
MONTH IN REVIEW: APRIL 1999

Reports, Testimony, Correspondence, and Other Publications

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Agriculture and Food

Fresh Produce: Potential Consequences of Country-of-Origin Labeling

GAO/RCED-99-112, Apr. 21 (31 pages).

The containers in which fresh produce from abroad enters the United States must be marked with the country of origin. This identification, however, is not required to be maintained for loose, or bulk, produce at the retail level. A GAO review of the potential costs and benefits of mandatory country-of-origin labeling found that the magnitude of compliance and enforcement costs for this requirement at the retail level would depend on several factors, including the extent to which current labeling practices would have to be changed. In addition, according to the Department of Agriculture and industry, mandatory labeling at the retail level could be viewed by other countries as a trade barrier. GAO summarized this report in testimony before Congress; see:

Fresh Produce: Potential Consequences of Country-of-Origin Labeling, by Robert E. Robertson, Associate Director for Food and Agriculture Issues, before the Subcommittee on Livestock and Horticulture, House Committee on Agriculture. GAO/T-RCED-99-172, Apr. 28 (10 pages).

U.S. Agriculture: Grain Fungus Creates Financial Distress for North Dakota Barley Producers

GAO/RCED-99-59, Mar. 22 (41 pages).

Barley has traditionally been a major source of farm income in North Dakota, second only to wheat in total acreage planted and crop income. Since 1993, however, substantial portions of North Dakota's barley crop have been damaged by a fungal disease—known as scab—that often produces a toxin called vomitoxin. Scab causes barley kernels to discolor and shrivel, forcing farmers to sell fewer bushels at lower prices. Barley contaminated with vomitoxin can result in a beer that produces too much foam. The scab and vomitoxin epidemic has reduced the amount of barley produced and sold in North Dakota and the prices paid for barley. GAO looked into (1) the financial impact from scab and vomitoxin on these farmers, (2) the performance of vomitoxin test methods, and (3) the short-term and long-term actions that could help reduce the impact of scab and vomitoxin on North Dakota barley farmers. From 1993 to 1997, these farmers lost about \$200 million from scab and vomitoxin. Maltsters and

brewers, the traditional purchasers of North Dakota's malting barley, are buying less barley from North Dakota farmers and more from Canadian and other western U.S. sources.

**Agriculture in Transition:
Farmers' Use of Risk Management Strategies**

GAO/RCED-99-90, April 7 (40 pages).

Recent changes in both federal agricultural programs and international agricultural markets have increased the potential economic risks confronting the nation's farmers. The Federal Agriculture Improvement and Reform Act of 1996 encouraged farmers to make production decisions in response to market forces. GAO examined the Department of Agriculture's (USDA) efforts to educate farmers about risk management. This report provides information on (1) the extent of farmers' use of risk management tools and (2) the educational programs and projects USDA has undertaken to prepare farmers to manage risks and to determine the groups or individuals who have participated in or been served by these programs. GAO found that in 1996 about 42 percent of the nation's 2 million farmers used one or more risk management tools to limit potential income losses resulting from falling market prices or production failures. In addition, in fiscal year 1998, USDA obligated \$5 million for four educational initiatives to prepare farmers to manage risks.

**Crop Insurance:
USDA's Progress in Expanding Insurance for Specialty Crops**

GAO/RCED-99-67, Apr. 16 (44 pages).

Over the years, the federal government has played an active role in helping to mitigate the effects of risk on agriculture by offering farmers subsidized crop insurance, which allows them to receive a claims payment when production falls below an insured level. However, the federal crop insurance program has mostly focused on providing insurance coverage for producers who raise nonspecialty crops, such as wheat, corn, and soybeans. This report examines (1) the Department of Agriculture's (USDA) recent progress in expanding coverage to specialty crops and (2) the new marketing practices insurance companies have introduced for specialty crops and the potential advantages and disadvantages of those practices. GAO found that USDA insures 52 specialty crops and plans to begin testing coverage for another nine by 2001. In addition, insurance companies have

used alternatives to the traditional strategy of having independent agents market federal crop insurance to farmers.

Testimony

Crop Insurance: Further Actions Could Strengthen Program's Financial Soundness, by Lawrence J. Dyckman, Director of Food and Agriculture Issues, before the Senate Committee on Agriculture, Nutrition, and Forestry. GAO/T-RCED-99-161, Apr. 21 (eight pages).

Federal crop insurance is one of the primary mechanisms used by farmers to protect against losses caused by droughts, floods, hurricanes, and other natural disasters. Since 1995, the federal government has spent an average of about \$1.4 billion each year on the crop insurance program; the program will cost an estimated \$1.6 billion in 1999. This testimony discusses whether the Department of Agriculture (1) has set adequate insurance rates to achieve the actuarial soundness mandated by law, (2) appropriately reimburses participating crop insurance companies for their administrative costs, (3) can deliver catastrophic crop insurance at less cost to the government than can private insurance companies, and (4) has established methodologies in the revenue insurance plans that set sound premium rates.

Budget and Spending

Budget Issues: Budget Enforcement Compliance Report

GAO/AIMD-99-100, Apr. 1 (27 pages).

This report assesses compliance by the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1995. GAO's assessment covers OMB and CBO reports issued for legislation enacted during the 2nd session of the 105th Congress, which ended on October 21, 1998.

Budget Issues: Budgetary Implications of Selected GAO Work for Fiscal Year 2000

GAO/OCG-99-26, Apr. 16 (270 pages).

This report identifies in a single document the budgetary implications of selected program reforms discussed in GAO's work but not yet

implemented or enacted. The report is part of a special biennial series designed to help each new Congress identify options that could be used to reduce federal spending or increase revenues. Where available, budgetary savings estimates provided by the Congressional Budget Office or the Joint Committee on Taxation are presented for each of the options. This report contains more than 100 options. Twenty-three are new to this year's report; the rest are updated versions of options that appeared in GAO's March 1997 report. (See GAO/OCG-97-2).

**Compendium of Budget Accounts:
Fiscal Year 2000**

GAO/AIMD-99-124, Apr. 1999 (128 pages).

Each year, the President is required by law to submit a budget to Congress. The President's budget analyzes and compiles separate presentations for hundreds of budget accounts, covering all fiscal activities of the federal government, including "off-budget" accounts such as the Social Security trust funds and the Postal Service funds. It also includes accounts, such as the legislative and judicial branch summaries, that, by law or by practice, are not subject to presidential review. The budget contains a wealth of information in a daunting array of schedules, tables, graphs, and narrative summaries. The comprehensiveness of the President's budget is both its principal strength and its most obvious inconvenience; the President's budget for fiscal year 2000 spans five volumes totaling more than 2,600 pages. This publication gives readers a convenient way to sort through the fiscal structure of the federal government and to determine the level of budgetary resources—used, estimated, or requested by fiscal year—for individual accounts.

Correspondence

Emergency Criteria: How Five States Budget for Uncertainty.
GAO/AIMD-99-156R, Apr. 20.

**Business, Industry,
and Consumers**

**Consumer Product Safety Commission:
Injury Data Insufficient to Assess the Effect of the Changes to the
Children's Sleepwear Safety Standard**

GAO/HEHS-99-64, Apr. 1 (14 pages).

In 1972, the federal government required children's sleepwear to be flame resistant. Nearly 25 years later, the Consumer Product Safety Commission exempted from this standard all "snug-fitting" sleepwear and sleepwear for children nine months old and younger. The exact number of burn injuries associated with children's sleepwear before and after this change is unclear. The Commission collects some burn injury data from a sample of hospital emergency rooms, but few sleepwear-related injuries are reported annually and those that are cannot be used to produce precise national estimates. Further, multiple factors contribute to burn injuries, including ignition sources, children's behavior, and clothing fabric and fit. The risks associated with different types of sleepwear cannot be compared because data are lacking on how many consumers actually use each type. GAO concludes that it is not possible to determine the effect of the sleepwear change on the risk of injury to children.

Economic Development

Community Development: Extent of Federal Influence on "Urban Sprawl" Is Unclear

GAO/RCED-99-87, Apr. 30 (81 pages).

After World War II, people began moving in large numbers from the central cities to the suburbs; by 1970, for the first time in history, the United States counted more suburbanites than city dwellers or farmers. These demographic changes were accompanied, on the one hand, by a rise in homeownership and opportunities for new businesses, and, on the other hand, by the low-density, fragmented, automobile-dependent development that is commonly referred to as "urban sprawl." In response to congressional concerns about the contribution of federal programs and policies to urban sprawl (while recognizing that land-use planning has traditionally been a function of state and local governments), this report (1) reviews research on the origins and implications of urban sprawl, (2) describes the evidence that exists on the influence of current federal programs and policies on urban sprawl, and (3) identifies regulatory review and coordination mechanisms for evaluating and mitigating the effects of federal actions on urban sprawl.

Energy

Nuclear Regulation: Strategy Needed to Regulate Safety Using Information on Risk

GAO/RCED-99-95, Mar. 19 (28 pages).

In the United States today, 103 operating nuclear power plants supply electricity to about 65 million households, meeting about 20 percent of the nation's needs. Now, the entire electric utility industry is faced with an unprecedented development—the transition from a regulated to a competitive industry. This report provides information on (1) some of the challenges that the Nuclear Regulatory Commission (NRC) and the nuclear power industry could experience in a competitive environment, (2) issues that NRC needs to resolve to implement a risk-informed regulatory approach, and (3) the status of NRC's efforts to apply a risk-informed regulatory approach to two of its oversight programs—plant safety assessments and enforcement. GAO found that as the electric utility industry is restructured, operating and maintenance costs will affect the competitiveness of nuclear power plants. In a competitive environment, NRC will need to ensure that safety is not compromised by utilities' cost-cutting measures and that decisions utilities make in response to economic considerations are not detrimental to public health and safety. Some issues will need to be resolved. NRC has yet to develop a comprehensive strategy that considers risk information in its safety regulation of nuclear plants. Also, some utilities do not have current and accurate design information for their nuclear power plants, which is needed for a risk-informed approach. In addition, neither NRC nor the nuclear utility industry has standards that define the quality or adequacy of the risk assessments that utilities use to identify and measure risks to public health and the environment. In January 1999, NRC released for comment a proposed risk-informed process to assess the overall safety of nuclear power plants.

**Federal Power:
Implications of Reduced Maintenance and Repairs of Federal
Hydropower Plants**

GAO/RCED-99-63, Mar. 30 (71 pages).

Hydropower plants run by the Army Corps of Engineers and the Bureau of Reclamation are generally less reliable in generating electricity than are nonfederal hydropower plants. These plants could not always obtain funding for maintenance and repairs when needed, and, as a result, the agencies postponed maintenance until the money was available. These delays caused frequent, extended outages and inconsistent plant performance. The power marketing administrations' electricity is generally priced less than other electricity. However, as markets become more competitive, the power marketing administrations' customers will have

more suppliers of electricity to choose from. As nonfederal electricity rates fall in competitive markets, part of the federal government's \$22 billion in debt may be at risk of nonrecovery if the federal electricity does not remain marketable. One factor affecting the marketability of this electricity is its reliability. The Bureau, the Corps, and the power marketing administrations have taken steps to obtain funding to maintain and repair their hydropower plants.

**DOE Management:
Opportunities for Saving Millions in Contractor Travel Costs**

GAO/RCED-99-107, Apr. 1 (33 pages).

The Department of Energy (DOE) spends hundreds of millions of dollars on travel each year. About 80 percent of these costs are incurred by the contractors who manage DOE facilities. The agency has been concerned about travel costs for some time and in 1995 launched a five-year, \$175 million initiative to cut travel costs by \$35 million each year, of which \$30 million would come from contractors. This report (1) provides information on the travel costs incurred by DOE contractors and their primary destinations during fiscal years 1996 through 1998, (2) identifies the purpose of this travel, and (3) assesses DOE's success in reducing contractor travel costs and identifies additional steps DOE could take to further reduce them. GAO also examines travel and other costs associated with contractor employees on assignment to Washington, D.C.

**Tennessee Valley Authority:
Assessment of the 10-Year Business Plan**

GAO/AIMD-99-142, Apr. 30 (42 pages).

