the exception of three programs: Central District Center, Phase III, Red River, Texas; addition to flight simulator, Luke Air Force Base, Arizona; and installation of fireplaces in SOQ, WPAFB, Ohio.

Business, Industry, and Consumers

Trade Adjustment: Funding Status of Commerce's Trade Adjustment Assistance Program

GAO/NSIAD-90-247, Sept. 6 (11 pages).

Through its 12 Trade Adjustment Centers throughout the United States, the Department of Commerce's Trade Adjustment Assistance Program provides technical assistance to U.S. firms that have been injured by import competition. This report (1) evaluates the adequacy of the funding for the Trade Assistance Centers, (2) assesses the accuracy and usefulness of Commerce's February 22, 1990, report to Congress, (3) determines whether the report complied with the requirements of the conference report, and (4) identifies the operational constraints besetting the program during fiscal years 1989 and 1990.

Product Liability: Verdicts in Arizona for 1983-85


In the mid 1980s, businesses and other organizations reported problems in obtaining adequate, affordable liability insurance. As a result, nationwide attention focused on how litigation—in particular the frequency and size of damage awards in court cases—had contributed to the cost and availability of liability insurance. Because policymakers and researchers have noted a persistent lack of information, particularly at the state level, on awards and the bases of liability, GAO looked at verdicts in product liability cases in five states. This report discusses the situation in Arizona.
Product Liability:
Verdicts in Massachusetts for 1983-85

GAO/HRD-91-8, Oct. 26 (20 pages).

This is one in a series of five GAO reports examining product liability cases in selected states. (See previous report—GAO/HRD-91-7.) This report discusses the situation in Massachusetts.

Civil Rights

EEO at Justice:
Progress Made But Underrepresentation Remains Widespread

GAO/GGD-91-8, Oct. 2 (54 pages).

The Justice Department is the nation's main law enforcement agency, employing over 50,000 people in addition to those working at the FBI. After reviewing the affirmative action program at the Department of Justice, GAO concludes that Justice needs to strengthen the management of its equal employment opportunity program. For instance, GAO found that affirmative action employment plans have been submitted extremely late and that performance plans lack the specificity to hold high-level executives truly accountable for EEO matters. Further, Justice has been slow in accumulating and analyzing information on its recruiting efforts and has refused to use numerical goals as a management tool for increasing minority and female representation. GAO believes that Justice has made progress in moving toward full representation, but that it still has a long way to go. Underrepresentation persists in at least 33 of 60 key job categories GAO examined.

Employment

Legal Services Corporation:
Grantee Attorneys' Handling of Migrant Farmworkers Disputes With Growers

GAO/HRD-90-144, Sept. 24 (82 pages).

In response to concerns about the magnitude and propriety of grantee attorneys' actions against growers who hire migrant and seasonal farmworkers to harvest their crops, GAO examined the activities of Legal Services Corporation grantees. Grantees are organizations that receive grants from the Legal Services Corporation to provide legal services to needy clients. GAO found that grantee attorneys providing legal services
to farmworkers in Maryland, Pennsylvania, Virginia, and West Virginia brought more cases against growers (as measured by the percentage of all closed cases) than did attorneys in other “stream states”—states where migrants travel to find work and live temporarily when away from their permanent homes. GAO was unable to gather enough evidence, however, to conclude whether grantee attorneys used improper methods in representing migrant farmworkers.

Testimony


The National Labor Relations Board decides two kinds of cases: (1) allegations of unfair labor practices by employers or unions and (2) disagreements about elections on union representation of employees. GAO testified that between 1984 and 1989, NLRB headquarters’ median case processing times were among the highest in Board history, with some cases taking more than two years to be decided. Lack of standards and procedures for preventing excessive delays, lack of timely decisions on lead cases, and Board member turnover and vacancies were all contributing factors. GAO believes that the Board needs to be more active in improving case processing timeliness and in reducing inordinate delays in deciding cases at the five-member Board. In addition, Congress may want to consider passing legislation to allow Board members whose terms are ending to either remain until replacements are confirmed or to continue for a limited period while a replacement is being sought.


GAO testified on the U.S. Employment Service’s labor exchange program, which is federally funded and principally administered by the states. By providing states and local Employment Service offices more responsibility for developing and implementing programs to meet community needs, Congress sought to improve Employment Service operations. However, under the current approach, there is a wide variation in how well states and local offices do their basic job of placing people in jobs.
Some state and local offices have adopted practices to improve placement performance, while others have not. GAO believes that the Department of Labor is in a unique position to help states and local offices adopt practices that improve performance without impinging on state and local responsibilities. To do so, Labor should increase its leadership role by working with the states to obtain and analyze additional information on Employment Service performance and factors associated with variations in performance, increasing technical assistance, and more actively sharing information on effective state and local practices.

**Energy**

**Nuclear Energy: Consequence of Explosion of Hanford's Single-Shell Tanks Are Understated**

*GAO/RCED-91-34, Oct. 10 (22 pages).*

Built in 1943 on the Columbia River in southeastern Washington State, the Hanford Site is a major DOE defense facility that recovers the plutonium from spent reactor fuel. This process produces a large volume of highly radioactive, heat-producing liquid waste. To temporarily store this material until a more permanent disposal method is discovered, DOE has built underground waste storage tanks. GAO concludes that the consequences of an explosion in one of these underground tanks holding ferrocyanide would be more severe than DOE reported in its 1987 Hanford Site environmental impact statement. Although several studies done by DOE and outside experts have indicated that the probability of a ferrocyanide-caused explosion is low, this conclusion is based on limited information on waste conditions in the tanks. GAO believes that such an explosion could be catastrophic: The force of the explosion would blow a large hole in the tank top, radioactive material would spew into the air, and large areas within and possibly beyond the boundaries of the Hanford Site would be contaminated. Over the long term, significant numbers of radiation-induced cancers could be expected. A task force of independent DOE experts reviewed GAO's findings and agreed with GAO's assessment that the level of breathable radioactive particles generated by the explosion would be higher than that indicated in the 1987 environmental impact statement; however, the Task Force believes that more studies are needed to determine the potential radiation dose.
Nuclear Research and Development:
Shippingport Decommissioning—How Applicable Are the Lessons Learned?


In examining the decommissioning of the Shippingport, Pennsylvania, nuclear power plant by the Department of Energy, GAO found that DOE generally met the goals it set for decommissioning Shippingport—completing its activities four months ahead of schedule and $7 million under budget. DOE used over eight contractors on the project and produced many annual or topical reports that officials believe will be useful to the commercial nuclear industry. However, because Shippingport was a smaller reactor and less radioactive than other reactors, lessons learned from its decommissioning are limited. Further, many years may elapse before utilities dismantle a larger number of plants. In the interim, decommissioning activities on higher radioactivity-contaminated pressure vessels here and abroad will advance the state-of-the-art beyond the lessons learned at Shippingport. Efforts by the United Kingdom, Japan, and the United States (Three Mile Island) to identify technology to reduce worker exposures may also be more useful than the information arising from Shippingport.

Electricity Supply:
Older Plants' Impact on Reliability and Air Quality

GAO/RCED-90-200, Sept. 10 (38 pages).

To help meet America's growing demand for electricity, electric utilities plan to extend the service life of many fossil fuel power plants. Accounting for about 70 percent of the country's generating capacity, these plants—particularly older facilities exempted from the Clean Air Act—are major sources of air pollution. This report examines electric utilities' plans for extending the useful life of older fossil fuel power plants and discusses the effects of life extension on the reliability of the nation's power supply and on air quality.
Natural Gas: Opportunities for Federal Cost Savings Through Competitive Purchases


Changes in federal regulations affecting the sale, purchase, and transportation of natural gas since the late 1970s have provided the federal government with greater opportunities to buy natural gas from sources other than a single public utility serving a local area. With federal agencies buying upwards of $500 million worth of natural gas each year, the potential cost savings are significant. GAO reviewed savings reported by three federal facilities in three states and discovered that savings of between 10 percent and 30 percent were realized through competitive procurement of natural gas. However, GAO found that only a small number of federal facilities appear to be purchasing natural gas competitively. GAO believes that several factors may account for the lack of competitive purchasing. For example, agency personnel may be unaware of natural gas purchasing options and may lack the time, staff, and incentives necessary to explore this option. In addition, facilities have to use enough natural gas to make competitive procurement financially worthwhile. DOD's Defense Fuel Supply Center recently began to evaluate and consolidate competitive procurement among all the services. However, similar central coordination does not exist for federal civilian agencies wishing to buy gas competitively. On the basis of GAO's work, the General Services Administration recently began to evaluate the potential for competitive purchases of natural gas by civilian agencies.

Testimony


GAO testified on H.R. 2480, the Uranium Enrichment Reorganization Act, which would restructure DOE's uranium enrichment program as a government corporation. Specifically, this legislation would allow the corporation to set prices to maximize long-term returns; establish a fund to meet future decontamination, decommissioning, and remedial action costs associated with past uranium enrichment activities; and require the government to pay its share of the costs to clean up mining waste generated under past government contracts. GAO believes that H.R. 2480
takes needed steps toward establishing clear objectives for the enrichment program and would allow the new corporation to better operate as a business entity. The bill would also resolve several long-term issues that seriously challenge the program’s future, including the need to pay billions of dollars in environmental and decommissioning costs at a time when competition is expected to increase. However, GAO believes that the bill could be strengthened by including a specific cost recovery provision. Because DOE projects that the corporation’s future earnings could be substantial, GAO suggests that Congress require the repayment of $3 billion, rather than rely solely on unspecified dividends and/or uncertain future stock sales that may not materialize unless problems related to licensing uncertainties, increased competition, and billions of dollars in liabilities are adequately resolved.

