

May 1997

# Reports and Testimony: May 1997

## Highlights

### Bosnia Peace Operation

*Peacekeeping operations in Bosnia—estimated to cost the United States at least \$7.7 billion—have helped Bosnia to take the first steps toward achieving the Dayton Agreement’s goal of a unified, democratic country. However, the leaders of Bosnia’s three major ethnic groups have yet to embrace reconciliation, and the country remains politically divided and economically moribund. Page 24.*

### Courthouse Construction

*In a sample of seven U.S. district courts, courtrooms were idle, on average, about 46 percent of the days available for court activities. Usage rates, as an indicator of space needed, are not collected by the judiciary and factored into its plans for building courtrooms, which can cost between \$640,000 and \$1.3 million each, depending on location. Page 15.*

### Medicare Transaction System

*By the year 2000, Medicare will process more than a billion claims and pay \$288 billion in benefits annually. To keep up, Medicare plans to spend \$1 billion to replace nine processing systems with the unified Medicare Transaction System. Despite some progress, critical weaknesses call into serious question whether MTS, without significant change, will perform as required. Page 22.*

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# Reports and Testimony: May 1997

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## Agriculture and Food

### **Packers and Stockyards Programs: USDA's Response to Studies on Concentration in the Livestock Industry**

[GAO/RCED-97-100](#), Apr. 23 (25 pages).

Concentration in the meatpacking industry has been a matter of concern since the turn of the century, when five firms controlled 55 percent of the market. This situation led to the 1921 passage of the Packer and Stockyards Act, which created a division within the Agriculture Department (USDA) to ensure fair business practices, such as prompt and accurate payment, and to detect and prevent anticompetitive behavior. An October 1991 GAO report ([GAO/RCED-92-36](#)) found that the industry had become even more concentrated than it was in 1921: four firms controlled 70 percent of the meatpacking industry. Since then, industry concentration has intensified, with four firms controlling 81 percent of the industry as of 1995. This report discusses (1) whether USDA's February 1996 report on concentration in the meatpacking industry identified the geographic boundaries of livestock procurement markets; (2) whether the report provided guidance on how to monitor these markets; (3) whether, as a result of the report, USDA had identified additional data that the Grain Inspection, Packers, and Stockyards Administration (GIPSA) could use to strengthen its monitoring of these markets; and (4) the steps that GIPSA plans to take as a result of this report. GAO also presents the views of the Justice Department on the usefulness of GIPSA's data for conducting its regulatory responsibilities in the livestock procurement markets.

### **Farm Service Agency: Additional Actions Needed to Address Employee Conflict-of-Interest Issues**

[GAO/RCED-97-104](#), Apr. 25 (23 pages).

Through its farm credit programs, the Farm Service Agency (FSA) makes loans at less-than-market interest rates to borrowers with limited resources. As a result of agency consolidations, FSA now has a number of its own employees, members of county farmer committees, and family members and business associates of these groups participating in the farm credit program. FSA is starting to phase out the eligibility of all of its employees for farm loans and has been trying to identify cases requiring action to avoid conflicts of interest. This report reviews the (1) number of FSA federal and nonfederal employees as well as county committee

members with FSA farm loans; (2) comparative size and repayment history of farm loans to FSA federal employees, FSA's nonfederal employees, county committee members, and other FSA borrowers; (3) number of cases FSA has identified requiring action to avoid conflicts of interest; and (4) measures FSA has taken to address these cases.

**Agricultural Inspection:  
Improvements Needed to Minimize Threat of Foreign Pests  
and Diseases**

GAO/RCED-97-102, May 5 (29 pages).

Foreign pests and diseases entering the United States cost an estimated \$41 billion annually in lost production and expenses for prevention and control. The Agriculture Department's Animal and Plant Health Inspection Service is responsible for protecting U.S. agriculture by inspecting passengers and cargo entering the country. Since 1990, however, the rapid growth in international trade and travel has dramatically increased the amount of cargo and the number of passengers that the Service must examine. Moreover, policy changes to facilitate trade and customer service have put pressure on the Service to conduct inspections more quickly to speed the flow of passengers and trade. Despite increased funding and added staff, the Service is struggling to keep pace with its increased workload. Heavy workloads have led to shortcuts, which raise questions about inspection efficiency and effectiveness. On a broader scale, the Service's efforts to address its workload problems have been hampered by inadequate information for determining how best to deploy its inspectors. As a result, the Service may not be targeting its limited inspection resources at those ports of entry that are most vulnerable to the introduction of pests and diseases.

**Food Stamp Program:  
Characteristics of Households Affected by Limit on the  
Shelter Deduction**

GAO/RCED-97-118, May 14 (52 pages).

Under the Food Stamp Program, a household's net monthly income is one of several factors used to calculate the food stamp benefit. Net monthly income is determined by subtracting various approved deductions from a household's gross monthly income. One of these deductions is for shelter expenses that exceed 50 percent of a household's income after other

allowable deductions have been taken. This deduction, known as the “excess shelter expenses deduction,” includes rent, mortgage payments, utility bills, property taxes, and insurance. The deduction is designed to take into account the effect of higher-than-average shelter costs on a low-income household’s ability to buy an adequate amount of food. The welfare reform act retained an existing cap on the amount of excess shelter expenses that can be deducted from income for households receiving food stamps without elderly or disabled members. As a result, some households will receive a smaller food stamp benefit. This report describes, for fiscal year 1995, the (1) characteristics of households whose food stamp benefits were limited because of the cap on their deduction for excess shelter expenses and (2) extent to which food stamp benefits would have been higher for those households if there had not been a cap.

**School Meal Programs:  
Sharing Information on Best Practices May Improve  
Programs’ Operations**

[GAO/RCED-97-126](#), May 21 (35 pages).

In fiscal year 1997, the Agriculture Department (USDA) will provide more than \$6 billion in cash reimbursements and more than \$600 million in commodities to the two largest school meal programs. Although USDA regulates and oversees the school meal programs, the states and local school food authorities have flexibility in purchasing, distributing, and preparing the food that is served to students. Some states and local school food authorities have developed unique and innovative approaches to help run these programs more efficiently. To learn how these “best practices” might apply to the school meal programs, this report (1) identifies state and local school food authority operating practices that are generally recognized as best practices by USDA, states, and other officials; (2) determines whether some of these best practices could be replicated by other states and local school food authorities; and (3) reviews the training and technical assistance that USDA provides to the states and local school food authorities to help them better manage the school meal programs. GAO reviews two best practices in depth—Pennsylvania’s computerized system for ordering commodities from USDA and Texas’ use of the Defense Department’s commodity purchasing infrastructure to buy fresh fruits and vegetables.

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## Budget and Spending

### **Budget Issues: Fiscal Year 1996 Spending by Budget Function**

[GAO/AIMD-97-95](#), May 13 (64 pages).

This report provides information on federal spending by budget function and subfunction for fiscal year 1996. GAO displays agency spending in terms of gross obligations reported against the broad federal mission areas described by budget function classifications. GAO (1) provides a brief description of each budget function and subfunction, (2) provides a series of tables that classify department and agency spending by subdepartment and by subfunction, and (3) summarizes spending for each budget function and subfunction by federal departments and subdepartments.

### **Budget Trends: Federal Investment Outlays, Fiscal Years 1981-2002**

[GAO/AIMD-97-88](#), May 21 (19 pages).

During the past decade, concerns have been raised about the declining levels of federally and domestically financed investment and national savings. Continued efforts to reduce the federal deficit could help boost national savings and expand domestic capital available for private investment. At the same time, reducing the deficit constrains the government's discretionary spending, which finances most federal investment. As the constraints on discretionary spending have tightened with the broad agreement to balance the budget by fiscal year 2002, legislative proposals before Congress have sought to promote long-term economic growth in the private sector. This report provides trend data and estimates of future outlays for investments through fiscal year 2002.

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## Civil Rights

### **Bilingual Voting Assistance: Assistance Provided and Costs**

[GAO/GGD-97-81](#), May 9 (56 pages).

The Voting Rights Act of 1965 was intended to protect the voting rights of U.S. citizens of certain ethnic groups whose command of the English language may be limited. The legislation's "bilingual voting assistance requirements" apply to ethnic groups in 422 jurisdictions, mainly counties, in 28 states. Critics of the bilingual provisions charge that the

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implementation of these requirements has proved costly and has been of questionable benefit in boosting voter turnout among targeted ethnic groups. This report reviews (1) the types of assistance that jurisdictions provided for the 1996 general election and (2) how much covered jurisdictions spent to provide voting assistance in 1996 and in earlier years.

**Indian Programs:  
BIA's Management of the Wapato Irrigation Project**

[GAO/RCED-97-124](#), May 28 (24 pages).

In the late 19th century, Congress began authorizing funds to build Indian irrigation projects. The goal was to spur economic development on Indian reservations and to meet federal legal obligations. Today, the Bureau of Indian Affairs (BIA) manages more than 70 projects that deliver water to about 1 million acres of reservation land. The Wapato Irrigation Project, located on the Yakama Indian Reservation in Washington State, irrigates about 142,000 acres. The cost to run the project, which BIA has designated as self-sustaining, is to be covered by annual assessments against all irrigable acres. The project has contributed substantially to the local economy, but, over the years, the project has fallen into disrepair, and many irrigated acres are idle. Estimates of the cost to bring the project back to operating condition range as high as \$200 million. This report examines the (1) key reasons for the project's idle acreage and the steps that can be taken to return these lands to agricultural production, (2) main reasons why operation and maintenance assessments for the project are past due, and (3) obstacles that BIA will face in trying to collect the past due assessments.

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## Education

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### Testimony

Department of Education: Multiple, Nonintegrated Systems Hamper Management of Student Financial Aid Programs, by Cornelia M. Blanchette, Associate Director for Education and Employment Issues, before the Senate Committee on Labor and Human Resources.  
[GAO/T-HEHS/AIMD-97-132](#), May 15 (eight pages).

