United States General Accounting Office

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MONTH IN REVIEW: JANUARY 1999

Reports, Testimony, Correspondence, and Other Publications

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Special Publications

Performance and Accountability Series: Major Management Challenges and Program Risks

GAO/OCG-99-1 through GAO/OCG-99-21, Jan. 1999

GAO's new performance and accountability series provides a comprehensive assessment of government management, particularly the management challenges and program risks confronting federal agencies. Using a "performance-based management" approach, this landmark set of reports focuses on the results of government programs—how they affect the American taxpayer—rather than on the processes of government. This approach integrates thinking about organization, product and service delivery, use of technology, and human capital practices into every decision about the results that the government hopes to achieve. The series includes an overview volume discussing governmentwide management issues and 20 individual reports on the challenges facing specific cabinet departments and independent agencies. The reports take advantage of the wealth of new information made possible by management reform legislation, including audited financial statements for major federal agencies, mandated by the Chief Financial Officers Act, and strategic and performance plans required by the Government Performance and Results Act. In a companion volume to this series, GAO also updates its high-risk list of government operations and programs that are particularly vulnerable to waste, fraud, abuse, and mismanagement. To order the entire 22-volume set (both the performance and accountability series and the high-risk report), please check the box marked GAO/OCG-99-22SET on the order form at the back of this publication. To order individual reports, check the boxes that correspond to the report numbers listed below.

A Governmentwide Perspective
GAO/OCG-99-1, Jan. 1999 (130 pages).

Department of Agriculture
GAO/OCG-99-2, Jan. 1999 (48 pages).

Department of Commerce
GAO/OCG-99-3, Jan. 1999 (56 pages).

Department of Defense
GAO/OCG-99-4, Jan. 1999 (74 pages).

Department of Education
GAO/OCG-99-5, Jan. 1999 (40 pages).

Department of Energy
GAO/OCG-99-6, Jan. 1999 (36 pages).

Department of Health and Human Services
GAO/OCG-99-7, Jan. 1999 (53 pages).

Department of Housing and Urban Development
GAO/OCG-99-8, Jan. 1999 (72 pages).

Department of the Interior
GAO/OCG-99-9, Jan. 1999 (41 pages).

Department of Justice
GAO/OCG-99-10, Jan. 1999 (55 pages).

Department of Labor
GAO/OCG-99-11, Jan. 1999 (41 pages).

Department of State
GAO/OCG-99-12, Jan. 1999 (39 pages).

Department of Transportation
GAO/OCG-99-13, Jan. 1999 (75 pages).

Department of the Treasury
GAO/OCG-99-14, Jan. 1999 (85 pages).

Department of Veterans Affairs
GAO/OCG-99-15, Jan. 1999 (55 pages).

Agency for International Development
GAO/OCG-99-16, Jan. 1999 (22 pages).

Environmental Protection Agency
GAO/OCG-99-17, Jan. 1999 (48 pages).

National Aeronautics and Space Administration
GAO/OCG-99-18, Jan. 1999 (33 pages).

Nuclear Regulatory Commission

GAO/OCG-99-19, Jan. 1999 (26 pages).

Social Security Administration

GAO/OCG-99-20, Jan. 1999 (36 pages).

U.S. Postal Service

GAO/OCG-99-21, Jan. 1999 (42 pages).

High-Risk Series: An Update

GAO/HR-99-1, Jan. 1999 (180 pages).

GAO's high-risk series was first published in 1990 and has been updated for each new Congress since. This year's list of high-risk programs is the longest in the exercise's nine-year history, with 26 programs or functions singled out for scrutiny. The 26 areas range from governmentwide problems, such as the Year 2000 computing challenge and information security weaknesses, to specific programs and operations with a history of waste, inefficiency, and poor management—from Medicare to the farm loan programs to defense contracting and military infrastructure. Two areas—financial management at the Forest Service and at the Federal Aviation Administration—were added, and one—Customs Service financial management—was removed. Lasting solutions to high-risk problems offer the potential to save billions of dollars, dramatically improve services to the public, and strengthen public confidence in the accountability and performance of the federal government.

Agriculture and Food

U.S. Department of Agriculture: Administrative Streamlining Is Expected to Continue Through 2002

GAO/RCED-99-34, Dec. 11 (31 pages).

From 1993 through 1998, the U.S. Department of Agriculture (USDA) cut its departmentwide administrative staff for four functions—human resources, budgeting, accounting and auditing, and acquisition—by 15 percent, from 10,300 to an estimated 8,800. USDA estimates that the number of administrative staff will decrease by an additional 250 by the end of fiscal year 1999. As of November 1998, USDA had not yet begun to implement its

plan to consolidate and streamline administrative functions at the state office level. USDA has no plans to develop performance measures to determine the economies and efficiencies realized as a result of its departmentwide streamlining actions. Without additional performance measures, such as those that examine the quality of service delivery, USDA will not know the extent to which it has achieved greater efficiency, effectiveness, and economy in its programs and activities.