Environmental Protection

Disinfectants:
EPA Lacks Assurance They Work

GAO/RCED-90-139, Aug. 30 (68 pages).

The human eye cannot see whether disinfectants actually kill bacteria, fungi, and viruses. As a result, health professionals and consumers alike rely on the Environmental Protection Agency to ensure that disinfectants on the market actually work. Ineffective disinfectants, however, are more than just a waste of money—they pose a threat to public health. GAO found that up to 20 percent of the disinfectants being sold today may be ineffective. Disinfectant claims about germ killing are questionable for several reasons. First, although scientific controversy has raged for a decade over the validity of the methods and performance standards used to assess the efficacy of disinfectants, EPA does not independently test disinfectants before registering them and lacks criteria to assess the validity of test methods and modifications proposed by manufacturers. Second, EPA has made little progress in resolving these matters because of budget constraints and inadequate research management. Third, EPA lacks sufficient internal controls to ensure the quality and integrity of the data that registrants submit on disinfectant quality. Fourth, EPA lacks an enforcement strategy to ensure that, once registered, disinfectants sold and distributed in the marketplace work as claimed. GAO summarized this report in testimony before Congress; see:

Hazardous Waste:
Efforts to Address Problems at Federal Prisons

GAO/RCED-90-212, Aug. 30 (seven pages).

What progress has the Bureau of Prisons made in resolving weaknesses in managing hazardous materials and wastes, including the removal of asbestos and polychlorinated biphenyls (PCBs) from prisons? Between October 1986 and June 1990, the Bureau obligated about $157,000 to assess the extent of contamination at its waste disposal sites and to provide information needed for cleanup actions. Although the Bureau has set aside $16 million for actual cleanup, this work will not begin until the Bureau completes its assessments. The Bureau acknowledges that delays in awarding the assessment contracts could cause it to miss its scheduled cleanup completion date of September 30, 1992, by a year or more. The Bureau has also obligated about $6.7 million for other hazardous material and waste projects, mainly asbestos removal. While the Bureau believes that existing health risks to prison inmates and staff have been minimized, additional asbestos abatement and removal may be necessary as older prisons are renovated in the future. A recent Inspector General audit of the Bureau’s handling of hazardous materials and wastes revealed Bureau noncompliance with certain Occupational Safety and Health Administration regulations and with Bureau policies and procedures. These instances of noncompliance, although essentially informational and record-keeping in nature, represent a weakness in the Bureau’s internal control system and could adversely affect the management of hazardous materials and wastes.

Environmental Protection:
Bibliography of GAO Documents, August 1988-April 1990


An important issue now facing the nation is what levels of pollution can be tolerated without harming either people or the environment. Other pressing concerns include the following: Which pollutants and what levels of controls are needed? How can environmental protection be balanced with other equally desirable national goals? How can the billions
of dollars spent on environmental controls be maximized? GAO's timely bibliography includes information on GAO documents issued between August 1988 and April 1990 that discuss environmental protection. Brief descriptions of reports, testimony, and other publications are provided, along with an order form.

**Water Pollution:**
**Improved Coordination Needed to Clean Up the Great Lakes**

GAO/RCED-90-197, Sept. 28 (40 pages).

More than 45 million people in the United States and Canada depend on the Great Lakes for everything from recreation to drinking water. Over the years, however, industrial development, urbanization, and agriculture have taken a toll on the water quality of these inland seas. EPA, through its Great Lakes National Program Office, coordinates cleanup efforts in the Great Lakes. GAO found that in recent years, the EPA's Great Lakes National Program Office has taken steps to improve its visibility and its coordinating role within EPA by expanding its contacts with both headquarters and regional offices. The Program Office has also improved its coordination with agencies outside EPA that can affect water quality in the Great Lakes. While these efforts should help, GAO believes that a much larger effort is needed to tackle the serious water pollution problems in the region. These efforts will take decades and will require more effective pollution control programs by EPA and both the public and private sectors.

**Financial Institutions**

**Bank Powers:**
**Issues Relating to Banks Selling Insurance**


Critics contend that if banks start offering insurance, they will coerce consumers into buying policies as a precondition to receiving credit. Insurance sellers also suggest that widespread selling of insurance by banks will result in unfair competition and will endanger the safety and soundness of the banking system. GAO believes that insurance sales by banks could potentially benefit consumers through reduced insurance costs and increased convenience. Available evidence does not indicate that coercion is a widespread problem in existing bank sales of insurance; tying credit to the sale of other products is already illegal. Additional measures, such as disclosing that insurance purchases are
voluntary or separating insurance sales from credit approval, could explicitly protect consumers from any increased potential for abuse. While expanded bank sales of insurance would increase competition for other insurance sellers, existing regulatory controls, if properly enforced, should serve to limit unfair competition. GAO concludes that bank sales of insurance underwritten by an unaffiliated insurance company pose no risk to bank safety and soundness, since it is the insurer underwriting the policies that bears the financial risk of losses under policies sold by the bank.

Financial Management

Vouchered Expenditures:
Selected Executive Office of the President Expenditures for Fiscal Year 1988 Were Proper

GAO/AFMD-90-83, Sept. 28 (three pages).

GAO reviewed fiscal year 1988 transactions related to appropriations for the Office of Management and Budget, Office of Administration, White House Office, Special Assistant to the President, and official residence of the Vice President. After examining supporting documentation like invoices, travel documents, and vouchers used to schedule payments, GAO concludes that expenditures were properly made and that internal controls were operating as intended.

Unvouchered Expenditures:
Presidential and Vice Presidential Expenditures for the Periods Reviewed Were Proper

GAO/AI?MD-go-84, Sept. 28 (four pages).

For fiscal year 1988 and between October 1, 1988, and January 20, 1989, GAO examined expenditures for the operations and maintenance of the Executive Residence at the White House, official entertainment expenses of the President, subsistence expenses of persons in government service while traveling on official business in connection with the President’s travel, subsistence expenses of persons in government service while traveling on official business in connection with the Vice President’s travel, and official entertainment expenses of the Vice President. Expenditures in these categories are accounted for solely on the certificate of the President or Vice President and, thus, are considered unvouchered expenditures. GAO concludes that these expenditures were for authorized purposes.
Financial Audit:

GAO/AFMD-90-107, Sept. 28 (34 pages).

This report presents the results of GAO's audits of the Federal Crop Insurance Corporation's Financial Statements for fiscal years 1989 and 1988. GAO found that the Corporation continues to suffer losses due to claims and administrative costs exceeding premiums; these losses will require more government capital to sustain operations. The Corporation's 1989 accumulated deficit totals $2.6 billion, which has been financed primarily by transfers of $2.3 billion from the Commodity Credit Corporation. Without significant changes in its insurance program operations, the Corporation's ability to meet its obligations will depend on continuing government assistance. The administration's 1991 budget proposal recommends ending the Federal Crop Insurance Program beginning with the 1991 crop year. GAO's 1989 audit disclosed three reportable conditions regarding (1) the Corporation's oversight of reinsured companies, (2) controls over processing and payment of administrative expenses, and (3) financial reporting systems and procedures.

Financial Audit:

GAO/AFMD-91-8, Oct. 30 (26 pages).

This report presents the results of GAO's audit of the Government National Mortgage Association's (GNMA) 1989 financial statements. In GAO's opinion, and consistent with the opinion of Price Waterhouse, GNMA's financial statements present fairly its financial position for 1989 and the results of its operations and its cash flows for that fiscal year, in conformity with generally accepted accounting principles. For fiscal year 1989, GNMA had an income of $54 million—a $206 million decrease from fiscal year 1988. The cause of the decrease was the additional provision for estimated losses due to (1) increased use by VA of an option to limit its losses, (2) uninsured mortgages in the mortgage pool, (3) the failure of defaulted issuers to remit certain proceeds, and (4) unanticipated costs associated with increased levels of security issuer defaults. The 1989 audit also disclosed two material internal control weaknesses, which increase the risk of more losses to GNMA. First, GNMA did not
always coordinate with FHA and VA on the monitoring of issuers of GNMA mortgage-backed securities. FHA and VA insure or guarantee most of the mortgages. Second, some security issuers, primarily savings and loans, have been allowed to continue in GNMA’s Mortgage-Backed Securities Program even though they have violated GNMA’s requirements by including goodwill in their net worth calculations without specific approval.

Government Printing Office:
Monopoly-Like Status Contributes to Inefficiency and Ineffectiveness

GAO/GGD-90-107, Sept. 26 (93 pages).

From Census forms to top secret manuals, the federal government spends over a billion dollars each year on the printed word. Much of this work falls to the Government Printing Office, a legislative branch agency that has a monopoly-like role in providing government printing services. While this arrangement was originally intended to ensure efficiency, it now perpetuates inefficiency by insulating GPO from market forces; GPO has little incentive to improve operations and provide quality services at competitive rates. GPO’s operations are characterized by (1) costly, sometimes wasteful in-house production that relies on outdated equipment and disregards efficiency and quality; (2) a procurement system that lacks necessary and readily available performance information and continues to award contracts to poorly performing contractors; (3) poor communication with customers and poor systems for tracking and resolving customer complaints; and (4) weak accountability. This general management review offers recommendations to the Public Printer and to Congress on how to improve GPO’s operations. It also provides a framework for defining GPO’s future role in government printing.