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This testimony discusses the Education Department's information management systems that support student financial aid programs, including the Federal Family Education Loan Program, the Ford Direct Loan Program, the Federal Pell Grant Program, and campus-based programs. In academic year 1998-99, these programs will make more than \$47 billion available in loans, grants, and other aid to about 8.1 million students. GAO is concerned that without effective information management that would result from fully implementing recent legislation (the Clinger-Cohen Act), the multiple, nonintegrated information systems run by the Department may hamper its management of student financial aid programs.

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## Energy

### **Department of Energy: Funding and Workforce Reduced, but Spending Remains Stable**

[GAO/RCED-97-96](#), Apr. 24 (31 pages).

In fiscal year 1996, the Department of Energy (DOE) had a \$17.4 billion budget and a contractor workforce totaling 127,850 workers. Like many other agencies, DOE has been downsizing. Overall funding, spending, and workforce reductions took place from fiscal years 1994 to 1996. However, budget cuts did not result in commensurate reductions in spending. DOE spent nearly the same in fiscal year 1996 as it had in 1994. DOE's overall federal workforce declined by more than six percent, and its contractor workforce declined by 20 percent. About half of the cuts in the federal workforce took place at headquarters, while the remainder occurred in DOE field offices. Despite these overall reductions, some programs saw an increase in their spending and workforces. For example, as the defense nuclear production facilities have been transferred to the Environmental Program, spending rose by \$682 million, or about 11 percent, between fiscal years 1994 and 1996. However, none of DOE's major programs experienced increases in their contractor workforce.

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## Testimony

Cleanup Technology: DOE's Program to Develop New Technologies for Environmental Cleanup, by Victor S. Rezendes, Director of Energy, Resources, and Science Issues, before the Subcommittee on Oversight and Investigations, House Committee on Commerce. [GAO/T-RCED-97-161](#), May 7 (16 pages).

In 1989, the Energy Department established within its Office of Environmental Management a technology program whose mission is to develop new technologies to reduce environmental cleanup costs, reduce risks, and do what cannot be done with conventional methods. About \$2 billion has been spent on this effort, but the program has experienced management problems and limited success in implementing innovative technologies. This testimony discusses (1) the Office of Environmental Management's progress in resolving management problems identified in GAO reports issued since 1992, (2) barriers to the use of innovative technologies, (3) the technology deployment initiatives that the Office of Environmental Management has proposed to overcome these barriers, (4) the program's methods for computing cost savings from the use of innovative technologies, and (5) future challenges facing the technology development program.

Naval Petroleum Reserves: Transfer Options for Naval Oil Shale Reserves 1 and 3 in Colorado, by Martin J. Fitzgerald, Associate General Counsel, before the Subcommittee on Military Readiness, House Committee on National Security. [GAO/T-OGC-97-42](#), May 7 (six pages).

The Petroleum and Oil Shale Reserves were established in the early 1900s when the government began setting aside large sections of public lands favorable for hydrocarbon production. Although these reserves were originally intended as a source of oil for the military, the Naval Petroleum Reserves are now primarily produced for commercial purposes. By contrast, the Naval Oil Shale Reserves have remained largely undeveloped, although protective drilling has occurred since 1985 to protect government-owned resources from being drained by adjacent operations. This testimony discusses the Energy Department's recommendation that Oil Shale Reserves 1 and 3 be transferred to the Interior Department for leasing and surface management under the Mineral Leasing Act and the Federal Land Policy Management Act.

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## Environmental Protection

### **Superfund: Stronger EPA-State Relationship Can Improve Cleanups and Reduce Costs**

[GAO/RCED-97-77](#), Apr. 24 (54 pages).

A growing consensus has emerged in recent years among many in the administration, state governments, and Congress that the states should

take on more responsibility for leading the cleanup of the Superfund program's highest-priority sites, which are included on the Environmental Protection Agency's (EPA) National Priorities List. This report examines ways in which interested states can successfully assume greater cleanup responsibilities at National Priorities List sites. GAO discusses (1) the lessons learned from the experiences of five states—Minnesota, New Hampshire, Texas, Washington, and Wisconsin—that already have led National Priorities List cleanups and (2) how EPA can ensure that interested states are successful in their efforts to assume increased Superfund responsibilities.

**Superfund:  
Times to Complete the Assessment and Cleanup of Hazardous  
Waste Sites**

GAO/RCED-97-20, Mar. 31 (57 pages).

The times to evaluate, process, and clean up waste sites under the Superfund law have increased in recent years. For hazardous waste sites added in 1996 to the Environmental Protection Agency's (EPA) register of the most contaminated locations, EPA took an average of more than nine years to complete the process—from site discovery to final listing on the National Priorities List. Although this represents some improvement over 1995, it is still longer than earlier listing times. Cleanup times have also lengthened. From 1986 to 1989, cleanup projects were finished, on average, 3.9 years after sites were placed on the National Priorities List. By 1996, however, completed cleanups were averaging 10.6 years. Much of the time spent on cleanups centers on the early planning phases, when cleanup remedies are selected. Less time has been spent on actual construction work at sites than on the selection of remedies. EPA officials attributed the increasingly lengthy cleanup times to the growing complexity of the cleanup problems at sites, the agency's efforts to reach settlements with parties responsible for contamination, and limited resources.

**Superfund:  
State Voluntary Programs Provide Incentives to  
Encourage Cleanups**

GAO/RCED-97-66, Apr. 9 (60 pages).

After nearly two decades and billions of dollars in federal, state, and private outlays for cleanups, thousands of hazardous waste sites still need to be dealt with. The federal Superfund program and state enforcement programs have forced cleanups at many of the most contaminated locations, but thousands of other sites await discovery, evaluation, and cleanup. To reduce this backlog, many states have created voluntary cleanup programs, which rely on incentives rather than enforcement orders to accomplish cleanups. This report (1) identifies the accomplishments of voluntary cleanup programs; (2) describes these programs' organization, funding, and major characteristics; and (3) determines the effects of federal hazardous waste policies on voluntary cleanups and the types of federal assistance that could further support voluntary programs.

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## Financial Institutions

### **Bank Oversight: Few Cases of Tying Have Been Detected**

GAO/GGD-97-58, May 8 (25 pages).

With increasing cross-industry competition in financial services in the United States, market participants have raised concerns about the so-called "tying" provisions found in the Bank Holding Company Act Amendments of 1970. Those provisions prohibit a bank from engaging in tying practices or, in other words, requiring customers to obtain credit, property, or services as a condition of their obtaining credit or other desired products or services. The banking industry argues for the removal of the tying provisions, while some securities firms, insurers, and independent insurance agents have advocated retaining or strengthening them. This report provides information on the (1) evidence of tying abuses by banks and their affiliates and regulatory efforts to ensure compliance, (2) views of representatives of securities and insurance firms and independent insurance agents on tying provisions, and (3) views of representatives of banks and bank regulators on the tying provisions.

### **Foreign Banks: Opportunities Exist to Enhance Supervision Program as Implementation Proceeds**

GAO/GGD-97-80, May 9 (32 pages).

The Foreign Bank Supervision Enhancement Act of 1991 gave the Federal Reserve greater supervisory and regulatory authority over foreign banks operating in the United States. Before then, although the Fed had overall authority for supervising foreign banks' presence in the United States, no formal mechanism existed to allow the various agencies to share information about foreign banks with offices in multiple states and to coordinate supervisory activities. In keeping with its enhanced authority, the Fed has worked with other agencies to develop a foreign bank supervision program with the goal of improving and better coordinating supervision of foreign banks in the United States. This report (1) describes the Fed's foreign bank supervision program and (2) evaluates the banking supervisors' progress in implementing it.

**Mutual Funds:  
SEC Adjusted Its Oversight in Response to Rapid Industry Growth**

[GAO/GGD-97-67](#), May 28 (35 pages).

The rapid growth in open-end investment companies, commonly known as mutual funds, had the potential to outstrip the Security and Exchange Commission's (SEC) ability to properly oversee the industry. GAO's September 1995 report on bank mutual funds ([GAO/GGD-95-210](#)) noted that SEC had hired additional staff to oversee mutual funds but that continued industry expansion could challenge SEC's ability to meet its oversight responsibilities. This report discusses how SEC has responded to this rapid industry growth in carrying out its mutual fund oversight through inspections, disclosure reviews, and other regulatory activities.

**Financial Crisis Management:  
Four Financial Crises in the 1980s**

[GAO/GGD-97-96](#), May 1977 (77 pages).

The increasing interconnectedness of financial institutions and markets has underscored the need for diverse federal, state, international, and private organizations to work together to contain and resolve financial disruptions. The federal government's ability to manage financial crises effectively is important to the stability of the U.S. financial system and economy as well as the worldwide financial system. This report examines federal actions that successfully contained four major financial crises during the 1980s—the Mexican debt crisis of 1982; the near failure of the Continental Illinois National Bank in 1984; the run on state-chartered,

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privately insured savings and loans in Ohio in 1985; and the stock market crash of 1987. The report focuses on the following three phases of financial crisis management: (1) preparedness, which includes activities undertaken before a crisis takes place; (2) containment, which involves measures undertaken immediately following a crisis to mitigate financial disruption and lessen any ill effects on the financial system; and (3) resolution, which includes steps taken to reduce the likelihood of a crisis reoccurring.

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## Testimony

Financial Regulation: Bank Modernization Legislation, by James L. Bothwell, Chief Economist, before the House Committee on Banking and Financial Services. [GAO/T-OCE/GGD-97-103](#), May 7 (21 pages).

Laws governing the financial services industry were devised for an industry compartmentalized into commercial banking, investment banking, and insurance. The lines between these sectors have become increasingly blurred, however, and the financial products and services offered by banks, securities firms, and insurance companies today are more alike than different. Attempts by regulators to adapt to the rapid changes taking place in the financial marketplace have been incremental and ad hoc. Congress could improve the functioning of the U.S. regulatory system by modernizing the banking laws. Modernization, however, must also take into account other important goals, such as preserving the safety and the soundness of the financial system and the deposit insurance funds, preventing undue concentrations of economic power, and protecting consumers from conflicts of interest. This testimony recommends that several safeguards be included in any modernization legislation. GAO also urges Congress to proceed with caution if its decides to relax the current separation of banking and commerce.