Civil Rights

U.S. Department of Agriculture: Problems Continue to Hinder the Timely Processing of Discrimination Complaints

GAO/RCED-99-38, Jan. 29 (37 pages).

Civil rights at the U.S. Department of Agriculture (USDA) has long been a troubled area. Over the years, internal and external reports have cited problems in USDA's delivery of services to program beneficiaries, such as minority farmers, and in its treatment of minority employees. USDA's newly consolidated Office of Civil Rights made one of its top priorities the resolution of the agency's large backlog of program and employment complaints. However, GAO found that USDA's efforts to process discrimination complaints are falling short of its goals for closing its complaint backlog. Despite USDA's initial goal of closing its backlog of discrimination complaints by July 1, 1997, as of October 1998, USDA had closed only 44 percent of its 1,088 backlog program cases and 64 percent of its 2,142 backlog employment cases. USDA has provided additional resources to help address discrimination complaints, but several problems are impeding its efforts to process complaints more expeditiously. These problems include long-standing issues, such as continuing management turnover and reorganizations in the Office of Civil Rights; inadequate staff and managerial expertise; a lack of clear, up-to-date guidance and procedures; and poor working relationships and communication within the Office of Civil Rights and between the office and other USDA entities. Moreover, the Department is not consistently using alternative dispute resolution techniques, such as mediation, to address workplace and other disputes before they become formal complaints.

Employment

Davis-Bacon Act: Labor Now Verifies Wage Data, but Verification Process Needs Improvement

GAO/HEHS-99-21, Jan. 11 (60 pages).

The Davis-Bacon Act, enacted in 1931, is intended to protect workers and communities from the economic disruption caused by contractors hiring workers from outside the local area, where wages are lower, thus obtaining federal construction contracts by underbidding contractors that pay local wage rates. The act requires that employers pay locally prevailing wage rates, including fringe benefits, to laborers and mechanics employed on the more than $40 billion of federal construction projects a year. In earlier reports, GAO has expressed concern that the Department of Labor's procedures for determining prevailing wage rates were vulnerable to the use of inaccurate or fraudulent data, which could lead to the payment of wages that are either lower than what workers should receive or higher than the actual prevailing wages, which would inflate federal construction costs at the taxpayers' expense. The House Appropriations Committee directed Labor to ensure that part of the funds appropriated for the wage survey program be used to randomly sample all data submissions to verify their accuracy. Moreover, the committee specified that Labor select a sample of all wage data submissions for on-site data verification against actual payroll records. This report reviews these verification activities. GAO discusses (1) what Labor has done in response to the Committee's directive and (2) the likely effect of these efforts on the accuracy and timeliness of Davis-Bacon wage determinations.

Environmental Protection

Hazardous Waste Sites: State Cleanup Practices

GAO/RCED-99-39, Dec. 24 (23 pages).

As of October 1998, about 1,200 of the nation's most contaminated hazardous waste sites were being cleaned up under the Environmental Protection Agency's (EPA) Superfund program. States are addressing thousands of other hazardous waste sites in their own cleanup programs. Some of the state programs, which were originally modeled after the Superfund program, have been modified over the years to encourage more cleanups by site owners and others and to make cleanups more efficient. This report (1) identifies practices that are both used in state programs at

sites that may be contaminated enough to qualify for long-term cleanup under the Superfund program and that are believed by State officials to reduce the time and expense of cleanups and (2) presents the views of EPA, environmentalists, and other stakeholders about whether the states' practices may be applicable to the Superfund program.

Safe Drinking Water Act: Progress and Future Challenges in Implementing the 1996 Amendments

GAO/RCED-99-31, Jan. 14 (24 pages).

The Safe Drinking Water Act Amendments of 1996 sought to address many long-standing problems impeding the nation's primary drinking water protection program. The amendments (1) required that new contaminant limitations be based on the risk to human health and on sound science and that the cost of compliance be taken into account, (2) placed greater emphasis on pollution prevention by requiring that all sources of drinking water for public water systems be assessed for their susceptibility to contamination, (3) added requirements to help ensure that customers are fully informed about the quality of their drinking water, (4) addressed problems associated with thousands of "nonviable" small water systems that have often had difficulty ensuring the safety of their water, (5) established a program to help water systems finance infrastructure improvements, and (6) authorized additional resources to help the Environmental Protection Agency (EPA) and the states implement the drinking water program. This report provides information on each of these key changes. GAO discusses the status of efforts and progress made by EPA and the states to address them and the future challenges facing EPA and the states in their efforts to do so.

Correspondence

Water Pollution: Proposed Pretreatment Standards for Industrial Laundries. GAO/RCED-99-42R, Jan. 20.

Financial Management

Inspectors General: Information on Operational and Staffing Issues

GAO/AIMD-99-29, Jan. 4 (64 pages).