Federal Workforce:
Selected Sites Cannot Show Fair and Open Competition for Temporary Jobs


From a practical perspective, GAO endorses the delegation of appointment authority from the Office of Personnel Management to agencies to meet their staffing needs. However, GAO’s review at six civilian agencies
found that while most temporary appointments were made for appropriate reasons, about one-fourth were not. Agency officials said that they adhered to merit principles in making temporary appointments, yet they lacked records that could prove this. Only by documentation can agencies demonstrate that they have complied with requirements; verbal assurances are not enough. OPM’s revised guidance should help agencies better understand when the use of temporary appointments is inappropriate. GAO believes, however, that agencies must more fully appreciate the need to comply with the documentation requirements. Such documentation should be viewed as more than bureaucratic “make work,” particularly since inadequate records preclude an assessment of whether all qualified applicants received a fair and competitive chance for employment. GAO recommends that OPM oversee use of delegated authority on a regular basis until adequate agency oversight exists. If, over time, OPM finds that agencies do not increase oversight and ensure compliance, OPM should consider revoking the authority from the non-complying agencies.

Arms Control and Disarmament Agency: Stronger Actions Needed to Improve Personnel Management


In March 1989, the State Department’s Inspector General issued a report characterizing the U.S. Arms Control and Disarmament Agency’s (ACDA) operations and activities—including its personnel practices—as “skewed” and lacking organization. Limited development and training programs for career ACDA employees as well as equal employment opportunity problems were noted. In August 1989, OPM recommended that ACDA develop a new structure and career path for its clerical and technical staff. GAO found that top management at ACDA has not taken adequate action to address the personnel management problems identified in these 1989 reports. GAO believes that establishment of more systematic career development, training, and affirmative action programs would demonstrate to career employees at ACDA that management is actively committed to improving personnel practices. This should improve employee morale and enhance work productivity.
Federal Formula Programs: Outdated Population Data Used to Allocate Most Funds

GAO/HRD-90-145, Sept. 27 (29 pages).

In fiscal year 1989, over 90 federal formula programs involving funds totaling $26.5 billion relied on Census Bureau population data in determining program eligibility or in distributing funds to state and local governments. Of these programs, 48 used current population estimates to distribute $10.1 billion, and 45 used 1980 decennial census population data to distribute $17.4 billion. Statutes for 18 programs specify using the decennial census as the source of population data for distributing the funds. However, the use of decennial census population data when more current population estimates are available tends to penalize fast-growing states. If Congress wants all federal programs to distribute funds using current population data, it needs to amend authorizing statutes that require federal agencies to use decennial census data and specify how funds are to be distributed. Also, agencies using urban population and low-income data to allocate funds would need to develop alternative means for making such allocations as such data are collected only every 10 years.

Employee Financial Disclosure:
Farm Credit Administration System Is Generally Operating Effectively

GAO/GGD-90-115, Sept. 27 (22 pages).

GAO evaluated the implementation of ethics laws and regulations that govern the conduct and responsibilities of employees of the Farm Credit Administration, an independent executive branch agency. GAO concludes that the Farm Credit Administration has significantly improved the administration of its financial disclosure system, but can further strengthen the prevention, detection, and resolution of conflicts of interest. Steps should include more closely monitoring the status and disposition of disclosure reports and more fully implementing requirements of the Ethics in Government Act of 1978 and related Office of Government Ethics regulations.
Facilities Location Policy:  
GSA Should Propose a More Consistent and Businesslike Approach

GAO/GGD-90-109, Sept. 28 (31 pages).

The location of government agency facilities can have a profound effect on operating costs and on recruitment and retention of employees. Developments in telecommunications have given employers more flexibility in making location decisions in recent years. Although agencies are required to give first priority to rural areas, GAO found that this has not been an important factor in location decisions. Almost 88 percent of federal civilian workers are located in metropolitan areas—an increase of three percent since 1980. Agencies that grew during the 1980s attributed rise in urban locations to the demands of agency missions and to the need for proximity to the populations they serve. Political considerations, inertia, and short-term budget pressures also can affect location decisions in practice. GAO believes that agencies should more systematically consider locality incentives and technology advancements in making location decisions and that a more consistent and cost-conscious federal location policy is warranted. Because the General Services Administration is the central management agency responsible for governmentwide facility management policies, GAO believes that GSA should develop a proposed location policy for congressional consideration that would provide broad guidance for agencies.

Agent Orange Studies:  
Poor Contracting Practices at Centers for Disease Control Increased Costs

GAO/GGD-90-122BR, Sept. 28 (30 pages).

This briefing report discusses efforts by the Centers for Disease Control to study the effects of Agent Orange on the health of Vietnam Veterans. GAO looks at how CDC used $70.4 million it received from the Department of Veterans Affairs to do the studies. GAO also examines CDC's contracting and contract administration practices as they pertained to the studies.
Performance Management:
How Well Is the Government Dealing With Poor Performers?

GAO/GGD-91-7, Oct. 2 (88 pages).

This report, a follow-up to an earlier GAO study of the Social Security Administration, provides a governmentwide perspective on two key questions: To what extent are federal supervisors identifying poor performers? Are supervisors who do identify poor performers able to deal with them. GAO surveyed a random sample of government supervisors and found that—contrary to widely held views—they are generally willing to deal with their poor performers. Although implementing the process is considered unduly difficult and time-consuming, supervisors are generally able to correct or otherwise deal with performance problems. The main problem is with the small minority of government workers (about five percent) rated as “minimally successful”—the level between “fully successful” and “unacceptable.” Because the law now limits the actions supervisors can take with employees who perform at this level, the government has had to tolerate less than fully successful performance for extended periods of time. In implementing the process for dealing with poor performers, about half of the supervisors cited one or more obstacles, such as the potential lengthiness of the process and a perceived lack of management support. GAO believes that motivation is the key to dealing with poor performers. Accordingly, GAO recommends that agency management focus on creating an environment within which supervisors are encouraged and motivated to identify poor performers and are supported when they try to deal with them. This report also identifies four options that Congress may wish to consider in easing the difficulties supervisors encounter in dealing with poor performers in the government.

Pay for Performance:
State and International Public Sector Pay-for-Performance Systems

GAO/GGD-91-1, Oct. 12 (49 pages).

Although several state governments have adopted pay for performance, there is no clear consensus as to what constitutes an ideal pay-for-performance system. GAO visited six state governments that run pay-for-performance systems and found that the systems varied in terms of funding, rewarding employees whose performance justified more compensation, the number of performance levels in use to assess employee performance, and the percentage of the work force covered by pay for
performance. Also, some state pay-for-performance programs were not fully implemented because of inconsistent funding. Foreign countries also have begun using pay for performance. As of September 1988, 13 of 24 countries affiliated with the Organization for Economic Cooperation and Development—a European-based research organization—either had or were proposing a performance-based pay system. It is clear that whatever type of pay-for-performance system is adopted for federal employees, adequate funding is critical if the system is to meet its objectives and achieve credibility among employees.

**Government Shutdown:**

**Data on Effects of 1990 Columbus Day Weekend Funding Lapse**


This fact sheet presents the results of a questionnaire GAO sent to federal agencies asking about the effects of the shutdown of some of the government over the Columbus Day weekend (Oct. 6-8, 1990). GAO received responses from 16 executive departments and agencies; the Department of Agriculture and NASA chose not to report to GAO. GAO found that the total cost of the Columbus holiday weekend shutdown was $1,675,586.

**Testimony**

OMB Management Leadership, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs. GAO/T-GGD-91-1, Oct. 3 (11 pages).

Tackling the government's severe management problems requires different behavior on the part of the Office of Management and Budget, the agencies, and Congress. The Comptroller General testified that in area after area, the government's ability to deliver service to the public and to account for public resources is deteriorating. The scandal at the Department of Housing and Urban Development, massive cost overruns and delays in the development of government computer systems, and the decaying transportation infrastructure are examples of government failure to invest either in programs to meet urgent needs or in the basic management systems needed to ensure proper accountability for program performance. Government decisionmaking has narrowly focused on seeking short-term solutions rather than on planning for long-term needs. GAO believes that OMB has an important leadership role to play and has started some worthwhile initiatives. But if past is prologue,
implementation will suffer in the absence of strong, consistent leadership and direction.

Health

**Food Tampering:**
**FDA's Actions on Chilean Fruit Based on Sound Evidence**

GAO/HRD-90-164, Sept. 6 (42 pages).

In March 1989, the U.S. Embassy in Chile received warning that Chilean fruit destined for the United States had been poisoned. As a result, the Food and Drug Administration increased its inspection of Chilean fruit and, on March 12, 1989, found grapes tainted with cyanide. GAO assessed FDA's actions and found that FDA's discovery of cyanide was based on generally accepted tests that were done properly. On the basis of its finding, FDA acted within its legal authority to suspend imports of Chilean fruit and, although not required by law, FDA made its decision after consulting with other federal agencies and affected parties, including the Departments of State and Agriculture and representatives of the Chilean government and food industry. GAO found no studies estimating the economic impact of the FDA action on the U.S. economy. Representatives of the Chilean fruit industry estimated that FDA's actions cost the Chilean economy at least $333 million. However, Chilean fruit exports to the U.S. rebounded the next year and reached an all-time high in 1990, suggesting that exports to the United States and other countries have not been seriously affected by the incident.

Testimony


GAO/T-HRD-91-2, Oct. 2 (10 pages).

Congress is considering legislation to sell government-owned land in the District of Columbia to the Columbia Hospital for Women, which proposes establishing a National Women's Health Center to provide clinical, research, education, and advocacy programs of local and national significance. To aid in the deliberations, GAO testified on home visiting as a way to deliver preventive health and social services to women and their families. GAO concludes that home visiting is a promising way to improve birth outcomes, prevent child maltreatment, and improve child health and development. Home visiting can be particularly useful for women at
risk of poor outcomes, such as teenage mothers, drug abusers, and women living in rural areas where transportation to services is a problem. GAO also testified on the need for more research to identify the most cost-effective ways to improve birth outcomes and maternal and child health and well-being.