Implementation of its 10-year business plan is moving the Tennessee Valley Authority (TVA) in the right direction by addressing key issues—its high fixed financing costs and large investment in nonproducing and other deferred assets that have not been recovered through rates. The plan, which was issued in July 1997, called for lowering fixed costs by reducing outstanding debt by about one-half—to about \$14 billion—by 2007. The plan also provides for the recovery through rates of all but about \$500 million of the \$8.5 billion in deferred assets outstanding. The year 2007 is important for TVA because it expects to face greater competition by then and because many long-term contracts with customers could expire at about that time. However, TVA's plan does not address certain costs,

including (1) the capital costs to increase generating capacity to meet the growth in demand for power as is now planned; instead, it expects to meet the rise in demand by buying power from other utilities; (2) the cost of complying with environmental regulations; and (3) the cost of nonpower programs that were formerly funded through appropriations. TVA estimates that the additional costs will total at least \$1 billion. Also, some of the plan's goals and assumptions were not achievable, largely because of the additional costs described above. Because of the additional costs not addressed in the 10-year plan, it is unlikely that TVA can reduce its debt to the extent planned by 2007. Although TVA has acknowledged major changes to several of the plan's goals and assumptions and has factored these into its internal planning, the 10-year plan has not been formally updated to reflect these changes. Until the plan is formally updated, Congress and other users of the plan will lack the information needed to make policy, oversight, and investment decisions about TVA.

Testimony

Department of Energy: Key Factors Underlying Security Problems at DOE Facilities, by Victor S. Rezendes, Director of Energy, Resources, and Science Issues, before the Subcommittee on Oversight and Investigations, House Committee on Commerce. GAO/T-RCED-99-159, Apr. 20 (19 pages).

The Department of Energy's (DOE) facilities, particularly its nuclear weapons design laboratories, have long been viewed by DOE and the FBI as targets of espionage and other threats. Recent revelations of the possible loss of nuclear weapons design and other classified material to foreign countries has renewed concerns about the effectiveness of security arrangements at DOE facilities. During the past 20 years, GAO has repeatedly cited weaknesses in DOE security. This testimony provides an overview of GAO's work in the following five areas: security problems in controlling foreign visitors, protecting classified and sensitive information, maintaining physical security over facilities and property, ensuring the trustworthiness of employees, and accounting for nuclear materials.

Environmental Protection

Superfund Program: Activities of the Agency for Toxic Substances and Disease Registry and Department of Justice

GAO/RCED-99-85, Mar. 18 (22 pages).

Although the Environmental Protection Agency (EPA) has primary responsibility for running the Superfund program, other federal agencies also play important roles. These include the Department of Health and Human Services' (HHS) Agency for Toxic Substances and Disease Registry (ATSDR) and the Department of Justice. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 created the Superfund program to clean up the nation's most hazardous waste sites. ATSDR was established to implement the act's public health provisions. This report evaluates the use of Superfund resources by ATSDR and Justice. GAO determined that EPA provided ATSDR with about \$59 million in Superfund funds in fiscal year 1996 and \$64 million in fiscal year 1997. These funds were used to conduct health assessments at Superfund sites, provide consultations on health issues unique to a site, and research the health effects of hazardous substances. EPA provided Justice with about \$32 million in fiscal year 1996 and about \$30 million in fiscal year 1997 to represent the federal government in litigation involving the cleanup of hazardous waste sites. HHS' Inspector General reported that these resources were generally used in accordance with applicable requirements. Justice's Inspector General found no major problems in Justice's use of Superfund resources during the 1990s.

**Superfund:
Progress Made by EPA and Other Federal Agencies to Resolve
Program Management Issues**

GAO/RCED-99-111, Apr. 29 (76 pages).

Current estimates peg the federal government's cost to clean up the nation's hazardous waste problem at about \$300 billion, and the private sector is expected to spend hundreds of billions more. For several years, GAO has included the Superfund program on its list of government operations that are particularly vulnerable to waste, fraud, abuse, and mismanagement. Federal agencies have corrected some of these long-standing management problems, but those that remain are significant enough to prevent GAO from removing Superfund from its high-risk list. This report assesses (1) efforts by the Environmental Protection Agency (EPA) and other agencies to set spending priorities for cleaning up sites posing the greatest risks, (2) EPA's actions to recover clean-up costs from liable parties, and (3) EPA's efforts to better control contractors' cleanup costs.

Testimony

Environmental Protection: Status of EPA's Efforts to Create a Central Information Office, by Peter F. Guerrero, Director of Environmental Protection issues, before the Subcommittee on VA, HUD, and Independent Agencies, House Committee on Appropriations. GAO/T-RCED-99-147, Apr. 13 (nine pages); and

Environmental Protection: Status of EPA's Efforts to Create a Central Information Office, by Peter F. Guerrero, Director of Environmental Protection Issues, before the Subcommittee on VA, HUD, and Independent Agencies, Senate Committee on Appropriations. GAO/T-RCED-99-177, Apr. 29 (eight pages).

This testimony provides GAO's preliminary observations on the Environmental Protection Agency's (EPA) information management initiatives, which are intended to address long-standing concerns about the accuracy and completeness of the agency's environmental data, the fragmentation of the data across many incompatible databases, and the need for better measures of program outcomes and environmental quality. GAO discusses (1) the status of EPA's efforts to create a central office responsible for information management, policy, and technology issues and (2) the major challenges that the new office needs to address in order to successfully collect, use, and disseminate environmental information.

Hazardous Waste: Observations on EPA's Cleanup Program and Budget Management Practices, by Peter F. Guerrero, Director of Environmental Protection Issues, before the Subcommittee on VA, HUD, and Independent Agencies, Senate Committee on Appropriations. GAO/T-RCED-99-168, Apr. 29 (10 pages).

The Environmental Protection Agency (EPA) may be retaining more contractors than it needs to carry out its Superfund cleanup. As a result, contractors often have light workloads and high program support costs, such as those for rent and managers' salaries. EPA could use the team that is managing its Contracts 2000 initiative—an effort to help the agency put in place the Superfund cleanup contracts it needs and assess its contract management practices—to deal with some of the recurring contract management issues cited by GAO, such as high support costs. However, the agency could not provide GAO with documentation describing (1) the overall plan that the team would use to make recommendations for improving Superfund contract management practices and (2) time frames for implementing these improvements. Transferring \$25 million from Superfund to the Corrective Action Program could help EPA finish more

cleanups under the Resource Conservation and Recovery Act, but GAO could not determine with certainty what impact this transfer would have on Superfund.

Chemical Safety Board: Status of Implementation Efforts, by David G. Wood, Associate Director for Environmental Protection Issues, before the Subcommittee on Veterans Affairs, Housing and Urban Development, and Independent Agencies, Senate Committee on Appropriations.
GAO/T-RCED-99-167, Apr. 29 (20 pages).

The Chemical Safety and Hazard Investigation Board recommends ways to enhance industrial safety on the basis of its investigations of accidental releases of toxic and hazardous chemicals and its other activities. The Board was funded at \$4 million in fiscal year 1998—its first year of operation—and \$6.5 million in fiscal year 1999. The Board is required to submit its budget request concurrently to the Office of Management and Budget (OMB) and Congress. For fiscal year 2000, the Board has asked for \$12.5 million while the President's budget, after OMB's review, calls for \$7.5 million for the Board. In response to congressional concerns that the new organization's operational costs, especially salaries, might grow too quickly and become excessive, GAO reviewed the Board's efforts to carry out its mission. This testimony provides information on the status of the Board's (1) investigations and recommendations, (2) pay structure and use of staff, and (3) contracting activities.

Financial Institutions

Securities Regulation: Actions Taken to Improve Nasdaq Listing Procedures

GAO/GGD-99-53, Apr. 26 (16 pages).

This report follows up on whether the Securities and Exchange Commission (SEC) and the Nasdaq Stock Market have implemented GAO's earlier recommendations for improving the oversight and operations of Nasdaq's Listing Qualifications Department. (See GAO/GGD-98-45, Feb. 1998.) GAO also includes information on the status of Nasdaq's response to recommendations SEC made as part of its oversight of the Listing Qualifications Department and information on the status of Nasdaq's new automated Risk Scoring Compliance System.

Financial Management

Indian Trust Funds: Interior Lacks Assurance That Trust Improvement Plan Will Be Effective

GAO/AIMD-99-53, Apr. 28 (29 pages).

The Interior Department's High-Level Implementation Plan for improving its management of the Indian trust funds and resources under its control seeks to correct many long-standing problems. These problems include inadequate accounting and information management systems; backlogs in asset appraisals, ownership determination, and record keeping; and poor internal controls. This report assesses whether Interior has reasonable assurances that (1) the plan provides an effective solution for addressing these long-standing problems and (2) its acquisition of a new asset and land records management service will cost effectively satisfy trust management needs.

Financial Audit: MedPAC's Fiscal Year 1998 Schedules of Expenditures and Budgetary Resources

GAO/AIMD-99-134, Apr. 28 (20 pages).

The Medicare Payment Advisory Commission (MedPAC), an independent federal advisory body established in 1997 to advise Congress on issues affecting Medicare, is subject to periodic audits by GAO. GAO contracted with the independent public accounting firm of KPMG Peat Marwick LLP to audit MedPAC's schedules of expenditures and budgetary resources for fiscal year 1998. KPMG found that (1) the schedules were reliable in all material aspects, (2) material weaknesses related to the segregation of disbursement responsibilities and the recognition of expenses and obligations, and (3) there was no reportable noncompliance with the provision of the law it tested. KPMG disclosed material weaknesses and reported them in a separate management letter along with suggestions for improvement.

Testimony

DOD Financial Management: More Reliable Information Key to Assuring Accountability and Managing Defense Operations More Efficiently, by Gene L. Dodaro, Assistant Comptroller General for Accounting and Information Management Issues, before the Subcommittee on Readiness

and Management Support, Senate Committee on Armed Services.
GAO/T-AIMD/NSIAD-99-145, Apr. 14 (17 pages).

Effective financial management is essential if the Pentagon is to achieve accountability over its vast assets and resources. However, pervasive financial management weaknesses have led GAO to include the Defense Department (DOD) on its list of government operations at high-risk for waste, fraud, abuse, and mismanagement. Collectively, the material weaknesses in DOD's financial operations represent the single, largest obstacle to getting an unqualified opinion on the U.S. government's financial statements. DOD has started to devote additional resources to correct its long-standing financial management problems. The atmosphere of "business as usual" at DOD has changed to one of marked effort at real reform. DOD is working on short-term measures to improve financial reporting and to help meet the President's goal of obtaining an unqualified opinion on the government's financial statements. Also, DOD recently submitted to Congress its Biennial Financial Management Improvement Plan—a blueprint for long-term financial management reform. However, DOD's problems are widespread and entrenched in a huge, decentralized organization. It will take considerable time and effort, along with sustained attention from top management, to turn reform efforts into a day-to-day management reality. This testimony discusses (1) the impact of financial management weaknesses on DOD's ability to carry out its operations efficiently and economically; (2) DOD's efforts to improve financial management systems and controls in the short term, as well as additional measures that are needed; and (3) enhancements needed to update DOD's Financial Management Improvement Plan.

Correspondence

Management Letter: American Battle Monuments Commission's Financial Statement Audit for Fiscal Year 1998. GAO/AIMD-99-125R Apr. 8.

Accounting Standards: Treatment of Asset-Backed Securities.
GAO/GGD-99-63R, Apr. 14.

Payment Processing: Validation of Receipt and Acceptance.
GAO/AIMD-99-111R, Apr. 14

Federally Chartered Corporation: Review of the Financial Statement Audit Report for the National Ski Patrol System, Incorporated, for Fiscal Year 1998. GAO/AIMD-99-166R, Apr. 30.

Federally Chartered Corporation: Review of the Financial Statement Audit Report for the Reserve Officers Association of the United States for Fiscal Year 1998. GAO/AIMD-99-167R, Apr. 30.

Federally Chartered Corporation: Review of the Financial Statement Audit Reports for the Retired Enlisted Association, Incorporated, for 1995, 1996, and 1997. GAO/AIMD-99-168R, Apr. 30.

Government Operations

Regulatory Flexibility Act: Agencies' Interpretations of Review Requirements Vary

GAO/GGD-99-55, Apr. 2 (36 pages).