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## Financial Management

### **Financial Management: Improved Reporting Needed for DOD Problem Disbursements**

[GAO/AIMD-97-59](#), May 1 (36 pages).

Problem disbursements are payments that have not been matched with corresponding obligations, thereby increasing the risk of undetected fraudulent or erroneous payments. Problem disbursements also increase the likelihood that cumulative disbursement amounts will exceed appropriated amounts and other spending limits. This report reviews the

Defense Department's (DOD) reporting on the amount of its problem disbursements. GAO focuses on whether DOD's reporting of problem disbursements is producing accurate and consistent data needed to effectively measure its progress and manage the reduction of its problem disbursements.

**Financial Management:  
The Prompt Payment Act and DOD Problem Disbursements**

GAO/AIMD-97-71, May 23 (14 pages).

The Defense Department (DOD) claims that the Prompt Payment Act has pressured its employees into paying invoices within 30 days even though the payment may cause a problem disbursement. Problem disbursements are payments that have not been properly matched with corresponding obligations. As a result, fraudulent and erroneous payments may go undetected and the cumulative amounts of disbursements may exceed appropriated amounts and other legal limits. DOD did not provide, and GAO did not find, any empirical evidence to support assertions that the Prompt Payment Act contributes to problem disbursements. Also, a 1995 Defense study, which identified several major contributing causes to problem disbursements, did not cite either the Prompt Payment Act or DOD policies on making timely payments as a cause.

**Financial Management:  
Opportunities to Improve Experience and Training of Key  
Navy Comptrollers**

GAO/AIMD-97-58, May 5 (28 pages).

Beginning in fiscal year 1996, the Navy and other federal agencies must produce auditable financial statements. In addition, accurate financial data are needed for measuring performance under the Government Performance and Results Act. In the Navy, comptrollers are critical to ensuring that the Department achieves its financial management objectives and meets the requirements of recent financial reform legislation. Yet GAO found that the Navy's personnel practices do not provide a career path for Navy officers to develop and maintain the core competencies needed by a comptroller. By contrast, the Air Force and the Army offer a career path in comptrollership. Because of the Navy's approach, many officers in key comptroller jobs lack adequate financial management experience and accounting education. Slightly more than half

of the Navy's key comptroller positions are filled by line officers whose primary experience has been in surface warfare, submarines, aviation, or operational staff jobs. About 26 percent of the line officers serving as comptrollers lacked a college degree in a business-related field. Supply corps officers, while more qualified from the standpoint of formal education, generally lacked the depth of experience needed by a comptroller in the 1990s.

**Financial Audit:  
Congressional Award Foundation's 1996 and 1995  
Financial Statements**

GAO/AIMD-97-87, May 15 (14 pages).

GAO audited the Congressional Award Foundations' 1996 and 1995 financial statements. The Foundation is a private, nonprofit, tax-exempt organization that promotes excellence among youth in public service, personal development, and physical fitness. GAO found that the statements were reliable in all material respects; that internal controls effectively safeguarded assets from material loss, ensured compliance with laws and regulations, and ensured that no misstatements appeared in the financial statements; and that there was no noncompliance with laws and regulations.

**Financial Audit:  
Senate Restaurants Revolving Fund for Fiscal Years 1996 and 1995**

GAO/AIMD-97-93, May 16 (19 pages).

GAO contracted with KPMG Peat Marwick LLP to audit the financial statements of the Senate Restaurants Revolving Fund for fiscal years 1996 and 1995. The Fund operates dining facilities in and around the U.S. capitol for Senators, Senate employees, and the public. KPMG found that the financial statements were reliable in all material respects; internal controls were effective in safeguarding assets, ensuring material compliance with laws and regulations, and ensuring that there were no material misstatements in the financial statements; and that there was no reportable noncompliance with laws and regulations. KPMG's audit did reveal a significant weakness involving the adequacy of logical access controls over the Fund's accounting and information management systems and related data. Logical access controls use computer software and

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related procedures to prevent or detect unauthorized access to computer software and data.

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## Government Operations

### **Courthouse Construction: Better Courtroom Use Data Could Enhance Facility Planning and Decisionmaking**

[GAO/GGD-97-39](#), May 19 (98 pages).

Trial courtrooms, because of their size and configuration, are expensive to build. The judiciary's current policy is, whenever possible, to assign a trial courtroom to each district judge. GAO's work in seven cities—Dallas, Miami, Albuquerque, Sante Fe, Las Cruces, San Diego, and Washington, D.C.—found that courtrooms were idle, on average, about 46 percent of the days available for courtroom activities. In other words, these courtrooms were vacant 115 days out of 250 federal workdays in 1995. Courtrooms were used for trials less than one-third of the days, and the use of courtrooms for trials varied by location. At the six locations with more than one trial courtroom, all courtrooms at any one location were seldom used for trials the same day. Senior judges—district judges who were eligible to retire but chose to continue to perform judicial duties, often at reduced caseloads—used the courtrooms assigned to them for trials considerably less frequently than did active district judges. The judiciary recognizes that it has not developed the data or done the research to support its practice of providing a separate trial courtroom for every district judge. Although it has taken some steps to help it better understand courtroom usage, the judiciary has yet to develop a plan to gather data on actual use of courtrooms for trials or to systematically quantify the latent and other usage factors. See page 42 for GAO's correspondence ([GAO/GGD-97-59R](#), May 19) discussing courtroom usage in Denver, Fresno, Salt Lake City, and Seattle.

### **The Excepted Service: A Research Profile**

[GAO/GGD-97-72](#), May 1997 (44 pages).

Beginning in 1997, the Government Performance and Results Act requires federal agencies to identify their missions and strategic goals, to measure their progress in meeting those goals, and to focus their resources—whether budgetary, technical, or human—on achieving results.

A key question is whether, under the current civil service system, agencies will have the flexibility to shape their human resource management systems to meet these new needs. As of June 1996, 52 percent of the civil service was in the "competitive service." Most of the remaining federal employees were in the "excepted service," where many jobs are covered by alternative personnel systems. One of Congress' reasons for establishing alternative personnel systems was to exempt agencies from the strict rules governing the competitive service. This report describes (1) the distribution of excepted service employees across government organizations; (2) the composition of the excepted service in terms of the various legal bases under which employees were appointed; (3) policy concerns and study focuses that have guided earlier studies; and (4) the coverage of agencies and employees, as well as data elements, in two data sources that were useful for studying the excepted service.

**Federal Retirement:  
Federal and Private Sector Retirement Program Benefits Vary**

GAO/GGD-97-40, Apr. 7 (130 pages).

GAO found no clearcut answer to the question of whether federal retirement programs offer greater or smaller benefits than those offered by private sector retirement programs. The benefits available from the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS) can be smaller, similar, or greater than those offered by the private sector, depending on a range of variables. Chief among these factors are the (1) ages at which employees retire and which programs provide reduced benefits, (2) extent to which employees and employers contribute to the defined contribution plans that are integral components of FERS and most private sector programs, and (3) impact of cost-of-living adjustments on benefit amounts over the long term. In fact, FERS and CSRS can provide quite different benefit amounts because of their different designs. As a result, greater benefits are available from FERS than from CSRS, but FERS employees must contribute larger percentages of their salaries to receive the higher benefits.

**Performance-Based Organizations:  
Issues for the Saint Lawrence Seaway Development  
Corporation Proposal**

GAO/GGD-97-74, May 15 (33 pages).

Congress and the administration have suggested various approaches in recent years to make federal agencies more results-oriented and federal managers more accountable for results. One approach proposed by the administration is the performance-based organization concept, inspired by the Next Steps program that the British government introduced in the late 1980s. This report (1) compares the characteristics of the Next Steps program with the performance-based organization concept and (2) describes the changes and effects that the performance-based organization concept could have on the Saint Lawrence Seaway Development Corporation. Specifically, GAO examines how performance-based organization status would potentially affect the Corporation's financing mechanism; management structure; accountability for performance, including safety and regional economic impact; and congressional oversight.

**Federal Civilian Personnel:  
Cost of Lump-Sum Annual Leave Payments to Employees  
Separating From Government**

GAO/GGD-97-100, May 29 (14 pages).

The cost of lump-sum payments to employees leaving the federal government totaled \$562 million in 1996. Between 1985 and 1996, lump-sum payments averaged about \$595 million per year. The costs ranged from a low of \$355 million in 1991 to a high of \$700 million in 1992, when downsizing led to large numbers of separations. The Office of Personnel Management has not provided formal written guidance on lump-sum payments since 1993, and other guidance that is available to agencies falls short of ensuring consistent agency payment practices. As a result, employees leaving different agencies with the same rates of pay and amounts of unused annual leave may not receive the same payment amount. The Congressional Budget Office estimates that agencies could save \$18 million in personnel costs over five years if lump-sum annual leave payments were limited to the rate of pay at the time of separation, instead of the current method of assuming that the employee had remained in service until the entire leave balance had expired. Such a limitation would not, however, ensure consistent treatment of employees and might cause workforce disruptions if employees were forced to use all or a large part of their accumulated leave before separation.

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**Managing for Results:  
Analytic Challenges in Measuring Performance**

GAO/HEHS/GGD-97-138, May 30 (44 pages).

The Government Performance and Results Act (GPRA) requires agencies to identify program goals and report on their progress in achieving them. GPRA includes a phase during which about 70 programs, ranging from the U.S. Geological Survey's National Water Quality Assessment Program to the entire Social Security Administration, were designated as GPRA pilot projects. These and other government programs have been gaining experience with the act's requirements. GPRA requires GAO to review implementation of the pilot phase and to comment on the prospects for compliance by federal agencies when governmentwide implementation begins in 1997. This report answers the following questions: What analytic and technical challenges are agencies experiencing as they try to measure program performance? What approaches have they taken to address these challenges? How have agencies made use of program evaluations or evaluation expertise in implementing performance measurement?