Although drug abuse has become a national issue, major gaps in research knowledge continue to limit (1) understanding of the relative effectiveness of existing treatments and (2) development of new treatments. The budget of the National Institute on Drug Abuse, the main federal agency responsible for promoting research on drug abuse treatment, increased four fold between 1986 and 1990. Yet GAO testified that research knowledge applicable to drug abuse treatment advanced at a slow rate during the 1980s. In part, gaps in knowledge remain because NIDA lacks a strategic planning process to ensure that the research it funds is targeted at the most critical needs. Other factors inhibiting progress include low levels of funding for drug abuse treatment before fiscal year 1987 and limited funding for the training of researchers. GAO testified that NIDA needs to take a more active approach to planning its research and training programs.

Income Security

Pension Benefits: Processing of Applications by the Pension Benefit Guaranty Corporation


The Pension Benefit Guaranty Corporation, established in 1974, administers an insurance program that guarantees participants' earned benefits at plan termination. The Corporation insures the benefits of nearly 40 million workers in approximately 102,000 private pension plans. When a plan terminates without enough funds to pay promised benefits, the Corporation generally steps in and administers the plan. This report provides information on four cases involving pension benefit applications processed by the Corporation. The applications were submitted by participants in plans for which the Corporation assumed responsibility after the plans terminated with insufficient assets.
Reports and Testimony: October 1990

Social Security: District Managers' Views on Outreach for Supplemental Security Income Program

GAO/HRD-91-19FS, Oct. 30 (30 pages).

This fact sheet presents the results of GAO's telephone survey on the outreach activities for the Supplemental Security Income program carried out by field offices of the Social Security Administration. Outreach is done because many nonparticipants who may be eligible for Supplemental Security Income may be unaware of the program or of their eligibility for benefits.

Information Management

HHS ADP Procurement: Contracting and Market Share Information

GAO/IMTEC-90-87FS, Aug. 30 (36 pages).

As part of a broader GAO review of compatible computer procurements by the federal government, this fact sheet focuses on mainframe and mainframe peripheral equipment procurements by the Department of Health and Human Services. In particular, GAO looked at the extent to which HHS required compatibility with IBM or other equipment manufacturers. GAO found that during the 3-1/2 fiscal years ending March 1989, HHS had 145 procurements for mainframe computers and peripherals and that 92 percent of these required some type of compatibility. HHS required IBM compatibility 98 percent of the time. HHS obligated $190.5 million for the 145 procurements. When GAO used dollars—rather than the number of procurements—for comparison, it found that overall HHS obligated more dollars for IBM equipment than for any other manufacturer ($161.7 million for IBM versus $31.8 million for all others). This fact sheet also contains information on HHS' procurement methods, including the use of contractors that participate in the Small Business Administration's program for small disadvantaged businesses.

Space Data: Information on Data Storage Technologies


Since the late 1950s, NASA missions have been collecting data on our planet, solar system, and the universe; most of this information is now...
stored on magnetic tapes. NASA expects the volume of data produced by future space missions to increase dramatically. This fact sheet provides information on current and advanced data storage technologies that could be used to satisfy NASA's future storage needs. Commercially available data storage technologies, including advances in magnetic tape and optical disk technologies; general performance and archiving characteristics of data-storage technologies; and cost breakdowns are discussed.

**FAA Budget:**

1991 Funding Request for Computers and Communications Can Be Reduced

GAO/IMTEC-90-89, Sept. 17 (16 pages).

For fiscal year 1991, the Federal Aviation Administration is requesting $2.5 billion in facilities and equipment funding. This funding will improve the national airspace system by allowing FAA to procure and install new equipment, and to construct and modernize air traffic control and airway facilities. GAO identified potential reductions of over $196 million in FAA's fiscal year 1991 budget request for computer and communications systems supporting both air traffic control and administrative functions. The $147 million in air traffic control reductions were based primarily on program schedule delays that have removed the need for funding for equipment and contracts in fiscal year 1991. In the administrative area, GAO identified potential reductions totaling almost $49 million for the Computer Resources Nucleus (CORN) project.

**ADP Budget:**

Potential Reductions to the Department of the Navy's Budget Request

GAO/IMTEC-90-84BR, Sept. 17 (20 pages).

GAO reviewed the Department of Defense's fiscal year 1991 budget request and past appropriations for automated data processing resources. This report provides information on five automation programs managed by the Navy and one managed by the Marine Corps. This information includes background and budget data and identifies funds requested for fiscal year 1991 that could be reduced from the Navy’s and the Marine Corps’ budget requests. GAO identified potential reductions of $62.5 million in the Navy’s procurement and operations accounts: $54.4 million in the fiscal year 1991 budget request and $8.1...
million in fiscal year 1990 appropriated funds. In addition, GAO identified $2.4 million in potential reductions from the Marine Corps' fiscal year 1991 procurement account. These reductions result primarily from schedule slippage or changes in program direction.

**ADP Budget:**

**Potential Reductions to the Department of the Air Force's Budget Request**

GAO/IMTEC-90-57BR, Sept. 26 (27 pages).

This briefing report provides background and budget data and identifies funds that could be eliminated from the Air Force's automated data processing budget requests for fiscal year 1991. GAO identified potential reductions of $191.5 million to the Air Force's overall fiscal year 1991 Automated Information Systems budget. These potential reductions to specific Air Force appropriations include $65.6 million from other procurement; $86.4 million from operation and maintenance; $26.3 million from research, development, test, and evaluation; and $13.2 million from military construction. These potential reductions are based on GAO's assessment of budget justifications, schedule slippages, and program changes for selected information systems.

**Justice ADP Procurement:**

**Contracting and Market Share Information**

GAO/IMTEC-90-40FS, Sept. 28 (20 pages).

As part of a broader GAO review of compatible computer procurements by the federal government, this fact sheet focuses on mainframe computer and mainframe peripheral equipment procurements by the Department of Justice. In particular, GAO looked at the extent to which Justice required compatibility with IBM or other equipment manufacturers. GAO found that during the 3-1/2 fiscal years ending in March 1989, all of Justice's 41 procurements for mainframes and mainframe peripherals required IBM compatibility; IBM equipment was supplied in 17 of the 41 procurements. When GAO used dollars—rather than the number of procurements—for comparison, it found that Justice obligated more dollars for IBM equipment than for any other manufacturer's equipment ($38.1 million for IBM versus $47.2 million for all others). This fact sheet also contains information on the procurement methods Justice used.
Embedded Computers:
Navy’s Approach to Developing Patrol Aircraft Avionics System
Too Risky

GAO/IMTEC-90-79, Sept. 28 (16 pages).

The Navy is taking a high-risk approach in acquiring a new and complex computer-based avionics system for its patrol aircraft. Although the Navy originally planned to thoroughly test this system before buying more than four, program delays led the Navy to postpone complete testing. This clearly is contrary to (1) Defense policies that, when followed, should be effective in mitigating computer system development risks and (2) the principle of “fly before you buy.” The Navy plans to follow this high risk approach because it believes that any further delays will cause it to miss fixed-price contract option deadlines and will increase contract costs. However, the Navy has not prepared any detailed analysis to support its contention that contract costs will increase. In addition, the Navy fails to consider the costs of buying 28 systems that may not work as intended and may require expensive fixes—assuming they can be done at all. GAO concludes that the Navy’s current acquisition approach is unacceptable.

ADP Telecommunications:
HCFA Needs to Expedite Transition to FTS 2000

GAO/IMTEC-91-10, Oct. 30 (nine pages).

GAO reviewed the telecommunications data networks used by the Health Care Financing Administration to see whether they were the most cost-effective way of supporting HCFA’s automated systems. GAO found that HCFA is not currently using FTS 2000—the government’s telecommunications network—but instead relies on commercial telecommunications contracts to satisfy its needs. As a result of HCFA’s reluctance to switch systems, the agency has foregone cost savings available through FTS 2000. Officials at the Department of Health and Human Services and at the General Services Administration are committed to working closely with HCFA to ease the transition to FTS 2000 as soon as possible. GAO believes that it is incumbent upon HHS and GSA to oversee the realization of HCFA’s plans to move to FTS 2000 by January 1, 1992.
Testimony


As a new agency with a daunting mission, the Resolution Trust Corporation faces extraordinary challenges. One of these is obtaining timely, accurate, and complete financial information on failed thrifts and related assets to make decisions on resolving the thrift crisis. GAO is concerned that RTC is preparing to award a contract for its Real Estate Owned Asset Management System—an automated system to manage, track, and dispose of real estate assets—before completing its information resources management framework and before taking the necessary steps to define, track, and review the system’s development. As a result, GAO testified, RTC risks (1) selecting an inappropriate hardware and software configuration to build future systems and (2) developing an expensive system that does not meet current or future information needs. GAO is pleased at recent commitments by RTC top management to establish an RTC-wide information resources management framework and to provide systems development controls to better manage their automation efforts.

International Affairs

Panama Canal Commission: Revenue Forecasting and Marketing Efforts


GAO reviewed the Panama Canal Commission’s recently developed revenue forecasting methodology and the Commission’s marketing efforts to promote the canal. GAO believes that the methodology now in use by the Commission to forecast revenues is sound and comprehensive, providing enough flexibility to allow for adjustments in revenue forecasting as conditions dictate. However, because the model is so new, only time will tell whether it is a more accurate predictor of future revenue than the previous methodology, which was quite accurate. GAO found that the Commission’s primary marketing emphasis is on keeping existing clients rather than on expanding its client base. GAO was unable to identify the amount of cargo passing through the Canal destined for, or originating from, a specific port.
Foreign Assistance:
Use of Host Country-Owned Local Currencies


On the basis of field work in Tunisia and Zaire, GAO provides information on local currencies generated as a result of U.S. assistance to foreign countries. This briefing report discusses (1) ownership of the local currencies, (2) whether use of the currencies was consistent with U.S. assistance objectives, (3) the accountability requirements for local currency use, and (4) the potential for local currency generation and its use to affect host country economies.