Section 610 of the Regulatory Flexibility Act of 1980 requires federal agencies to develop a plan for the review of their existing rules that will have a "significant economic impact on a substantial number of small entities." The purpose of these reviews is to decide whether the rules should continue unchanged or should be amended or rescinded to minimize their impact on small entities, which include small businesses and small governmental jurisdictions. Agencies are required to provide an annual Federal Register notice of rules they intend to review in the next 12 months. Several agencies have used the Unified Agenda of Federal Regulatory and Deregulatory Actions to publish these notices. This report updates GAO's earlier work on this issue. GAO determines, with regard to the April 1998 and November 1998 editions of the Unified Agenda, (1) how many agencies had no Agenda entries that were characterized as section 610 reviews, whether agencies are interpreting the review requirements consistently, and why some agencies that appeared subject to the requirements had no entries; (2) how many of the section 610 review entries in the Agenda appeared to meet the notification requirements in subsection 610(c); (3) if the section 610 review entries did not appear to meet the statutory requirements, why some agencies' entries were not characterized as section 610 review; and (4) whether any federal agencies had revised their plans for section 610 reviews.

District of Columbia: Private Use of Official Vehicles

GAO/GGD-99-50, Apr. 9 (24 pages).

The District of Columbia Appropriations Act for Fiscal Year 1998 prohibits the use of funds to provide District government employees with an official vehicle unless it will be used only in the performance of official duties. The law also provides that, except for police officers who live in the District, the term “official duties” does not include travel between the officer’s or employee’s residence and workplace. This report determines (1) whether any District employees were authorized, as of September 1998, to take home official vehicles and (2) if so, whether the employees were aware of the restriction on using District government vehicles for other than official business, including home-to-work transportation.

**Federal Lobbying:
Differences in Lobbying Definitions and Their Impact**

GAO/GGD-99-38, Apr. 15 (52 pages).

To increase public disclosure about lobbyists who seek to influence Congress and the executive branch, the Lobbying Disclosure Act of 1995 requires paid lobbyists to register with Congress and report semiannually on their lobbying activities. GAO is required to review the reporting of lobbying activities by groups that have employees who lobby on their behalf and have the option of reporting their lobbying expenses using the definitions of lobbying provided by either the act or the applicable Internal Revenue Code provision—sections 4911 or 162(e) that they use for tax purposes. Section 4911 imposes taxes on lobbying expenses exceeding certain limits paid by tax-exempt, nonprofit groups, known as public charities. Section 162(e) generally concerns the denial of income tax deductions by businesses for lobbying. This report (1) describes the differences in how lobbying is defined by the act and sections 4911 and 162(e); (2) determines the impact that differences in the definitions may have on registration and reporting under the act, including information on the number of groups using each definition and the expenses they have reported; and (3) identifies and analyzes options, including harmonizing the three definitions, to better ensure that the act’s public disclosure goals are achieved.

**National Gambling Impact Study Commission:
Selected Operational Practices**

GAO/GGD-99-46, Apr. 16 (40 pages).

This report reviews the operational practices of the National Gambling Study Commission, which is to report by June 1999 on the social and economic impacts of gambling in the United States. GAO answers the following questions, which are based on allegations made to a Member of Congress: (1) Is the Commission subject to the Federal Advisory Committee Act and, if so, did it follow the act with respect to three specific meetings? (2) What contracting procedures did the Commission use to award three major contracts? (3) Why did the Commission contract for legal counsel instead of using government legal support? (4) Did the Commission try to interfere with the work being done by one of its contractors? (5) How were Regent University employees involved in the Commission's activities? (6) Has the Commission paid to relocate any staff? (7) Were Commission employees allowed to work at a location other than the Commission's office?

**Regulatory Accounting:
Analysis of OMB's Reports on the Costs and Benefits of
Federal Regulation**

GAO/GGD-99-59, Apr. 20 (76 pages).

Issuing and enforcing regulations is a basic responsibility of government, but the costs that nonfederal entities pay to comply with federal regulations are not accounted for in the federal budget process. Some researchers have pegged those costs at hundreds of billions of dollars, and some estimates of aggregate benefits are even higher. Congress, deciding that it needed more information on regulatory costs and benefits, required the Office of Management and Budget (OMB) to submit two successive annual reports to Congress providing (1) estimates of the total annual costs and benefits of federal regulatory programs; (2) estimates of the costs and benefits of each rule likely to have a \$100 million annual effect on the economy in higher costs; (3) an assessment of the direct and indirect effects of federal rules on the private sector, state and local governments, and the federal government; and (4) recommendations to reform or eliminate any federal program that is inefficient, ineffective, or not a sound use of taxpayer dollars. This report describes, for each of these four requirements, how OMB addressed the requirements in its 1997 and 1998 reports and the views of noted economists on OMB's responses in these reports.

Testimony

Paperwork Reduction Act: Burden Increases and Unauthorized Information Collections, by L. Nye Stevens, Director of Federal Management and Workforce Issues, before subcommittees of the House Committee on Government Reform. GAO/T-GGD-99-78, Apr. 15 (17 pages).

Estimates of the federal paperwork burden have risen dramatically since the Paperwork Reduction Act was first enacted in 1980, although some of the increase is because of changes in measurement techniques. Agencies' estimates have continued to increase since 1995 despite congressional expectations to the contrary. The increase in the governmentwide paperwork estimate appears largely attributable to continued increases in the Internal Revenue Services's (IRS) estimates. However, IRS said that these increases are due to increased economic activity and new statutory requirements—factors beyond its control. Also, GAO believes that the Office of Management and Budget's (OMB) Office of Regulatory Affairs has not fully satisfied all of the responsibilities assigned to it by the act. Data provided by OMB to Congress indicates a troubling disregard by agencies for the requirement that they obtain OMB's approval before collecting information from the public. GAO estimates that the agencies have imposed at least \$3 billion in unauthorized burden in recent years.

Regulatory Reform: Comments on S. 746—The Regulatory Improvement Act of 1999, by L. Nye Stevens, Director of Federal Management and Workforce Issues, before the Senate Committee on Governmental Affairs. GAO/T-GGD/RCED-99-163, Apr. 21 (eight pages).

The Regulatory Improvement Act of 1999 addresses many issues in regulatory management that have long been controversial. This statement focuses on GAO's past work in the following four areas: (1) the effectiveness of previous regulatory reform initiatives, (2) agencies' cost-benefit analysis practices and the trigger for the analytical requirements, (3) the peer review of agencies' regulatory analyses, and (4) the transparency of the regulatory development and review process.

Public-Private Partnerships: Key Elements of Federal Building and Facility Partnerships, by J. Christopher Mihm, Associate Director for Federal Management and Workforce Issues, before a joint hearing of the House Subcommittees on Government Management, Information and Technology, and on Economic Development, Public Buildings, Hazardous Materials and Pipeline Transportation. GAO/T-GGD-99-81, Apr. 29 (seven pages).

This testimony discusses the findings of GAO's recent report on public-private partnerships, which identified the key elements of partnerships between the federal government and the private sector that were formed to help the government acquire and operate federal real estate and facilities more efficiently and effectively. (See GAO/GGD-99-23, Feb. 1999.) GAO (1) briefly discusses some of the weaknesses that are forcing agencies to think strategically when managing buildings and facilities and (2) focuses on one response to these challenges—public private partnerships—and reviews the key elements and related experiences of the six federal partnerships examined in GAO's earlier report. In connection with this testimony, GAO also released a glossary of terms, practices, and techniques related to building and facility partnerships. (See GAO/GGD-99-71, page 55.)

Correspondence

National Gallery of Art: Free Admission and Special Exhibition Ticket Distribution Policies. GAO/GGD-99-61R, Apr. 1.

High-Risk Series: Recommendations Need to Be Implemented. GAO/HR-99-2R, Apr. 12.

The Results Act: Observations on the Postal Service's Preliminary Performance Plan for Fiscal Year 2000. GAO/GGD-99-72R, Apr. 30.

Health

Assisted Living: Quality-of-Care and Consumer Protection Issues in Four States

GAO/HEHS-99-27, Apr. 26 (55 pages).

Assisted-living facilities provide a growing number of elderly Americans with an alternative to nursing homes. To make informed choices about various facilities, however, consumers need clear and complete information on services, costs, and policies. A GAO review of assisted-living facilities in four states—California, Florida, Ohio, and Oregon—found that the facilities did not always give consumers enough information to determine whether a particular facility could meet their needs, for how long, and under what circumstances. Marketing materials, contracts, and other information provided by facilities are often incomplete and sometimes vague or misleading. Only about half of the facilities reported that they provide prospective residents with key information in writing, such as the amount of assistance residents can expect to receive with

medications, the circumstances under which the cost of services might change, or when residents might be required to leave if their health deteriorates. Consumers also need assurance that the facilities provide high-quality care and protect consumers' interests. All four states license assisted-living facilities and conduct periodic inspections and complaint investigations. Yet GAO found that more than one-fourth of the facilities it reviewed had been cited by state licensing, ombudsman, or other agencies for five or more quality-of-care or consumer protection deficiencies or violations during 1996 and 1997. Eleven percent of the facilities had been cited for 10 or more deficiencies and violations during the same period. Frequently identified problems included facilities' (1) providing poor care to residents, such as inadequate medical attention following an accident; (2) having insufficient, unqualified, and untrained staff; (3) not providing residents with appropriate medications and not storing medications properly; and (4) not following admission and discharge policies required by state regulation. GAO summarized this report in testimony before Congress; see:

Assisted Living: Quality-of-Care and Consumer Protection Issues, by Kathryn G. Allen, Associate Director for Health Financing and Public Health Issues, before the Senate Special Committee on Aging. GAO/T-HEHS-99-111, Apr. 26 (14 pages).

**Medicare:
Access to Home Oxygen Largely Unchanged; Closer HCFA
Monitoring Needed**

GAO/HEHS-99-56, Apr. 5 (24 pages).

Before the Balanced Budget Act of 1997, Medicare's payment rates for home oxygen exceeded those of the Department of Veterans Affairs by almost 38 percent. The act reduced Medicare's rates by 25 percent effective January 1, 1998, and GAO evaluated changes in Medicare's patients' access to home oxygen since the payment reduction. Preliminary indications are that access remained substantially unchanged. The number of Medicare beneficiaries using home oxygen equipment increased, and the proportion of those using the more costly stationary liquid oxygen systems decreased. Even Medicare beneficiaries who were expensive or difficult to serve were able to get the appropriate systems for their needs, and suppliers accepted the Medicare allowance as full payment for more than 99 percent of claims. Most suppliers increased operating efficiencies to mitigate the effect of the payment reduction. However, subtle access

issues may not be readily apparent, and problems could emerge as more and better information becomes available. Beyond contracting with a peer review organization for an evaluation of access to and the quality of home oxygen equipment, the Health Care Financing Administration (HCFA) has not established an ongoing method to monitor the use of this benefit and gather the information essential to assessing the payment system. It has also not developed service standards for home oxygen suppliers, as required by the act, to allow them to decide themselves what services they will provide.

**Low-Income Medicare Beneficiaries:
Further Outreach and Administrative Simplification Could
Increase Enrollment**

GAO/HEHS-99-61, Apr. 9 (29 pages).

In 1995, premiums, deductibles, and coinsurance cost single persons at the federal poverty level 10 percent of income, and married couples, 15 percent. State Medicaid programs helped them bear their costs through the congressionally enacted Qualified Medicare Beneficiary (QMB) program, the Specified Low-Income Medicare Beneficiary (SLMB) program, and the Qualifying Individuals program. In 1996, about 43 percent of the potentially eligible Medicare beneficiaries were not enrolled in either QMB or SLMB. Enrollment in these programs is relatively low for Medicare beneficiaries who are white, widowed or married, or have Medicare coverage because of age rather than disability. Many potential recipients do not enroll because they do not know the programs exist, believe they are only for "poor people," fear that the state will try to recover payments made to them from a surviving spouse or children, or are unwilling to accept what they think of as welfare. Moreover, the application process is burdensome and complex, and the states' cost-sharing obligations limit their incentives to notify and enroll eligible individuals. Efforts to increase enrollment include a Social Security Administration demonstration project, state outreach and enrollment efforts through their State Children's Health Insurance Programs, and efforts by the Health Care Financing Administration under the Government Performance and Results Act.

**Medicare+Choice:
New Standards Could Improve Accuracy and Usefulness of
Plan Literature**

GAO/HEHS-99-92, Apr. 12 (30 pages).