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**Testimony**

Federal Management: Addressing Management Problems at the Department of Commerce, by L. Nye Stevens, Director of Federal Management and Workforce Issues, before the Senate Committee on Commerce, Science, and Transportation. GAO/T-GGD/AIMD-97-115, May 14 (16 pages).

The missions and functions of the Department of Commerce are among the most diverse of any government agency. Formed in 1913, Commerce is today essentially a holding company for many disparate programs. Its 14 major components cover a range of responsibilities that includes natural resources and the environment, advancement of commerce, regional development, scientific research, and statistical information collection. This testimony discusses major challenges facing Commerce in managing its wide range of missions and how recent reform legislation can be used to address them.

## Health

### **Medicare HMOs: HCFA Can Promptly Eliminate Hundreds of Millions in Excess Payments**

GAO/HEHS-97-16, Apr. 25 (58 pages).

Medicare's method for paying risk contract health maintenance organizations (HMO)—Medicare's primary managed care option—was designed to save the program five percent of the costs for beneficiaries who enrolled in HMOs. Contrary to expectations, however, these HMOs have not produced savings for Medicare. Research sponsored by Medicare and others have found that the program has actually spent more for HMO enrollees than if they had stayed in fee-for-service plans. Researchers attribute this outcome to "favorable selection," or the tendency for healthier persons to enroll in HMOs. To reduce excess Medicare payments to HMOs by several hundred million dollars a year, the current Medicare HMO rate-setting formula should be modified to include cost data on HMO enrollees, who tend to be healthier as a group than other Medicare beneficiaries. The current formula relies on costs of fee-for-service beneficiaries only.

### **Medicare HMO Enrollment: Area Differences Affected by Factors Other Than Payment Rates**

GAO/HEHS-97-37, May 2 (38 pages).

Enrollment nationwide in the Medicare managed care program has more than tripled during the past decade—from about 1 million enrollees in 1987 to 3.8 million in 1996—but differences in enrollment by state and by market area are striking. In such cities as Portland, Oregon, and Tucson, Arizona, health maintenance organizations (HMO) have enrolled more than 40 percent of the Medicare beneficiaries. By contrast, HMO enrollment in most rural areas is negligible. Although the linkage of payment rates to risk HMO enrollment may be important in some areas, dramatic differences in enrollment are often associated with other factors. The presence of HMOs, population density, and the number of Medicare beneficiaries, especially those familiar with managed health care, all spur enrollment growth—and their absence hinders it. In addition, the health care benefits provided by employers in a market area can affect beneficiaries' willingness to enroll in risk HMOs. The rapid growth in risk HMO enrollment is likely to continue as employers encourage retirees to join HMOs and as HMOs pursue various strategies for expanding their Medicare business.

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**Health Insurance:  
Management Strategies Used by Large Employers to Control Costs**

[GAO/HEHS-97-71](#), May 6 (86 pages).

After years of double-digit increases in the cost of employee health insurance, the nation's larger firms, employer coalitions, and even state governments began to aggressively rein in these costs in the 1990s. The recent downturn in health insurance premium growth, during which some large employers actually saw premium declines, is partly attributable to these efforts. Spending pressures in public programs, such as Medicare and Medicaid, also slowed, although not as markedly as for most private purchasers. This report examines the strategies that large purchasers have tried to stem the rapid escalation of health insurance costs while maintaining or enhancing the quality of care for their employees.

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**Testimony**

Medicare Managed Care: HMO Rates, Other Factors Create Uneven Availability of Plans and Benefits, by William J. Scanlon, Director of Health Financing and Systems Issues, before the Senate Special Committee on Aging. [GAO/T-HEHS-97-133](#), May 19 (15 pages).

Medicare risk health maintenance organization (HMO) plans are now available nationwide, and differences in premiums charged and benefits offered across the country have produced inequities for Medicare beneficiaries. In addition, the risk contract program has not realized the expected savings from enrolling beneficiaries in capitated managed care plans. Medicare's risk HMO payment system, which is built largely on fee-for-service costs, accounts for some, but not all, of the unevenness in Medicare's risk contract program. Differences in local medical prices and service utilization explain much of the variation in HMO capitation rates across counties. In turn, the variation in these rates explains some of the differences across locations in the availability of risk contract HMOs, the level of HMO premiums charged, and the richness of benefits offered. Other factors, however, also play an important role. GAO proposes correcting a flaw in Medicare's rate-setting method that contributes to excess payments to HMOs.

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Substance Abuse and Mental Health: Reauthorization Issues Facing the Substance Abuse and Mental Health Services Administration, by Marsha Lillie-Blanton, Associate Director for Health Services Quality and Public Health Issues, before the Subcommittee on Public Health and Safety, Senate Committee on Labor and Human Resources. [GAO/T-HEHS-97-135](#), May 22 (eight pages).

With an operating budget of \$1.9 billion in fiscal year 1996, the Substance Abuse and Mental Health Services Administration (SAMHSA) is the Department of Health and Human Service's lead agency for substance abuse and mental illness prevention and treatment. This testimony discusses SAMHSA's role in (1) coordinating its efforts with federal agencies involved in related research or services; (2) measuring the results of its program or activities, particularly because most of its funds are used to support services provided by states and by local grantees; and (3) monitoring the impact of the transition to managed care on persons with mental disorders and substance abuse problems.

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## Housing

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### Testimony

HUD's Fiscal Year 1998 Budget Request: Some Requests for Funding May Be Unnecessary, by Judy A. England-Joseph, Director of Housing and Community Development Issues, before the Subcommittee on VA, HUD, and Independent Agencies, Senate Committee on Appropriations. [GAO/T-RCED-97-129](#), May 13 (12 pages).

This testimony addresses the Department of Housing and Urban Development's (HUD) fiscal year 1998 budget request. GAO's primary focus is on HUD's request for more than \$9 billion to renew rental assistance contracts as well as on some of the assumptions that underlie HUD's estimates. GAO discusses (1) the estimates that HUD used to develop its budget request for renewing Section 8 assisted housing contracts, (2) HUD's justification for 50,000 additional Section 8 certificates, (3) HUD's success in reducing the level of uncommitted public housing modernization funds held by housing authorities, and (4) HUD's request for \$100 million to fund the second round of the Empowerment Zone/Enterprise Community Program.

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## Income Security

### **SSA Benefit Estimate Statements: Additional Data Needed to Improve Workload Management**

[GAO/HEHS-97-101](#), May 20 (23 pages).

Congress passed legislation in 1990 requiring the Social Security Administration (SSA) to begin providing the public with annual statements about its social security earnings records and estimates of the amount of benefits persons may receive. Starting in fiscal year 2000, SSA must mail personal earnings and benefit estimate statements to nearly every U.S. worker aged 25 and older—an estimated 123 million people. SSA projects that printing, mailing, and personnel costs associated with this effort will total nearly \$77 million in fiscal year 2000 alone. Although SSA believes that it is prepared for the increased workload arising from this initiative, it has not assessed the added work likely to stem from questions about and corrections to the statements. SSA lacks reliable data on either the number of people who call or visit SSA with questions about their statements or the number of earnings corrections resulting from statement mailings. SSA could better manage the potential workload if it began to collect more complete and accurate data now on the effects of mailing the mandated statements.

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## Information Management

### **Medicare Transaction System: Success Depends Upon Correcting Critical Managerial and Technical Weaknesses**

[GAO/AIMD-97-78](#), May 16 (83 pages).

By the year 2000, Medicare, the nation's largest health insurer, expects to process more than 1 billion claims and pay \$288 billion in benefits annually. To keep up, Medicare plans to spend \$1 billion to replace nine separate automated processing systems with the Medicare Transaction System (MTS). MTS is intended to improve customer service; cut administrative and operating costs; strengthen controls over claims processing; improve contractor oversight; better protect against waste, fraud, and abuse; and accommodate managed care and other alternative payment methodologies. However, since GAO issued its first analysis in 1992, project costs have soared from \$151 million to \$1 billion. GAO concludes that the benefits of MTS will not be realized unless the Health Care Financing Administration (HCFA) overcomes serious management and technical weaknesses in three areas. First, HCFA needs to greatly improve

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management of its interim Medicare processing environment. Second, MTS should be better managed as an investment. HCFA has not followed practices that are essential if management is to make informed technology investment decisions, including preparing a valid cost-benefit analysis and considering viable alternatives. Third, HCFA has not adequately applied sound systems development practices necessary to reduce risk. GAO summarized this report in testimony before Congress; see:

Medicare Transaction System: Serious Managerial and Technical Weaknesses Threaten Modernization, by Joel C. Willemsen, Director of Information Resources Management Issues, before the Subcommittees on Human Resources and on Government Management, Information and Technology, House Committee on Government Reform and Oversight. [GAO/T-AIMD-97-91](#), May 16 (21 pages).

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## Testimony

Social Security Administration: Internet Access to Personal Earnings and Benefits Information, by Joel C. Willemsen, Director of Information Resources Management Issues, and by Keith A. Rhodes, Technical Director, Office of the Chief Scientist, before the Subcommittee on Social Security, House Committee on Ways and Means. [GAO/T-AIMD/HEHS-97-123](#), May 6 (12 pages).

Concerns have been raised in Congress about whether the Social Security Administration's (SSA) interactive benefits estimates service adequately protects the privacy of Americans and whether unauthorized access to confidential information is taking place over the Internet. Although GAO has just begun a review of SSA's use of the Internet to disseminate benefits estimates, earlier reports have discussed computer and Internet security as well as the risks facing agencies in providing electronic access to data. (See [GAO/AIMD-96-84](#), May 1996, and [GAO/T-AIMD-96-108](#), June 1996.) This testimony focuses on general privacy and security considerations that federal agencies must address to safeguard sensitive information made available as a public service via the Internet.