This year marks the 20th anniversary of the Inspector General Act of 1978, the basic authority governing statutory offices of inspector general (IG), and the 10th anniversary of the Inspector General Act Amendments of 1988, which extended the IG's basic reporting requirements and established IG offices in additional government organizations. GAO surveyed IGs and found that their work covers a broad spectrum of agency programs and operations. In general, the IGs responded that they have the expertise and resources necessary to assemble the staff needed to do the major types of work for which they are responsible. Additionally, although they generally anticipate the level of work to remain the same or slightly increase across the range of areas they review, IGs anticipated the greatest increase to be in information technology reviews. IGs also indicated that they were generally satisfied with their role and the overall legislation governing them, but did identify certain potential areas for modification, which this report discusses in detail.

Financial Management: Problems in Accounting for Navy Transactions Impair Funds Control and Financial Reporting

GAO/AIMD-99-19, Jan. 19 (36 pages)

Problem disbursements result from difficulties in properly recording transactions, including matching disbursements with related obligations, well after the transactions have occurred. Problem disbursements can increase the risk of (1) fraudulent or erroneous payments going undetected, (2) disbursement amounts exceeding appropriated amounts and other legal spending limits, and (3) inaccurate and unreliable financial reporting. The Navy's inability to accurately account for its disbursements and collections is a serious, long-standing problem. GAO reported in 1996 that errors in recording billions of dollars of Navy disbursements caused the Treasury Department to understate the government's overall budget deficit by at least $4 billion as of June 1995. (See GAO/AIMD-96-7, Mar. 1996.) This report focuses on the effects of one type of problem disbursements—in-transits—on the Navy's funds control and financial reporting.

Credit Reform: Key Credit Agencies Had Difficulty Making Reasonable Loan Program Cost Estimates

GAO/AIMD-99-31, Jan. 29 (68 pages).

GAO's report on the government's consolidated financial statements for fiscal year 1997 (GAO/AIMD-98-127, Mar. 1998) raised significant concerns about the ability of credit agencies to reasonably estimate subsidy costs related to the reported $216.6 billion in direct loans and $712.4 billion in loan guarantees issued by the federal government. Program managers and Congress depend on this information to make funding and program decisions involving hundreds of billions of dollars each year. For some types of credit programs, unreliable information can affect the availability and the delivery of basic services to taxpayers because changes in cost estimates may alter the number and amount of loans available. GAO reviewed the ability of the five key credit agencies—the Small Business Administration and the Departments of Education, Housing and Urban Development, Veterans Affairs, and Agriculture—to reasonably estimate their loan programs, including whether they used practices identified by the Credit Reform Task Force as being effective in making these estimates. GAO also reviewed the status of agencies' efforts to ensure that computer systems used to estimate the cost of credit programs are Year 2000 compliant.

Financial Management: Analysis of DOD's First Biennial Financial Management Improvement Plan

GAO/AIMD-99-44, Jan. 29 (43 pages).

In October 1998, the Defense Department (DOD) submitted to Congress its biennial strategic plan to improve financial management in the military. Volume I of the plan includes three main sections: the concept of operations, the current environment, and the transition plan describing DOD's goals for achieving the target financial management environment and identifying the strategies and corrective actions needed to move through the transition. Volume II provides information on the specific financial management improvement initiatives intended to implement the transition plan. This report determines whether (1) the concept of operations included the critical elements necessary for producing sustainable financial management improvement over the long term and

(2) the transition plan provided a strategic-level "road map" from the current environment to DOD's planned future financial management environment. GAO also discusses additional technical details needed to determine whether implementation of DOD's future financial management environment is practical, cost-effective, and feasible.

Financial Management: Review of VA's Actuarial Model for Veterans' Compensation Benefits

GAO/AIMD-99-46, Jan. 29 (10 pages).

In a report on the government's consolidated financial statements for fiscal year 1997, GAO noted that the Department of Veterans Affairs' (VA) estimated liability for veterans' compensation benefits was materially understated primarily because it did not include estimates for anticipated changes in disability ratings and for incurred claims not yet reported. (See GAO/AIMD-98-127, Mar. 1998.) Because of these limitations, VA's methodology for computing the liability did not comply with Statement of Federal Financial Accounting Standards (SFFAS) No. 5, which prescribes accounting standards for the federal government's liabilities. VA revised its model to comply with SFFAS No. 5 before issuing its own audited financial statements for the Department in April 1998. Using the revised model, VA's estimated liability as of September 30, 1997, in its April 1998 report was $466 billion—an increase of $270 billion over that reported in the government's consolidated financial statements for fiscal year 1997. This report discusses the improvements that VA has made to the model and makes recommendations for additional improvements that should enhance the reliability of estimates produced by the model.

Government Operations

Regulatory Burden: Some Agencies' Claims Regarding Lack of Rulemaking Discretion Have Merit

GAO/GGD-99-20, Jan. 8 (92 pages).