Human Rights:
State Department’s Commitment to Accurate Reporting Has Increased

GAO/NSIAD-90-224, Sept. 26 (34 pages).

GAO reviewed the State Department’s policies and procedures for preparing the annual Country Reports on Human Rights Practices, an assessment of human rights practices in selected countries. GAO found that State has shown an increased commitment to ensuring that the human rights report is complete and accurate. State has developed guidelines that standardize the format and content of individual country reports and has instituted review procedures to ensure objectivity. However, review procedures have not always been followed, and factual errors have crept into the human rights report. GAO concludes the Bureau of Human Rights has adequate staff to oversee the preparation and publication of the report. While the Bureau has had trouble attracting Foreign Service officers in the past, at the end of GAO’s review the Bureau was fully staffed. On a related matter, State is increasing its formal training in human rights issues.

Foreign Assistance:
AID Can Improve Its Management of Overseas Contracting


Has the Agency for International Development’s procurement system become too cumbersome for effective overseas operations? As of October 1989, active overseas contracts, grants, and cooperative agreements financed by AID totaled $2.6 billion. Of this amount, $427 million
had been awarded through contracts that were subject to the requirements for full and open competition. GAO found that full and open competition requirements did increase the time required to award an overseas contract; however, the average time to award such contracts appeared reasonable when compared to (1) AID contract guidance, (2) available data on award times for AID/Washington contracts, and (3) AID officials' perceptions of reasonable overseas award times. While full and open competition did not unreasonably delay contract awards, the overseas procurement acquisition process has been hindered by problems relating to procurement planning, mission procurement management, lack of independence on the part of overseas contracting officers, and AID procurement guidance.

Central America:
Assistance to Children Affected by the Nicaraguan Civil Strife

GAO/NSIAD-91-26, Oct. 25 (31 pages).

In 1988 Congress passed legislation authorizing almost $48 million to support peace and democracy in Central America; $17.7 million of this was earmarked for medical care and other types of relief for children who were victims of the Nicaraguan strife. GAO found that the Agency for International Development complied with the law's requirements in administering the children's programs. AID selected appropriate organizations, adhered to funding restrictions, and ensured the assistance provided was authorized. Other selected organizations generally provided assistance to eligible beneficiaries and established adequate control to administer and monitor the procurement and delivery of goods and services. However, three organizations provided medical care to some ineligible people. As a result, AID and the organizations tightened their controls. Other organizations lacked adequate documentation for expenses and financial management systems, and four organizations encountered problems in implementing their projects because of delays in obtaining AID's approvals and the transfer of activities from Nicaragua.

Testimony

Foreign Agent Registration and Former High-Level Federal Officials Representing Foreign Interests, by Allan I. Mendelowitz, Director of Trade, Energy, and Finance Issues, before the Senate Committee on Commerce, Science, and Transportation. GAO/T-NSIAD-90-50, Sept. 27 (six pages).
In 1974, 1980, and 1990, GAO reported on continuing problems in the Justice Department's administration of foreign registration. Despite its recommendations to correct these problems, GAO testified that people continue to act as foreign agents without registering, registered agents are still not fully disclosing their activities and are not filing required statements on a timely basis, and officials in the executive branch are still often unaware of the requirements of the Foreign Agents Registration Act. In addition, the Justice Department's disclosure criteria are unclear. GAO also testified that between 1980 and 1985, 76 former high-level government officials represented foreign interests. GAO did not try to determine if any of these activities violated U.S. laws.


GAO testified on the management and operations of the U.S. Department of Agriculture's Commodity Credit Corporation's Export Credit Guarantee Program and Intermediate Export Credit Guarantee Program, known as the GSM-102 and GSM-103 programs. GAO indicated that the Foreign Agricultural Service, which runs the programs, needs to improve its management controls over the programs to better ensure the programs' integrity and to avoid excessive financial risk to the U.S. government. In its discussion of Iraqi involvement in the programs, GAO noted that Iraq has stopped repayment on about $2 billion in guaranteed loans. Many of these loans are from one bank, the Atlanta branch of the Banca Nazionale del Lavor (Italy's largest state-owned bank), which has been under investigation for several irregularities. Specifically, Banco Nazionale del Lavor made more than $2 billion in loans to Iraq, of which only a fraction had been authorized by higher-level bank officials; the bank made about $130 million in unauthorized Iraqi loans that were guaranteed under the GSM programs.

International Terrorism: 
FBI Investigates Domestic Activities to Identify Terrorists

GAO/GGD-90-112, Sept. 7 (47 pages).

In investigating terrorist activities, the FBI must balance its investigative needs against the First Amendment rights of individuals, including
freedom of speech and the right to peaceably assemble. In 1981—in response to an informant's allegation that the Committee in Solidarity With the People of El Salvador was involved in terrorist activities—the FBI began investigating the group; the Committee argues that the FBI investigated it because it opposed the Reagan Administration's policies in Central America. GAO looked at the FBI's investigation of possible international terrorism activities to determine how the FBI was deciding to open investigations, the scope and results of the investigations, whether the FBI had monitored First Amendment activities during the investigations, and the reasons the investigations were closed. The questionnaire and case file data show that the FBI did monitor First Amendment-type activities during some of its international terrorism investigations. However, the FBI limited GAO's access to data by removing sensitive information from the case files. The FBI also denied GAO access to open cases. As a result, GAO cannot determine if the FBI abused individual's First Amendment rights when it monitored these activities or if the FBI had a reasonable basis to monitor such activities.

Intermediate Sanctions:
Their Impacts on Prison Crowding, Costs, and Recidivism Are Still Unclear

GAO/PEMD-90-21, Sept. 7 (53 pages).

Prison crowding has reached crisis proportions in the United States. The courts have already ordered 40 states to reduce prison crowding, yet more and more offenders are receiving prison terms every day. As a result, increasing numbers of states are considering alternatives to imprisonment. Known as intermediate sanction programs, these alternatives make the twin claims of being (1) less expensive than incarceration and (2) as effective or more so than traditional probation or parole in controlling and treating offenders released into the local community. GAO found that because most existing intermediate sanction programs serve relatively few offenders, the programs have not significantly reduced prison populations, nor are they likely to. In addition, it is unclear that the lower per capita cost of intermediate sanctions translates into an overall cost savings for the state or jurisdiction mounting the program. In fact, it is possible that the programs may actually increase the total cost for corrections. GAO concludes that while some participants in intensive supervision probation or parole programs continue to be involved in crime, their threat to the public is notably less than that posed by offenders released through regular parole programs. After release, regular parolees tend to commit new crimes at an
extremely high rate. In Georgia and New Jersey, for example, the rearrest rate for parolees was almost 50 percent higher and their reconviction rates almost double that of intensive supervision probation or parole offenders.

**Drug Control:**

**Use of National Guard Aircraft in Counter-Drug Activities**

GAO/NSIAD-90-205, Sept. 7 (10 pages).

DOD's appropriations for fiscal year 1990 specifically earmarked $110 million for the National Guard to perform counter-drug missions. In response to concerns that using National Guard helicopters to fly counter-drug missions may unfairly displace commercial operators who have previously provided such services, GAO reviewed National Guard helicopter situations in three states—West Virginia, Hawaii, and California. This report discusses whether (1) it is more economical for the U.S. government to have states use National Guard helicopters rather than contract for commercial helicopters to fly counter-drug missions, (2) cost comparisons on the use of commercial versus government aircraft are being done in accordance with OMB Circular A-76, and (3) such analyses have been submitted as part of each state's justification for using National Guard helicopters.

**Drug Control:**

**Status of Obligations for Fiscal Year 1990 DOD Counternarcotics Funds**

GAO/NSIAD-90-296FS, Sept. 25 (seven pages).

DOD's most current financial obligation data indicates that as of July 31, 1990, obligation rates for counternarcotics appropriation accounts were generally lower than those for defense programs as a whole. The fiscal year 1990 DOD counternarcotics appropriation totaled $450 million. DOD officials said that delays in obligating the funds were due to late receipt of obligation authority, extensive and time-consuming reprogramming actions, DOD policy decisions requiring congressional approval, changes in counternarcotics programs required by the final appropriations act, sequestration deliberations, and apportionment issues.
Prison Expansion:
Program to Identify DOD Property for Prison Use Could Be Improved

GAO/GGD-90-110, Sept. 28 (44 pages).

As an alternative to building new prisons, military property is to be considered for use in minimum security prisons. However, GAO found that as of September 1990, the Commission on Alternative Utilization of Military Facilities has not identified any DOD property that will be converted to prison use. GAO identified three main problem areas. First, DOD did not report to the Commission bases subject to closure, some excess property, and some Army Corps of Engineers property. Second, the Commission's property identification and review process had weaknesses. Third, the property survey form used to identify and describe property had open-ended and ambiguous questions and was not pretested. In addition, because the Commission's enabling legislation does not explicitly address conversion opportunities for higher security prisons and state and local prison needs, the Commission has not addressed these needs. By addressing these needs, GAO believes that Commission could enhance its role in the reduction of prison overcrowding.

Contract Pricing:
Reviews of Defense Contractor Compensation Costs

GAO/NSIAD-90-249FS, Aug. 29 (five pages).

Compensation is one of the largest cost components incurred under government contracts. Responsibility for determining the reasonableness of contractors' compensation costs rests with the government administrative contracting officers. Beginning in October 1987, the Department of Defense gave the Defense Contract Audit Agency (DCAA) sole responsibility for reviewing contractor compensation costs. Out of 361 reviews of contractor compensation costs done by DCAA between October 1987 and December 1989, 123 involved about $340 million in unreasonable compensation. As of the end of 1989, action had been completed on 39 of these reviews. In negotiations with the government, contractors agreed to pay the government rate reductions based on approximately $17 million of the $53 million in question.
Contract Pricing:  
Implementation of Cost Estimating Regulations

GAO/NSIAD-90-290, Sept. 28 (11 pages).