GAO found that 16 managed care organizations participating in the Medicare+Choice program—Medicare’s alternative to fee-for-service—gave beneficiaries materials containing inaccurate or incomplete benefit information. For example, materials from five organizations said that annual screening mammograms required a physician’s referral, even though Medicare explicitly prohibits this. One organization provided an outpatient prescription drug benefit that was substantially less generous than that agreed to in its Medicare contract. GAO found no errors about ambulance services but written materials often omitted important information about that benefit. Some organizations provided complete information on benefits and restrictions only after a beneficiary had enrolled. Each organization used its own format and terms to describe its plan’s benefit package, making it difficult for beneficiaries to compare available options. Weaknesses in the processes the Health Care Financing Administration (HCFA) uses to review organizations’ member literature led some reviewers to rely on the organization to help verify its accuracy, created opportunities for inconsistent review practices, and led HCFA to fail to ensure that errors reviewers identified were corrected. Beneficiaries would be helped by (1) full implementation of HCFA’s new contract form describing the plans’ benefit coverage; (2) new standards for terminology, formats, and distribution of key member literature; (3) standard forms for routine administrative functions; (4) standard marketing procedures to review material; and (5) requiring organizations to provide beneficiaries with a single standard brochure like that distributed to members of the Federal Employees Health Benefits Program. GAO summarized this report in testimony before Congress; see:

Medicare+Choice: HCFA’s Actions Could Improve Plan Benefit and Appeal Information, by William J. Scanlon, Director of Health Financing and Public Health Issues, before the Senate Special Committee on Aging. GAO/T-HEHS-99-108, Apr. 13 (15 pages).

**Medicare Managed Care:
Greater Oversight Needed to Protect Beneficiary Rights**

GAO/HEHS-99-68, Apr. 12 (35 pages).

Medicare requires managed care plans to notify a beneficiary in writing of the reasons for denying to provide or pay for a service and to state the beneficiary's appeal rights. The beneficiary can appeal a denial, in writing, first to the plan, then to the Center for Health Dispute Resolution, then to an administrative law judge, and finally to a U.S. District Court. Beneficiaries are entitled to expedited decisions on their appeals if the standard time for making decisions could endanger their health or life. Between January 1996 and May 1998, health maintenance organizations reported an average of nine appeals per 1,000 Medicare members (this number may be rising) and reversals of 75 percent of the original denials. However, the number of appeals may understate beneficiaries' dissatisfaction with the plans' initial decisions: (1) some beneficiaries switch out of their plans rather than appeal and (2) some receive notices that fail to state reasons for a denial or to explain their appeal rights or they receive no notices at all. Furthermore, plans sometimes give beneficiaries little advance notice when they decide to discontinue paying for services. The Health Care Financing Administration (HCFA) does not determine whether beneficiaries who were denied services but did not appeal were informed of their appeal rights. HCFA does not monitor the provider groups to whom issuing denial notices and deciding whether to expedite initial decisions are delegated. HCFA also has not issued specific criteria for expedited cases. HCFA is implementing or planning initiatives to better protect beneficiaries' rights.

**Medicare:
Early Evidence of Compliance Program Effectiveness
Is Inconclusive**

GAO/HEHS-99-59, Apr. 15 (33 pages).

In general, a compliance program consists of a Medicare provider organization's internal policies, processes, and procedures that help it prevent and detect violations of Medicare law. According to recent surveys, most hospitals either had or planned to soon implement a compliance program, but no readily available data exist on program prevalence. Direct program costs appear to account for less than one percent of total patient revenues; indirect costs may be larger. Lacking compliance budgets, hospitals cannot always distinguish between compliance program and normal operations costs. Comprehensive baseline data with which to measure programs' effectiveness are lacking. The costs associated with gathering baseline data on the amount of improper payments made to providers—or comparison data for providers

without compliance programs—have precluded the use of this effectiveness measure. Although hospital officials reported that program benefits outweigh costs, Medicare contractors reported receiving refunds of provider overpayments with more frequency, and formal provider self-disclosures have increased in recent years. This preliminary evidence, however, does not demonstrate that compliance programs have reduced improper Medicare payments. According to hospitals, the major intangible indicator of effectiveness is an increased corporate awareness of compliance as shown by frequent calls to compliance staff or hotlines for guidance. Some hospitals plan to measure improved employee knowledge of compliance issues, risk areas, and procedures in conjunction with compliance training.

**Medicare Managed Care Plans:
Many Factors Contribute to Recent Withdrawals; Plan
Interest Continues**

GAO/HEHS-99-91, Apr. 27 (69 pages).

The Balanced Budget Act of 1997 created the Medicare+Choice program to expand beneficiaries' managed care options, both by encouraging the wider availability of health maintenance organizations (HMO) and by allowing other types of health plans to participate in Medicare. The act also contained provisions to slow the growth in Medicare spending. Last fall, shortly before the start of the program, nearly 100 Medicare managed care plans announced that they would not renew their Medicare contracts or that they would reduce the geographic areas they served. Beneficiaries affected by these withdrawals either had to switch plans or return to traditional fee-for-service Medicare; a small number of beneficiaries were left with no alternative but fee-for-service. GAO found that although an unusually large number of managed care plans left Medicare recently, a number of new plans have applied to enter the program or expanded the areas in which they offer services. Plan withdrawals cannot be traced to a single cause; rather, various factors appear to be behind a plan's decisions to participate. Payment level is one factor that influences where plans offer services, but withdrawals were not limited to counties with low payments. When a plan reduced its service area, however, GAO found that counties with low payment rates were more likely to experience a withdrawal than counties with higher payment rates. Also, a portion of the withdrawals may have been the result of plans' deciding that they were unable to compete effectively in certain areas. Plan representatives also cited the administrative burden associated with Medicare+Choice as a

significant factor. A broad comparison of plan benefit packages from 1997 and 1999 indicates modest reductions in the inclusion of certain benefits. In 1999, a slightly higher percentage of beneficiaries can join a plan offering prescription drug coverage, while a slightly smaller percentage of beneficiaries have access to a plan offering dental care, hearing exams, and foot care. Beneficiaries living in the lowest-payment areas saw greater decreases in access than the average beneficiaries. Also, those living in the lowest payment areas saw a decrease in access to plans offering prescription drug benefits, while beneficiaries in higher payment areas saw an increase in access to plans offering those benefits.

Housing

Community Development: Weak Management Controls Compromise Integrity of Four HUD Grant Programs

GAO/RCED-99-98, Apr. 27 (81 pages).

About one quarter of the Department of Housing and Urban Development's (HUD) budget—nearly \$6 billion in fiscal year 1998— is devoted to four formula block grant programs that support community development by financing projects and services for local residents. In 1995, HUD revamped its approach to managing these formula block grants. Under the Grants Management System, compliance monitoring of grants was deemphasized and grantees were required to enter information into HUD's Integrated Disbursement and Information System. Although the Grants Management System provides a logical, structured approach to managing the four programs, monitoring by HUD falls short of ensuring that the program's objectives are being met and that grantees are managing their funds appropriately. The five field offices GAO visited do on-site monitoring infrequently because of a shift to a more collaborative relationship with the grantees and because of a lack of resources. Moreover, on-site monitoring rarely targets the grantees that receive the poorest evaluations from the field offices, and this monitoring is neither uniform nor comprehensive because the field offices lack guidance. The reviews of some grantees by GAO and other have found significant problems in grantees' finances and performance, calling into question the integrity of the programs. For its part, the Integrated Disbursement and Information System does not provide HUD with the information it needs to accurately assess grantees' performance and thus does not compensate for breakdowns in monitoring. Fraught with major design flaws, the information system makes the process for establishing and maintaining

accounts difficult and provides ample opportunity for major problems with entering data, does not allow problems to be corrected easily, cannot track the program income from the revolving fund that grantees establish, does not provide timely and accurate information, and has difficulty producing reports. Also, security controls for the information system are weak. GAO summarized this report in testimony before Congress; see:

Community Development: Weak Management Controls Compromise Integrity of Four HUD Grant Programs, by Stanley J. Czerwinski, Associate Director for Housing and Community Development Issues, before the Subcommittee on Housing and Transportation, House Committee on Banking, Housing, and Urban Affairs. GAO/T-RCED-99-175, Apr. 29 (eight pages).

Information Management

Year 2000 Computing Crisis: Readiness of the Electric Power Industry

GAO/AIMD-99-114, Apr. 6 (43 pages).

All phases of operations in the electric power industry—from generation to distribution—use control systems and equipment that are vulnerable to Year 2000 failures. Although the electric power industry has reported substantial progress in making its equipment and systems Year 2000 compliant, significant risks remain. In response to an industrywide survey done in November 1998, the nation's electric utilities reported that, on average, they had completed 44 percent of remediation and testing. However, nearly half of the responding organizations said that they did not expect to be Year 2000 ready by the June 1999 industry target date, and about one in six indicated that they would not be ready until the last quarter of 1999—leaving little margin to resolve unexpected problems.

Year 2000 Computing Crisis: Status of the Water Industry

GAO/AIMD-99-151, Apr. 21 (43 pages).

Water facilities often use automated control systems and equipment to (1) obtain, treat, and distribute drinking water and (2) collect, treat, and release wastewater. However, little is known about how prepared the nation's water and wastewater facilities are for the Year 2000 problem. Although the President's Year 2000 Conversion Council has undertaken an

awareness campaign and is urging national water sector associations to survey their memberships to determine their Year 2000 readiness, so far these surveys have had low response rates. Moreover, the Environmental Protection Agency lacks the rules and regulations needed to require water and wastewater facilities to report on their Year 2000 status. Developing such rules and regulations would be time consuming. GAO surveyed state regulators on their efforts to monitor the Year 2000 status of the water facilities they regulate and found a wide range of responses. A few states were actively collecting Year 2000 compliance data from the facilities they regulate, while a much larger group of states was distributing Year 2000 information. Another group was not using either approach. Only a handful of state regulators believed that they were responsible for ensuring facilities' Year 2000 compliance or overseeing facilities' business continuity and contingency plans. As a result, insufficient information is available to assess and manage Year 2000 efforts in the water sector, and little additional information is expected under the current regulatory framework.

**Year 2000 Computing Crisis:
Federal Reserve Has Established Effective Year 2000 Management
Controls for Internal Systems Conversion**

GAO/AIMD-99-78, Apr. 9 (14 pages).

The Federal Reserve System's Year 2000 program is on schedule with Office of Management and Budget milestones. In addition, the Fed has effective controls to help ensure that its Year 2000 progress is reported accurately and reliably. The Fed also is effectively managing the renovation and the testing of its internal systems and the development and the testing of contingency plans for continuity of business operations. Despite this progress, the Fed has much to accomplish before it is fully ready for January 1, 2000. The Fed needs to complete the validation and implementation of all of its internal systems and complete its contingency plans to address both unexpected internal system failures and potential failures of external business partners and public infrastructure. However, the Fed has plans to complete the remaining tasks and has introduced management controls to help ensure that they are accomplished. Although there is no way to guarantee that significant Year 2000-induced business failures will not occur, the Fed's plans, if implemented, should effectively reduce the risk of such failures.

**Land Management Systems:
Major Software Development Does Not Meet BLM's Business Needs**

GAO/AIMD-99-135, Apr. 30 (20 pages).

GAO recently testified that the Bureau of Land Management (BLM) had spent more than 15 years and \$411 million to develop the Automated Land and Mineral Record System (ALMRS)/Modernization, only to have the major software component fail to meet its needs. (See GAO/T-AIMD-99-102, Mar. 1999.) GAO recommended steps that BLM should take to deal with this issue. This report transmits GAO's recommendations to help BLM strengthen its information technology management practices and reduce the risks that future information technology efforts will be similarly unsuccessful.

Testimony

Year 2000 Computing Crisis: Additional Work Remains to Ensure Delivery of Critical Services, by Joel C. Willemsen, Director of Civil Agencies Information Systems Issues, before the Subcommittee on Government Management, Information, and Technology, House Committee on Government Reform, and the Subcommittee on Technology, House Committee on Science. GAO/T-AIMD-99-143, Apr. 13 (16 pages).

