United States General Accounting Office

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MONTH IN REVIEW: FEBRUARY 1999

Reports, Testimony, Correspondence, and Other Publications

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Budget and Spending

Testimony

Fiscal Year 2000 Budget Request for the U.S. General Accounting Office, by David M. Walker, Comptroller General of the United States, before the Subcommittee on Legislative, House Committee on Appropriations. GAO/T-OCG-99-22, Feb. 3 (21 pages)

GAO is dedicated to good government through its commitment to three core values: accountability, integrity, and reliability. GAO needs to lead by example and to maximize its capabilities in an environment of limited resources. To accomplish this objective, GAO needs to make several targeted and strategic investments in human capital, such as training, performance measurement, and rewards systems. GAO's budget request for fiscal year 2000 will help the agency begin to address some of these critical needs and remain competitive in recruiting and retaining high caliber and skilled staff. In addition, this funding will help GAO gain a better understanding of its human capital, work processes, and technology needs and identify the most economical and effective course of action to address them in the years ahead.

Economic Development

Rural Development:
Rural Business-Cooperative Service's Lending and the Financial Condition of Its Loan Portfolio

GAO/RCED-99-10, Jan. 12 (34 pages).

The Agriculture Department's Rural Business-Cooperative Service operates various loan programs that assist in the business development of the nation's rural areas and in the employment of rural residents. This report provides information on the Rural Business-Cooperative Service's lending. GAO discusses (1) the number and dollar value of loans approved by the agency; (2) the federal government's costs associated with the agency's loans; and (3) the financial condition of the agency's loan portfolio, including the losses incurred. GAO also provides information on the geographic dispersion of these loans and the level of pending applications for guaranteed business and industry loans.

Education

Testimony

Ed-Flex Program: Increase in Flexibility Useful but Limited by Scope of Waiver Authority, by Carlotta C. Joyner, Director of Education and Employment Issues, before the Subcommittee on Early Childhood, Youth and Families, House Committee on Education and the Workforce. GAO/T-HEHS-99-67, Feb. 25 (13 pages).

The Education Flexibility Partnership Demonstration Program (Ed-Flex) authorizes 12 states to grant temporary exemptions from certain federal requirements to their local school districts. Recent proposed legislation would increase the number of states allowed to participate in Ed-Flex and would expand somewhat the range of federal requirements that Ed-Flex could waive. Some legislators support such proposals because they view Ed-Flex as highly successful in promoting education reform and would like to see it expanded. Others, however, have expressed concern that key federal objectives, such as targeting federal resources to students most in need, could be compromised. This testimony focuses on (1) the scope and limitations of the current Ed-Flex waiver authority and (2) opportunities for expansion to more states under current eligibility requirements. GAO also discusses the challenges posed for the Ed-Flex program of balancing the two objectives of achieving federal program oversight and offering flexibility to state and local school districts.

Correspondence

Consolidated Education Planning: State Education Agencies' Implementation of Consolidated Planning at the Local Level. GAO/HEHS-99-33R, Feb. 16.

Direct Student Loans: Overpayments During the Department of Education's Conversion to a New Payment System. GAO/HEHS-99-44R, Feb. 17.

Competitive Financing Mechanisms: Auctions Used by Federal Agencies. GAO/HEHS-99-57R, Feb. 24.

Energy

Nuclear Nonproliferation:
Concerns With DOE's Efforts to Reduce the Risks Posed by Russia's Unemployed Weapons Scientists

GAO/RCED-99-54, Feb. 19 (105 pages).

The risk that unemployed weapons scientists in the former Soviet Union will sell sensitive information to countries or terrorist groups trying to develop weapons of mass destruction poses a national security threat to the United States. To reduce this threat, the Initiatives for Proliferation Program was established in 1994 to engage scientists in the former Soviet Union in peaceful commercial activities. In late 1998, the administrative launched a new complementary program—the Nuclear Cities Initiative—to create jobs for displaced weapons scientists in the 10 cities that form the core of Russia's nuclear weapons complex. This report reviews (1) the costs to implement the Intiatives for Proliferation Prevention program for fiscal years 1994-98, including the amount of money received by weapons scientists and institutes; (2) the extent to which the program's projects are meeting their nonproliferation and commercialization objectives; and (3) the Department of Energy's Nuclear Cities Initiative.

Testimony

Nuclear Regulatory Commission: Strategy Needed to Develop a Risk-Informed Safety Approach, by Ms. Gary L. Jones, Associate Director for Energy, Resources, and Science Issues, before the Subcommittee on Clean Air, Wetlands, Private Property, and Nuclear Safety, Senate Committee on Environment and Public Works. GAO/T-RCED-99-71, Feb. 4 (16 pages).

This testimony discusses steps that the Nuclear Regulatory Commission (NRC) has taken to move from its traditional regulatory approach to one that considers risk in conjunction with engineering analyses and operating experience—termed risk-informed regulation. NRC believes that a risk-informed approach would reduce unnecessary regulatory burden and costs, without reducing safety. GAO discusses the (1) the issues that NRC needs to resolve to implement a risk-informed regulatory approach and (2) status of NRC's efforts to make two of its oversight programs—overall plant safety assessments and enforcement—risk-informed. In a January 1999 report (GAO/OCG-99-19), GAO highlighted the major management challenges facing NRC. This testimony discusses these challenges and their relationship to NRC's efforts to consider risk in its regulatory activities.

Department of Energy: Status of Carryover Balances in the Energy Conservation Program, by Susan D. Kladiva, Associate Director for Energy, Resources, and Science Issues, before the Subcommittee on

Interior and Related Agencies, House Committee on Appropriations. GAO/T-RCED-99-82, Feb. 11 (nine pages).

Carryover balances are essentially funds from prior fiscal years that the Department of Energy (DOE) has either not obligated for a specific purpose or has obligated but not spent. Although some carryover balances are necessary to transition a program from one fiscal year to the next, GAO has reported in recent years that some DOE programs had carryover balances that were larger than necessary and could be potentially available to reduce DOE's budget requests. This testimony discusses the level of carryover balances held by the Energy Conservation Program and the trend of these balances since fiscal year 1997. GAO also discusses its methodology for determining the amount of carryover balances that may be available to reduce DOE's budget requests and how it differs from the methdology used by DOE.

Environmental Protection

Correspondence

Environmental Protection: Allegations by EPA Employees. GAO/RCED-99-61R, Jan. 29.

Environmental Protection: Research and Development of Plasma Arc Technology Used to Treat Hazardous Waste. GAO/NSIAD-99-51R, Feb. 16.

Financial Management

Financial Management:
FDA's Controls Over Property Have Improved, but Weaknesses Remain

GAO/AIMD-99-51, Feb. 22 (20 pages – prepublished).

This report assesses the adequacy and status of the Food and Drug Administration's (FDA) actions to correct internal control weaknesses over property and equipment identified in earlier financial statement audit reports. The weaknesses cited were primarily that FDA (1) had inadequate controls over the physical quantities of property and equipment and their locations and (2) lacked proper reconciliations between its general ledger and property subsidiary ledger systems. GAO also reviews FDA's internal

controls over the safeguarding and reporting of automated data processing equipment that is lost, stolen, destroyed or surplussed.

Correspondence

Forest Service: Accounting Treatment of Roadbed Costs. GAO/AIMD-99-48R, Jan. 29.

Financial Management: Forest Service's Efforts to Achieve Financial Accountability. GAO/AIMD-99-68R, Feb. 8.

Agreed-Upon Procedures: Federal Unemployment Taxes. GAO/AIMD-99-66R, Feb. 25.

Agreed-Upon Procedures: Highway Trust Fund Excise Taxes. GAO/T-AIMD-99-71R, Feb. 25.

Agreed-Upon Procedures: Black Lung Disability Trust Fund Excise Taxes. GAO/AIMD-99-73R, Feb. 25.

Government Operations

Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers

GAO/GGD/AIMD-99-69, Feb. 26 (51 pages).

The Government Performance and Results Act seek to improve the effectiveness, efficiency, and accountability of federal programs by requiring agencies to set program goals and measure results. Under the Act, agencies are to prepare annual performance plans to systematically provide decisionmakers with information on the results to be achieved for a proposed level of resources. Fiscal Year 1999 marks the first time that agencies across government were to prepare annual performance plans covering each program activity in their budgets. This report (1) identifies and describes practices that were applied in some plans that might, if consistently applied, improve the usefulness of all agencies annual performance plans, and (2) provides examples from agencies' fiscal year 1999 performance plans that illustrate each practice.

U.S. Postal Service: Diversity in High-Level EAS Positions

GAO/GGD-99-26, Feb. 26 (40 pages).

This report discusses the promotion of women and minorities to high-level Executive and Administrative Schedule (EAS) management positions—EAS 17 and above—in the U.S. Postal Service. GAO provides (1) information about the overall extent to which women and minorities have been promoted or are represented in EAS 17 and above positions in the Service; (2) GAO's observations on the methodology used by a private contractors, Aguirre International, to study workforce diversity at the Service; (3) the status of the Service's efforts to address the recommendations in the Aguirre report; and (4) GAO's analysis of whether the Service could better capture and use data to achieve its diversity objectives.

Testimony

Government Management: Observations on OMB's Management Leadership Efforts, by J. Christopher Mihm, Associate Director for Federal Management and Workforce Issues, and Paul L. Posner, Director of Budget Issues, before the Subcommittee on Government Management, Information and Technology, House Committee on Government Reform. GAO/T-GGD/AIMD-99-65, Feb. 4 (32 pages).

GAO's recent performance and accountability series and high-risk series highlight the long-standing performance and management challenges that hinder the federal government's efforts to get results. The two series discuss many improvements that agencies need to make in their performance, management, and accountability. At the same time, the two series also noted the pivotal role that the federal government's central management agencies—OMB, in particular—must play in guiding and overseeing agencies' efforts to address the shortcomings GAO cited and to implement the changes necessary to improve performance. The testimony covers three major points. First, GAO outlines OMB's wide-ranging management responsibilities, noting that the question of whether to integrate or separate management and budget functions has long been debated. Second, GAO discusses the effectiveness of OMB's management leadership, which, in GAO's view, has been uneven. Third, GAO discusses the factors that appear to contribute to sustained improvements in federal management.