USDA Information Management: Extensive Improvements Needed in Managing Information Technology Investments, by Joel C. Willemsen, Director of Information Resources Management Issues, before the Subcommittee on Department Operations, Nutrition, and Foreign Agriculture, House Committee on Agriculture. [GAO/T-AIMD-97-90](#), May 14 (36 pages).

The Department of Agriculture (USDA) needs effective and efficient information systems if it is to work better and cost less in the 21st century. Unfortunately, USDA has a long history of poorly planning and managing investments in information technology. Because of its poor track record, USDA needs to demonstrate to Congress that it has made progress in implementing recent legislation that provides a framework for making sound decisions on information technology. USDA also needs to show that it has strengthened Departmentwide leadership, accountability, and oversight of the acquisition and use of information technology investments before millions more are spent on additional investments. Until and unless USDA can do so, Congress may wish to limit funding for USDA's information technology to critical information technology needs required to support ongoing operations. Otherwise, USDA risks continuing its pattern of wasting taxpayer dollars on information technology projects that are poorly planned and managed.

Customs Service Modernization: ACE Poses Risks and Challenges, by Linda D. Koontz, Associate Director for Information Resources Management Issues, before the Subcommittee on Trade, House Committee on Ways and Means. [GAO/T-AIMD-97-96](#), May 15 (nine pages).

This testimony discusses efforts by the U.S. Customs Service to address risks associated with the agency's modernization of its automated system. GAO also identifies challenges that Customs faces as it plans and develops the Automated Commercial Environment, which is critical because it supports improvements to Customs' trade compliance (import) process through greater use of information technology.

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## International Affairs

### **Bosnia Peace Operation: Progress Toward Achieving the Dayton Agreement's Goals**

[GAO/NSIAD-97-132](#), May 5 (127 pages).

Peacekeeping operations in Bosnia—estimated to cost the United States at least \$7.7 billion—have helped Bosnia to take the first steps toward achieving the Dayton Agreement's goal of a unified, democratic country. However, the leaders of Bosnia's three major ethnic groups have yet to embrace reconciliation, and the country remains politically divided and economically moribund. NATO-led military forces have allowed the peace process to move forward and Bosnians to return to normal life. The cease-fire has held, general security has improved, schools and shops have

reopened, and families have started to repair damaged houses. Yet the transition to a multiethnic government has not occurred. Major obstacles to the vision embodied in the Dayton Agreement remain, particularly the lack of cooperation among Bosnia's political leaders, and experts say that full political and social reconciliation in Bosnia will be a long and difficult process.

**Foreign Assistance:  
Impact of Funding Restrictions on USAID's Voluntary Family  
Planning Program**

GAO/NSIAD-97-123, Apr. 25 (26 pages).

So far, congressionally imposed funding cuts have not forced the U.S. Agency for International Development (USAID) to drop countries from its voluntary family planning program or to terminate any contracts or grants. USAID was able to consolidate programs and cut activities in anticipation of fiscal year 1996 governmentwide cuts, to supplement its fiscal year 1996 appropriation with carryover funds, and to draw funds from its family-planning pipeline. However, if the funding limitations continue into fiscal year 1998, many of USAID's family-planning projects would be in serious jeopardy of running out of money. Some studies have shown a link between increased use of modern contraceptives and a reduction in abortions. For example, in Almaty, Kazakstan, contraceptive use increased at USAID-supported clinics by 59 percent from 1993 to 1994, while abortions declined by 41 percent during the same period. However, because of a lack of reliable data, researchers have been unable to prove conclusively that a statistically based causal relationship exists between increases in the use of modern family-planning methods and decreases in abortion in developing countries.

**Multilateral Organizations:  
U.S. Contributions to International Organizations for Fiscal  
Years 1993-95**

GAO/NSIAD-97-42, May 1 (87 pages).

For fiscal years 1993-95, the United States contributed about \$6.3 billion to 130 international organizations and programs. This amount includes \$2.7 billion in assessed contributions and \$3.6 billion in voluntary contributions. The State Department spent most of this money (about \$5.2 billion), with the U.S. Agency for International Development spending

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the second largest amount (\$1.1 billion). Other agencies that spent considerable sums included the Department of Health and Human Services, the Commerce Department, and the Agriculture Department.

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## Testimony

State Department: Efforts to Reduce Visa Fraud, by Benjamin F. Nelson, Director of International Relations and Trade Issues, before the Subcommittee on Immigration and Claims, House Committee on the Judiciary. [GAO/T-NSIAD-97-167](#), May 20 (six pages).

At the time GAO issued its report in May 1996 ([GAO/NSIAD-96-99](#)), the State Department was attempting to make its visa-issuing process more efficient and less vulnerable to fraud by (1) issuing visas that were machine readable, (2) expanding automated name-check capability to all posts, (3) forming “lookout” committees to identify suspected terrorists and others ineligible for visas, and (4) strengthening compliance with management controls. Since then, the State Department’s efforts to combat visa fraud at diplomatic posts by introducing a machine-readable visa system have been hampered by technical problems, a lack of cooperation from other government agencies, and weak management controls at many U.S. embassies.

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## Justice and Law Enforcement

### **U.S. Currency: Treasury’s Plans to Study Genuine and Counterfeit U.S. Currency Abroad**

[GAO/NSIAD-97-104](#), Apr. 11 (12 pages).

All currencies are susceptible to counterfeiting, but the stability and worldwide acceptance of U.S. currency have made it a particularly tempting target for international counterfeiters. Although most counterfeiters engage in this activity for personal gain, some counterfeiting is linked to other criminal activities, such as drug trafficking, arms dealing, and terrorism. Widespread counterfeiting of U.S. bills could undermine confidence in the currency. Moreover, if done on a large-enough scale, it could reduce international holdings of U.S. currency and could harm the U.S. economy. Recent legislation requires the Treasury Department to develop an audit plan that addresses counterfeiting of U.S. currency. GAO reviewed the Treasury’s October 1996 audit plan to determine whether it will enable Treasury to (1) study the use of U.S. currency in foreign countries, (2) study the holding of U.S. currency in

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foreign countries, and (3) develop useful estimates of the amount of counterfeit U.S. currency that circulates outside the United States each year. GAO also reviews other information and materials that the Treasury intends to use to conduct the audits.

**Alien Applications:  
Processing Differences Exist Among INS Field Units**

GAO/GGD-97-47, May 20 (34 pages).

The Immigration and Naturalization Service (INS) collects fees for processing aliens' applications for such things as naturalization and adjustment of status (to become permanent residents). Eighteen percent of INS's fiscal year 1997 budget, or \$566 million, is earmarked for processing applications. The number of applications received by INS is growing, and there are indications that some INS field units are faster than others at processing applications. In fiscal year 1996, INS received nearly 5.4 million new applications and completed about 5.6 million applications—a 115 percent increase over the number of applications received and completed in fiscal year 1989. At the end of fiscal year 1996, INS had an inventory of about 1.7 million applications waiting to be processed. This represents an increase of about 2.5 times the pending caseload at the end of fiscal year 1989. A recent INS report found differences in application production rates and projected processing times among its district offices. This report examines differences in production rates and processing times among INS field units. GAO also asked officials at nine district offices and two service centers about the factors that accounted for the differences GAO found.

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Testimony

Naturalization of Aliens: INS Internal Controls, by Richard M. Stana, Associate Director for Administration of Justice Issues, before the Subcommittee on Immigration, Senate Committee on the Judiciary. GAO/T-GGD-97-98, May 1 (nine pages).

Aliens who apply to become naturalized citizens must meet certain requirements, such as being of good moral character. To determine whether an alien has been convicted of a crime that would preclude citizenship, the Immigration and Naturalization Service (INS) submits the alien's fingerprints to the FBI, which researches whether that person has a criminal history on file. Between September 1995 and September 1996, some aliens with disqualifying felony convictions were improperly

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naturalized, probably because INS adjudicators were unaware of the results of an FBI check. In addition, both the Justice Department's Inspector General and GAO have found problems with the fingerprinting part of the process. For example, persons intent on hiding their criminal backgrounds could have someone else complete the INS fingerprint card and submit the prints as their own. In November 1996, the INS Commissioner announced changes intended to strengthen the naturalization process. However, an April 1997 report by Peat Marwick showed that INS has not ensured that its field units were carrying out the Commissioner's instructions.

Drug Control: Reauthorization of the Office of National Drug Control Policy, by Norman J. Rabkin, Director of Administration of Justice Issues, before the Subcommittee on National Security, International Affairs, and Criminal Justice, House Committee on Government Reform and Oversight. [GAO/T-GGD-97-97](#), May 1 (13 pages).

This testimony discusses the Office of National Drug Control Policy. GAO focuses on (1) its recent work on federal drug control efforts; (2) the Office's efforts to implement performance measures; (3) the Office's anticipated efforts to lead the development of a centralized lessons-learned data system for drug control activities; and (4) whether the Office, which is scheduled to expire in September 1997, should be reauthorized.

U.S. Customs Service: Oversight Issues, by Norman J. Rabkin, Director of Administration of Justice Issues, before the Subcommittee on Trade, House Committee on Ways and Means. [GAO/T-GGD-97-107](#), May 15 (13 pages).

One of the oldest federal agencies, the U.S. Customs Service collects more than \$23 billion in revenues annually while processing an estimated 14 million import entries and 450 million people through 301 ports of entry into the United States. This testimony focuses on three issues: drug interdiction, labor-management relations, and overtime pay.

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## National Defense

### **Contract Management: Fixing DOD's Payment Problems Is Imperative**

[GAO/NSIAD-97-37](#), Apr. 10 (44 pages).