The federal government, with its widespread dependence on complex computer systems to deliver vital public services, faces an especially difficult task in overcoming the Year 2000 computer challenge. Unless adequately dealt with, Year 2000 problems could seriously disrupt key federal operations, from national defense to benefits payments to air traffic management. This testimony discusses (1) the status of the federal government's remediation of its mission-critical systems, (2) the remaining challenges facing the government in ensuring the continuity of business operations (namely end-to-end testing and business continuity and contingency planning) and the Office of Management and Budget's efforts to identify the government's high-impact programs, and (3) the readiness of state systems that are essential to the delivery of federal human services programs.

Year 2000 Computing Challenge: Federal Government Making Progress But Critical Issues Must Still Be Addressed to Minimize Disruptions, by Gene L. Dodaro, Assistant Comptroller General for Accounting and Information Management Issues, before the Senate Special Committee on the Year 2000 Technology Problem. GAO/T-AIMD-99-144, Apr. 14 (14 pages).

This testimony (1) outlines actions that the federal government has taken to improve its Year 2000 approach; (2) summarizes the status of the federal government's remediation of its mission-critical systems, focusing on those that are not yet compliant; (3) discusses the reported status of federal programs run by the states; and (4) describes the remaining challenges facing the government in ensuring the continuity of business operations—namely end-to-end testing and contingency planning.

Year 2000 Computing Crisis: Readiness Improving but Much Work Remains to Ensure Delivery of Critical Services, by Joel C. Willemsen, Director of Civil Agencies Information Systems Issues, before the House Committee on Government Reform. GAO/T-AIMD-99-149, Apr. 19 (27 pages).

Vital federal services and functions could be disrupted unless the government's computer systems are Year 2000 compliant. Consequently, GAO has included the Year 2000 problem on its list of high-risk government operations. (See GAO/HR-97-9, Feb. 1997.) This testimony (1) highlights the Year 2000 risks confronting the nation, (2) discusses the federal government's progress and remaining challenges in correcting its systems, (3) identifies state and local government Year 2000 issues, and (4) provides an overview of the available information on the readiness of key public infrastructure and economic sectors.

Customs Service Modernization: Actions Needed to Correct Serious ACE Management and Technical Weaknesses, by Randolph C. Hite, Associate Director for Governmentwide and Defense Information Systems Issues, before the Subcommittee on Trade, House Committee on Ways and Means. GAO/T-AIMD-99-141, Apr. 13 (14 pages).

The U.S. Customs Service's Automated Commercial Environment (ACE) is intended to introduce much-needed improvements to the enforcement of import trade laws and regulations and to the assessment and the collection of import duties, taxes, and fees, which total \$22 billion annually. Customs estimates that the system will cost about \$1.05 billion, although this amount is being revised upwards. GAO's recent report on ACE, upon which this testimony is based, cites serious managerial and technical weaknesses in Customs' management of ACE. (See GAO/AIMD-99-41, Feb. 1999.) This testimony focuses on the following ACE weaknesses and makes recommendations for correcting them: (1) building ACE without a complete and enforced enterprise systems architecture, (2) investing in ACE without a firm basis for knowing that it is a cost effective solution, and (3) building ACE without using engineering rigor and discipline.

Information Security: The Melissa Computer Virus Demonstrates Urgent Need for Stronger Protection Over Systems and Sensitive Data, by Keith A. Rhodes, Technical Director for Computers and Telecommunications, before the Subcommittee on Technology, House Committee on Science. GAO/T-AIMD-99-146, Apr. 15 (13 pages).

Although it disrupted the operations of thousands of companies and some government agencies, the Melissa virus reportedly did no permanent damage to systems or compromise sensitive government data. Nevertheless, it did show just how quickly computer viruses can spread and just how vulnerable federal information systems are to computer attacks. Melissa underscored the urgent need for stronger agency and governmentwide protection over sensitive data. This testimony discusses the immediate effects of the Melissa virus and its variations as well as its broader implications. GAO also discusses critical steps that should be taken to help ensure that federal agencies are better prepared for future viruses and other forms of computer attacks.

Year 2000 Computing Crisis: Action Needed to Ensure Continued Delivery of Veterans Benefits and Health Care Services, by Joel C. Willemsen, Director of Civil Agencies Information Systems Issues, before the Subcommittee on Oversight and Investigations, House Committee on Veterans' Affairs. GAO/T-AIMD-99-136, Apr. 15 (33 pages); and

Year 2000 Computing Crisis: Key Actions Remain to Ensure Delivery of Veterans Benefits and Health Services, by Joel C. Willemsen, Director of Civil Agencies Information Systems Issues, before the Senate Committee on Veterans' Affairs. GAO/T-AIMD-99-152, Apr. 20 (34 pages).

The Department of Veterans Affairs (VA) continues to make progress in readying its automated systems for the Year 2000, but key steps remain. For example, the Veterans Benefits Administration and the Veterans Health Administration (VHA) have yet to complete testing of their mission-critical systems, and VHA has not finished assessing its facility systems, which are essential to ensuring continuing health care. In addition, neither VA nor the Food and Drug Administration have implemented GAO's recommendation that they review the test results of biomedical equipment used for critical care and life support. VHA's pharmaceutical operations are at risk because the automated systems supporting its consolidated mail outpatient pharmacies are not Year 2000 compliant. Lastly, VHA does not know whether its medical facilities will have enough pharmaceutical and medical-surgical supplies on hand

because it lacks complete information on the Year 2000 readiness of these manufacturers. VA must address these issues if it is to continue to reliably deliver benefits and health care to veterans.

Year 2000 Computing Crisis: Readiness of Medicare and the Health Care Sector, by Joel C. Willemsen, Director of Civil Agencies Information Systems Issues, before the Subcommittee on Oversight and Investigations and the Subcommittee on Health and Environment, House Committee on Commerce. GAO/T-AIMD-99-160, Apr. 27 (38 pages).

Will the computer systems that support the delivery of vital health benefits to millions of Americans be able to function reliably through the turn of the century? GAO reported in February that although the Health Care Financing Administration (HCFA) and its contractors have made progress in addressing GAO's recommendations for improving HCFA's management of its Year 2000 program, significant challenges remain. (See GAO/T-AIMD-99-89.) GAO also reported that many states' Medicaid systems were at risk. Beyond Medicare and Medicaid, the information available on Year 2000 readiness throughout the health care sector—from providers to insurers to suppliers—indicates that much work remains in renovating, testing, and implementing complaint systems. Also, although information on the compliance status of biomedical equipment is available through a clearinghouse run by the Food and Drug Administration, the test results for this equipment are not reviewed. (See GAO/AIMD-99-136, Apr. 1999.) Finally, information on the Year 2000 readiness of pharmaceutical and medical-surgical manufacturers is incomplete.

Year 2000 Computing Challenge: Status of Emergency and State and Local Law Enforcement Systems Is Still Unknown, by Jack L. Brock, Jr., Director of Governmentwide and Defense Information Systems Issues, before the Senate Special Committee on the Year 2000 Technology Problem. GAO/T-AIMD-99-163, Apr. 29 (19 pages).

Limited information is available on the Year 2000 status of 911 call-answering sites across the country, known as Public Safety Answering Points. In addition, little is known about the status of state and local law enforcement agencies. Outreach efforts by the Federal Emergency Management Agency, the Federal Communications Commission, the National Emergency Number Association, and other groups have been fairly extensive, ranging from the development of contingency planning guidance to the hosting of forums for the 911 community on how to meet the Year 2000 challenge. Outreach efforts by the Justice Department have

focused on raising awareness and, with the exception of the Bureau of Prisons, have been largely ad hoc in nature.

Correspondence

U.S. Postal Service: Subcommittee Questions Concerning Year 2000 Challenges Facing the Service. GAO/AIMD-99-150R, Apr. 23.

International Affairs

Foreign Assistance: Treasury's Technical Assistance Program

GAO/NSIAD-99-65, Mar. 12 (33 pages).

After the collapse of communism in Central Europe and the breakup of the Soviet Union, the United States created programs of technical assistance to help countries transition to market economies and democracy. Using advisors based in the United States and overseas, the Treasury Department's Office of Technical Assistance provides strategic and technical advice to these countries to promote economic reform and private-sector development. This report reviews the operation of the Treasury assistance program. GAO (1) identifies the types of technical assistance the advisors have provided to Russia and Romania; (2) discusses oversight by the Office of Technical Assistance of advisors' activities; and (3) provides information on advisor qualifications, program costs, fund transfers between the Agency for International Development and the Treasury, and the location of the Treasury's senior advisors to its program.

Agricultural Trade: Changes Made to Market Access Program, but Questions Remain on Economic Impact

GAO/NSIAD-99-38, Apr. 5 (32 pages).

Since 1986, the Market Access Program has provided funds to nonprofit organizations and commercial firms to help promote U.S. agricultural products overseas. The program is run by the Foreign Agricultural Service, part of the Department of Agriculture. Over the years, some Members of Congress have questioned the program's long-term economic returns to the taxpayer and voiced concerns about program operations—specifically that large corporations were using the program to support their brand-name promotions and that there were no requirements for

companies to graduate from the program. In addition, there was concern that these federal dollars were displacing private sector expenditures already planned for market development activities. In response, Congress has the Foreign Agriculture Service to (1) give small businesses priority when funding the promotion of brand-name products in foreign markets and, with some exceptions, prohibit direct assistance to large companies; (2) establish a graduation requirement by limiting to five years the amount of program funds that can be used to promote brand-name products in a single market; and (3) require each recipient to certify that any federal funds received supplement, not supplant, its expenditures for promotions in foreign markets. This report provides information on and analyzes the Foreign Agricultural Service's implementation of each of these requirements. It also reviews assessments of the program's economic benefits.

**United Nations:
Progress of Procurement Reforms**

GAO/NSIAD-99-71, Apr. 15 (34 pages).

The U.N. Secretariat's procurement system—which buys about \$400 million of goods and services each year for its headquarters in New York, field missions, and other offices—has been criticized for its lack of accountability, fairness, and competition as well as its failure to deliver goods and services on time. For example, more than 50 percent of the contracts awarded in the past were not competed. This report (1) identifies the types of procurement problems that the Expert Group and U.N. audit and inspection organizations discovered, (2) assesses progress on the implementation of the Expert Group's recommendations and other reforms to correct procurement-related problems, and (3) assesses whether these actions have achieved the objectives of procurement reform. GAO found that although the Secretariat has made progress in reforming its procurement system, action in several areas is incomplete. Specifically, the Secretariat has not established formal procedures to address and adjudicate vendors' grievances, including the appointment of an independent ombudsman to help ensure fairness and openness. Also, even though the Secretariat now competes most contracts, competition is still not completely open because vendors are sometimes given too little time to prepare bid proposals. Other recommendations for ensuring transparency and accountability, such as developing a procurement manual for all to use, are partially completed. However, achieving this objective will be difficult until the Secretariat has developed

performance measures to indicate whether it is reaching its targets for (1) timeliness in processing requisitions, (2) on-time delivery of goods and services, and (3) quality and cost of contract performance.

Justice and Law Enforcement

Drug Control: INS and Customs Can Do More to Prevent Drug-Related Employee Corruption

GAO/GGD-99-31, Mar. 30 (64 pages).

The corruption of Immigration and Naturalization Service (INS) and U.S. Customs Service employees along the Southwest border by drug traffickers is a serious and continuing threat. Some of these employees have waved drug loads through ports of entry, coordinated the movement of drugs across the border, transported drugs past Border Patrol checkpoints, sold drugs, and revealed drug intelligence information. Both INS and Customs have policies and procedures to help ensure the integrity of their employees. However, neither agency is taking full advantage of its policies, procedures, and the lessons to be learned from closed corruption cases to address the rising threat of employee corruption on the Southwest border. For example, although the agencies generally completed background investigations for new hires by the end of their first year on the job, reinvestigations were typically overdue, in some cases by as much as three years. The Justice Department's Office of the Inspector General and Customs' Office of Internal Affairs, which deal with allegations of drug-related misconduct by INS and Customs employees, are required to formally report internal control weaknesses identified from closed corruption cases. However, GAO's review of 28 cases involving INS and Customs employees along the Southwest border who had been convicted of drug-related crimes between 1992 and 1997 found internal control weaknesses that were not formally reported or corrected. These weaknesses included instances where (1) drug smugglers chose the inspection lane at a port of entry, (2) INS and Customs employees did not recuse themselves from inspecting persons with whom they had close personal relationships, and (3) law enforcement personnel were allowed to cross the Southwest border or pass Border Control checkpoints without inspection. Also, INS and Customs have not formally evaluated their integrity procedures to determine their effectiveness. For example, GAO found that financial information required for background investigations and reinvestigations was either limited or not fully reviewed. GAO summarized this report in testimony before Congress; see:

Drug Control: INS and Customs Can Do More to Prevent Drug-Related Employee Corruption, by Richard M. Stana, Associate Director for Administration of Justice Issues, before the Senate Caucus on International Narcotics Control. GAO/T-GGD-99-86, Apr. 21 (16 pages).