Correspondence

Scheduling of the 2000 Decennial Census. GAO/GGD-99-32R, Feb. 1.

General Services Administration: Travel and Training Activities of the Public Buildings Service. GAO/GGD-99-40R, Feb. 19.

Health

Emerging Infectious Diseases: Consensus on Needed Laboratory Capacity Could Strengthen Surveillance

GAO/HEHS-99-26, Feb. 5 (80 pages).

The surveillance of an testing for important emerging infectious diseases are not comprehensive in all states. Most states conduct surveillance of five of the six emerging infections GAO asked about—tuberculosis, virulent strains of E. coli, whooping cough, cryptosporidium parvum, hepatitis C, and pencillin-resistant streptococcus pneumoniae—and state public health laboratories conduct tests to support state surveillance of four of the six. However, more than half of state laboratories do not conduct tests for surveillance of penicillin-resistance S. pneumoniae and hepatitis C. Also, most state epidemiologists believe that their surveillance programs do not sufficiently study antibiotic resistance and other diseases they consider important. Many state laboratory directors and epidemiologists reports that inadequate staffing and information-sharing problems hinder their ability to generate and use laboratory data in their surveillance. However, public health officials have not agreed on a consensus definition of the minimum capabilities that state and local health departments needs to conduct infectious diseases surveillance. This lack of consensus makes it difficult for policymakers to assess the adequacy of existing resources or to evaluate where investments are needed most. GAO recommends that the Director of the Centers for Disease Control and Prevention (CDC) lead an effort to help federal, state, and local public health officials create consensus on the core capabilities needed at each level of government. Most state officials said that CDC's testing and consulting services, training, and grant funding support are critical to their efforts to detect and respond to emerging infections. However, both laboratory directors and epidemiologists were frustrated by the lack of integrated information systems within CDC and the lack of integrated systems linking them with other public and private surveillance partners. GAO summarized this report in testimony before Congress; see:

Emerging Infectious Diseases: National Surveillance System Could Be Strengthened, by Bernice Steinhardt, Director of Health Services Quality and Public Health Issues, before the Subcommittee on Public Health, Senate Committee on Health, Education, Labor, and Pensions. GAO/T-HEHS-99-62, Feb. 25 (10 pages).

Medical Records Privacy: Access Needed to Health Research, but Oversight of Privacy Protections Is Limited

GAO/HEHS-99-55, Feb. 24 (28 pages).

A considerable amount of health research relies on personally identifiable information. Although some of this research is subject to review by institutional review boards—either because it is federally supported or regulated research or because the organization voluntarily applies federal rules to all of its research—some of the organizations conduct records-based research that is not reviewed by an institutional review board. In any case, the process of institutional review board review does not ensure the confidentiality of medical information used in research, primarily because the provisions of the Common Rule related to confidentiality are limited. Moreover, according to recent studies, the institutional review board system on the whole is strained. Nevertheless, although external review of their research is limited, most of the organizations in GAO's study indicated that they have security safeguards in place to limit internal and external access to paper and electronic databases, and many say that they have taken steps to ensure the anonymity of research and survey subjects. GAO summarized this report in testimony before Congress; see:

Medical Records Privacy: Uses and Oversight of Patient Information in Research, by Bernice Steinhardt, Director of Health Services Quality and Public Health Issues, before the Senate Committee on Health, Education, Labor and Pensions. GAO/T-HEHS-99-70, Feb. 24 (10 pages).

Medicare Physician Payments: Need to Refine Practice Expense Values During Transition and Long Term

GAO/HEHS-99-30, Feb. 24 (55 pages).

In 1992, Medicare began using a fee schedule to pay doctors for more than 7,000 procedures, from routine office visits to brain surgery. The intent of the new payment system was to base physicians' payments on the relative resources used to provide a procedure rather than on the physicians' charges. To develop the fee schedule, each medical procedure is ranked on a scale according to the amounts of three categories of resources used to perform the procedure—physician work, practice expenses, and malpractice expenses. A fee schedule amount for each procedure is computed by multiplying the sum of the procedure's three rankings, known as relative value units, by a conversion factor that translates the units into dollars. This report discusses the Health Care Financing Administration's (HCFA) ongoing efforts to develop resource-based practice expenses relative value units. GAO (1) evaluates whether the new methodology is an acceptable approach for revising Medicare's fee schedule; (2) questions raised about the data, assumptions, and adjustments underlying the new methodology that need to be addressed during the three-year phase-in period; and (3) the need for future updates to the practice expense relative value units to reflect changes in health care delivery and for ongoing assessments of the fee schedule's effect on Medicare beneficiaries' access to physicians' care.

Physician Shortage Areas: Medicare Incentive Payments Not an Effective Approach to Improve Access

GAO/HEHS-99-36, Feb. 26 (34 pages).

The Medicare Incentive Payment program pays doctors a 10-percent bonus for Medicare services they provide in areas identified as having a shortage of primary care physicians. GAO found that the program is not an effective way to improve the ability of Medicare beneficiaries to obtain health care. Since the program began, Congress has taken additional action to address this concern. This action generally increased reimbursement rates for primary care services and reduced the geographic variation in physician reimbursement rates. In addition, survey data from the Health Care Financing Administration show that Medicare beneficiaries who have access problems, including those who may live in underserved areas, generally cite reasons other than the unavailability of a physician—such as the cost of services not paid by Medicare—for their access problems. Moreover, the program does not appear to play a significant role in attracting and retaining physicians in shortage areas. The relatively small bonus payments most doctors receive—a median payment of $341 for the

year in 1996—are unlikely to have a significant impact on physician recruitment and retention. The Department of Health and Human Services has not developed goals or related performance measures for the program to clarify what the program is expected to accomplish. As it stands, the program provides no assurance that the more than $90 million spent each year is improving access to care in underserved areas. HCFA's oversight of the program also has shortcomings that allow physicians and other providers to receive and keep bonus payments they claimed in error.

Testimony

HCFA Management: Agency Faces Multiple Challenges in Managing Its Transition to the 21st Century, by William J. Scanlon, Director of Health Financing and Public Health Issues, before the Subcommittee on Health, House Committee on Ways and Means. GAO/T-HEHS-99-58, Feb. 11 (18 pages).

The Health Care Financing Administration (HCFA) pays for health care coverage for nearly a quarter of the population. Two programs that HCFA administers—Medicare and Medicaid—cost taxpayers about $370 billion in fiscal year 1998. Over the years, GAO has reported on problems in HCFA's management that have weakened the fiscal integrity of HCFA programs, leading to increased monetary loss from fraud, abuse, and erroneous payments. GAO has included Medicare on its list of government programs that are especially vulnerable to waste, fraud, abuse, and mismanagement. (See GAO/OCG-99-7, Jan. 1999.) Medicare's long-term financial condition is now one of the nation's most pressing problems. Recent legislation gave HCFA substantial new authorities and responsibilities for reforming Medicare in order to extent the solvency of Medicare's Hospital Insurance Trust Fund beyond 2008. The legislation also established the Bipartisan Commission on the Future of Medicare to develop more long-term solutions for further ensuring Medicare' integrity and solvency. This testimony updates GAO's assessment of HCFA's progress in implementing these new authorities and administering its programs. Specifically, GAO reviews HCFA's progress in (1) addressing its most immediate priorities and (2) strengthening its internal management to effectively discharge its major implementation and oversight responsibilities.

Medicare Managed Care: Better Risk Adjustment Expected to Reduce Excess Payments Overall While Making Them Fairer to Individual Plans, by William J. Scanlon, Director of Health Financing and Public Health Issues, before the Subcommittee on Health and Environment, House Committee on Commerce. GAO/T-HEHS-99-72, Feb. 25 (14 pages).

Medicare provides managed care plans with a fixed monthly payment, called a capitation payment, for each beneficiary they enroll. However, the enrollment of beneficiaries in managed care plans has yet to save the government money, mainly for two reasons. First, Medicare's capitation rates are excessive because payments are based on health care spending for the average non-enrolled beneficiary, while the plans' enrollees tend to be healthier than average. Second, instead of diminishing as more beneficiaries enrolled in managed care, excess payments per enrollee continued to grow. To solve these problems, the Balanced Budget Act of 1997 changed the rate setting formula used by the Health Care Financing Administration (HCFA), which runs Medicare. It required that most of the rate-setting provisions be in place in 1998 and required that HCFA replace Medicare's current risk-adjuster—the mechanism that modifies a plan's average capitation rate to better reflect an enrollee's expected medical costs—with a new one to be implemented in 2000. The risk adjuster has been widely criticized as a major factor in the health maintenance organization overpayment problem. This testimony discusses (1) the important of improving the current risk adjustment method, (2) the implications of rate-setting changes implemented in 1998, and (3) the advantages and drawbacks of HCFA's proposed new interim risk adjuster.

Correspondence

Drug Treatment: Summary of Federal Programs, Funding, and Performance Goals. GAO/HEHS-99-45R, Jan. 8.

Medicare Fraud and Abuse: Early Status of DOJ's Compliance With False Claims Act Guidance. GAO/HEHS-99-42R, Feb. 1.

Medicaid Formula: Effects of Proposed Formula on Federal Shares of State Spending. GAO/HEHS-99-29R, Feb. 19.

Mutual Recognition Agreement: Food and Drug Administration's Progress in Assessing Equivalency of European Union Pharmaceutical Inspection Programs. GAO/HEHS-99-71R, Feb. 26.

Housing

Homelessness: Coordination and Evaluation of Programs Are Essential

GAO/RCED-99-49, Feb. 26 (149 pages).