GAO recently reported what officials from 15 private sector companies said were the most problematic federal regulations for their businesses. (See GAO/GGD-97-2, Nov. 1996, and GAO/GGD-97-26R, Dec. 1996.) The 125 concerns cited by these officials included the perceived high cost of regulatory compliance; excessive paperwork; unreasonable, unclear, and inflexible

requirements; and severe penalties for noncompliance. GAO also obtained responses from the 19 federal agencies that issued the regulations underlying the companies' concerns. This report examines agency assertions that some of the 125 regulatory concerns were, at least in part, attributable to the underlying statutes. For each of the 27 concerns that GAO focused on, this report determines (1) the amount of discretion the underlying statutes gave the rulemaking agencies in developing the regulatory requirements that the agencies had attributed to the underlying statutes, (2) whether the regulatory requirements at issue were within the authority granted by the underlying statutes, and (3) whether the rulemaking agencies could have developed regulatory approaches that would have been less burdensome to the regulated entities while still meeting the underlying statutory requirements.

New Dollar Coin: Public Prefers Statue of Liberty Over Sacagawea

GAO/GGD-99-24, Jan. 22 (20 pages).

A survey done by International Communications Research, a national market research firm under contract with GAO, found that most adults in the United States would prefer the Statue of Liberty rather than Sacagawea—a Native American interpreter who accompanied the Lewis and Clark expedition—to be on the face of the new dollar coin. The survey results indicate that most respondents felt very or somewhat strongly about their choice. Respondents preferring the Statue of Liberty generally cited "symbolism" or "familiarity/recognition" as the basis for their choice. Those preferring Sacagawea cited reasons that generally fell into the following categories: "Native American," "different/a change," and "history."

Health

Lead Poisoning: Federal Health Care Programs Are Not Effectively Reaching At-Risk Children

GAO/HEHS-99-18, Jan. 15 (105 pages).

GAO's analysis of the Centers for Disease Control's (CDC) most recent blood lead level and screening survey data shows that children served by federal health care programs remain at significant risk for elevated blood lead levels. Three-fourths of the children aged one through five found to have

an elevated blood lead level in CDC's 1991-94 survey were enrolled in Medicaid or the Special Supplemental Nutrition Program for Women, Infants, and Children or were within the target population for the Health Center Program. This equates to nearly 700,000 children nationwide. More than eight percent of the surveyed children who were served by federal health care programs had a harmful blood lead level—a rate nearly five times that for children not in these federal programs. Despite federal policies, most children in or targeted by federal health care programs have not been screened. Screening often does not occur because federal screening policies are largely not monitored at the federal and state levels. One underlying reason for low screening rates is the widespread belief among providers that lead exposure is no longer a problem in their communities. Another problem is that many children are not receiving adequate preventive health care services, visiting the doctor only when they are sick. Follow-up treatment for children with elevated blood lead levels is complex and potentially resources intensive. Little national data exists to reliability show the extent to which services are provided to children suffering from lead poisoning. At health centers and state and local health departments across the country, GAO found wide variations in the extent of timely follow-up. Providers sometimes miss opportunities to perform follow-up tests and children may not return for follow-up care. Another problem is that most state Medicaid programs do not reimburse for key treatment services.

Specialty Care: Heart Attack Survivors Treated by Cardiologists More Likely to Take Recommended Drugs

GAO/HEHS-99-6, Dec. 4 (42 pages).

Many studies comparing specialists and primary care physicians in fee-for-service settings have found that specialists treat conditions within their areas of expertise more intensively than primary care doctors. Despite concerns that specialists may be more likely than primary care physicians to provide costly and unnecessary care, studies have shown that for some conditions, including heart attacks and severe asthma, patients treated by specialists are more likely to receive appropriate care and follow prescribed treatment regimens than patients treated by other physicians. Less is known about differences in treatment patterns between patients cared for by specialists and other physicians in health maintenance organizations (HMO). Specialist care is generally more expensive than care provided by other physicians, and some studies have

found that the proportion of appointments with specialists is smaller for HMO patients than for those with private fee-for-service insurance. This report examines potential differences in treatment patterns for HMO patients treated by specialists and those treated by generalist physicians. Specifically, GAO assesses follow-up treatment for heart attack survivors enrolled in Medicare HMOs. GAO chose this group because the differences in the quality of cardiac care provided by cardiologists and generalists have been particularly well-documented and the effectiveness of specific treatments for coronary heart diseases has been clearly shown.

Correspondence

Award of Indian Health Professions Scholarships. GAO/OSI-99-3R, Jan. 15.

Income Security

Supplemental Security Income: Increased Receipt and Reporting of Child Support Could Reduce Payments

GAO/HEHS-99-11, Jan. 12 (36 pages).