**Illegal Aliens:
Significant Obstacles to Reducing Unauthorized Alien
Employment Exist**

GAO/GGD-99-33, Apr. 2 (48 pages).

More than 12 years after the Immigration Reform and Control Act created an employment verification process to prevent employers from hiring illegal aliens, significant numbers of unauthorized workers are still obtaining jobs. The widespread use of fraudulent documents by unauthorized workers has undermined the effectiveness of the current verification process, which relies on identity and employment eligibility documents that applicants must show employers when applying for jobs. The Immigration and Naturalization Service (INS) has undertaken several initiatives to improve the employment verification process to make it less vulnerable to fraud, but significant obstacles remain. First, INS has started to test three pilot programs in which employers electronically verify an employee's eligibility to work. However, employers' participation in the pilot programs has been significantly less than expected. Second, INS has made little progress in reducing the number of documents that employers can accept to determine employment eligibility. Since 1994, INS has devoted about two percent of its enforcement workyears to its worksite enforcement program, which is designed to detect noncompliance with the law. INS completed about 6,500 investigations of employers in 1998—about three percent of the U.S. employers believed to have unauthorized workers on their payrolls. INS' worksite enforcement program has infrequently imposed sanctions on employers. More than eight out of 10 investigations completed during the period GAO reviewed did not result in a penalty. INS is now changing its approach to worksite enforcement, but it is too soon to know how these changes will be implemented or to assess their impact on the hiring of unauthorized workers.

**Terrorism and Drug Trafficking:
Testing Status and Views on Operational Viability of Pulsed Fast
Neutron Analysis Technology**

GAO/GGD-99-54, Apr. 13 (20 pages).

In recent years, the federal government has spent considerable sums to develop technologies capable of detecting explosives and narcotics. Along with X-ray and other nonintrusive inspection systems, one type of technology under development is a pulsed fast neutron analysis inspection system, which is designed to automatically detect and measure the presence of specific substances, such as cocaine, by exposing their constituent chemical elements to short bursts of subatomic particles called neutrons. This report discusses (1) the status of plans for field testing a pulsed fast neutron analysis inspection system for counterterrorism and counterdrug purposes and (2) the views of federal agencies and vendors on the operational viability of such a system.

Testimony

U.S. Customs Service: Budget Authorization Issues, by Norman J. Rabkin, Director of Administration of Justice Issues, before the Subcommittee on Trade, House Committee on Ways and Means. GAO/T-GGD-99-79, Apr. 13 (12 pages).

This testimony focuses on efforts by the U.S. Customs Service to interdict drugs, combat corruption, and comply with the Results Act. GAO also discusses the basis for the \$163 million access fee to be charged to nongovernment organizations for the use of Customs' automation systems as included in the President's fiscal year 2000 budget.

Correspondence

Immigration Benefits: Applications of Adjustment of Status Under the Haitian Refugee Immigration Fairness Act of 1998. GAO/GGD-99-92R, Apr. 21.

National Defense

**Defense Acquisitions:
DoD Efforts to Develop Laser Weapons for Theater Defense**

GAO/NSIAD-99-50, Mar. 31 (44 pages).

The Pentagon is developing two laser weapons—the Airborne Laser and the Space-Based Laser—which it intends to use to destroy enemy ballistic

missiles. In a joint effort with Israel, the Defense Department is also developing a ground-based laser weapon, the Tactical High Energy Laser, which Israel plans to use to defend its northern cities against short-range rockets. The three laser weapon programs are in varying stages of development, ranging from conceptual design studies to integration and testing of system components. Laser experts agree that all three programs face significant technical challenges. The Airborne Laser Program has addressed some technical challenges, such as completing the collection of non-optical atmospheric turbulence data from the Korean and Middle East theaters. However, although the Air Force argues that the design specification established for atmospheric turbulence is generally accurate, DOD has yet to reach a final position on this issue. The technical complexity of the Airborne Laser Program has caused some laser experts to conclude that the laser's planned flight test schedule is compressed and too dependent on the assumption that tests will be successful and therefore does not allow enough time or resources to cope with potential test failures. GAO believes that the Air Force should reconsider its plan to order a second Airborne Laser Program aircraft before flight tests show that the system can shoot down enemy ballistic missiles. Management of the Space-Based Laser Program has characterized the program's demonstrators as the most complex spacecraft that the United States has ever attempted to build. If DOD ultimately decides to continue the program, the size and weight limitations dictated by current and future launch capabilities will force the program to push the state of the art in such areas as laser efficiency, laser power, and deployable optics. The Tactical High Energy Laser's components have been produced, but initial testing of the laser has found problems with the operation of the chemical flow control valves and with the low-power laser to be used in tracking the short-range rockets the system is designed to shoot down.

**Cruise Missile Defense:
Progress Made but Significant Challenges Remain**

GAO/NSIAD-99-68, Mar. 31 (26 pages).

In response to congressional concerns that the Defense Department (DOD) may not be giving enough emphasis to cruise missile defenses, this report reviews the military's progress in establishing adequate mechanisms for coordinating cruise missile defense programs. GAO (1) identifies the organizational structure and mechanisms for coordinating cruise missile defense efforts, (2) determines the potential measures of the progress of coordination efforts, (3) assesses the progress of coordination using these

measures, and (4) identifies the challenges that DOD officials believe still must be overcome. GAO focuses on defense against land-attack cruise missiles.

**Defense Inventory:
Navy's Procedures for Controlling In-Transit Items Are Not
Being Followed**

GAO/NSIAD-99-61, Mar. 31 (33 pages).

GAO reported recently that the military lacked receipts for about 60 percent of its 21 million shipments to end users in fiscal year 1997 (See GAO/NSIAD-98-80R, Feb. 1998.) The Navy accounted for nearly half of the Defense Department's (DOD) 12.4 million unacknowledged receipts. This report, one in a series on inventory management problems at DOD, reviews the Navy's management procedures for controlling items in transit. GAO (1) identifies the reported value and types of inventory in transit within and between storage and repair activities, vendors, and end users that were unaccounted for or lost and (2) assesses the Navy's adherence to procedures for controlling such in-transit inventory.

**Defense Inventory:
DOD Could Improve Total Asset Visibility Initiative With Results
Act Framework**

GAO/NSIAD-99-40, Apr. 12 (36 pages).

During Operations Desert Shield and Desert Storm, the logistics pipeline was clogged by thousands of duplicative requisitions and poorly identified cargo containers. Logisticians could not find information about the status of requisitions, and the contents of more than half of 40,000 large containers of shipped equipment could not be readily identified. Better asset tracking could have saved \$2 billion, according to the Army. The Defense Department's (DOD) Total Asset Visibility initiative is intended to resolve the wartime logistics problems experienced during the Persian Gulf War and to improve the military's inventory management by supporting transfers of assets within and across components. Although several deadlines for implementing the initiative have been missed, DOD now expects to have timely and accurate intraservice and interservice information and access to 90 percent of its assets by 2000 and 100 percent of its assets by 2004. This report, one in a series on inventory management problems at DOD, discusses (1) the difficulty in determining the status of

the initiative's implementation, (2) planning weaknesses that affect the initiative's implementation, and (3) strategies for addressing those weaknesses.

**Defense Inventory:
Status of Inventory and Purchases and Their Relationship to
Current Needs**

GAO/NSIAD-99-60, Apr. 16 (32 pages).

As part of its ongoing analysis of the Defense Department's (DOD) secondary inventory, GAO has updated its earlier analyses of the military's reported on-hand and on-order inventory. GAO discusses whether DOD (1) had on-hand inventory exceeding current requirements as of September 30, 1996, and 1997 and (2) was buying inventory for which it had no current requirement as of those dates. GAO's analyses are based on reported secondary inventory data on spare and repair parts, clothing, medical supplies, and other items used to support U.S. troops.

**Military Safety:
Army M939 5-Ton Truck Accident History and
Planned Modifications**

GAO/NSIAD-99-82, Apr. 9 (20 pages).

Two U.S. Army Reserve soldiers were killed during a training exercise at an Army installation in 1997 when the M939 five-ton cargo truck they were riding in overturned. Analyses by GAO and the Army found a higher rate of accidents involving the M939 than other comparable vehicles. Although M939s made up about nine percent of the Army's motor vehicle fleet between January 1987 and June 1998, these trucks were involved in about 34 percent of the fleet's fatal accidents. Moreover, 44 percent of accidents that involved a rollover and caused fatalities among vehicle occupants involved the M939. GAO also found that during a 10-year period, the fatality rate among occupants of the M939 was about 30 times higher than the fatality rate for occupants of comparably sized commercial trucks. An Army analysis found that the chance of a fatality in a M939 was three to 21 times higher than in similar Army trucks. The Army plans to spend an estimated \$234 million on modifications to improve the M939's safety and operational performance, including anti-lock brake kits, upgraded tires, and cab rollover crash protection. Most modifications should be done by 2005. The M939s will remain in service as these changes are made.

**Force Structure:
Navy Is Complying With Battleship Readiness Requirements**

GAO/NSIAD-99-62, Apr. 12 (10 pages).

This report discusses the Navy's compliance with battleship readiness requirements contained in the National Defense Authorization Act for Fiscal Year 1996. GAO evaluates the Navy's compliance with the requirements to (1) list and maintain at least two Iowa class battleships on the Naval Vessel Register that are in good condition and able to provide adequate fire support for an amphibious assault; (2) retain the existing logistical support necessary to keep at least two Iowa-class battleships in active service, including technical manuals, repair and replacement parts, and ordnance; and (3) keep the two battleships on the register until the Navy certifies that it has within the fleet an operational surface fire support capability that equals or exceeds the fire support capability that the Iowa-class battleships would be able to provide for the Marine Corps' amphibious assaults and operations ashore. The Naval Vessel Register is the official inventory of ships and service craft in custody or titled by the Navy and includes those assigned to the Military Sealift Command.

**Military Banking:
Solicitations, Fees, and Revenue Potential**

GAO/NSIAD-99-72, Apr. 15 (28 pages).

In the 15 instances in which domestic military bases have sought banking services since 1996, the military services openly solicited proposals from financial institutions and chose from among them to authorize a bank or credit union to operate on the base, as required by Defense Department (DOD) regulations. However, the applicable regulations and instructions lack specific guidance for this selection process, and the solicitations did not specify selection criteria or the weights associated with the various factors considered. The lack of clear selection criteria makes it difficult to know the basis for selection and ensure fairness in the selection process. Financial institutions on military bases face significant competition both on and off the base. On many bases, both a bank and a credit union compete for business. Fees charged by base financial institutions appeared to be in line with the range of charges found at banks nationally. DOD has several options for increasing the revenue it obtains from these financial institutions. For example, DOD could periodically reassess the fair-market value associated with long-term leases or negotiate some type of

fee-sharing arrangement for ATM services. However, it is unclear how successful these measures would be, and customers and banking services could be adversely affected.

**Defense Reform Initiative:
Organization, Status, and Challenges**

GAO/NSIAD-99-87, Apr. 21 (75 pages).

In recent years, the Defense Department (DOD) has been working to reduce its infrastructure and support costs. The Defense Reform Initiative, announced in November 1997, is the military's latest effort to achieve this goal. DOD is relying on the initiative to make its organization and business practices more agile and responsive. DOD also hopes that the initiative will be a significant source of savings that can be used for weapon systems modernization. This report evaluates DOD's attempts to implement the initiative. GAO assesses (1) steps taken through the initiative's management structure to facilitate achieving the program's objectives and (2) DOD's progress in implementing specific reform initiatives.

**Air Force Supply:
Management Actions Create Spare Parts Shortages and
Operational Problems**

GAO/NSIAD/AIMD-99-77, Apr. 29 (47 pages).