Fifty federal programs fun by eight agencies provide services to the homeless. Of the 50 programs, 16 are targeted, or reserved for, the homeless, and 34 are nontargeted, or available to low-income persons generally. Although all of the nontargeted programs GAO identified may serve homeless people, the extent to which they do so is generally unknown because the primary purpose of these programs is to serve poor—not homeless—people and, therefore, most of the programs do not track the number of homeless people served. Both targeted and nontargeted programs provide an array of services, such as housing, health care, job training, and transportation. In some cases, programs operated by more than one agency offer the same type of service. For example, 23 programs run by four agencies offer housing, such as emergency shelter, transitional housing, and other housing assistance. Twenty-six programs run by six agencies offer food and nutrition services, including food stamps, school lunch subsidies, and supplements for food banks. In fiscal year 1997, more than $1.2 billion in obligations was reported for programs targeted to the homeless. Federal efforts to help the homeless are being coordinated in several ways, and many agencies have established performance measures for their efforts, as required by the Government Performance and Results Act.

Income Security

Social Security: Government and Commercial Use of the Social Security Number Is Widespread

GAO/HEHS-99-28, Feb. 16 (21 pages).

The Social Security number was created in 1936 to help track workers' earnings and eligibility for Social Security benefits. Today, the Social Security number is used for a myriad of other purposes, some legal and some illegal. Both private businesses and government agencies often ask individuals for Social Security numbers in order to comply with federal laws requiring these numbers or because these entities need the numbers to conduct their business. In response to public concerns about how organizations use Social Security numbers and mounting incidences of identity theft, sometimes involving misuse of Social Security numbers, several members of Congress have introduced bills to regulate the use of Social Security numbers. This report describes (1) federal laws and regulations requiring or restricting Social Security number use, (2) how extensively the private and public sectors use Social Security numbers for purposes not required by federal law, and (3) what businesses and

governments believe the impact would be if federal laws limiting the use of Social Security numbers were passed.

Social Security Reform: Experience of the Alternate Plans in Texas

GAO/HEHS-99-31, Feb. 26 (36 pages).

The employees of three Texas counties withdrew from Social Security in 1981. The counties replaced Social Security with a system of individual accounts that provided retirement, survivor, and disability benefits. Social Security faces a long-term funding shortfall, and some have suggested that the experience of these three counties underscores the advantages of individual accounts as an element of Social Security financing reform. GAO found that, in general, although Social Security and the alternate plans for the employees of the three Texas counties offer retirement, disability, and survivor benefits, there are fundamental differences in the purpose and the structure of the two approaches. Social Security is a social insurance program designed to provide a basic level of retirement income to help retired workers, disabled workers, and their dependents and survivors avoid poverty. Social Security benefits are titled to provide relatively higher benefits to low-wage earners, and the benefits are fully indexed to protect against inflation. Social Security is a pay-as-you-go systems that is projected to produce a negative cash flow in 2013 and become insolvent by 2032. In contrast, the alternate plans are advance funded plans; that is, the contributions made by workers and their employers, which total 13.915 percent of workers' pay, and the earnings made on those invested contributions are used to fund retirement benefits. At retirement, the worker can withdraw the money in the account as a lump sum or choose from several monthly payment options, including a lifetime annuity. Like Social Security, the alternate plans also offer insurance protections for the disabled and survivors. GAO's simulations of how workers for the three Texas counties and their dependents might fare under the two systems revealed that outcomes generally depend on individual circumstances and conditions. Some features of Social Security, such as the progressive benefit formula and the allowance for spousal benefits, are important factors in providing larger benefits than the alternate plans for low-wage earners, single-earner couples, and persons with dependents. Many median-wage earners in GAO's simulations, while initially receiving larger benefits under Social Security, after between four and 12 years after retirement, because Social Security benefits are indexed for inflation. The alternate plans provide larger benefits for higher-wage workers than Social

Security would, but in some cases, such as when spousal benefits are involved, Social Security benefits could also eventually exceed those of the alternate plans. GAO notes that the alternate plans' performance is not necessarily indicative of how well individual accounts might perform within Social Security. For example, the alternate plans have followed a very conservative investment strategy that precludes investing in common stocks.

Testimony

Social Security and Surpluses: GAO's Perspective on the President's Proposal, by David M. Walker, Comptroller General of the United States, before the House Committee on Ways and Means. GAO/T-AIMD/HEHS-99-96, Feb. 23 (26 pages); and

Social Security and Surpluses: GAO's Perspective on the President's Proposal, by David M. Walker, Comptroller General of the United States, before the Senate Committee on the Budget. GAO/T-AIMD/HEHS-99-95, Feb. 23 (26 pages).

The President's recent proposal for addressing Social Security and the use of the budget surplus is complex, which makes it all the more important to focus on what it does—and what it does not do—for the nation's long-term future. In summary, the President's proposal does reduce debt held by the public from current levels, thereby also reducing net interest costs, raising national saving, and contributing to future economic growth. The President's proposal also changes Social Security financing in two fundamental ways: it promises general funds in the future by, in effect, trading publicly held debt for debt held by the Social Security Trust Fund and it invests some of the trust fund in equities with the goal of capturing higher returns over the long term. However, the President's proposal does not have any effect on the projected cash flow imbalance in the Social Security program's taxes and benefits, which begins in 2013. In GAO's view, the President's proposal does not represent a Social Security reform plan and does not come close to "saving Social Security."

Social Security: What the President's Proposal Does and Does Not Do, by David M. Walker, Comptroller General of the United States, before the Senate Committee on Finance. GAO/T-AIMD/HEHS-99-76, Feb. 9 (17 pages).

The President's recent proposal for addressing Social Security and the budget surplus is complex, which makes it all the more important to focus on what it does—and does not do—over the long term. In summary, the

proposal reduces debt held by the public from current levels, thereby also reducing net interest costs, raising national savings, and contributing to future economic growth. It fundamentally changes Social Security financing in two ways: it promises general funds in the future by trading publicly held debt for debt held by the Social Security Trust Fund and it invests some of the trust fund in equities with the goal of capturing higher returns over the long term. However, the proposal does not have any effect on the projected cash flow imbalance in the Social Security program's taxes and benefits. In GAO's view, it does not represent a Social Security reform plan.

Supplemental Security Income: Long-Standing Issues Require More Active Management and Program Oversight, by Cynthia M. Fagnoni, Director of Income Security Issues, before the Subcommittee on Human Resources, House Committee on Ways and Means. GAO/T-HEHS-99-51, Feb. 3 (10 pages).

To a great extent, the Social Security Administration's (SSA) inability to address long-standing problems with the Supplemental Security Income (SSI) program stem from two underlying causes: (1) an organizational culture that places greater priority on processing and paying claims than on controlling program expenditures and (2) a management approach characterized by SSA's reluctance to fulfill its SSI policy development and planning role in advance of major program crises. As a result, SSA has continued to experience significant difficulties with regard to verifying recipients' initial and continuing eligibility for benefits, recovering SSI overpayments, combating program fraud and abuse, and providing adequate program direction. Since GAO included SSI in its list of government programs at particularly high risk for waste, fraud, abuse, and mismanagement, SSA has taken steps to improve the program's financial integrity and revise its traditional approach to program management. However, several SSA initiatives are either in the early stages or require the passage of new legislation before they can move forward. In other areas, SSA's actions have fallen short. Thus, it is important that SSA sustain and expand its efforts to address problem areas and strike a balance between meeting the needs of SSI recipients and fiscal accountability for its programs.

Social Security Reform: Implications for Women, by Barbara D. Bovbjerg, Associate Director for Income Security Issues, before the Subcommittee on Social Security, House Committee on Ways and Means. GAO/T-HEHS-99-52, Feb. 3 (eight pages).

Women have benefited greatly from the Social Security program. Many women who work are advantaged by the progressive benefit formula that provides larger relative benefits to those with lower lifetime earnings. Women who did not work or had low lifetime earnings and who were married benefit from the program's spousal and survivor benefit provisions. However, women typically receive lower monthly benefits than men because benefits are based on earnings and the number of years worked. Any across-the-board benefit cuts to restore solvency might fall disproportionately on women as a group because they rely more heavily on Social Security income than men do. Other reform approaches can have positive or negative effects on women depending on how the reforms are designed. Restructuring Social Security to include individual accounts also will likely have different effects on men and women. Because women earn less than men, contributions of a fixed percentage of earnings would put less into women's individual retirement accounts. Available evidence indicates that women also tend to invest more conservatively than men do, and thus would likely earn smaller returns on their accounts. In addition, how such accounts are structure will be extremely important to women. For example, whether individuals will be required to buy annuities with the proceeds of their accounts at retirement and how the annuities are priced could affect women quite differently from men. How benefits might be distributed to divorcees and how accounts are transferred to survivors could critically affect the retirement income of some elderly women. Understanding the potential consequences of the various reform proposals can help ensure that Social Security continues to protect vulnerable groups, such as elderly unmarried women.

Social Security and Minorities: Current Benefits and Implications of Reform, by Cynthia M. Fagnoni, Director of Income Security Issues, before the Subcommittee on Social Security, House Committee on Ways and Means. GAO/T-HEHS-99-60, Feb. 10 (six pages).

Although Social Security's benefit and contribution provisions are neutral with respect to race, ethnicity, and gender, GAO found that because of socioeconomic characteristics, minorities have benefited from the Social Security program. Because minorities are more likely than whites to have lower lifetime earnings, they are advantaged by Social Security's progressive benefit formula that provides larger relative benefits for lower-paid workers. Moreover, blacks in particular are more likely to receive other important Social Security benefits, such as disability, that protect against lost earnings. Some reforms that would reduce benefits to restore solvency could have a disproportionate effect on low-wage

earners, including blacks and Hispanics, depending on how they are structured. Restructuring Social Security to include individual accounts would also likely have varying effects on different racial and ethnic groups. However, GAO found that education and family income are better predictors of individuals' investment behavior than race. Persons with less education and lower incomes tend to invest more conservatively than those with more education and higher income. Because blacks and Hispanics are more likely to have less education and lower incomes, they would likely earn smaller returns on their accounts, although they would bear less risk. These results suggest that if individual accounts were adopted as part of comprehensive Social Security reform, investor information and education would be needed to help low-income individuals with their investment decisions.