Supplemental Security Income (SSI) benefits could be reduced and single-parent families' incomes increased if more children on SSI received child support enforcement services. Child support enforcement programs in Florida, New York, and Texas provided services to almost 45,000 SSI children in single-parent families in those states and collected child support for more than one-quarter of them. However, more than 52,000 other SSI children in single-parent families in those states did not receive child support enforcement services. GAO estimates that if their parents had been required to cooperate with child support enforcement services, annual SSI benefits to these children could have been reduced by $4.2 million, while the net annual income of the SSI single-parent families would have risen by $2.6 million. Even though savings to the government are not guaranteed, increasing the number of SSI children receiving child support enforcement services would help promote parental responsibility and boost the incomes of single parents, helping them to achieve economic independence and reducing their dependency on public assistance. Among the SSI children in single-parent families for whom the three states' child support enforcement programs collected support, GAO found strong evidence that many parents had not reported the income to the Social Security Administration (SSA) as is required. GAO estimates that in Florida, New York, and Texas, SSA overpaid $7.7 million in annual SSI benefits because this unreported support was not considered in calculating childrens' SSI benefits.

Correspondence

Social Security Administration: Compliance With Presidential Directive to Reduce Management-to-Staff Ratio. GAO/HEHS-99-43R, Jan. 22.

Information Management

IRS Systems Security: Although Significant Improvements Made, Tax Processing Operations and Data Still at Serious Risk

GAO/AIMD-99-38, Dec. 14 (18 pages).

The Internal Revenue Service (IRS) is making significant progress to improve computer security at its facilities. IRS has acknowledged the seriousness of its computer security weaknesses, consolidated overall responsibility for computer security management within one office under its Chief Information Officer, reevaluated its approach to computer security management, and developed a high-level plan for mitigating weaknesses cited by GAO. (See GAO/AIMD-97-49, Apr. 1997.) GAO found that IRS has addressed the risks associated with 63 percent of the weaknesses discussed in that report. Despite this progress, serious weaknesses persist at five facilities GAO visited during its earlier audit, and GAO identified additional weaknesses at those locations and at a sixth facility included in this review. These weaknesses affect the agency's ability to control physical access at its facilities and sensitive computing areas, control electronic access to sensitive taxpayer data and computer programs, prevent and detect unauthorized changes to taxpayer data or computer software, and restore essential IRS operations following an emergency or natural disaster. Until these weaknesses are corrected, IRS tax processing centers are at risk of disruption. Moreover, sensitive taxpayer data could be revealed to unauthorized persons, improperly used or modified, or destroyed, thereby exposing taxpayers to loss or damages arising from identity fraud and other financial crimes.

Defense IRM: Alternatives Should Be Considered in Developing the New Civilian Personnel System

GAO/AIMD-99-20, Jan. 27 (47 pages).

The Defense Department (DOD) has been reducing the costs of civilian personnel management during the past five years by reducing the number of staff working in personnel, consolidating personnel management functions at newly created regional centers, and trying to improve

personnel management business processes. A key part of this effort is DOD's development of a new information management system—the Defense Civilian Personnel Data System—to support a wide range of personnel management duties, including recruitment, benefits administration, and training. DOD expects to complete deployment of this system by March 2000. This report answers the following questions about this initiative: How did DOD determine the number and locations for civilian personnel regional service centers and why is there such a wide disparity in the number of regional centers among the services? Is DOD applying the principles of the Clinger-Cohen Act in overseeing, managing, and developing the Defense Civilian Personnel Data System? Does that system replicate a system that is available through the Office of personnel Management? Was DOD leadership aware of the extent and cost of the needed modifications to the commercial off-the-shelf software application? Has DOD identified and mitigated the risks associated with the major commercial off-the-shelf modifications?

Year 2000 Computing Crisis: Status of Bureau of Prisons' Year 2000 Efforts

GAO/AIMD-99-23, Jan. 27 (nine pages).

The Bureau of Prisons depends on an information technology system—SENTRY—to carry out one of its most critical responsibilities—managing and tracking inmates. Among other things, SENTRY monitors prisoners, computes inmate sentences, documents work assignments, and tracks disciplinary actions. The Bureau also uses more than 2,000 individual non-information technology systems, which rely on embedded computers, for other vital functions, from video surveillance and perimeter detection systems to telephone switches and boiler controls. This report assesses how well the Bureau has managed its program to make these systems Year 2000 compliant. GAO discusses (1) the status of the Bureau's Year 2000 program and (2) recent steps the Bureau has taken to strengthen its management of the program and improve Year 2000 assistance to state and local governments.

Testimony

Year 2000 Computing Challenge: Readiness Improving, but Critical Risks Remain, by David M. Walker, Comptroller General of the United States, before the Senate Committee on Appropriations. GAO/T-AIMD-99-49, Jan. 20 (19 pages).

The federal government, with its dependence on large-scale, complex computer systems to deliver vital public services, faces an especially enormous and difficult task in overcoming the Year 2000 computing problem. Unless adequately addressed, Year 2000 problems could seriously disrupt key federal operations—from national defense to benefits payments to air traffic control. Although the government's preparedness to deal with the Year 2000 problem has improved markedly during the past two years, significant challenges remain and time is running out. Complete and thorough Year 2000 testing is essential to ensure that new or modified systems are able to process dates correctly and that technology-dependent services operate reliably after the turn of the century. Moreover, adequate business continuity and contingency plans must be in place throughout government. The scope of the Year 2000 problem extends well beyond federal operations, however, affecting both the U.S. and the global economies. In concert with GAO's recommendations, the President's Council on Year 2000 Conversion has been reaching out to the private sector, state and local governments, and other countries to increase awareness of the problem. The Council has also begun to address the readiness of specific economic sectors, including power, water, telecommunications, health care, and emergency services. At this juncture, however, a comprehensive picture of the nation's readiness is lacking. Much more needs to be done—both domestically and internationally—to determine readiness and prepare contingency plans.