The Defense Department has made hundreds of millions of dollars in overpayments to contractors, many undetected for years, because it uses

inadequate computer systems requiring manual entry of often erroneous or incomplete data and a burdensome document-matching process. Improving DOD's payment system will not be easy or quick. It will take sustained top management attention and support for years to come. Although DOD is taking some steps to overcome its payment problems, it remains to be seen how successful they will be. Emulating the best practices used by the private sector could help DOD reengineer its payment system.

**Major Acquisitions:  
Significant Changes Underway in DOD's Earned Value  
Management Process**

[GAO/NSIAD-97-108](#), May 5 (31 pages).

Despite the regularity with which defense acquisition programs have experienced cost overruns and schedule delays, the Pentagon does have an extensive system intended to provide managers with early warnings of cost and schedule problems. In 1967, the Defense Department (DOD) issued a set of cost/schedule control system criteria that it required defense contractors to meet. However, DOD and the defense industry alike generally accept that this process needs reform. This report discusses the (1) problems confronting the cost-schedule control system, (2) progress DOD has made with reforms, and (3) challenges that DOD faces in fostering and managing potentially significant changes.

**Defense Health Care:  
Medical Surveillance Improved Since Gulf War, but Mixed Results  
in Bosnia**

[GAO/NSIAD-97-136](#), May 13 (33 pages).

Since the Persian Gulf War, the Defense Department (DOD) has sought to improve the medical surveillance of military personnel returning from overseas missions. However, GAO found that many U.S. soldiers who had served in Bosnia either never received medical assessments or were tested for diseases like tuberculosis much later than required. Moreover, the database used to track deployed Air Force and Navy personnel is considered inaccurate by DOD personnel. GAO also reviewed servicemembers' medical records maintained by medical units in Germany and found that many were incomplete and inaccurate. In particular, nearly one fourth of the soldiers who received an investigational tick-borne

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encephalitis vaccine before deploying to Bosnia did not have this information noted in their files.

**Army Acquisition:  
Longbow Hellfire Missile Procurement Quantities  
Significantly Overstated**

GAO/NSIAD-97-93, May 14 (13 pages).

The Longbow Hellfire is an air-to-ground missile designed to be fired from a modified Apache helicopter. Testing showed the missile to be operationally effective and suitable. However, the Army's current requirements of 12,722 missiles may be overstated by more than 8,300 missiles. The Army made computational errors and a questionable assumption that resulted in an overstatement of about 7,100 missiles, and test results suggest that the missile quantity could be reduced by nearly 1,200 more missiles. Although cost estimates for cutting 8,300 missiles are not yet available, the Defense Department believes that it could save up to \$500 million by eliminating 4,000 of these weapons.

**Special Operations Forces:  
Opportunities to Preclude Overuse and Misuse**

GAO/NSIAD-97-85, May 15 (33 pages).

U.S. special operations forces consist of highly capable, elite military personnel who are trained to address critical national security objectives. Their versatility, quick deployment, and capabilities make the forces ideally suited for today's security environment, in which significant dangers are posed by regional conflicts, the proliferation of weapons of mass destruction, and transitional threats. The Defense Department needs to ensure that special operations forces are ready to carry out their intended missions and are used in ways that capitalize on their unique capabilities. This report discusses (1) whether general agreement exists on the priorities for the use of special operations forces by the regional commanders in chief and the forces' unit commanders; (2) the pace of force operations and how force units' senior officers and enlisted personnel view the impact of that pace on readiness, morale, and retention; and (3) whether opportunities exist to reduce that pace in those cases where it is perceived to be degrading the readiness of special operations forces.

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**Surface Combatants:  
Navy Faces Challenges Sustaining Its Current Program**

[GAO/NSIAD-97-57](#), May 21 (87 pages).

The Navy now spends about \$3 billion each year to modernize its surface combatant force. The high costs of these ships, especially the \$870 million price tag for each Arleigh Burke destroyer, raises questions about the Navy's ability to sustain this force level. The Navy's plan to build and maintain a fleet of 125 cruisers, destroyers, and frigates through the year 2013 hinges on optimistic assumptions about future defense budgets and ship construction schedules. Moreover, the Navy has yet to explain how this force level relates to the national defense strategy of fighting two nearly simultaneous regional conflicts.

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**Testimony**

DOD High-Risk Areas: Eliminating Underlying Causes Will Avoid Billions of Dollars in Waste, by Henry L. Hinton, Jr., Assistant Comptroller General, before the Senate Committee on Governmental Affairs.

[GAO/T-NSIAD/AIMD-97-143](#), May 1 (60 pages).

GAO began reporting in 1990 on government programs at high risk for waste, fraud, abuse, and mismanagement. In February 1997, GAO issued a series of reports updating the status of these areas, six of which fall within the Defense Department (DOD). (See [GAO/HR-97-3](#) through [GAO/HR-97-7](#) and [GAO/HR-97-9](#).) DOD's inability to overcome problems in these high-risk areas has resulted in billions of dollars being wasted and placed billions of dollars in future spending at risk. This testimony discusses the (1) high-risk areas of financial management, information technology, weapon systems acquisition, contract management, infrastructure, and inventory management; (2) underlying causes of these high-risk areas; and (3) overall strategy that GAO believes is needed to eliminate them.

Defense Depot Maintenance: Uncertainties and Challenges DOD Faces in Restructuring Its Depot Maintenance Program, by David R. Warren, Director of Defense Management Issues, before the Subcommittee on Readiness, Senate Committee on Armed Services. [GAO/T-NSIAD-97-112](#), May 1 (46 pages).

Waste and inefficiency in the Defense Department's (DOD) logistics system, including the management of its \$13 billion depot maintenance program, is one of the key reasons GAO included military infrastructure activities in its

list of 24 government programs at high risk for waste, fraud, abuse, and mismanagement. (See [GAO/HR-97-7](#), Feb. 1997.) This testimony discusses DOD's (1) plans for eliminating costly depot maintenance excess capacity, (2) progress in finalizing a new depot workload allocation policy, (3) current approach to allocating maintenance workloads for new and existing systems, and (4) estimates that billions can be saved by outsourcing depot maintenance.

Defense Depot Maintenance: Challenges Facing DOD in Managing Working Capital Funds, by Henry L. Hinton, Jr., Assistant Comptroller General for National Security and International Affairs, before the Subcommittee on Defense, Senate Committee on Appropriations. [GAO/T-NSIAD/AIMD-97-152](#), May 7 (62 pages).

This testimony discusses financial management and logistics management issues relating to the effectiveness and efficiency of the Defense Department's (DOD) operations. GAO focuses on the operations of DOD's working capital funds, which collect and disburse more than \$65 billion annually, and on DOD's management of the \$13 billion depot maintenance program. DOD has consistently experienced losses in the operations of various working capital funds, including the depot maintenance activity group, and has had to request additional money to support their operations. GAO has included these issues in its list of government programs at high risk for waste, fraud, abuse, and mismanagement. (See [GAO/HR-97-3](#) and [GAO/HR-97-7](#), Feb. 1997.)

Reserve Forces: Observations on the Ready Reserve Mobilization Income Insurance Program, by Mark E. Gebicke, Director of Military Operations and Capabilities Issues, before the Subcommittee on Military Personnel, House Committee on National Security. [GAO/T-NSIAD-97-154](#), May 8 (12 pages).

Reserve forces are generally considered essential to the nation's defense, as evidenced by the increasing use of these forces in recent years. Congress and the Defense Department (DOD) have been concerned about the (1) financial losses that some reservists have confronted with when they are activated and (2) DOD's ability to continue recruiting and retaining sufficient numbers of quality personnel in its reserve forces. These concerns have led to the development of an insurance program to protect reservists and their families against financial losses arising from extended mobilizations. GAO concludes that the program is not self-sustaining under its current design and with its current low enrollment. GAO suggests that

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the program be suspended while DOD reexamines the need for and possible alternatives to the program.

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## Natural Resources

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### Testimony

Bureau of Reclamation: Reclamation Law and the Allocation of Construction Costs for Federal Water Projects, by Victor S. Rezendes, Director of Energy, Resources, and Science Issues, before the Subcommittee on Water and Power Resources, House Committee on Resources. [GAO/T-RCED-97-150](#), May 6 (nine pages).

Since 1902, the federal government has helped finance and build water projects, mainly to reclaim arid land in the West. Initially, those projects were often small and built almost solely to provide irrigation. Over the years, however, new projects have grown more ambitious and today they provide a host of benefits in addition to irrigation, including municipal and industrial water supply, hydroelectric power, recreation, and flood control. The Bureau of Reclamation and the U.S. Army Corps of Engineers build most federal water projects. Although the Corps operates nationwide, the Bureau's activities are limited to 17 western states. This testimony focuses on (1) the evolution of reclamation law, primarily from 1902 to 1982, and (2) the allocation and repayment of construction costs for federal water projects among the projects' beneficiaries.

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## Science, Space, and Technology

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### Testimony

Federal Research: The Small Business Technology Transfer Program, by Susan D. Kladiva, Associate Director for Energy, Resources, and Science Issues, before the Subcommittee on Government Programs and Oversight, House Committee on Small Business. [GAO/T-RCED-97-157](#), May 22 (six pages).

The Small Business Technology Transfer Pilot Program and the Small Business Innovation Research Program share similar goals: to emphasize the benefits of technological innovation and the ability of small business to translate the results of research and development into new products. The

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first program differs from the second primarily in requiring a company to form a partnership with a nonprofit research institution. This testimony is based on a January 1996 report ([GAO/RCED-96-19](#)) on the Small Business Technology Transfer Pilot Program that discussed the (1) quality and commercial potential of research proposals, (2) steps taken to avoid the conflict of interest that would arise if a party both submitted and evaluated program proposals, and (3) effect of and need for the program.

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## Social Services

### **Foster Care: State Efforts to Improve the Permanency Planning Process Show Some Promise**

[GAO/HEHS-97-73](#), May 7 (28 pages).