Information Management

Customs Service Modernization: Ineffective Software Development Processes Increase Customs System Development Risks

GAO/AIMD-99-35, Feb. 11 (71 pages).

The Customs Service relies extensively on software intensive systems to enforce laws governing the flow of goods and persons across U.S. borders and to assess and collect billion of dollars annually in duties, taxes, and fees on imports. Because software is a complex and expensive part of these systems, Customs must use defined and disciplined processes if it expects to develop and maintain software effectively. This report discusses (1) the maturity of Customs' software development processes and (2) whether Customs has an effective software process improvement program.

Customs Service Modernization: Serious Management and Technical Weaknesses Must Be Corrected

GAO/AIMD-99-41, Feb. 26 (81 pages – PREPUBLISHED).

The U.S. Customs Service plans to spend well over $1 billion to modernize its systems environment for certain core missions: facilitating international trade, enforcing laws governing the flow of goods and services across U.S. borders, and assessing and collecting about $22 billion annually on imported merchandise. GAO found that Customs is not managing its modernization effort, known as the Automated Commercial

Environment (ACE), effectively, and it lacks a firm basis for concluding that ACE is a cost-effective solution to modernizing its commercial environment. GAO found serious weaknesses involving architectural defintion, investment management, and software development and acquisition that must be corrected before further investment in ACE is justified.

Testimony

Year 2000 Computing Crisis: The District of Columbia Remains Behind Schedule, by Jack L. Brock, Jr., Director of Governmentwide and Defense Information Systems Issues, before the Subcommittee on the District of Columbia, House Committee on Government Reform. GAO/T-AIMD-99-84, Feb. 19 (nine pages).

GAO testified last year that the District of Columbia was seriously behind schedule in addressing its Year 2000 problems. (See GAO/T-AIMD-99-4, Oct. 1998.) Since GAO's initial assessment, the District Year 2000 Program Office has established an orderly process for addressing the Year 2000 problem and has been working hard to develop and understanding of its core business processes and supporting information systems. The Year 2000 Program Manager holds weekly meeting to review deviations from schedule baselines and monitor the overall program status. Additionally, the Program Office recently began preparing Year 2000 report cards for all systems included in the District's Year 2000 effort. However, it will be difficult for the District to adequately compensate for its late state in dealing with the Year 2000 problem. As a result, it faces significant risk that vital services will be disrupted—and tremendously important tasks lie ahead. For example, testing for a majority of the District's mission-critical systems will peak during the next several months and finish in October. Experience shows that Year 2000 testing—the lynchpin for ensuring that systems process dates correctly—is the most time consuming and difficult phase of nearly all Year 2000 projects. Similarly, development and testing of the District's contingency plans, which are intended to reduce the risk and potential impact of Year 2000-induced information system failures on its core business processes, are likewise scheduled for completion in the fall. Given the District's compressed Year 2000 schedule, which allows no margin for error, and to have a reasonable chance of avoiding serious disruption to public services, it must be well prepared for likely project delays and failures of mission-critical systems.

Year 2000 Computing Crisis: Challenges Still Facing the U.S. Postal Service, by Jack L. Brock, Jr., Director of Governmentwide and Defense

Information Systems Issues, before subcommittees of the House Committee on Government Reform and the House Committee on Science. GAO/T-AIMD-99-86, Feb. 23 (10 pages).

Information technology is integral to every facet of postal operations—from sorting, processing, and distributing the mail; to dealing with customers; accounting for and managing cash flows; communicating with business partners and other government agencies; and modernizing its facilities. The Postal Service has been working hard to address its Year 2000 problems and has recently revamped its management approach that, if successfully implemented, can provide significant support and oversight to its Year 2000 efforts. However, the Service has been running somewhat behind the Office of Management and Budget's schedule for system renovation and must still address major issues to complete system and mail processing equipment correction and testing, ensure the readiness of hundreds of local facilities, and determine the ability of key suppliers and interface partners to be Year 2000 ready. Moreover, the Service needs to complete the "simulation" testing of its business process areas as well as complete the development and testing of its business continuity and contingency plans. These challenges are further exacerbated by the fact that the Service expects a surge in workload beginning in September due to the holiday business rush, which typically requires greater management attention.

Year 2000 Computing Crisis: Customs Is Effectively Managing Its Year 2000 Program, by Randolph C. Hite, Associate Director for Governmentwide and Defense Information Systems Issues, before the House Committee on Ways and Means. GAO/T-AIMD-99-85, Feb. 24 (11 pages).

If Customs does not solve its Year 2000 problem in time, key automated systems affecting trillions of dollars in trade between the United States and other countries could malfunction, resulting in delayed trade processing, lost trade revenue, and more illegal activities, such as drug smuggling, money laundering, and commercial fraud. Although Customs had made good progress in dealing with its Year 2000 problem, challenges remain, such as completing end-to-end testing. This testimony discusses Customs' progress so far, program management effectiveness, and future challenges. GAO also comments on how Customs can benefit from its Year 2000 experience in strengthening its management of information technology.

IRS' Year 2000 Efforts: Status and Remaining Challenges, by James R. White, Director of Tax Policy and Administration Issues, before the House Committee on Ways and Means. GAO/T-GGD-99-35, Feb. 24 (20 pages).

If the Internal Revenue Service (IRS) is unsuccessful in making its information systems Year 2000 compliant, taxpayers could be faced with millions of erroneous tax notices and delayed or incorrect tax refunds. GAO cannot provide a complete picture of the Year 2000 status of IRS' 133 mission-critical systems because IRS does not report Year 2000 status for these systems in their entirety. Instead, IR monitors theYear 2000 status of the components of an information system, such as the application software, systems software, and hardware, for each of its three types of computers—mainframes, minicomputers/file servers, and personal computers. IRS reports that it met the January 31, 1999, completion goal for some of the areas that it monitors but not for others. As a result of not meeting the goal for upgrading systems software and hardware, some change will not be testing until late in 1999, reducing the time available to make corrections before the turn of the century. Also, for the replacement project, some service center staffs will have no experience using the new system to process peak filing season volumes of remittances. In addition to completing work on upgrading systems software and hardware, IRS faces to remaining, critical Year 2000 tasks. First, IRS must conduct an unprecedented, Year 2000 end-to-end test of most of its mission-critical systems. Second, IRS must develop 36 contingency plans that it has determined are needed to address failure scenarios for its core business processes. As IRS continues its Year 2000 efforts, it will face the challenge of how to address the competing demands on its staff.

Year 2000 Computing Crisis: Medicare and the Delivery of Health Services Are at Risk , by Joel C. Willemssen, Director of Civil Agencies Information Systems Issues, before the House Committee on Ways and Means. GAO/T-AIMD-99-89, Feb. 24 (23 pages).

This testimony discusses the readiness of automated systems that support the nation's delivery of health benefits and services to function reliability without interruption through the turn of the century. This includes the ability of Medicare to provide accurate benefits and services to millions of Americans and the overall readiness of the health care sector, including such key elements as biomedical equipment used in health care. Successful Year 2000 conversion is critical to these efforts. GAO discusses the findings from a recent report (GAO/AIMD-98-284, Sept. 1998) and its suggestions for strengthening the Health Care Financing Administration's

(HCFA) Year 2000 efforts, describes actions taken on those recommendations, and provides its perspective on where HCFA stands today. GAO also discusses the Year 2000 compliance of biomedical equipment, such as cardiac defibrillators and monitoring systems. (See GAO/AIMD-98-240, Sept. 1998.)

Year 2000 Computing Crisis: Update on the Readiness of the Social Security Administration, by Joel C. Willemssen, Director of Civil Agencies Information Systems Issues, before the House Committee on Ways and Means. GAO/T-AIMD-99-90, Feb. 24 (nine pages).

The Social Security Administration (SSA) has made significant early progress in becoming Year 2000 compliant. However, three areas of significant risk remain that could threaten the agency's ability to deliver benefit payments. First, SSA has not included the 54 state disability determination services, which provide vital support to SSA in administering its disability programs, in its initial assessment of systems that it considered a priority for correction. Second, SSA has thousands of data exchanges with other organizations, including the Treasury Department, the Internal Revenue Service, and the states. Unless SAA can ensure that the data received are Year 2000 compliant, program benefits and eligibility computations that are derived from that data may be compromised and SSA's databases corrupted. Third, the risks to SSA's Year 2000 program are compounded by the lack of contingency plans to ensure business continuity in the event of systems failure.

Year 2000 Computing Crisis: Readiness of State Automated Systems That Support Federal Human Services Programs, by Joel C. Willemssen, Director of Civil Agencies Information Systems Issues, before the House Committee on Ways and Means. GAO/T-AIMD-99-91, Feb. 24 (10 pages).

States' automated system support a host of federal human services programs, from Medicaid to food stamps. Given the magnitude and nature of the programs these automated systems support, the potential problems of failing to complete Year 2000 conversion could be felt by millions of needy Americans. Although some progress has been achieved, many states; systems are reported to be at risk and not scheduled to become compliant until the last half of 1999. Moreover, progress reports so fare have been based largely on state self-reporting, which has sometimes been found to be overly optimistic. Given these risks, business continuity and contingency planning becomes even more important in ensuring

continuity of program operations and benefits in the event of systems failures.

Department of Commerce: National Weather Service Modernization and NOAA Fleet Issues, by Joel C. Willemssen, Director of Civil Agencies Information Systems Issues, and L. Nye Stevens, Director of Federal Management and Workforce Issues, before the Subcommittee on Energy and Environment, House Committee on Science. GAO/T-AIMD/GGD-99-97, Feb. 24 (19 pages).

Although the National Weather Service (NWS) is nearing completion of its systems modernization effort, it faces two significant challenges in 1999: deploying the final system of the modernization and ensuring that all of its mission-critical systems are Year 2000 compliant. NWS has made progress on both fronts. In the fleet area, the National Oceanic and Atmospheric Administration (NOAA) now outsources for more of its research and data needs but plans to spend $185 million during the next five years to acquire four new replacement fisheries research ships. GAO believes that continued congressional oversight, as well as NOAA budget requests for replacement or upgraded ships, are needed to ensure that NOAA pursues the most cost-effective alternatives for acquiring marine data.