Prior GAO work has shown that millions of dollars could be saved if DOD identified and promptly corrected inadequate contractor estimating systems. In March 1988, DOD made its procurement regulations more stringent regarding contractor estimating systems, and the Defense Contract Audit Agency has devoted significantly more resources to reviewing contractor cost estimating systems. While it supports these efforts, GAO found that contract auditors and administrative contracting officers have not fully complied with the revised regulations.

Tactical Fighter Aircraft:  
Differences Between the Air Force's Roadmap and the Five Year Defense Plan

GAO/NSIAD-90-262, Aug. 30 (22 pages).

In light of possible cuts in tactical forces, this report discusses the Tactical Fighter Roadmap, which represents a strategy for acquiring and maintaining the force structure desired by the tactical commanders. GAO (1) provides information on the roadmap's purpose, development, basis, and relationship to the defense budget process and (2) identifies differences between the force structure (i.e., the number of aircraft) in the October 1989 roadmap and the force structure in the amended fiscal year 1990/1991 budget and supporting April 1989 Five Year Defense Plan.

Defense Acquisition:  
Fleet Ballistic Missile Program Offers Lessons for Successful Programs

GAO/NSIAD-90-160, Sept. 6 (47 pages).

The Fleet Ballistic Missile system—the U.S. sea-based deterrent against the Soviet nuclear threat—is one of the few major weapon system acquisitions that, over the years, has consistently met or bettered its cost, schedule, and performance goals. GAO identified five factors that contributed to the system's success: (1) funding and program stability; (2) program responsibility over the system's entire life cycle from development through operations support; (3) continuity of key personnel; (4)
program office technical expertise; and (5) good management practices like open communications, independent internal evaluation, and on-site management representation at contractor plants. In examining other defense acquisition programs, GAO did not discover any “cookbook” approach to a successful weapon system acquisition; however, successful programs generally shared more of the Fleet Ballistic Missile program’s features than did unsuccessful programs. Likewise, successful programs reflected more elements of the Packard Commission model. For example, the successful programs generally had stability, high quality staff, and good communication with users.

Defense Inventory:
Controls Over C-4 Explosive and Other Sensitive Munitions

GAO/NSIAD-90-221BR, Sept. 7 (16 pages).

Composition C-4 is a semiplastic, putty-like explosive used by the military. Because it is highly sought after by paramilitary groups and other illicit organizations, GAO reviewed the military’s controls over this substance. GAO did not find major losses or thefts of C-4 or other explosives from supply systems. GAO’s work at Fort Lewis, Washington, and at Fort Stewart, Georgia, shows that the Army has a number of measures in place to strengthen controls over ammunition and explosives. Overall, the Army has made significant progress in overcoming weak internal controls—pointed out in earlier reports by GAO and others—that resulted in large thefts of ammunition and explosives. While Army criminal investigative activity reports show that from 1986 to 1989 incidents of lost or stolen C-4 explosive and other sensitive munitions generally declined, GAO is concerned that these reports do not provide a complete picture because installation officials do not always forward the required reports of these incidents to the headquarters law enforcement. Data from the Bureau of Alcohol, Tobacco, and Firearms on stolen and recovered explosives for 1979 through May 1990 showed that military explosives continue to be recovered in substantial amounts. However, identifying where recovered explosives came from is often difficult and recently discovered C-4 could have been stolen in the years before DOD beefed up its controls over ammunition and explosives.
Military Bases:
Information on Air Logistics Centers

GAO/NSIAD-90-287FS, Sept. 10 (12 pages).

Air Force Logistics Centers are responsible for maintaining, modifying, and repairing specific types of aircraft, engine, and repairable parts. This fact sheet provides information on the performance and capacity for depot maintenance operations at five centers located at Hill Air Force Base, Utah; Tinker Air Force Base, Oklahoma; McClellan Air Force Base, California; Kelly Air Force Base, Texas; and Robins Air Force Base, Georgia.

Defense Personnel:
Standards for Joint Duty Tour Length Averages Being Met

GAO/NSIAD-90-254BR, Sept. 10 (six pages).

GAO looked at whether the average length of military officers’ joint duty tours was consistent with the requirement that—starting in fiscal year 1991—the average length of joint assignments for (1) general/flag officers shall not be less than two years and (2) other officers shall not be less than three years. Even though not yet required by law, DOD’s interim policy is to adhere to the prescribed average tour lengths to the maximum extent possible. For assignments that ended in fiscal year 1989, GAO found that the average tour length for general/flag officers of each service exceeded two years, and the average tour length for field grade officers of each service exceeded three years.

Tactical Missiles:
Issues Concerning the Navy’s Requirements Determination Process


The costs associated with developing and procuring Navy tactical missile systems exceed billions in current year dollars. In view of potential reductions in defense spending, GAO reviewed the Navy’s requirements determination process to find out (1) how operational requirements were developed, defined, and stated and (2) how the total number of weapons that are needed to support the requirement was established. GAO discovered inconsistent adherence to DOD guidance in determining requirements for the three tactical missile systems GAO reviewed—the Standoff Land Attack Missile, the Advanced Interdiction Weapon
System, and the Standard Missile II Block IV System. Key requirements documents were often unapproved or missing. Furthermore, the process by which inventory objectives were established was not always clear or well documented, and it was impossible to quantitatively match inventory objectives of Navy tactical missiles to military requirements.

**B-2 Bomber:**
**Proposed Revision to Fiscal Year 1991 Budget Request**

GAO/NSIAD-90-301BR, Sept. 24 (six pages).

In 1986 DOD estimated the cost of procuring 133 B-2 aircraft—six development and 127 production planes—at about $58 billion. Since then, schedule and funding problems have resulted in a series of revisions to the program quantity and schedule, along with increases in the program cost estimate. This briefing report compares the procurement plan and a revised fiscal year 1991 budget request for the B-2 proposed by the Secretary of the Air Force in July 1990 with the procurement program approved by Congress through fiscal year 1990.

**Special Operations Forces:**
**Army Plans Highly Concurrent Acquisition Strategy for Costly Helicopters**

GAO/NSIAD-90-267, Sept. 28 (14 pages).

GAO found that the Army plans to award full-rate production contracts for special operations forces helicopters before it completes developmental testing and long before it completes operational testing. This strategy increases the chances of having to make expensive retrofits on production helicopters to correct deficiencies identified in testing rather than limiting the risk to only those systems produced in a low-rate initial production run. Further, the Army plans to field these systems without an important self-defense capability required for certain missions. The Army now reports total special operations forces helicopter modification program costs at about $1.36 billion. However, GAO believes that a more accurate cost estimate is at least $2.1 billion because some component and airframe costs are being reported and paid for by Army activities rather than by the special operations forces product office.
Unmanned Aerial Vehicles: 
Realistic Testing Needed Before Production of Short-Range System

GAO/NSIAD-90-234, Sept. 28 (29 pages).

GAO reviewed DOD's current acquisition strategy for the Short-Range Unmanned Aerial Vehicle (UAV) system, which involves doing operational testing before beginning low rate production. Despite the importance of realistic operational testing, GAO found that the Short-Range UAV acquisition strategy relies on desert testing—an environment that is unrepresentative of the locales where the system will ultimately be used. GAO is concerned that this strategy will cause DOD to begin production on the basis of test results that may not be a valid indicator of the system's ability to perform under diverse conditions and environments. DOD also plans to begin full-rate production of the Short-Range system before verifying that it can be modified to meet Navy requirements.

Test and Evaluation: 
Improvements Are Being Made in the Department of Defense's Test Planning

GAO/NSIAD-90-303, Sept. 28 (nine pages).

GAO reviewed DOD's test planning processes, in particular the Test and Evaluation Master Plan (TEMP) process. GAO found that DOD has strived to improve test planning processes and has made several improvements in TEMP guidance. More specifically, GAO found that the military services have each instituted similar TEMP and test planning processes in accordance with Office of the Secretary of Defense guidance. In addition, DOD has adequately identified the key weaknesses and strengths of the TEMP and test planning processes. GAO believes that DOD's actions address historical weaknesses and, if properly implemented, should significantly improve the timeliness and quality of TEMPS and the test planning process.

Navy Ships: 
Costs of Homeporting the U.S.S. Missouri in Pearl Harbor Versus Long Beach

GAO/NSIAD-90-239SR, Sept. 28 (26 pages).

GAO found that homeporting the U.S.S. Missouri in Pearl Harbor will be more costly to the Navy than homeporting the battleship permanently in
Long Beach. Excluding family housing cost, the total estimated non-recurring cost to homeport the battleship in Pearl Harbor is $63.6 million compared to $17 million in Long Beach. The naval shipyards at both Pearl Harbor and Long Beach have the facilities and skilled work forces needed to dry-dock and overhaul the battleship. However, in January 1990, the Secretary of Defense proposed closing the Long Beach shipyard as part of the planned military reduction effort. On a separate matter, GAO also compared the value of the Manana Storage Area and Pearl City Junction properties with the minimum compensation the Navy can accept for conveying the properties to the State of Hawaii.

Navy Fielded Systems: Operating and Support Costs Not Tracked

GAO/NSIAD-90-246, Sept. 28 (six pages).

GAO found that the Navy’s operating and support cost expenditure data for two weapon systems—the F/A-18 and SH-60B—did not provide a sufficiently reliable indication of actual costs expended to operate and the two aircraft systems. The limitations and problems with the VAMOSC-AIR Total Support System were beyond the scope of this study. However, until they are resolved, GAO believes that a reliable determination of the operating and support cost expenditure data for the two weapon systems cannot be made.