Year 2000 Computing Crisis: Readiness Improving, but Much Work Remains to Avoid Major Disruptions, by Joel C. Willemssen, Director of Civil Agencies Information Systems Issues, before the House Committee on Government Reform and the House Committee on Science. GAO/T-AIMD-99-50, Jan. 20 (36 pages).

The United States, with close to half of all computer capacity and 60 percent of Internet assets, is the world's most advanced—and most dependent—user of information technology. Failure of these systems as a result of the Year 2000 computing problem could cause widespread disruptions in both government and the private sector. GAO has included the Year 2000 problem on its list of high-risk areas in the federal government. This testimony highlights the Year 2000 risks confronting the nation; discusses the federal government's progress and remaining challenges to correcting its systems; identifies Year 2000 issues in state and local governments; and provides an overview of the available

information on the readiness of key public infrastructure and economic sectors.

Correspondence

Child Support Enforcement: Information on Federal and State Databases. GAO/AIMD-99-42R, Dec. 31.

Child Support Enforcement: Issues in Establishing an Instant Check System for Child Support Orders. GAO/AIMD-99-43R, Dec. 31.

Justice and Law Enforcement

Juvenile Courts: Reforms Aim to Better Serve Maltreated Children

GAO/HEHS-99-13, Jan. 11 (36 pages).

Serious systemic problems continue to plague the juvenile dependency court system. States GAO visited reported a lack of cooperation between the courts and child welfare agencies as well as difficult personnel and data management issues that jeopardize the courts' ability to ensure that a child's stay in the foster care system is as brief as possible and that the permanent placement decision is in the child's best interest. Despite their shared involvement in the child welfare system, courts and child welfare agencies often do not work well together. For example, some judges mistrust the judgment of caseworkers and routinely order additional clinical assessments to compensate for what the judges view as professional inadequacies. In addition, courts face many difficulties, including growing caseloads, short tenures for judges and attorneys assigned to juvenile dependency courts, and insufficient training of judges and attorneys in child welfare law. Some states have undertaken court reforms that they believe reduce the length of time that children spend in foster care and improve the quality of decisions made by courts. State and local officials identified three ingredients essential to successful reform efforts: the presence of judicial leadership and collaboration among court participants, the availability of timely information on case processing performance, and the availability of financial resources to initiate and sustain reforms. Although states and localities believe that they have made progress in addressing problems, GAO cautions that few results have been documented.

Federal Judiciary: Information on the Use of Recalled Magistrate and Bankruptcy Judges

GAO/GGD-99-22, Jan. 15 (44 pages).

This report discusses the federal judiciary's use of recalled magistrate judges and bankruptcy judges. These individuals are retired magistrate and bankruptcy judges who, with their consent, return to the bench for a specified period of time. The use of recalled judges is one option district courts and bankruptcy courts have for obtaining temporary judicial assistance when they are experiencing a temporary workload increase, have one or more judgeship vacancies, or for other reasons. This report discusses (1) whether the demand for recalled magistrate and bankruptcy judges has exceeded the number of judges available to serve in recalled positions, (2) whether the courts that recalled judges had judgeship vacancies and higher-than-average weighted case filings, and (3) the approximate one-year cost savings associated with using a recalled judge rather than filling a full-time judgeship position.

National Defense

DOD Animal Research: Improvements Needed in Quality of Biomedical Research Database

GAO/NSIAD/HEHS-99-24, Dec. 14 (13 pages).

Members of Congress raised concerns in 1992 about the lack of disclosure about the military's use of animals in research. In response, the Defense Department (DOD) began submitting annual reports to Congress in 1994. The following year, DOD established the Biomedical Research Database, which contains information on research projects and training programs involving animals being conducted by its laboratories, military hospitals and bases, and contractors. GAO found that the database has improved public access to information about DOD's use of animals in its research activities. However, GAO also found instances in which the information in the database was inaccurate, incomplete, and inconsistent. Although GAO did not identify the full extent of these problems, the problems GAO identified suggest that DOD needs to improve the accuracy and extent of the information in the database.

Defense Trade: U.S. Contractors Employ Diverse Activities to Meet Offset Obligations

GAO/NSIAD-99-35, Dec. 18 (12 pages).

Offsets are industrial and commercial benefits that are given to foreign governments as inducements or conditions for the purchase of military goods and services. They include coproduction and subcontracting, technology transfers, in-country procurements, marketing and financial assistance, and joint ventures. This report provides information on the types of activities undertaken by U.S. contractors to meet offset obligations associated with the sale of defense equipment to foreign governments. GAO examines the offset transactions of six major U.S. defense contractors. GAO analyzes data for more than 100 offset transactions for weapon system purchases by countries in the Middle East, Europe, and Asia.