Defense Information Management: Continuing Implementation Challenges Highlight the Need for Improvement, by Jack L. Brock, Jr., Director of Governmentwide and Defense Information Systems Issues, before the Subcommittee on Military Readiness, House Committee on Armed Services. GAO/T-AIMD-99-93, Feb. 25 (23 pages).

The Defense Department (DOD) spend about $11 billion each year on information technology to support a wide range of activities, from military maintenance to personnel management to health care, and tens of billions more on technology supporting sophisticated weaponry. However, DOD faces several serious management challenges to ensure that technology-driven processes and business systems provide an adequate level of serve and an appropriate rate of return on investments. Namely, it has lacked effective fundamental management and oversight controls for assessing the costs and risks of proposed information technology projects; ensuring that projects follow DOD's technical and data standards; measuring performance; and discontinuing projects shown to be technically flawed or not cost effective. Moreover, DOD must overcome long-standing organizational and cultural barriers to effective investment processes. DOD's planned information technology reforms represent

positive first steps toward strengthening the Department's decision-making and oversight environment for information technology projects. However, for this effort to succeed where others have failed, DOD will need substantial follow through to translate these plans into concrete improvements.

Year 2000 Computing Crisis: Readiness Status of the Department of Health and Human Services, by Joel C. Willemssen, Director of Civil Agencies Information Systems Issues, before the Subcommittee on Government Management, Information and Technology, House Committee on Government Reform. GAO/T-AIMD-99-92, Feb. 26 (37 pages).

This testimony focuses on the readiness of the computer systems at the Department of Human Services (HHS) overall and some its component organizations to function reliably into the next century. HHS is a vast agency; its components face varying challenging to ensure that the delivery of benefits and services upon which millions of Americans depend is not interrupted. GAO (1) summarizes information contained in HHS' most recent Year 2000 quarterly report to the Office of Management and Budget, reflecting progress made as of December 31, 1998, and (2) discusses specific areas in which GAO has done work, including the Medicare and Medicaid programs, the Administration for Children and Families' state human services programs, the Program Support Center's Payment Management System, and the biomedical equipment efforts of the Food and Drug Administration.

Correspondence

Defense Computers: DOD's Plan for Execution of Simulated Year 2000 Exercises. GAO/AIMD-99-52R, Jan. 29.

Justice and Law Enforcement

Testimony

Drug Control: Update on U.S.-Mexican Counternarcotics Efforts, by Benjamin F. Nelson, Director of International Relations and Trade Issues, before the Senate Caucus on International Narcotics Control. GAO/T-NSIAD-99-86, Feb. 24 (15 pages).

The Mexican government's counternarcotics activities in 1998 have not been without positive results. One of its major accomplishments was the arrest of two major drug traffickers. The Mexican foreign minister has approved the extradition of one of the traffickers to the United States, but he has appealed the decision. In addition, it conducted a major operation in Cancun, where four hotels and other large properties allegedly belonging to drug traffickers were seized. Mexico also implemented its currency and suspicious reporting requirements. In addition, the Mexican government has proposed or undertaken several new initiaitives. For example, it has begun an initiative to prevent illegal drugs from entering Mexico and announced a new counternarcotics strategy and the creation of a national police force. One of the major impediments to U.S. and Mexican counternarcotics objectives is Mexican government corruption. According to one U.S. estimate, Mexican narcotics traffickers spend as much as $6 billion a year to suborn government officials at all levels. Since 1997, the Departments of State and Defense have provided the government of Mexico with more than $92 million worth of equipment, training, and aviation spare parts for counternarcotics purposes. Last year, GAO testified that some of the assistance provided to Mexico was of limited usefulness because of operational and logistical support problems. Unfortunately, the situation with the UH-1H helicopters has worsened. Since March 1998, all of these helicopters provided to the Mexican military have been grounded because of airworthiness concerns. In addition, four C-26 aircraft are not being used for counternarcotics operations.

Criminal Aliens: INS' Efforts to Identify and Remove Imprisoned Aliens Continue to Need Improvement, by Norman J. Rabkin, Director of Administration of Justice Issues, before the Subcommittee on Immigration and Claims, House Committee on the Judiciary. GAO/T-GGD-99-47, Feb. 25 (16 pages).

Through its Institutional Hearing Program (IHP), the Immigration and Naturalization Service (INS) can complete removal proceedings for criminal aliens in federal and state prisons while the aliens are still serving their sentences, thus eliminating the need for INS to locate the aliens after their release and freeing up INS detention space for other cases. With the proceedings complete, expeditious removal of criminal aliens upon completion of their sentences can occur. GAO reported in 1997 that INS needed to improve its efforts to identify potentially deportable criminal aliens in federal and state prisons and complete the IHP for these aliens before they were released. (See GAOT-GGD-97-154). Although INS ' performance has shown some improvement, GAO continues to have many

of the same concerns about the IHP. In 1997, INS still had not identified how may potentially deportable aliens while they were in prison. Most of these released criminal aliens were aggravated felons, some of whom were reconvicted for new felons. INS completed the IHP for about half of the released criminal aliens it identified as potentially deportable while they were in prison. Because INS had to detain aliens who did not complete the hearing process in prison, INS spent about $40 million on avoidable detention expenses. In addition, INS has not fully implemented GAO's 1997 recommendations for improving the IHP.

National Defense

Civilian Marksmanship Program: Corporation Needs to Fully Comply With the Law on Sales of Firearms

GAO/NSIAD-99-41, Jan. 12 (30 pages).

The Civilian Marksmanship Program was run by the Army until 1996, when the program was transferred to a private, nonprofit corporation. The program is designed to promote and monitor marksmanship training through a system of affiliated clubs and to sponsor marksmanship competitions. As part of these activities, the corporation sells surplus military firearms to the affiliated clubs and their members. This report discusses (1) whether the program's conversion to a private corporation and the corporation's subsequent firearms sales were conducted in accordance with the law, (2) the types and value of federal support provided to the corporation, and (3) the types and number of firearms the Army transferred to the Corporation and was storing for possible transfer. In an August 1998 report (GAO/OSI-98-14R), GAO discusses the Army's investigation of alleged criminal activity within the program when it was an Army program.

Army Medium Trucks: Information on Delivery Delays and Corrosion Problems

GAO/NSIAD-99-26, Jan. 13 (18 pages).

A combination of factors caused lengthy delays in delivering trucks under the Army's Family of Medium Tactical Vehicles program. First, the Army chose a contractor that was not experienced in producing trucks and was no longer affiliated with an experienced truck producer. Second, the contract contained an aggressive schedule for truck production

considering the contractor's inexperience. The inexperienced contractor had difficulty in both establishing a production line and producing trucks that could meet qualification and operational testing requirements. Despite these problems, the Army allowed production to continue and increase during testing. As a result, many trucks were produced that required modification or repair. The contract specified that the trucks were to be designed to prevent corrosion from perforating or causing other damage requiring repair or replacement of parts during the first 10 years of service. However, corrosion was discovered on the cabs of trucks less than three years old that were still awaiting modification at the contractor's plant. Rather than making the contractor replace all 4,955 truck cabs at a cost of $31 million, the Army accepted the contractors' proposal to repair the corrosion damage and to provide a 10-year warranty, not to exceed $10 million, against any further corrosion. This dollar limitation, in effect, relieved the contractor of a potential $21 million liability. The Army also subjected one of the 4,955 trucks to a contract-specified corrosion test. It failed, with corrosion being found in 60 areas. The Army and the contractor later agreed on modified production procedures to address the corrosion problem, and the contractor later produced 2,491 trucks under these procedures. However, the Army and the contractor ultimately concluded that galvanized steel cabs were required to meet 10-year corrosion prevention requirement, and the contract's final 3,751 trucks were produced with galvanized steel cabs. The Army agreed to pay up to $7 million for the cabs and other corrosion improvements. It did not test or require the contractor to provide a corrosion warranty on the 2,491 trucks produced before the switch to galvanized steel cabs.

U.S. Atlantic Command: Challenging Role in the Evolution of Joint Military Capabilities

GAO/NSIAD-99-39, Feb. 17 (75 pages – PREPUBLISHED).

With the approach of the 21st century, the United States faces the critical challenge of ensuring that its military can meet a full range of demands. Joint operations are key to meeting this challenge, and the U.S. Atlantic Command was designed to play a major role in advancing the evolution of joint operations. This report discusses (1) the Command's efforts to establish itself as the joint force trainer, provider, and integrator of most continental U.S.-based forces; (2) views on the value of the Command's contributions to joint military capabilities; and (3) recent expansion of the Command's responsibilities and its possible effects on the Command.

Defense Headquarters: Status of Efforts to Reduce Headquarters Personnel

GAO/NSIAD-99-45, Feb. 17 (21 pages).

In response to congressional concerns about the adequacy of the pace and scope of the Defense Department's (DOD) efforts to reduce the size and cost of its headquarters activities, this report reviews DOD's efforts to cut its headquarters personnel. GAO discusses DOD's efforts to reduce, as of the end of fiscal year 29998 (1) headquarters positions and associated costs in the Office of the Secretary of Defense and Washington Headquarters Services, as required by the National Defense Authorization Act for Fiscal Year 19997, and (2) headquarters positions across DOD as required by the National Defense Authorization Act for Fiscal Year 19998. GAO also discusses the reporting of personnel on temporary assignment to the Office of the Secretary of Defense from other DOD components.

DOD Competitive Sourcing: Questions About Goals, Pace, and Risks of Key Reform Initiative

GAO/NSIAD-99-46, Feb. 22 (30 pages – PREPUBLISHED).

The Defense Department (DOD) is using competitive sourcing through the Office of Management and Budget Circular A-76 process to save an estimated $6 billion in support costs between 1997 and 2003, with more than $2 billion in savings expected annually thereafter. This report reviews the program's progress, focusing on the likelihood that it will achieve the estimated savings. GAO (1) identifies the competition and savings goals, (2) assesses the accuracy of the savings estimates provided to Congress, and (3) evaluates the adequacy of planning to support the overall program.