Army Housing: Overcharges and Inefficient Use of On-Base Lodging Divert Training Funds

GAO/NSIAD 90-241, Sept. 28 (55 pages).

The Army spends billions of dollars each year to train its military personnel in the individual and collective tasks essential to success on the battlefield. The per diem paid to soldiers undergoing training while in travel status accounts for part of this cost. All the military services have facilities to lodge personnel who are in travel status. GAO found that because of the absence of effective controls and adequate management attention, the Army has overcharged official travelers and their home commands millions of dollars for transient lodging and has used the excess charges to subsidize other activities. The Army commingled service charges, derived from appropriated funds intended primarily for training, with nonappropriated funds from other Morale, Welfare, and
Recreation activities in a single fund. This practice is a violation of congressional and DOD directives and has the effect of diverting Army training funds to other uses. For example, GAO found that the Army has used lodging funds collected from transient soldiers to provide questionable amenities for distinguished visitors’ quarters and has paid for more expensive off-base lodging when there were vacancies on base.

DOD Procurement:  
Cost-Per-Copy Service Can Reduce Copying Costs

GAO/NSIAD-90-276, Sept. 28 (79 pages).

DOD spends over $100 million a year on photocopying services. Before the introduction of cost-per-copy service as a procurement option, DOD leased and bought copiers. Under cost-per-copy service, a vendor furnishes a copier, maintenance, and supplies, and the government’s cost is tied to the number of copies made. GAO found that the terms of conditions of such service vary by contract and that neither DOD nor the General Services Administration has provided guidance on contract terms. While cost feasibility studies by the military departments could be improved, GAO concludes that cost-per-copy service is a cost-effective option for the government. To expand the use of this service, a central source of information on the availability of cost-per-copy service by geographic area needs to be developed and distributed to copy managers.

Strategic Forces:  
Minuteman Weapon System Status and Current Issues

GAO/NSIAD-90-242, Sept. 28 (20 pages).

The Air Force now plans to retain the Minuteman II and III missile force through fiscal year 2008. Introduced about 25 years ago, these missiles have served as a nuclear deterrent for longer than initially envisioned. Over the extended lives of the systems, questions have arisen over their continued reliability and operational effectiveness, particularly the Minuteman II system. Limited flight testing, due to a shortage of test missiles, and reduced reliability caused by age-related deterioration of guidance computers and propulsion motors are two factors undermining confidence in the Minuteman II. GAO believes that the Minuteman II could be retired before 1998 as presently contemplated under an assumption of a Strategic Arms Reduction Talks agreement. An alternative would be to reinstate the Air Force’s plans to replace deteriorated missile components and acquire the assets needed to resume flight
testing at rates necessary to restore and sustain confidence in the system's performance through fiscal year 2008. However, on the basis of current test schedules, GAO is concerned that components to test the missile's warheads will be depleted by about 1999.

Navy Contracting:
Ship Construction Contracts Could Cost Billions Over Initial Target Costs


At the start of fiscal year 1990, the estimated cost of the Navy's open shipbuilding and conversion fixed-price contracts had risen $5.5 billion over the initial target cost. The reasons for this cost growth are many and varied. Contract cost overruns, according to shipyard and Navy officials, often result from low bids for Navy shipbuilding contracts that historically have experienced program changes and increased costs. Contract adjustments and claims also contribute to increased costs. Due to Navy budgeting procedures and practices and redistribution authority, the Navy now has funds in its accounts to cover its share of the cost growth. However, some contract implementation practices for contracts experiencing cost overruns, as well as some adjustment and claim trends, may have future cost implications for the Navy.

Military Training:
Its Effectiveness for Technical Specialties Is Unknown

GAO/PEMD-91-4, Oct. 16 (103 pages).

The ability of the armed forces to carry out their missions into the next century will depend on both hardware and personnel considerations: the reliability and appropriateness of weapons systems, the quality of military personnel, and the "fit" of human skills to the operating demands of weapons systems. GAO found that the aptitude level of recruits did increase during the 1980s but that most of the improvement took place during the first half of the decade. Since then, there has been little change in general aptitude for training; some of the more technical skill levels have, in fact, declined among recruits. Women and minorities consistently scored lower in tests used to assign recruits to technical positions like radar specialists. For most recruits, the service's selection criteria are moderately successful at predicting individual performance
Reports and Testimony: October 1990

during classroom technical training. However, they are notably less successful for women and minority recruits. While each service has evaluation mechanisms in place, only the Army systematically collects field performance data that would allow comparison of a graduate's on-the-job performance with his or her entry-level ability and classroom performance. These data reveal an even weaker connection for women and minorities between criteria used to assign them to technical specialties and their later field performance. GAO believes that the insensitivity of selection and placement measures as predictors of future success for female and minority recruits is a matter of serious concern in view of the military's increasing reliance on these groups to do technical work.

U.S.-NATO Burden Sharing:
Allies' Contributions to Common Defense During the 1980s

GAO/NSIAD-91-32, Oct. 23 (70 pages).

Burden sharing refers to the financial contributions made by the United States and each of its allies toward the common defense of the free world. GAO found that during the 1980s, the United States had one of the best burden sharing records among all member nations, assuming a relatively greater share of the economic burden of defending NATO than did its allies. Many member nations, however, made expenditures and took political risks within and outside NATO's boundaries to support common interests. Although these activities have benefitted free world interests, they have not alleviated the need for individual allies to address their commitments to NATO. Prospects for the conclusion of a NATO-Warsaw Pact conventional armed forces agreement within a year and perhaps even further-reaching agreements in the future are increasing. Yet, notwithstanding the prospects for force reductions, GAO concludes that defense burden sharing will remain as important, if not more so, in coming years. A reduction of NATO and Warsaw Pact forces would result in a greater reliance on the quality of defense, necessitating more balanced, modern, and technologically advanced forces. In addition, a more complex verification process would be required. GAO believes that improved NATO-Warsaw Pact relations and budgetary problems make it questionable whether the necessary resources will be made available to address some of the NATO members' most serious and expensive problems.
Internal Controls: 
Funding of International Defense Research and Development Projects


GAO reviewed the practices and procedures the Navy and the Office of the Secretary of Defense used to disburse fiscal year 1988 funds to NATO. These funds were to be used to support NATO conventional warfare research and to encourage a more equitable sharing of research and development costs among NATO nations. GAO found that the Navy and the Office of the Secretary of Defense lacked sufficient internal controls to ensure that the funds disbursed to NATO were actually used for the purposes intended. Currently, there are no written DOD directives or instructions for the NATO research and development project certification and funding process.

Natural Resources

Mineral Revenues:
Progress Has Been Slow in Verifying Offshore Oil and Gas Production

GAO/RCED-90-193, Aug. 31 (12 pages).

Seven years after passage of the Federal Oil and Gas Royalty Act of 1982, GAO found that the Department of the Interior still lacks a fully operational program for verifying that all oil and gas production is accurately reported for royalty determination purposes. Interior's Minerals Management Service recently initiated two programs intended to verify the accuracy of reported oil and gas production. Although neither program is fully implemented, results for the first six months indicated that the volume of oil produced is being accurately reported. Preliminary results of the pilot gas production verification program found minor volume discrepancies. Although the act requires annual inspections of lease sites that have significant production or a history of noncompliance with laws and regulations, Minerals Management Service has not defined the terms and consequently has not determined which lease sites are subject to this inspection mandate.
Hydroelectric Dams: 
Issues Surrounding Columbia River Basin Juvenile Fish Bypasses

GAO/RCED-90-180, Sept. 6 (54 pages).

Hydroelectric facilities in the Columbia River Basin have contributed to an estimated 80 percent decline in the numbers of salmon and steelhead trout that migrate to the ocean as young fish and return as adults to spawn. The Army Corps of Engineers decided not to build bypasses at two dams to help young fish migrate because the economic benefits would not outweigh the costs. However, fish and wildlife agencies, Indian tribes, and others contend that the Corps' decision rests on a flawed analysis. This report examines the Corps' (1) use of benefit and cost analysis and a computer model used to estimate benefits, (2) consideration of other factors in its benefits estimates, and (3) consideration of the views of outside groups in deciding against construction of the bypasses. GAO also discusses bypass effects on fish survival.

Public Lands: 
Limited Progress in Resource Management Planning

GAO/RCED-90-225, Sept. 27 (35 pages).

The Department of the Interior's Bureau of Land Management administers 270 million acres of federally owned lands. These areas—called "public lands"—contain minerals, timber, rangeland, fish and wildlife habitat, recreation areas, and cultural and historic sites. Over 13 years have passed since enactment of the Federal Land Policy and Management Act, yet GAO found that the Bureau has completed less than half of the 136 resource management plans needed to guide the management of the public lands. The Bureau estimates that it will finish all 136 plans by 1997. GAO believes that the planned goals and decisions of those plans completed are of limited practical value unless the Bureau converts the goals and decisions into on-the-ground actions. Although the act directed the Bureau to give priority to designating and protecting areas of critical environmental concern, GAO found that the Bureau has given its field office managers broad discretion in making decisions on these areas. Inconsistent designations have resulted, and areas of critical environmental importance were not even singled out as a planning issue in some of the plans GAO reviewed.
Recreation Facilities: Weaknesses in the Corps' Procedures Highlighted by Arcadia Lake Dispute

GAO/RCED-90-185, Sept. 28 (43 pages).