Congress as well as the Air Force have raised concerns about reported spare parts shortages and the possibility that they are causing readiness problems. GAO found that, in recent years, the effectiveness of the supply activity group in meeting the needs of military customers has declined. Major aircraft unfit to fly because of supply problems rose from 6.4 percent in fiscal year 1990 to 13.9 percent in fiscal year 1998, according to the Air Force. GAO reviewed B-1B, F-16, and C-5 aircraft supply problems and found that they were causing inefficient maintenance actions, excessive use of spares designated to support deployed operations, and aircrews to be less than fully trained. GAO also analyzed parts that were most frequently causing supply problems for the B-1B, F-16, and C-5 aircraft. The key reasons contributing to the supply problems were (1) weaknesses in forecasting inventory requirements and executing inventory procurement and repair budgets, (2) not achieving the Agile Logistics program's goals, and (3) untimely repair by depot maintenance activities. The inventory forecasting error caused a \$500 million shortfall

in funding in the supply activity group's budget in fiscal year 1997. The Air Force cut the group's budget by \$948 million between 1997 and 1999 to reflect Agile Logistic's efficiency goals. Because these goals were not achieved, however, fewer items than projected were available for sale to customers. The Air Force is studying ways to improve supply effectiveness and has boosted funding for the purchase and repair of spare parts.

Testimony

Defense Acquisition: Historical Insights Into Navy Ship Leasing, by James F. Wiggins, Associate Director for Defense Acquisitions Issues, before the Subcommittee on Seapower, Senate Committee on Armed Services. GAO/T-NSIAD-99-141, Apr. 21 (seven pages).

GAO is currently reviewing the Navy's decisions in the early 1970s and early 1980s to lease Sealift tankers, Maritime Prepositioning Ships, T-5 replacement tankers, and, more recently, Chouest specialized support vessels. This testimony is based on this work and earlier GAO reviews. GAO discusses (1) the basis and support for the Navy's decisions to lease rather than buy these ships, (2) the concerns that surrounded the decisions, and (3) the legislative and regulatory changes that will influence future lease versus purchase decisions.

Medical Readiness: Safety and Efficacy of the Anthrax Vaccine, by Kwai-Cheung Chan, Director of Special Studies and Evaluations, before the Subcommittee on National Security, Veterans' Affairs, and International Relations, House Committee on Government Reform. GAO/T-NSIAD-99-148, Apr. 29 (11 pages).

Some ailing Gulf War veterans believe that the military's anthrax vaccine is the cause of their unexplained health problems. Concerns about the safety and the efficacy of the vaccine have also been fueled by the Food and Drug Administration's discovery of problems at the facility manufacturing the vaccine. Studies of both the original anthrax vaccine (developed in the 1950s and first produced on a large scale by Merck) and a later version that was eventually licensed and given to U.S. troops (produced by the Michigan Department of Public Health using a different process) did not question the safety of the vaccine. However, depending on the type of monitoring system used, recorded reactions to the vaccine varied; short-term local or systemic reaction rates were higher under active monitoring systems than under passive ones. The vaccine's long-term safety has yet to be studied. A study done on the original vaccine concluded that it protected humans against Anthrax exposure through the

skin. In the 1980s, DOD began testing the licensed vaccine in animals to see how well it protected against anthrax that was inhaled. These studies found that the licensed vaccine protected against some but not all strains of anthrax. Animal immunity, however, does not necessarily correspond to human immunity because the relationship between the level of immunity and protection rates has not been demonstrated. The Defense Department plans further research in this area. After FDA inspections of the facility manufacturing the vaccine uncovered numerous problems, the agency sent warning letters, including one in March 1997 announcing FDA's intention to revoke the facility's license. The facility closed its plant the following year and it is now being renovated. DOD is conducting supplemental testing of the lots of vaccine in its current inventory before distributing it.

Correspondence

Hydra 70 Rocket: Recent Performance Has Improved. GAO/NSIAD-99-126R, Apr. 15.

Defense Transportation: Progress of MTMC [Military Traffic Management Command] Pilot. GAO/NSIAD-99-130R, Apr. 15.

Defense Transportation: DOD and GSA Personal Property Programs. GAO/NSIAD-99-139R, Apr. 15.

Natural Resources

South Florida Ecosystem Restoration: An Overall Strategic Plan and a Decision-Making Process Are Needed to Keep the Effort on Track

GAO/RCED-99-121, Apr. 22 (71 pages).

GAO estimates that more than \$1.2 billion in federal funding has been allocated from 1993 to 1999 to restore the everglades. Most of the expenditures have been made by the Department of the Interior and the U.S. Army Corps of Engineers. The federal funding provided so far represents merely a down payment. No official cost projection has been done for the overall restoration effort. However, a major component—implementation of the Central and Southern Florida Project Comprehensive Review Study, which is intended to increase the flow of water to natural areas in South Florida while enhancing agricultural and urban water supplies—could cost an additional \$9.8 billion to complete. As a result, the total tab for restoration, which is expected to take 20 years to complete, could cost

upwards of \$11 billion. The South Florida Ecosystem Restoration Task Force, a group that brings together representatives of federal, state, and local agencies and affected native American tribes, is responsible for coordinating the implementation of the initiative. However, it lacks a strategic plan that clearly lays out how the initiative will be accomplished and includes quantifiable goals and performance measures. In addition, the Task Force is a coordinating body, not a decision-making body, and is thus limited in its ability to manage and make decisions for the overall restoration effort. GAO found that even with the coordination efforts of the Task Force, two ongoing infrastructure projects that are crucial to the restoration effort are behind schedule and over budget, in part because federal and state agencies have been unable to reach agreement. Additional delays and cost overruns are likely in the future, putting the effort's overall goals in jeopardy. GAO summarized this report in testimony before Congress; see:

South Florida Ecosystem Restoration: An Overall Strategic Plan and a Decision-Making Process Are Needed to Keep the Effort on Track, by Victor S. Rezendes, Director of Energy, Resources, and Science Issues, before the Subcommittee on Interior and Related Agencies, House Committee on Appropriations. GAO/T-RCED-99-157, Apr. 22 (10 pages); and

South Florida Ecosystem Restoration: A Strategic Plan and a Process to Resolve Conflicts Are Needed to Keep the Effort on Track, by Victor S. Rezendes, Director of Energy, Resources, and Science Issues, before subcommittees of the Senate Committee on Energy and Natural Resources and the Senate Committee on Appropriations. GAO/T-RCED-99-170, Apr. 29 (10 pages).

**Western National Forests:
A Cohesive Strategy Is Needed to Address Catastrophic
Wildfire Threats**

GAO/RCED-99-65, Apr. 2 (60 pages).

The most extensive and serious problem confronting the health of national forests in the interior West is the overaccumulation of vegetation, which has caused an increasing number of catastrophic wildfires. Nearly 40 million acres of national forests in the interior West are at high risk of devastating wildfires, according to the Forest Service. Past management practices, especially the Forest Service's decades-old policy of putting out wildfires in the national forests, disrupted the natural cycle of

low-intensity fires, which periodically cleared out undergrowth without damaging larger trees. Today, the accumulation of vegetation has transformed much of the region into a tinderbox. The number of large wildfires and the acres burned by them has risen during the past decade, as have the costs of efforts to put them out. In 1997, the Forest Service announced that it planned to resolve the problem of uncontrollable, catastrophic wildfires in national forests by the end of fiscal year 2015. To meet this goal, it has (1) launched a program to monitor forest health, (2) refocused its wildland fire management program to increase the number of acres on which it reduces accumulated vegetation, and (3) restructured its budget to better ensure that funds are available to reduce these fuels. Because of a lack of adequate data, however, the Forest Service has yet to develop a cohesive strategy for overcoming several significant barriers to improving the health of the national forests by reducing fuels. For example, mechanical methods, including commercial timber harvesting, will often be necessary to remove accumulated fuels. However, such methods are problematic because the Forest Service's initiatives tend to focus on areas that may not present the highest fire hazards and because timber sales and other contracting procedures are not designed for removing vast amounts of materials with little or no commercial value. As a result, removing accumulated fuels may cost the Forest Service hundreds of millions of dollars each year. But the problem is so extensive that even this level of effort may not be enough to prevent catastrophic fires during the coming decades.

Science, Space, and Technology

Federal Research: Peer Review Practices at Federal Science Agencies Vary

GAO/RCED-99-99, Mar. 17 (71 pages)

The federal government will invest \$80 billion in fiscal year 1999 on research and development done by government scientists and through grants, contracts, or other agreements with universities, corporations, small businesses, and other members of the research community. GAO was asked to study the peer review and other quality assurance processes that federal agencies use in conducting scientific research and development. GAO reviewed 12 federal agencies to (1) define what is meant by peer review, (2) describe the federal government's peer review policy, (3) describe the peer review practices of the agencies that conduct scientific research, (4) describe other agency quality assurance reviews, and (5) identify which research is not subject to review. GAO found that

there is no written governmentwide definition of peer review and that each of the 12 agencies had various policies, orders, or other internal guidance on the conduct of peer reviews.

**Federal Research:
Guidance for Equipment Acquired Under Grants and
Cooperative Agreements**

GAO/RCED-99-73, Mar. 24 (10 pages).

During fiscal year 1997, the National Science Foundation (NSF), National Institutes of Health (NIH), and the National Oceanic and Atmospheric Administration (NOAA) awarded more than \$12 billion in grants and cooperative agreements to nonprofit scientific organizations or nonprofit institutions of higher education to conduct basic or applied scientific research. This report identifies the guidance that NSF, NIH, and NOAA use to ensure that the recipients of grants and cooperative agreements for scientific research provide management controls over the equipment they acquire with federal funds and determines if four recipients from the Washington, D.C., area had acquired equipment under 14 awards of varying dollar amounts. GAO found that each of the three agencies generally allows the recipients of grants and cooperative agreements to have title to the purchased equipment, but that they also provide some guidance on how recipients are to account for these items.

Testimony

Space Station: Status of Russian Involvement and Cost Control Efforts, by Allen Li, Associate Director for Defense Acquisitions Issues, before the Subcommittee on Science, Technology, and Space, Senate Committee on Commerce, Science, and Transportation. GAO/T-NSIAD-99-117, Apr. 29 (13 pages).

Uncertainty about future Russian involvement in the international space station underscores the need for NASA to continuously develop and implement contingency plans. Russia had agreed to provide a host of critical equipment for the station, but funding problems have already delayed the delivery of the service module—the first major Russian-funded component—and have raised concerns about Russia's ability to support the station during assembly and thereafter. NASA is implementing a multifaceted plan to address the risk of further delay of the service module and the possibility that the Russians will be unable to provide the progress vehicles needed to reboost the station. The agency now estimates it will

cost \$1.2 billion to protect against Russian nonperformance. Despite this contingency plan, NASA lacks an approved overall plan to deal with issues like late delivery and loss of critical hardware. NASA is satisfied that Russian quality assurance and manufacturing standards are acceptable. However, the service module's inability to meet debris protection requirements is a potential safety issue. Pressures on the program budget continue to mount. NASA assumes that assembly will be completed by 2004—a schedule that the agency concedes will not be easy to meet. Schedule delays could further increase total program costs. The prime contractor's estimate of overruns at completion has been raised several times and now stands at \$986 million. At the same time, the program's nonprime components—science facilities and ground and vehicle operations—have risen from \$8.5 billion in 1994 to more than \$12.4 billion today.

Social Services

Foster Care: Kinship Care Quality and Permanency Issues

GAO/HEHS-99-32, Apr. 1 (116 pages).

Recent legislation requires states to consider giving priority to relatives when placing children in foster care. Many child welfare experts believe that placing foster children with relatives—commonly known as “kinship care”—can be beneficial. Research has shown, however, that foster children in kinship care may not always receive good quality care, remain in the system longer than other foster children, and are less likely to find a permanent home outside the foster care system when they cannot return to their parents. This report describes (1) the quality of care that children in kinship care receive compared with that received by other foster children; (2) the frequency with which state child welfare agencies pursue various permanent living arrangements and the time that children in kinship care have spent in the system compared with other foster children; and (3) recent state initiatives to help ensure that children in kinship care receive good quality care and are placed in permanent homes in a timely manner.

Social Service Privatization: Ethics and Accountability Challenges in State Contracting

GAO/HEHS-99-41, Apr. 5 (24 pages).