DOD Competitive Sourcing: Results of Recent Competitions

GAO/NSIAD-99-44, Feb. 23 (36 pages).

In late 1995, the Defense Department (DOD) began encouraging the services and defense agencies to conduct competition between the public and private sectors to determine who would be responsible for performing some functions now being provided in-house. These competitions were to be done in accordance with Office of Management and Budget Circular A-76, which provides guidance for the competitions, and were expected to

yield significant savings that could be used to fund other priority needs, such as modernization. DOD components are now beginning a significant number of these public-private competitions using the A-76 process. This report (1) determines the number of sourcing competitions completed between October 1995 and March 1998 and whether the competitions had been done in accordance with applicable procedures; (2) compares characteristics, such as outcomes of recent competitions, with previous competitions in terms of winners of the competitions, time required to complete the competitions, savings produced, and other relevant metrics: and (3) identified the extent of any problems in implementing the results of the competitions, and plans for government monitoring of contracts awarded as a result of outsourcing.

Military Recruiting: New Initiatives Could Improve Criminal History Screening

GAO/NSIAD-99-53, Feb. 23 (44 pages).

The military services have extensive policies and procedures to encourage applicants to self-report criminal history information. Among other things, the services repeatedly query each applicant, providing as many as 14 opportunities to disclose any criminal offenses to as many as seven different service and military entrance processing station officials. The services also conduct periodic inspections and investigations to ensure the integrity of the entire recruiting process, which includes the disclosure of disqualifying information. The services, however, are not always able to obtain or substantiate all available criminal history information because of service policies and federal, state, and local laws and policies that sometimes preclude access. Several Defense and Justice Department initiatives are underway that could improve the process of obtaining criminal history information. However, DOD and the services have yet to formulate a coordinated approach to use these initiatives to better ensure that the military does not enlist and train persons with undesirable backgrounds.

Navy Ship Maintenance: Allocation of Ship Maintenance Work in the Norfolk, Virginia Area

GAO/NSIAD-99-54, Feb. 24 (24 pages).

Officials at private shipyards and ship repair companies in Norfolk, Virginia, has raised concern about the Navy's declining ship maintenance

workload in recent years. GAO discusses (1) the Navy's policies and procedures for allocating ship maintenance work to public and private facilities in the Norfolk area, (2) ship maintenance and modernization funding obligated to the Norfolk Naval Shipyard and private ship repair companies during fiscal years 1994 through 1998, and (3) the extent to which the Atlantic Fleet's ship maintenance program has been affected by the movement of funds out of the ship depot maintenance program since fiscal year 1994.

Defense Infrastructure: Funding Risks in Services' 1999 Central Training Programs

GAO/NSIAD-99-56, Feb. 24 (20 pages).

In a June 1998 report on the Defense Department's (DOD) formal training and education programs, known as central training, GAO found significant reductions in the fiscal year 1999 Future Years Defense Program (FYDP) from the 1998 FYDP in the funds programmed for central training. (See GAO/NSIAD-98-168.) Central training is the training of individual military members in formal courses. This report discusses the (1) training categories and military services with the most significant funding changes from the 1998 to 1999 FYDP, (2) bases for the changes, and (3) potential impact of the changes on the services' future training budgets.

Future Years Defense Program: How Savings From Reform Initiatives Affect DOD's 1999-2003 Program

GAO/NSIAD-99-66, Feb. 25 (19 pages).

The House Armed Services Committee report on the National Defense Authorization Act for Fiscal Year 1999 noted that the military's earlier reform initiatives had not produced the expected savings and had created problems because of premature budget reductions. Accordingly, the report asked GAO to provide answered to several questions about the support for savings and personnel reductions found in the Defense Department's (DOD) fiscal year 1999 budget request and out-year budget plans. This report responds to the following questions: (1) What savings in DOD's fiscal year 1999-2003 Future Years Defense Program that were the results of DOD's Defense Reform Initiatives? (2) To what extent were the savings and personnel reductions from competitive sourcing in the 1999-2003 FYDP based on ongoing or planned studies of functions specifically

identified under Office of Management and Budget Circular A-76, and what percentage of the current costs of performing those functions were included from the projected savings from these studies? (3) Did DOD components outsource activities that included inherently governmental functions, without allowing civilian employees to compete under Circular A-76 procedures, or without following the study and notification requirements of 10 U.S.C. 2461?

Army Ranger Training: Final Assessments of Improvements Mandated by 1996 National Defense Authorization Act

GAO/NSIAD-99-57, Feb. 25 (23 pages).

This report provides GAO's final assessment of corrective measures taken by the Army following the deaths of four Army Ranger students in a 1995 training accident. The National Defense Authorization Act for Fiscal Year 1996 requires GAO to provide a final assessment of the issues covered in GAO's preliminary report (GAO/NSIAD-97-29, Jan. 1997) and GAO's recommendation on the need to continue the required manning levels. This report discusses the status of (1) Ranger training manning levels required by the act, (2) establishing safety cell organizations required by the act, (3) corrective safety actions instituted after the accident, and (4) inspections of identified safety controls.

Force Structure: A-76 Not Applicable to Air Force 38th Engineering Installaion Wing Plan

GAO/NSIAD-99-73, Feb. 26 (20 pages).

This report discusses whether the Air Force complied with relevant policy and congressional notification requirements in deciding to deactivate the 38th Engineering Installation Wing at Tinker Air Force Base in Oklahoma and reassign its work elsewhere. GAO discusses (1) the scope of the Air Force's proposed action, (2) whether it is subject to the requirements of Office of Management and Budget Circular A-76 and 10 U.S.C. 2461, and (3) whether an analysis was done to examine the cost-effectiveness of the planned action.

Testimony

Military Attrition: DOD Needs to Follow Through on Actions Initiated to Reduce Early Separations, by Mark E. Gebicke, Director of Military Operations and Capabilities Issues, before the Subcommittee on Personnel, Senate Committee on Armed Services. GAO/T-NSIAD-99-80, Feb. 24 (24 pages).

For at least a decade, about one-third of all military enlistees have failed to complete their initial terms of service—a costly problem given that, according to GAO's calculations, the services spent $1.3 billion to recruit and train the 72,670 enlistees who entered the military in fiscal year 1993 but left before the end of their first term. In response to GAO's recommendations, the Defense Department (DOD) and the services have taken many steps to reduce attrition. The services are beginning to tie recruiter awards more closely to recruits' successful completion of basic training and to use better tools to select new recruiters. To improve the screening of applicants for service, DOD has revised its medical history forms, and the services have tried to make their preentry physical fitness programs more rigorous. DOD has also agreed to strengthen criminal background screening by recruiting full fingerprint checks and other technological improvements. DOD and the services need to vigilantly follow through on these actions and assess their effects. One of DOD's major efforts will take a long time to complete: the creation of a database on reasons for premature separation. In the meantime, DOD has made good progress toward creating databases on medical separations and on enlistment waivers. DOD has also just completed phase one of its effort to improve separation codes. Creating accurate data on why enlistees are leaving before the end of their first times will allow the services to craft successful policies to retain enlistees and allow DOD to set reasonable goals for reducing attrition.

Major Management Challenges and Program Risks: Departments of Defense, State, and Veterans Affairs, by Henry L. Hinton, Jr., Assistant Comptroller General for National Security and International Affairs Programs, before the Subcommittee on National Security, Veterans Affairs, and International Relations, House Committee on Government Reform. GAO/T-NSIAD/HEHS/AIMD-99-104, Feb. 25 (31 pages).

This testimony is based on GAO's performance and accountability series, which contains separate reports on 20 agencies, and its high-risk series—a list of areas within the federal government that are particularly vulnerable to waste, fraud, abuse, and mismanagement. GAO focuses on (1) management challenge that the Defense Department, the State

Department, and the Department of Veterans Affairs must address to improve the efficiency of their support functions and (2) whether these departments are meeting performance and accountability goals and measurements required by the Government Performance and Results Act.

Military Retirement: Proposed Changes Warrant Careful Analysis, by Mark E. Gebicke, Director of Military Operations and Capabilities Issues, before the Subcommittee on Military Personnel, House Committee on Armed Services. GAO/T-NSIAD-99-94, Feb. 25 (21 pages).

Overall, GAO sees no clear indication that the proposed change to the military's retirement system, which would cost an estimated $13 billion in higher costs and unfunded liabilities, will address the retention issue. Although the recently reported downturn in retention rates is of concern, the nature of the retention problem is unclear. Is the problem widespread or is it concentrated in certain military occupations or year groups? Is it a transitory problem attributable to such factors as reduced accessions during the drawdown and the strong economy, of is it the beginning of a long-term problem? Understanding the nature of the retention problem is critical in crafting solutions. According to the Defense Department, the 1986 Military Retirement Reform Act has become a symbol of eroding benefits to military members. Although surveys of military personnel show increasing dissatisfaction with the retirement system, it is not clear what that really means. For example, some surveys do not differentiate between retirement pay and other retirement benefits. The link between retirement pay and retention is also unclear. According to an analysis done by the Congressional Budget Office, retention rates under the act have not been markedly different than rates under the earlier system. Even if the retirement system is found to be linked to retention, it may not be the most cost-effective way to address existing retention problems. In addition, DOD's proposed pay and retirement changes does not address other military retirement issues and their impact on the structure of the force.

Defense Inventory: Continuing Challenges in Managing Inventories and Avoiding Adverse Operational Effects, by Henry L. Hinton, Jr., Assistant Comptroller General for National Security and International Affairs Issues, before the Subcommittee on Military Readiness, House Committee on Armed Services. GAO/T-NSIAD-99-83, Feb. 25 (21 pages).

This testimony focuses on the Defense Department's (DOD) logistics capabilities and shortfalls. GAO discusses (1) the status of DOD's secondary

inventory, such as spare parts, clothing, and medical supplies; (2) difficulties one military service continue to have in obtaining spare parts to keep its combat aircraft mission capable; (3) the adequacy of DOD's controls over inventory in transit; (4) implementation of DOD's efforts to have greater visibility over its logistical assets through its Total Asset Visibility Program; and (5) the continuing need to apply best private sector management practices to military inventory management.