Defense Trade: Status of the Defense Export Loan Guarantee Program

GAO/NSIAD-99-30, Dec. 21 (18 pages).

The National Defense Authorization Act for Fiscal Year 1996 directed the Defense Department (DOD) to establish a loan guarantee program for the sale or long-term lease of defense articles or services to eligible foreign governments. DOD is required to charge fees to cover administrative costs and potential U.S. liability in the event of default on loan payments. In November 1996, DOD established the Defense Export Loan Guarantee Program and designed it to operate at no cost to the government. This report determines the program's status. GAO reviews the level of program activity so far, the program's financial status, and other sources of funding available to borrowing countries. GAO also compares the characteristics of the Defense Export Loan Guarantee Program with those of other U.S. government export financing programs and examines issues related to the planned transfer in 1999 of program responsibilities within DOD.

Social Services

Food Stamp Program: Information on Employment and Training Activities

GAO/RCED-99-40, Dec. 14 (16 pages).

Welfare reform limits able-bodied adults without dependents to three months of food stamps within a three-year period unless they meet work requirements or they live in areas with high unemployment and few jobs. In the 42 states providing enough data for analysis, GAO found that a monthly average of 514,200 able-bodied adults without dependents received food stamps during April, May, and June 1998. About 40 percent of them were not required to work because they lived in areas with high unemployment or too few jobs. In the 24 states providing enough data for analysis, a monthly average of 23,600 able-bodied adults without dependents filled state-sponsored employment and training or Workfare positions. This represents about 17 percent of the able-bodied adults without dependents who were required to work in those states in order to receive food stamps. Those persons also accounted for about half of the able-bodied adults without dependents who were offered jobs and training assistance or Workfare positions by these states. As of June 1998, with one-fourth of fiscal year 1998 remaining, all the states had spent only 28 percent of the $212 million set aside for state employment and training programs for food stamp recipients. Also, 43 states had spent about 41 percent of the grant money available to them in fiscal year 1998.

Transportation

Airport Improvement Program: FAA Complying With Requirement for Local Involvement in Noise Mitigation Projects

GAO/RCED-99-41, Dec. 28 (eight pages).

The Federal Aviation Administration (FAA) provides grants to help airports control the amount of aircraft noise affecting neighboring areas. Under FAA policy, airport owners receiving such grants must obtain from each city, county, municipality, or other agency with authority over property affected by the grant a written declaration stating that the project is reasonably consistent with local plans or has local support. Complying with this policy has been an issue at the Seattle-Tacoma International Airport, where some local groups opposed to the airport's expansion have criticized the airport's noise mitigation program and have pointed out that FAA did not require the airport to obtain written declarations that the

project was consistent with local plans and had local support. GAO determines whether FAA must enforce this grant assurance as a condition of providing noise mitigation grants to the Seattle-Tacoma International Airport, which is run by the Port of Seattle.

Surface Transportation: High-Speed Rail Projects in the United States

GAO/RCED-99-44, Jan. 14 (53 pages).

GAO reviewed the status of high-speed rail projects in the United States, focusing on plans for a high-speed rail link between Miami, Orlando, and Tampa. GAO found that because the Florida project is in the early stages of development, it faces uncertainties. It will be more than two years until enough information is available to comprehensively assess the project's cost, financing, ridership, and schedule. For example, the rail system's estimated cost—now pegged at between $6 billion and $8 billion—is uncertain because the project is only at a five-percent level of engineering design. At the same time, the ridership forecast relies on optimistic assumptions and could be overstated by 30 percent or more. To help pay for the Florida project's capital costs, the project's sponsors will seek a $2 billion federal loan from the Department of Transportation. Recipients of such funding must repay the assistance, in whole or part, from a dedicated revenue stream, such as tolls. Providing the Florida project with a $2 billion loan would constrain the Department's ability to fund other projects that are potential candidates for credit assistance. At least 11 other corridors in the Untied States are in various stages of developing high-speed rail projects. Unlike the Florida project, most of the other corridors have not determined their funding sources. Most of the corridors are in the early planning stages, but officials in Amtrak's Northeast corridor—between Washington, D.C., and Boston—have been upgrading their system for years, and officials in the Pacific Northwest corridor—between Vancouver, British Columbia, and Eugene, Oregon—have bought high-speed trains and plan to upgrade their tracks. Ten of the 11 corridor projects have preliminary cost estimates ranging from $315 million to $4 billion. In contrast, the California corridor project, which would use either very-high-speed or magnetic levitation technology, could cost as much as $29 billion.

Aviation Competition: Effects on Consumers From Domestic Airline Alliances Vary

GAO/RCED-99-37, Jan. 15 (68 pages).