The mid-1980s through the mid-1990s witnessed dramatic increases in the number of children placed in foster care to protect them from abuse and neglect at home. From fiscal years 1984 to 1995, the foster care population soared from 276,000 to 494,000 children. The Congressional Budget Office estimates that by 2001, the federal tab for foster care will reach \$4.8 billion. The continued rise in the foster care caseload and its associated costs, as well as the harmful effects that long stays in foster care can have on children, underscore the importance of quickly finding permanent placements for children. A number of states are trying to speed the permanent placement of foster children by shortening deadlines for permanency hearings, expediting reunification of families, and, when reunification is not the best option, streamlining parental rights termination so that children can be adopted. These efforts appear promising, but states have not done systematic evaluations and the data are limited.

### **Welfare Reform: States' Early Experiences With Benefit Termination**

[GAO/HEHS-97-74](#), May 15 (112 pages).

Recent legislation ends the individual entitlement to federally supported cash assistance to needy families with children and provides for terminating benefits to families failing to comply with program rules or after a specified time period. So far, states have seldom used benefit termination provisions. Moreover, of the 18,000 families whose benefits were terminated under waivers through December 1996, more than

99 percent failed to comply with program requirements. Most terminations took place in Iowa, Massachusetts, and Wisconsin. Through June 1996, prior recipients' failure to comply with new enrollment requirements accounted for more than half of the terminations nationwide. By the end of December 1996, failure to comply with work requirements increased by one-third and became the most significant reason for termination. Recipients' explanations for noncompliance included wanting to stay at home with their children and an unwillingness to do community service or work for low wages. Terminating a family's welfare benefit amounts to the loss of a significant source of monthly income. Although more than 80 percent of the families in the cases GAO studied in Iowa, Massachusetts, and Wisconsin were later found to have a source of support or had returned to welfare, the percentages of such families receiving food stamps and Medicaid declined significantly after termination. Officials in the three states GAO studied generally believed that their benefit termination provisions had improved program effectiveness by increasing work activity, job placements, and families moving off welfare more quickly.

**Welfare Reform:  
Three States' Approaches Show Promise of Increasing  
Work Participation**

GAO/HEHS-97-80, May 30 (60 pages).

Recent welfare reform legislation puts time limits on welfare benefits and requires welfare recipients to participate in work and work-related activities. Moreover, the new law requires states to have a minimum percentage of their caseload participating in such activities to avoid a financial penalty. Even before passage of the law, many states were exploring ways to boost participation in work by reforming their welfare programs through waivers of welfare program rules, which allowed them to try innovative approaches. GAO reviewed welfare experiments in three states—Massachusetts, Michigan, and Utah—to get a sense of (1) the policies and programs the states initiated under waivers to increase participation in work and work-related activities and (2) whether states with statewide waivers achieved participation rates comparable to those specified by the new federal law.

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## Tax Policy and Administration

### **Internal Revenue Service: IRS Initiatives to Resolve Disputes Over Tax Liabilities**

[GAO/GGD-97-71](#), May 9 (34 pages).

Each year, thousands of disputes arise between taxpayers and the Internal Revenue Service (IRS) over billions of dollars in additional taxes recommended by IRS auditors. IRS eventually resolves most of these disputes over tax liability without litigation, but negotiations can take years and hundreds of staff hours for disputes involving large amounts. Since 1990, IRS has introduced several initiatives to provide alternatives to litigation for resolving tax disputes. This report (1) analyzes IRS' design of these initiatives and taxpayers' use of them to resolve disputes between IRS and taxpayers over tax liability and (2) analyzes IRS' plans for evaluating the effects of its new initiatives on the stated goals.

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## Testimony

Tax Administration: Earned Income Credit Noncompliance, by Lynda D. Willis, Director of Tax Policy and Administration Issues, before the House Committee on Ways and Means. [GAO/T-GGD-97-105](#), May 8 (22 pages).

“Noncompliance” with the earned income credit (EIC) involves persons who either claim credits to which they are not entitled or claim credits in excess of the amount to which they are entitled. The Internal Revenue Service (IRS) has reduced the level of noncompliance, but it remains above 20 percent, with several billion dollars in overclaimed credits annually. A root cause of EIC noncompliance is the self-determination of eligibility by taxpayers combined with IRS' limited ability to verify eligibility before the refund is issued. The Treasury Department has announced eight proposals, six of which would entail legislation, to reduce EIC noncompliance. Those proposals provide a starting point for deliberations on what can reasonably be done to address this difficult problem. Various questions need to be answered in assessing those proposals, the most significant being whether they get at the real causes of noncompliance.

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## Transportation

### **Aviation Safety: FAA Has Begun Efforts to Make Data More Publicly Available**

[GAO/RCED-97-137](#), Apr. 25 (15 pages).

Beginning in July 1996, the Federal Aviation Administration (FAA) took several steps to provide the public with information on aviation safety. FAA formed a working group of senior agency officials and adopted a three-pronged approach to better inform the public on aviation safety issues: it launched a web site on the Internet, began publicizing significant enforcement actions, and initiated a public education campaign. Since FAA started its aviation safety site on the Internet, it has seen a fourfold increase in the number of users who have accessed the web site each week. Usage has increased during those weeks when a public announcement related to the site has been made. In addition, FAA's data show that users are spending more time browsing the site. It is too soon to know, however, if these trends will continue. FAA plans to expand the number of databases that it posts on its aviation safety web site throughout the rest of 1997. It expects to incorporate information on the airlines' composition, such as the make, models, and ages of planes in each airline's fleet, and other indicators of aviation safety, such as data on near mid-air collisions.

**Coast Guard:  
Challenges for Addressing Budget Constraints**

[GAO/RCED-97-110](#), May 14 (77 pages).

Since fiscal year 1992, the Coast Guard has assumed increased responsibilities while cutting its workforce by nearly 10 percent and operating with a budget that has increased by about one percent a year in actual dollars. The Commandant of the Coast Guard told Congress last year that funding was no longer sufficient to sustain the normal pace of operations over time. Yet the Coast Guard, like other federal agencies, faces the prospect of further budget cuts to meet deficit reduction targets during the next several years. By fiscal year 2002, the Coast Guard is projected to have a gap of as much as \$493 million between the Office of Management and Budget's budget target and the estimated cost of maintaining services at current levels. Whether the Coast Guard can close the gap with its current budget strategy is highly uncertain at this point and is likely to remain so for some time. GAO believes that the Coast Guard needs to quantify the extent of likely savings from ongoing or planned actions. Except for a recent streamlining program, the Coast Guard has relatively incomplete knowledge about the savings that it can expect in coming years from cost-saving measures that are in various stages of implementation. In addition, the Coast Guard may have to consider significant changes in its operating culture, such as changing its military

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rotation policy, or measures that stir public opposition, such as closing small boat stations.

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## Testimony

Aviation Insurance: Issues Related to the Reauthorization of FAA's Aviation Insurance Program, by Gerald L. Dillingham, Associate Director for Transportation Issues, before the Subcommittee on Aviation, House Committee on Transportation and Infrastructure. [GAO/T-RCED-97-115](#), May 1 (12 pages).

The Federal Aviation Administration's (FAA) aviation insurance program, which is set to expire in September 1997, covers aircraft operations that are considered essential to the foreign policy interests of the United States when commercial insurance is unavailable on reasonable terms. The program is important because the government must call on commercial airlines to move troops and equipment when it has insufficient airlift capacity. In 1994, GAO reported that the program lacked enough funds to pay potential insurance claims in the event of a catastrophic loss. (See [GAO/RCED-94-151](#).) GAO testified that although progress has been made in addressing that issue, two other concerns raised in the 1994 report remain. First, gaps persist in the program's ability to pay claims for non-Defense flights. These flights account for only a small percentage of flights that have been insured by the program, but a single major loss could wipe out the program's available funds and leave a substantial part of the claims unpaid. FAA would need to seek supplemental funding to pay those claims, but the delay could pose financial hardship for the affected airline. Second, GAO believes that some uncertainty about the program continues because of ambiguity in the statutory language and FAA's current implementing regulations about whether the President must determine that a flight is in the foreign policy interests of the United States before issuing insurance.

Transportation Financing: Challenges in Meeting Long-Term Funding Needs for FAA, Amtrak, and the Nation's Highways, by John H. Anderson, Jr., Director of Transportation Issues, before the Subcommittee on Transportation, Senate Committee on Appropriations. [GAO/T-RCED-97-151](#), May 7 (21 pages).

Overall, the \$38 billion proposed in the Department of Transportation's fiscal year 1998 budget represents about a one-percent reduction from the agency's current appropriation. This testimony focuses on three critical transportation financing issues facing Congress and the administration:

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meeting the long-term funding needs of the Federal Aviation Administration, Amtrak, and the nation's highways. Each area presents formidable challenges that will stretch limited resources in a time of continuing pressure to reduce the federal budget.

Domestic Aviation: Barriers to Entry Continue to Limit Benefits of Airline Deregulation, by John H. Anderson, Jr., Director of Transportation Issues, before the Subcommittee on Aviation, Senate Committee on Commerce, Science, and Transportation. [GAO/T-RCED-97-120](#), May 13 (13 pages).

An April 1996 GAO report ([GAO/RCED-96-79](#)) noted that deregulation of the domestic airline industry has led to lower fares and better service for most air travelers. These benefits stem from greater competition spurred by the emergence of new airlines and the entry of established airlines into new markets. Nevertheless, some airports, mainly in the East and the upper Midwest, have yet to see the lower fares and improved services that deregulation has brought to other markets. An October 1996 GAO report ([GAO/RCED-97-4](#)) found that some industry practices, such as restrictive gate-leasing arrangements, impeded entry, particularly at major airports in the East and the upper Midwest. This testimony discusses (1) GAO's findings and recommendations concerning barriers to entry in the airline industry and (2) the Transportation Department's response to the recommendations in GAO's October 1996 report.

Federal Management: Addressing Management Issues at the Department of Transportation, by John H. Anderson, Jr., Director of Transportation Issues, before the Senate Committee on Commerce, Science, and Transportation. [GAO/T-RCED-97-172](#), May 21 (27 pages).