Military Readiness: Full Training Benefits From Army's Combat Training Centers Are Not Being Realized, by Carol R. Schuster, Associate Director for Military Operations and Capabilities Issues, before the Subcommittee on Readiness, House Committee on Armed Services. GAO/T-NSIAD-99-92, Feb. 26 (17 pages).

This testimony discusses the effectiveness of training at the Army's three maneuver combat training centers: the National Training Center at Fort Irwin, California; the Joint Readiness Training Center at Fort Polk, Louisiana; and the Combat Maneuver Training Center at Hohenfels, Germany. The Army spends more than 1 billion dollars each year to provide these training exercises, which is considers to be the premier training event for units and unit leaders. Although 80 percent of the commanders who responded to GAO's survey said that the exercises—which offer larger maneuver areas and opportunities to train on mission-essential tasks and wartime missions against an opposing force under realistic and demanding conditions—were useful in improving their units' proficiency, GAO concludes that the centers are not being used to their full potential. First, units are arriving at the centers ill prepared for the type of training to be provided and cannot take full advantage of the training opportunity they are given. Second, because training units lack proficiency at the battalion level when they arrive, the content of the training is often changed to provide less challenging scenarios than would normally be expected. Third, commander commanders cannot take full advantage of the lessons learned from their participation at the centers. Fourth, despite spending millions of dollars to collect data from each of the exercises at the combat centers, the Army still has not developed a plan for fully integrating training results with its training and doctrine development activities.

Correspondence

Defense Acquisitions: Testing of F-15 and F-16 Radomes. GAO/NSIAD-99-43R, Jan. 28.

Natural Resources

National Forests: Funding the Sawtooth National Recreation Area

GAO/RCED-99-47, Feb. 11 (48 pages).

GAO reported in 1990 (GAO/RCED-90-27) that the Sawtooth National Recreation Area in central Idaho had not been developed, operated, and maintained up to the levels and standards called for in Forest Service policy and in individual recreation areas' plans, primarily because of funding shortfalls. GAO noted that 663 campsites included in the Sawtooth plan and needed to support visitor trends had not been built and that visitor services, such as ranger patrols in the wilderness and campground talks, had been cut back severely. In response to congressional concerns that these shortfalls are continuing and that the Forest Service may not be fulfilling its mission of enhancing the recreational values in Sawtooth, this report provides information on (1) funding for the Sawtooth National Recreation Are,a, (2) its accomplishments and unmet needs, and (3) Forest Service actions that have had an adverse impact on the area.

Testimony

Recreation Fees: Demonstration Program Successful in Raising Revenues but Could Be Improved, by Barry T. Hill, Associate Director for Energy, Resources, and Science Issues, before the Senate Committee on Energy and Natural Resources. GAO/T-RCED-99-77, Feb. 4 (nine pages).

The recreational fee demonstration program has provided hundreds of millions of dollars to improve visitor services and address a backlog of unmet needs. At the same time, those who pay the fees generally support the program, and it has not harmed visitation rates. This testimony focuses on several areas in which changes or improvements may be needed. These issues are important because the demonstration program is still at a stage at which experimentation is encouraged. GAO focuses on the following four issues: (1) ensuring that future revenues can be applied to the agencies' highest priority unmet needs, (2) coordinating fees between agencies at demonstration sites that are close to each other, (3) being more innovative in setting fees, and (4) assessing the effect of fees on specific segments of the population.

Western National Forests: Nearby Communities Are Increasingly Threatened by Catastrophic Wildfires, by Barry T. Hill, Associate Director for Energy, Resources, and Science Issues, before the Subcommittee on

Forests and Forest Health, House Committee on Resources. GAO/T-RCED-99-79, Feb. 9 (21 pages).

About 60 percent of all national forests managed by the Forest Service are found in the dry, inland portion of the Western United States. Historically, the tree stands in many forests of the interior West developed distinctive characteristics to cope with frequent low-intensity fires and little rainfall, which slows the decomposition of dead and downed trees. However, human activities during the last century and a half have introduced changes in the structure and composition of these tree stands. These changes have raised concerns about the resulting potential for more large, intense wildfires on national forests and about the threats that they may pose. This testimony discusses (1) the extent and the seriousness of threats posed by national forest wildfires to nearby communities in the interior West, (2) agency efforts to address them, and (3) barriers to successfully implementing these efforts.

Forest Service: Barriers to and Opportunities for Generating Revenue, by Barry T. Hill, Associate Director for Energy, Resources, and Science Issues, before the Subcommittee on Interior and Related Agencies, House Committee on Appropriations. GAO/T-RCED-99-81, Feb. 10 (11 pages).

Generating revenue is not a priority for the Forest Service. Increasingly, legislative and administrative decisions and judicial interpretations of statutory requirements have required the agency to shift its emphasis from uses that generate revenue, such as producing timber, to those that do not, such as protecting species and their habitats. Moreover, the law requires the Forest Service to provide certain goods and services, including recreation sites, hardrock minerals, and livestock grazing, at less than fair market value. Moreover, some legislative provisions also serve as disincentives to either boosting revenue or decreasing costs. Given a financial incentive and the flexibility to explore innovative entrepreneurial ideas and more businesslike practices, the Forest Service can and will increase revenue. For example, the recreational fee demonstration program allows the agency to test new or increased fees at up to 100 sites and to keep the revenue to meet unmet needs for visitor services, repairs and maintenance, and resource management. Gross revenue from recreational fees on the national forest increased 163 percent during the program's first two years. The administration plans to forward legislative proposals to Congress, and the Forest Service is considering other legislative changes, that would allow the agency to collect, retain, and spend more fee revenue. However, allowing Forest Service managers to

keep and spend all or part of the money they collect would involve risks and difficult trade-offs. In particular, the Forest Service is still far from achieving financial and performance accountability and cannot accurately account for how it spends money and what it accomplishes with it. Allowing the agency to collect, retain, and spend more of the revenue generated by goods and services on the national forests would also require difficult trade-offs between boosting revenue and other values, such as providing access to public lands, promoting the economic stability of historic commodity uses, and setting aside more lands for resource protection and conservation.

Correspondence

National Park Service: Flood Recovery Efforts at Yosemite National Park, California. GAO/RCED-99-50R, Jan. 27.

Science, Space, and Technology

Acquisition Reform:
NASA's Internet Service Improves Access to Contracting Information

GAO/NSIAD-99-37, Feb. 9 (25 pages).

NASA's Acquisition Internet Service is a simple, effective, and user-friendly system for disseminating information on contracting opportunities. The service has contributed to the development of a more standardized and streamlined acquisition process at NASA and provides a central electronic source of procurement information from NASA's decentralized facilities. It allows businesses to obtain procurement information immediately, without waiting for delivery of printed information. Vendors especially like the electronic mail notification service that automatically sends announcements about procurements of interest to them. NASA, the General Services Administration, and other federal agencies are working together to develop a single, governmentwide Internet entry point for information on federal procurement opportunities. But several steps must still be taken, and many obstacles remain. Even if the new system is successfully developed and implemented governmentwide, current statutory requirements for publication of procurement notices and minimum waiting periods for mail delivery may continue to limit the potential benefits of an electronic procurement information system

Social Services

Welfare Reform: Status of Awards and Selected States' Use of Welfare-to-Work Grants

GAO/HEHS-99-40, Feb. 5 (64 pages).

Welfare reform at the federal and state levels has focused on moving welfare recipients to work and promoting economic self-sufficiency. Welfare-to-work grants are intended to help hard-to-employ persons receiving aid under the block grant program of Temporary Assistance for Needy Families to obtain work. The welfare-to-work grants total $3 billion—$1.5 billion to be awarded by the Department of Labor each year in fiscal years 1998 and 1999. About 75 percent of the money is for formula grants to states, and nearly 25 percent is for competitive grants to local groups for innovative approached to help move welfare recipients into permanent work. To receive a formula grant, states must pledge one dollar of state matching funds for every two dollars of federal welfare-to-work funds. States must also submit a plan describing how the formula funds will be used and ensure that the plan was developed in consultation with appropriate state and local agencies. This report discusses (1) the welfare-to-work formula and competitive grants awarded to, or declined by, states for fiscal year 1998; (2) how selected grantees are planning to use these funds; and (3) how selected grantees plan to meet welfare-to-work requirements to better integrate the states' workforce development services with other human services for welfare recipients.

Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients

GAO/HEHS-99-22, Feb. 26 (136 pages).

The welfare reform emphasis on "work first" has prompted a significant rethinking of how best to get welfare clients into jobs. It is still too early to tell what the most efficient and effective model is. For example, all five states GAO visited—Arizona, Massachusetts, Michigan, Ohio, and Wisconsin—were continuing to modify the structure of their workforce development and welfare systems to adapt to the new environment created by welfare reform. Some states, however, are making significant changes to their structure approaches to serving Temporary Assistance for Needy Families (TANF) clients. For example, Wisconsin has an integrated workforce development and welfare system at both the state and local

levels to provide employment and training assistance to TANF clients. Nationwide, states largely provide these services through two different structures. In 14 states, TANF clients receive employment and training services primarily through centers dedicated to serving only welfare clients; 17 states primarily use their local workforce development structure to deliver these services; and the remaining states use a combination of approaches. In GAO's visits to the five states it found similar results. The five states all provide employment and training services centered on getting TANF clients into the workforce as quickly as possible. Training focuses more on job readiness than on acquiring new vocational skills, in some cases using unpaid work experience or community work to teach job-readiness skills. The TANF block grant, rather than workforce development programs, is the principal source of funding for employment and training assistance to TANF clients.

Tax Policy and Administration

Tax Administration: IRS' Return Selection Process

GAO/GGD-99-30, Feb. 22 (36 pages).