Early in 1998, the six largest airlines, which account for nearly 70 percent of domestic airline traffic, announced plans to form three alliances involving Northwest and Continental, Delta and United, and American and US Airways. The alliances vary from a limited marketing arrangement, such as reciprocal frequent flyer programs, to more complex agreements, such as those involving "code sharing" or one partner's ownership of an equity share in the other partner's business. The airlines contend that these alliances will benefit consumers through expanded route networks and combined frequent flyer programs. Others argue that the alliances will undermine competition, ultimately reducing passengers' choices and increasing fares. This report (1) describes the status of each of the alliances; (2) examines, for each alliance, the potential beneficial and harmful effects on consumers; and (3) examines the authority of the departments of Justice and Transportation to review these alliances and the status of their reviews.

Testimony

Federal Aviation Administration: Issues Concerning the Reauthorization of Aviation Programs, by John H. Anderson, Jr., Director, and Gerald L. Dillingham, Associate Director, of Transportation Issues, before the Senate Committee on Commerce, Science, and Transportation. GAO/T-RCED-99-68, Jan. 20 (19 pages).

The Senate last year passed legislation to reauthorize the Federal Aviation Administration's (FAA) programs for a two-year period. The Senate bill included provisions to enhance competition and service in the aviation industry and to improve aviation safety, security, and system capacity. However, the House did not pass similar legislation, and Congress instead passed a six-month authorization that expires in March 1999. Over the years, GAO has done significant work in several areas covered in proposed legislation recently introduced in the Senate—aviation competition, FAA's air traffic control modernization program, FAA's efforts to ready its computer systems for the year 2000, Airport Improvement Program funding, and aviation safety and security. This testimony provides GAO's views on these issues, which Congress may wish to consider in drafting new reauthorization legislation.

Correspondence

U.S. Airports: Selected Airports' Views on Federal Requirements. GAO/RCED-99-58R, Jan. 29.

Veterans Affairs

VA Health Care for Women: Progress Made in Providing Services to Women Veterans

GAO/HEHS-99-38, Jan. 29 (24 pages).

The Department of Veterans Affairs (VA) has made considerable progress in removing barriers that prevent women veterans from receiving care. For example, VA has increased its outreach to women veterans to inform them of their eligibility for health care services and designated women veteran coordinators to help women veterans access VA's health care system. VA has also improved the health care environment at many of its medical facilities, especially with respect to accomodating the privacy needs of women veterans. However, VA recognizes that more work needs to be done in these areas. In addition, in reponse to women veterans' concerns, VA has begun to assess its capacity to provide inpatient psychiatric care to women veterans. VA's efforts to stress women veterans' health care have significantly increased the availability and use of all services during the past three years. For example, gender-specific services—pap smears, mammograms, and reproductive health care—grew from more than 85,000 to more than 121,000 between 1994 and 1997. During the same period, the number of women veterans treated on an outpatient basis rose by about 32 percent, or 119,300.

Reports on Agency Rules

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Department of Health and Human Services, Food and Drug Administration: Regulations Requiring Manufacturers to Assess the Safety and Effectiveness of New Drugs and Biological Products in Pediatric Patients. GAO/OGC-99-22, Dec. 21.

Department of Health and Human Services, Health Care Financing Administration: Medicare Program; Limited Additional Opportunity to Request Certain Hospital Wage Data Revisions for Fiscal Year 1999. GAO/OGC-99-20, Dec. 8.

Department of Labor, Occupational Safety and Health Administration: Powered Industrial Truck Operator Training. GAO/OGC-99-21, Dec. 16.

Department of the Interior, Fish and Wildlife Service: Migratory Bird Hunting: Late Seasons and Bag and Possession Limits for Certain Migratory Game Birds. GAO/OGC-99-19, Nov. 27.

Environmental Protection Agency: National Primary Drinking Water Regulations: Disinfectants and Disinfection Byproducts. GAO/OGC-99-27, Dec. 31.

Environmental Protection Agency: National Primary Drinking Water Regulations: Interim Enhanced Surface Water Treatment. GAO/OGC-99-26, Dec. 30.

Federal Communications Commission: Facilitate the Development and Use of the Universal Licensing System in the Wireless Telecommunications Services. GAO/OGC-99-25, Dec. 29.

Federal Communications Commission: MDS and ITFS Two-Way Transmissions. GAO/OGC-99-23, Dec. 28.

National Credit Union Administration: Organization and Operations of Federal Credit Unions. GAO/OGC-99-30, Jan. 14.

Pension Benefit Guaranty Corporation: Payment of Premiums. GAO/OGC-99-24, Dec. 28.

Securities and Exchange Commission: Amendment to Rule Filing Requirements for Self-Regulatory Organizations Regarding New Derivative Securities Products. GAO/OGC-99-29, Jan. 5.

Securities and Exchange Commission: OTC Derivatives Dealers. GAO/OGC-99-17, Nov. 18.

Securities and Exchange Commission: Regulation of Exchanges and Alternative Trading Systems. GAO/OGC-99-28, Jan. 6.

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