With more than \$39 billion provided in its fiscal year 1997 appropriation, the Transportation Department is responsible for ensuring the safe and efficient movement of people and goods and cost-effective investment in the nation's transportation infrastructure, including its highways and transit systems, airports, airways, ports, and waterways. This testimony discusses critical management issues at the Department and steps that Congress, the Department, and others can take to solve them.

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## Veterans Affairs

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### Testimony

VA Health Care: Assessment of VA's Fiscal Year 1998 Budget Proposal, by Stephen P. Backhus, Director of Veterans Affairs and Military Health Care Issues, before the Subcommittee on VA, HUD, and Independent Agencies, Senate Committee on Appropriations. [GAO/T-HEHS-97-121](#), May 1 (18 pages).

With a 1997 medical care appropriation of \$17 billion and a declining veteran population, the Department of Veterans Affairs (VA) faces mounting pressure to control spending as part of efforts to achieve a balanced budget. Last year, GAO reported that VA's health care system could reduce its operating costs by billions of dollars over the next several years. VA has requested medical care funding of \$17.6 billion in 1998. This consists of an appropriation of nearly \$17 billion and a legislative proposal to retain insurance payments and other third-party reimbursements. VA characterizes this as the first step in a five-year plan to reduce its per patient cost by 30 percent, increase patients served by 20 percent, and finance 10 percent of its expenditures using nonappropriated revenues by the year 2002. This testimony focuses on VA's five-year plan, including the outlook for attaining the stated targets and the potential effects on veterans and others. GAO also offers preliminary observations on VA's progress on two major initiatives: developing a method to more equitably allocate resources and establishing a decentralized management structure to more efficiently and effectively deliver services.

Veterans' Employment and Training Service: Focusing on Program Results to Improve Agency Performance, by Carlotta C. Joyner, Director of Education and Employment Issues, before the Subcommittee on Benefits, House Committee on Veterans' Affairs. [GAO/T-HEHS-97-129](#), May 7 (seven pages).

The Government Performance and Results Act (GPRA) is a powerful tool that brings discipline to program management by requiring agencies to clarify their missions, set goals, measure performance, and report on their accomplishments. GAO testified that the Veterans' Employment and Training Service (VETS) focuses more on process than on results. VETS has drafted a strategic plan and performance measures, consistent with GPRA, and has submitted it to the Office of Management and Budget for review. GAO believes that the proposed performance measures for employment and training services are an improvement over VETS' current approach because

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of their focus on results. But the plan has not received final approval from the Department of Labor or been incorporated into an overall developmental strategic plan. In addition, development of a strategic plan and better performance measures do not guarantee improved performance. Continued senior management commitment and effective implementation are necessary to achieved the improved agency performance envisioned by GPRA.

Veterans' Affairs: Veterans Benefits Administration's Progress and Challenges in Implementing GPRA, by Stephen P. Backhus, Director of Veterans' Affairs and Military Health Care Issues, before the Subcommittee on Benefits, House Committee on Veterans Affairs. [GAO/T-HEHS-97-131](#), May 14 (seven pages).

In response to widespread management problems in the government, Congress has taken steps to fundamentally change the way that federal agencies go about their work. The Government Performance and Results Act, passed in 1993, requires agencies to clearly define their missions, set goals, measure performance, and report on their accomplishments. This testimony discusses the progress made and the challenges faced by the Veterans Benefits Administration in implementing that legislation.

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## Special Publications

### **Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review**

GAO/GGD-10.1.16, May 1997 (37 pages).

The Government Performance and Results Act (GPRA) requires federal agencies to set goals, measure performance, and report on their accomplishments. Critical to such results-oriented management is an agency's strategic planning effort. This effort is the starting point for defining what the agency seeks to accomplish, for identifying the strategies it will use to attain desired results, and for determining whether it has achieved its objectives. Developing a strategic plan can help clarify organizational priorities and unify the agency's staff in the pursuit of shared goals. GPRA requires agencies, as they develop their strategic plans, to consult with Congress and solicit the views of other key stakeholders. This report focuses on key questions to facilitate congressional consultations on the plans and to help Congress determine how those plans can be improved to better support congressional and agency decisionmaking.

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## Correspondence

Regulatory Flexibility Act: Agencies' Use of the November 1996 Unified Agenda Did Not Satisfy Notification Requirements. [GAO/GGD/OGC-97-77R](#), Apr. 22.

Aviation Security: Commercially Available Advanced Explosives Detection Devices. [GAO/RCED-97-119R](#), Apr. 24.

Federal Retirement: Comparison of High 3, 4, and 5 Salary Factors. [GAO/GGD-97-84R](#), Apr. 25.

Department of Energy: Information on the Distribution of Funds for Counterintelligence Programs and the Resulting Expansion of These Programs. [GAO/RCED-97-128R](#), Apr. 25.

Mine Safety and Health Administration: Information on Proposed Relocation of Its Denver Technical Center to West Virginia. [GAO/HEHS-97-100R](#), Apr. 30.

States' Lobbying Disclosure: Information on States' Lobbying Disclosure Requirements. [GAO/GGD-97-95R](#), May 2.

U.S. Department of Agriculture: Analysis of Budgets, Fiscal Years 1997-98. [GAO/RCED-97-135R](#), May 5.

Procurement: Overview of HUD's Contracting Activities. [GAO/RCED-97-132R](#), May 9.

Internet: Internet Census and Use Estimates. [GAO/GGD-97-102R](#), May 12.

Medicare: Comparison of Medicare and VA Payment Rates for Home Oxygen. [GAO/HEHS-97-120R](#), May 15.

Courthouse Construction: Information on the Use of District Courtrooms at Selected Locations. [GAO/GGD-97-59R](#), May 19.

Student Loans: Potential Effects of Raising Statutory Audit Threshold. [GAO/HEHS-97-111R](#), May 20.

Federal Workforce: Attrition Rates at Ex-Im Bank and Similar Agencies. [GAO/GGD-97-104R](#), May 20.

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D.C. Financial Control Board: Opportunities for Improving the District of Columbia Authority's Financial Statements. [GAO/AIMD-97-83R](#), May 23.

D.C. Financial Control Board: Analysis of the District of Columbia Authority's Financial Statements for Fiscal Years 1995 and 1996. [GAO/AIMD-97-80R](#), May 23.

Indian Trust Funds: Tribal Account Holders' Responses to Reconciliation Results. [GAO/AIMD-97-102R](#), May 23.

Forest Service: Construction of National Forest Roads. [GAO/RCED-97-160R](#), May 27.

Uninsured Children: Estimates of Citizenship and Immigration Status in 1995. [GAO/HEHS-97-126R](#), May 27.

Undocumented Aliens: Medicaid-Funded Births in California and Texas. [GAO/HEHS-97-124R](#), May 30.

Superfund: Information on EPA's Administrative Reforms. [GAO/RCED-97-174R](#), May 30.

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## Decisions and Opinions

**GAO's Office of General Counsel regularly issues legal decisions and opinions, reports on major rules issued by federal agencies prior to their implementation, and decisions resolving bid protests. These documents are posted daily and may be downloaded from GAO's home page on the World Wide Web (<http://www.gao.gov>).**

**The following is a list of legal decisions and opinions and reports on major agency rules issued by the Office of General Counsel. In addition to being available on the World Wide Web, these documents may also be obtained by using the order form in the back of this publication. Bid protest decisions are not included in this list.**

### **Payment of Fees for College Level Examination Program**

B-272280, May 29.

The Department of Defense On-Site Inspection Agency may properly pay examination fees for College Level Examination Program (CLEP)

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examinations as part of academic degree training that the agency has determined, under 5 U.S.C. 4107(b) and implementing regulations, is necessary for recruitment or retention of employees. CLEP may properly be viewed as an integral part of the overall academic degree training because the examination allows the examinee to obtain college credit in substitution for a portion of the program leading to an academic degree. 55 Comp. Gen. 759 (1976) and B-187525, Oct. 15, 1976, regarding an examination to qualify for a professional license or certification, are distinguished.

**[Letter]**

B-276403, May 19.

GAO has no objection to an agency's proposal to allow an employee who has frequent flyer accounts with several airlines in which he has both government and personal mileage credits (separately accounted for), to trade personal mileage in one account for government mileage in another account thereby providing sufficient mileage for a free ticket for use on official business from one account and for personal use from the other account. In this case, without the trade, the agency will lose the benefit of the government mileage because the employee plans to leave the agency shortly, after which the government mileage will become useless. A trade in these circumstances does not violate the rule against allowing an employee to retain government mileage for personal use because it will result in the agency obtaining a free ticket on another airline and it is consistent with legislative and GSA guidance directing agencies to encourage employees' participation in frequent flyer programs to reduce agency travel costs.

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## Reports on Agency Rules

Department of Agriculture, Animal and Plant Health Inspection Service: Importation of Pork from Sonora, Mexico. [GAO/OGC-97-43](#), May 27.

Department of Agriculture, Animal and Plant Health Inspection Service: Karnal Bunt Disease; Domestic Plant-related Quarantine; Final Rule and Karnal Bunt; Compensation for 1995-1996 Crop Season; Final Rule. [GAO/OGC-97-44](#), May 21.

Department of Justice, Immigration and Naturalization Service and Executive Office for Immigration Review: Inspection and Expedited

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**Removal of Aliens; Detention and Removal of Aliens; Conduct of Removal Proceedings; Asylum Procedures.** [GAO/OGC-97-32](#), Mar. 28.

**Environmental Protection Agency: Addition of Facilities in Certain Industry Sectors; Revised Interpretation of Otherwise Use; Toxic Release Inventory; Community Right-to-Know.** [GAO/OGC-97-41](#), May 15.

**Federal Communications Commission: Use of the 28 GHz and 31 GHz Bands for Local Multipoint Distribution Service.** [GAO/OGC-97-40](#), May 1.

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