For 1992, according to the most recent Internal Revenue Service (IRS) estimate, individual taxpayers failed to pay about $100 billion in income tax liabilities. An audit is one of the enforcement tools that IRS uses to try to reduce this amount. Recently, Congress has voiced concerns about the methods that IRS uses to select returns for audit and the techniques used to conduct audits. IRS has many sources for which to select tax returns for audit. IRS' intent is to choose returns with audit potential—returns for which an audit is most likely to find errors and recommend changes to the reported tax. One source is the discriminant function (DIF), an automated system for scoring individual tax returns according to their audit potential. In examining how effectively IRS selected individual income tax returns for audit, GAO focused on audits in which auditors in IRS district office hold face-to-face meeting with individual taxpayers to review their books and records. For these books and records, GAO (1) determines the extent to which IRS district offices have used various sources to select these individual returns for audit and (2) compares the results of audits selected using these sources in terms of the rate at which audits recommended no-change to the tax reported, amount of additional taxes recommended per return audited, and rates at which IRS assessed and collected such recommended taxes after the audit.

Testimony

IRS Management: Challenges Facing the National Taxpayer Advocate, by Cornelia M. Ashby, Associate Director for Tax Policy and Administration Issues, before the Subcommittee on Oversight, House Committee on Ways and Means. GAO/T-GGD-99-28, Feb. 10 (19 pages).

This testimony highlights three key challenges facing the Internal Revenue Service (IRS) and the National Taxpayer Advocate as decisions are made about restructuring the Office of the Taxpayer Advocate. First, IRS and the National Taxpayer Advocate need to address complex staffing and operational issues within the Advocate's Office in a way that ensures that it offers an independent way for taxpayers to resolve their problems. Second, they need to strengthen efforts within the Advocate's Office to determine the causes of taxpayer problems so that systemic causes can be identified and corrected. In that regard, the Advocate's Office needs to share information on these efforts throughout IRS and conduct them a systemic and coordinated way to reduce duplication of efforts among its offices. Third, they need to develop the performance measures that the National Taxpayer Advocate needs to manage operations and measure effectiveness.

Transportation

Testimony

Airport Financing: Annual Funding as Much as $3 Billion Less Than Planned Development, by Gerald L. Dillingham, Associate Director for Transportation Issues, before the Subcommittee on Aviation, House Committee on Transportation and Infrastructure. GAO/T-RCED-99-84, Feb. 10 (19 pages).

GAO reported in 1998 that the 3,304 airlines that make up the federally supported national airport system obtained about $7 billion from federal and private sources for capital development. More than $90 percent of this funding came from three sources: tax-exempt bonds issued by states and local airport authorities, federal grants from the Airport Improvement Program, and passenger facility charges paid on airline tickets. The magnitude and type of funding varies with airports' size. Airports planned to spend as much as $10 billion per year for capital development from 1997 through 2001, or $3 billion per year more than they were able to fund in 1996. The difference between funding and the costs of planned development is greater for smaller commercial and general aviation

airports than for their larger counterparts. Several proposals to increase or make better use of existing funding have emerged in recent years, including increasing the amount of Airport Improvement Program funding and raising the maximum amount that airports can levy in passenger facility charges.

Coast Guard: Key Budget Issues for Fiscal Years 1999 and 2000, by John H. Anderson, Jr., Director of Transportation Issues, before the Subcommittee on Coast Guard and Maritime Transportation, House Committee on Transportation and Infrastructure. GAO/T-RCED-99-83, Feb. 11 (12 pages).

The Coast Guard is responsible for maritime missions ranging from search and rescue operations to the enforcement of fisheries, immigration, and drug laws. The Coast Guard initially received $3.9 billion in appropriated funds to carry out its mission in fiscal year 1999. It received another $377 million in emergency funding to pay for additional equipment and operations, most of which was for expanding its anti-drug efforts. This increased the Coast Guard's total funding for fiscal year 1999 to about $4.3 billion. For fiscal year 2000, the Coast Guard is requesting $4.1 billion. GAO has issued reports during the past two years on the overall fiscal challenges facing the Coast Guard and the affordability of its multi-billion dollar program to replace or modernize its ships and aircraft. (See GAO/RCED-97-110, May 1997, and GAO/RCED-99-6, Oct. 1998.) The program, called the Deepwater Replacement Project, may cost as much as $9.8 billion over the next 20 years and is potentially the largest acquisition project in the agency's history. This testimony discusses (1) the Coast Guard's progress in justifying the Deepwater Replacement Project and addressing GAO's concerns about its affordability, (2) the Coast Guard's plans for spending fiscal year 1999 emergency funds, and (3) the budget strategies that the agency may have to consider in the future to address continuing budget constraints.

Airport Financing: Smaller Airports Face Future Funding Shortfalls, by Gerald L. Dillingham, Associate Director for Transportation Issues, before the Subcommittee on Aviation, House Committee on Transportation and Infrastructure. GAO/T-RCED-99-96, Feb. 22 (15 pages).

This testimony discusses airport funding issues, especially as they apply to smaller airports—all but the 71 largest airports in the national airport system. These smaller airports range in size from small hub airports like Wichita Kansas' Mid-Continent Airport to small general aviation airports with only a few aircraft based at them. GAO discusses (1) how much

funding has been made available to airports, particularly smaller airports, for their capital development and what the sources of those funds are; (2) how current funding levels, if they continue, compare with the levels small airports plan for future development; and (3) the effect that various proposal to increase or make better use of existing funding will have on small airports' ability to fulfill their capital development plans.

Truck Safety: Motor Carriers Office's Activities to Reduce Fatalities Are Likely to Have Little Short-Term Effect, by Phyllis F. Scheinberg, Associate Director for Transportation Issues, before the Subcommittee on Transportation Issues, House Committee on Appropriations. GAO/T-RCED-99-89, Feb. 23 (12 pages).

Of the nearly 42,000 people who died on the nation's highways in 1997, about 5,400 died from crashes involving large trucks. This represents a 20 percent increase from 1992. At the same time, the number of miles traveled by large trucks rose by a similar proportion. If this trend of increasing truck travel continue, the number of fatalities could increase to 5,800 in 1999 and to more than 6,000 in 2000. Crashes involving trucks are more likely to result in a fatality: 98 percent of the fatalities from crashes between trucks and cars in 1997 were the occupants of the car. Several factors contribute to these crashes, including driver errors, truck driver fatigue, and vehicle defects. The Federal Highway Administration's Office of Motor Carrier and Highway Safety has undertaken several initiatives to reduce the number of fatalities resulting from crashes involving large trucks, including identifying high-risk carriers for safety improvements and educating car drivers about how to share the road with large trucks. However, the Office is unlikely to reach its goal because (1) its initiative to target high-risk carriers for safety improvement depends on incomplete, inaccurate, or untimely data; (2) several initiatives will not be completed before the end of 1999; and (3) the effectiveness of the Office's educational campaign to improve car drivers' behavior is unknown.

Federal Management: Challenges Facing the Department of Transportation, by John H. Anderson, Jr., Director of Transportation Issues, before the Subcommittee on Transportation, Senate Committee on Appropriations. GAO/T-RCED/AIMD-99-94, Feb. 25 (nine pages).

The Department of Transportation (DOT), with a budget request of more than $50.5 billion for fiscal year 2000, faces critical challenges in achieving its goals of ensuring the safe and efficient movement of people and goods and in making cost-effective investments in the nation's transportation

infrastructure. The Federal Aviation Administration faces considerable challenges in managing its multi-billion dollar air traffic control modernization program, making its computer systems ready for the year 2000, and dealing with shortcomings in its safety and security programs. DOT and Congress confront challenges in continuing to improve oversight of highway and transit projects and in determining the future of passenger rail. The Coast Guard has not thoroughly addressed planning issues for its 20-year, $9.8 billion project to replace or modernize many of its deepwater ships and aircraft. DOT's lack of accountability for its financial activities impairs its ability to manage programs and exposes the Department to fraud, waste, abuse, and mismanagement. Although DOT has efforts underway to address the shortcomings in some of its programs, these activities are only in the early stages. Moreover, congressional action will also be needed to address some of the challenges facing the Department. Finally, congressional oversight will help ensure the effective resolution of these problems.

Correspondence

National Airspace System: Observations on American Airlines' 1997 Study of Future Air Traffic Congestion. GAO/RCED-99-66R, Jan. 29.

Special Publications

Major Management Challenges and Risks: An Executive Summary

GAO/OCG-99-ES, Feb. 1999 (30 pages).

This report outlines actions needed to improve the performance and accountability of, and manage the risks related to, the federal government. It summarizes the findings of a new set of reports (GAO's performance and accountability series) issued in January 1999. This publication also summarizes GAO's latest high-risk series update. This latter report discusses government operations that GAO has designated "high risk" because of their greater vulnerabilities to waste, fraud, abuse, and mismanagement.. The Comptroller General summarized this publication in testimony before Congress; see:

Government Management: Addressing High Risks and Improving Performance and Accountability, by David M. Walker, Comptroller General of the United States, before the House Committee on Government Reform. Gao/T-OCG-99-23, Feb. 10 (16 pages).

Reports on Agency Rules

GAO's Office of the 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).

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Department of Agriculture, Animal and Plant Health Inspection Service: Pseudorabies in Swine; Payment of Indemnity. GAO/OGC-99-31, Jan. 29.

Federal Communications Commission: Direct Broadcast Satellite Public Interest Obligations. GAO/OGC-99-32, Feb. 11.

Legal Decisions and Opinions

[Letter]

B-280698, Jan. 12.

Section 1348(a)(1) of title 31, United States Code, prohibits the use of appropriated funds for the installation of telephones and for charges for telephone service from private residences. We have not applied 31 U.S.C. ‘ 1348 where the telephone service is one of restricted use or involves adequate safeguards and the separate service is essential. Accordingly, we would not object to the Federal Communications Commission's (FCC) installation of dedicated Integrated Services Digital Network (ISDN) lines to transmit data from computers in the private residences of the FCC Commissioners to the agency's local area network. The FCC has imposed adequate safeguards to prevent private use of separate ISDN lines and to protect communications to and from the FCC Commissioners.

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