The U.S. Army Corps of Engineers has been designing and building recreational facilities at Corps reservoirs since the 1940s. At the Arcadia Lake Project in Edmond, Oklahoma, projected costs had risen more than 250 percent during the past decade. As a result, the Edmond City Council refused to pay the Corps its 50 percent share of the costs for three parks the Corps had built at Arcadia Lake. The Department of Justice sued Edmond in 1989 to force the city to pay its share of the costs, and the federal courts are expected to act on the matter in November 1990. This report (1) describes the events that led to the lawsuit and (2) evaluates whether the Corps' new procedures for all cost-share projects nationwide, developed in response to the Water Resources Development Act of 1986, will address the underlying issues in the dispute and thereby prevent similar disputes at these projects.

Science, Space, and Technology

Biotechnology: Processing Delays Continue for Growing Backlog of Patent Applications

GAO/RCED-90-231, Sept. 28 (14 pages).

The swift granting of a patent encourages both investment in biotechnology research and the commercialization of related inventions. Unfortunately, despite actions by the U.S. Patent and Trademark Office designed to accelerate decisions in biotechnology patents, processing delays continue for a growing backlog of biotechnology patent applications. GAO found that during calendar year 1989 and the first half of 1990, the inventory of unexamined biotechnology patent applications rose by about one third—from about 6,200 to about 8,200. This report discusses the (1) extent of the current backlog, (2) current impact of actions by the Patent and Trademark Office to accelerate decisions on biotechnology patents, and (3) impact of continuations on reported patent pendency time in 1989.
Social Services

Respite Care:
An Overview of Federal, Selected State, and Private Programs

GAO/HRD-90-125, Sept. 6 (66 pages).

Respite care refers to temporary child care provided to relatives and other caretakers of retarded, handicapped, ill, and emotionally distributed children. Often these households are highly stressful either because of the burden of caring for a disabled child or because of financial and other worries. The goal is to relieve such stress temporarily, thereby bolstering family unity and preventing child abuse and neglect. This report examines the availability and use of respite care services. GAO discusses (1) the characteristics, nature, and availability of respite care services; (2) the views of caregivers on the services provided; and (3) suggestions for improving respite care services and enhancing the federal role.

Low Income Energy Assistance:
Legislative Changes Could Result in Better Program Management

GAO/HRD-90-165, Sept. 7 (eight pages).

States are limited in their ability to manage their heating assistance programs because they normally receive funds from the Low Income Home Energy Assistance Program after the heating season has begun and after they have decided on the benefits to be provided to eligible participants. In addition, the Department of Health and Human Services does not have enough flexibility to respond to unanticipated energy cost increases that can occur as a result of unusually severe weather or fuel price increases. HHS and the states could better manage the program if (1) it were forward funded so the states would know exactly how much federal assistance they would receive before they begin handling applications for heating assistance and (2) HHS had some discretion in how funds are allocated to the states to enable it to react to unanticipated energy-related circumstances.

Low Income Home Energy Assistance:
A Program Overview

GAO/HRD-91-1BR, Oct. 23 (59 pages).

The Low Income Home Energy Assistance Program provides eligible households with assistance for home energy costs. Assistance is available to (1) help families pay heating and cooling costs, (2) prevent
energy cutoff in crisis situations, and (3) help families make their homes more energy efficient. This report provides background information on the program in preparation for the program's reauthorization in 1990.

Childrens' Issues:
A Decade of GAO Reports and Recent Activities

GAO/HRD-90-162, Sept. 21 (57 pages).

This report provides a comprehensive overview of GAO reports and activities since 1980 on children's issues. Reports, testimony, and published articles and papers independently prepared by GAO staff are summarized. As defined for this document, "children's issues" include a wide range of federal programs and policy areas affecting children (from birth to age 18) and their families. Infant mortality, access to health care, poverty, homelessness, early childhood education and child care, and foster care are some of the issues discussed in the publications cited.

Tax Policy and Administration

Tax Administration:
IRS Needs to Assess Options to Make Faster Deposits of Large Tax Payments

GAO/GGD-90-120, Aug. 31 (13 pages).

Normally, IRS requires its service centers to deposit tax payments at a bank within 24 hours of receipt, a goal that is generally met. Around each April 15 filing deadline, however, the government loses substantial interest earnings because of delays in depositing individual income tax payments. GAO found that the Cincinnati and Philadelphia Service Centers averaged about seven days to deposit about $6 billion in individual income tax payments received between April 15 and May 7, 1990. Until additional taxpayer payment methods like electronic funds transfer and credit cards become reality, GAO suggests that IRS reduce deposit times and increase government interest earnings by isolating and expediting the deposit of large tax payments. This report (1) discusses several approaches IRS might use to isolate and expedite the deposit of large tax payments and (2) provides some information on the advantages and disadvantages of each approach.
Information Returns: Administration of Selected Filing Penalty Cases at Austin Service Center

GAO/GGD-90-99, Sept. 28 (23 pages).

GAO reviewed IRS' administration of the information return filing penalty, which is supposed to be assessed on late returns, returns filed in improper formats, or returns not filed on magnetic tape when required. In general, the vast majority of computer-generated penalty assessments GAO reviewed at the Austin Service Center were appropriate based on IRS' assessment and abatement criteria; however, GAO found that problems often arose from IRS staff manually assessing penalties or making penalty abatements. IRS also erroneously granted abatements to some taxpayers, while other taxpayers needlessly paid a penalty because they failed to request an abatement that they were entitled to. While GAO's findings are applicable only to the case files it analyzed, the results provide insights into problems facing the Austin Service Center and, potentially, other IRS Service Centers in administering the information return filing penalty. Whether GAO's findings are symptoms of service-wide problems remains a key question for IRS as it develops guidance for implementing legislative changes and considers modifying IRS' processing procedures and internal controls to increase the efficiency and effectiveness of the program.

Testimony

IRS' Accounts Receivable Inventory, by Paul L. Posner, Associate Director for Tax Policy and Administration Issues, before the Subcommittee on Oversight, House Committee on Ways and Means. GAO/T-GGD-91-2, Oct. 18 (13 pages).

GAO testified on IRS' accounts receivable from federal government agencies for employment taxes and on IRS' largest accounts receivable—accounts comprising 10 percent of the $67.7 billion receivables inventory. In the first quarter of 1990, federal agency receivables accounted for $185 million while the 98 largest receivables accounted for $6.2 billion. Most of the amounts unresolved as of August 1990 were erroneously recorded as receivables because of bookkeeping errors caused by both IRS and taxpayers; however, when GAO looked at the 63 largest federal accounts, six of the accounts resolved so far consisted of late agency payments on employee taxes. In addition to undermining the image of federal agencies as model taxpayers, the failure to make timely tax payments caused the Social Security Trust Fund to lose interest revenue. In GAO's view, actions like simplifying the federal tax deposit
system for federal agencies and all taxpayers and enhancing efforts to reduce the number of erroneous assessments and misapplied assessments will go a long way toward the prevention of overstated receivables.

Transportation

Air Travel:
Effectiveness of State Consumer Protection Efforts Vary


GAO looked at how four states—California, New York, Ohio, and Texas—try to protect consumers from unfair and deceptive trade practices in the travel industry. While all four states have broad statutes prohibiting unfair and deceptive trade practices and, in fact, three states also have narrower statutes prohibiting specific travel-related practices, several problems continue to plague the travel industry. First, some financially troubled tour operators are not delivering the services they promised. Second, consumers have lost millions of dollars to travel scams. Third, airline advertising practices sometimes violate state laws against unfair and deceptive trade practices. This report discusses the extent to which state action in response to these problems is limited by federal restrictions on the states’ consumer protection role.

Truck Safety:
Need to Better Ensure Correction of Serious Inspection Violations

GAO/RCED-90-202, Sept. 28 (48 pages).

In 1989 states did 1.3 million commercial motor vehicle inspections and ordered almost half a million vehicles and 82,000 drivers off the nation’s highways. Out-of-service orders record vehicle mechanical defects and driver deficiencies so serious that the truck and driver are not allowed back on the road until the problems are corrected. Yet GAO found that the Federal Highway Administration and the states do not know the extent of noncompliance with out-of-service orders. Results from studies funded by the Federal Highway Administration show an overall trucker noncompliance rate of 12 percent, although noncompliance rates in specific states ranged from nine to 53 percent. The studies also indicate that drivers left unattended at inspection sites are more likely to continue their trips without correcting out-of-service violations. GAO believes that detection of serious violations means little unless they are properly corrected. This report evaluates federal and state efforts to
improve truck safety and discusses several ways the Federal Highway Administration and the states could increase compliance.

Scenic Byways:
A National Program, If Created, Should Be Small Scale

GAO/RCED-90-241, Sept. 28 (38 pages).

Interest in establishing a national scenic byway program dates back to the mid-1960s. By 1986 the President's Commission on Americans Outdoors had suggested the creation of a national network of state and locally designated scenic byways to preserve the scenic or historic character of lesser travelled roads. As Congress deliberates reauthorization of the federal highway program in 1991, creation of a national scenic byway program is again being considered. GAO reviewed various scenic byways designated by state and private organizations to (1) determine the characteristics of selected byway programs and activities, (2) determine the criteria states use to designate byways, and (3) identify issues raised by scenic byway officials concerning the creation of a national scenic byways program. GAO believes that a national scenic byways program should be of limited scope for several reasons. First, there is little enthusiasm among state byway officials for a large program. Most officials GAO spoke with, however, would support a small-scale program to help the exchange of scenic byway information between the states and to promote byways created for tourism. Second, given the limited funding available for the construction and repair of the nation's bridges and roads, increased funding for a scenic byways program may not be warranted at this time.

Testimony


Federal Railroad Administration and state railroad inspectors are responsible for inspecting the nation's 580 railroads, which use 258,000 miles of track. GAO testified that as a result of major problems in the way FRA is running its rail safety inspection program, there is little assurance that the nation's railroads are operating safely. GAO recommends defining inspection coverage, refining the approach to targeting inspections, establishing a follow-up inspection program, and ensuring that safety standards are uniformly applied.
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