Since 1993, 11 of 42 state child support enforcement directors who left their government jobs accepted managerial positions with contractors providing child support enforcement services, and 10 of 41 high-level managers of Temporary Assistance for Needy Family programs who left state service accepted positions with social service contractors. Officials in Arkansas, Maryland, Massachusetts, and Texas, the four states GAO examined, experienced short-term problems training staff to fill managerial vacancies, but ultimately the staff were able to do the work. Of 59 contract proposals in the four states, 34 listed former state employees as key contract personnel and 25 did not; slightly under two-thirds of the proposals in each group resulted in awards. The American Bar Association (ABA) and other organizations have recommended key ethics provisions prohibiting certain postemployment activities and conflicts of interest that most states have adopted in policies designed to help ensure open and fair contracting. However, more than one-third of the states lack one or more of these provisions, and enforcement approaches to help ensure compliance differ widely in the four states GAO examined. Model laws prepared by ABA and others and the Medicaid statute offer possible frameworks for strengthening state ethics policies. Although several states assess contractors' progress toward achieving program results, many others rely on basic accountability measures, such as audits, that focus on compliance with program rules. Assessing program results enables states to determine whether they have received the services they paid contractors for. The Government Performance and Results Act and results-oriented initiatives in some states have helped establish frameworks with which they can hold contractors accountable for program results. The states could take additional measures.

Correspondence

Foster Care: Increases in Adoption Rates. GAO/HEHS-99-114R, Apr. 20.

**Tax Policy and
Administration**

**Tax Administration:
Foreign- and U.S.-Controlled Corporations That Did Not Pay U.S.
Income Taxes, 1989-95**

GAO/GGD-99-39, Mar. 23 (20 pages).

From 1989 through 1995, a majority of corporations—both foreign- and U.S.-controlled—paid no U.S. income tax. Internal Revenue Service (IRS) data GAO reviewed indicate that newer corporations were less likely than older corporations to pay taxes. Another significant difference between large foreign- and U.S.-controlled corporations was in their distribution

across industrial sectors. In 1995, large foreign-controlled corporations were more heavily concentrated in the manufacturing and wholesale trade sectors and less so in the financial services industry. Aggregate ratios of costs to receipts for all large corporations differed significantly across industrial sectors.

**Confidentiality of Tax Data:
IRS' Implementation of the Taxpayer Browsing Protection Act**

GAO/GGD-99-43, Mar. 31 (16 pages).

The Internal Revenue Service (IRS) has two approaches for implementing the Taxpayer Browsing Protection Act, which made willful, unauthorized inspection of taxpayer data illegal. Over the long term, IRS believes that modernizing its core automated systems offers the best way to prevent and detect unauthorized access to taxpayers data. According to IRS, modernization (1) will allow it to restrict employees' access to those taxpayer records that they have a work-related reason to look at and (2) enable it to detect unauthorized access almost as soon as it happens. It will be several years, however, before modernization becomes a reality. In the meantime, IRS has taken other steps to deter, prevent, and detect unauthorized access and ensure that consistent disciplinary action is taken when unauthorized access is detected. For example, IRS now provides briefings to all employees on unauthorized access. It has also created a unit to track proven access violations and to help administer penalties. Between October 1997 and November 1998, IRS identified 5,468 potential instances of unauthorized access and completed preliminary investigations of 4,392 of those leads. In 15 cases, IRS determined that employees had intentionally accessed taxpayer data without authorization. These employees either resigned or were fired.

**Tax Administration:
Uses of and Problems With IRS' Non-Master File**

GAO/GGD-99-42, Apr. 21 (28 pages).

The Internal Revenue Service (IRS) maintains and processes most taxpayer accounts on its master file, which consists of separate files for various types of taxpayers, such as individuals, businesses, employee plans, and exempt organizations. The master file is incapable of handling some types of accounts, however, so IRS established the non-master file for those exceptions. In a congressional hearing in September 1997, one taxpayer

recounted the many problems she had experienced in trying to resolve her non-master file account. This report provides information to enhance Congress' understanding of the non-master file. GAO discusses (1) the basic differences between the master file and the non-master file; (2) known problems that IRS and taxpayers have been experiencing with the non-master file, including the sources of such problems; and (3) recent IRS proposals and actions intended to address these problems.

Testimony

Small Business: Taxpayers Face Many Layers of Requirements, by Margaret T. Wrightson, Associate Director for Tax Policy and Administration Issues, before the Senate Committee on Small Business. GAO/T-GGD-99-76, Apr. 12 (40 pages).

Small business are an important category of taxpayers. Not only do they account for nearly half the total taxes collected each year, but they also have extensive interactions with the Internal Revenue Service (IRS) about some very difficult and complex tax issues. This testimony focuses on federal taxes in relation to the following four types of small businesses (including farmers): sole proprietorship, partnership, subchapter S corporation, and corporation. GAO discusses (1) the federal filing, reporting, and deposit requirements that apply to small businesses; (2) the actual experience of small businesses in meeting their requirements, including their involvement in IRS' enforcement processes; (3) the burden that small businesses can face in complying; and (4) IRS' efforts to reduce small businesses' compliance burden and improve customer service, especially IRS' planned reorganization.

Tax Administration: IRS' Fiscal Year 2000 Budget Request and 1999 Tax Filing Season, by James R. White, Director of Tax Policy and Administration Issues, before the Subcommittee on Oversight, House Committee on Ways and Means. GAO/T-GGD/AIMD-99-140, Apr. 13 (32 pages).

This testimony discusses the administration's fiscal year 2000 budget request for the Internal Revenue Service (IRS) and the status of the 1999 tax filing season. For next year, the administration is requesting \$8.2 billion and nearly 98,000 full-time equivalent positions for IRS—about the same as for fiscal year 1999. Even so, there are differences in how IRS plans to spend its fiscal year 2000 funds. For example, the request includes about \$197 million for three critical initiatives—organizational modernization, implementation of the IRS Restructuring and Reform Act of 1998, and customer service training. IRS' current five-year cost estimate to

make its information systems Year 2000 compliant is \$1.3 billion—\$345 million higher than its estimate a year ago. IRS is requesting \$1.46 billion for information systems in fiscal year 2000. IRS' plans for spending those funds are consistent with earlier GAO recommendations and congressional direction. For fiscal year 2001, IRS is also asking for an advance appropriation of \$325 million for its multi-year capital account for systems modernization. The agency has not adequately justified that request in accordance with federal information technology investment requirements. With respect to the 1999 filing season, GAO found that the accessibility and quality of IRS' telephone service has deteriorated considerably since last year; the number of individual income tax returns filed electronically continues to rise, although fewer returns are being filed by telephone; many taxpayers have made mistakes with the new child tax credit; and many systems for processing returns and remittances have been doing a good job.

IRS Management: Business and Systems Modernization Pose Challenges, by James R. White, Director of Tax Policy and Administration Issues, before subcommittees of the House Committee on Government Reform. GAO/T-GGD/AIMD-99-138, Apr. 15 (13 pages).

The Internal Revenue Service (IRS) has been the subject of much criticism and congressional scrutiny in recent years because of its perceived inability to serve taxpayers and its failed attempts to replace its antiquated computer systems. GAO has included several key IRS programs on its list of government operations that are particularly vulnerable to waste, fraud, abuse, and mismanagement. (See GAO/HR-99-1, Jan. 1999.) The IRS Restructuring and Reform Act of 1998 provides the agency with clear guidance on serving taxpayers and helping them to voluntarily comply with the tax laws. In response, IRS has developed a restructuring initiative to modernize its business and information systems. The goal is to (1) make IRS' management and operations results oriented and (2) acquire information systems that would, among other things, allow IRS to provide employees and taxpayers with up-to-date account information. This testimony evaluates IRS' progress in implementing its new restructuring initiatives.

Transportation

Railroad Regulation: Changes in Railroad Rates and Service Quality Since 1990

GAO/RCED-99-93, Apr. 16 (107 pages).

The environment in which railroads have set their rates has been influenced by ongoing industry consolidation, competitive conditions, and railroads' financial health. As a result of mergers, bankruptcies, and redefinition of what constitutes a major railroad, the number of the nation's largest freight railroads fell from 30 in 1976 to nine in early 1999, with the five largest accounting for 94 percent of the industry's operating revenues. Railroad rates have generally fallen since 1990. However, the decrease has not been uniform, and, in some cases, rail rates have stayed the same as, or are higher than, they were in 1990. This was particularly true on some long distance rail shipments of wheat from northern plains states like Montana and North Dakota to west coast destinations. In general, rail routes facing competition—either from railroads or from trucks and barges—saw greater decreases in rail rates. As the rail industry has consolidated, shippers have complained that service quality has deteriorated. Shippers' complaints have included a lack of railcars where they were needed and inconsistent pickup and delivery of cars. Railroads attribute service problems to such factors as capacity constraints and industry downsizing. Although the federal government and the railroads have taken several steps to address rail service problems, these actions do not address shippers' belief that greater competition is needed to improve services.

Mass Transit:

FTA's Progress in Development and Implementing a New Starts Evaluation Process

GAO/RCED-99-113, Apr. 26 (20 pages).

Since the early 1970s, the federal government has picked up the tab for a large part of the nation's investment in urban mass transportation. Much of this investment has come through the Federal Transit Administration's (FTA) "new starts" program, which funds new rail, bus, and trolley projects that use separate and exclusive rights-of-way. In the last five years, this program has provided state and local transit agencies with about \$3.8 billion for such projects. The Transportation Equity Act for the 21st Century, enacted in June 1998, authorizes \$8.2 billion for new starts transportation projects through fiscal year 2003. However, FTA estimates that it will need \$12.1 billion to build 42 additional projects now in the preliminary engineering and final design phases. FTA also expects that more than \$40 billion in federal funding will be requested to pay for about 100 projects now in the early planning stages. To prioritize funding, the act directs FTA to evaluate, rate, and recommend potential new starts projects

on the basis of specific financial and project justification criteria. The act also requires FTA to issue regulations for the evaluation and rating process. This report discusses (1) the status of FTA's efforts to develop and implement the evaluation and rating processes and procedures; (2) how FTA implemented the act's requirements for evaluating, rating, and recommending projects; and (3) open issues that FTA needs to resolve to fully satisfy the act's requirements.

**Air Traffic Control:
FAA's Modernization Investment Management Approach Could
Be Strengthened**

GAO/RCED/AIMD-99-88, Apr. 30 (53 pages).

The Federal Aviation Administration (FAA) has undertaken an ambitious program to modernize its air traffic control system—one estimated to cost \$26.5 billion through fiscal year 2004. FAA is buying new surveillance, data-processing, navigation, and communications equipment in addition to new facilities and support equipment. FAA estimates that it will need \$12.9 billion for 59 information technology projects—the software-intensive and complex information and communications systems supporting the air traffic control system. In light of continuing congressional concerns about FAA's modernization effort, this report addresses the extent to which FAA, through its Acquisition Management System, (1) has established a structured approach for selecting and controlling its investments; (2) incorporates all investments, including those now in operation, in the agency's portfolio; and (3) selects, controls, and evaluates its investments with complete and reliable information.

Veterans Affairs

**Homeless Veterans:
VA Expands Partnerships, but Homeless Program Effectiveness
Is Unclear**

GAO/HEHS-99-53, Apr. 1 (50 pages).

Despite spending \$640 million on homeless programs between fiscal years 1987 and 1997, the Department of Veterans Affairs (VA) has little information about their effectiveness. VA's homeless program sites routinely submit data about the clients' characteristics and site operations. Yet little is known about whether the clients remain housed or employed or relapse into homelessness, and VA's Northeast Program Evaluation

Center has little information about whether its programs are more beneficial than other strategies for helping the homeless. GAO recommends that VA undertake program evaluations to clarify the effectiveness of its homeless initiatives and to obtain information on how to improve them. Where appropriate, VA should make decisions about the type of data needed and the methods to be used in coordination with other federal agencies that have homeless programs. VA is trying to develop a comprehensive continuum of care for the homeless, which experts agree should include a range of housing and service alternatives, with specific approaches at any one site reflecting local needs and local resources. Housing options should include emergency shelter, transitional housing, and permanent housing all linked to support services. Treatment programs should include options suitable for mentally ill, substance abusing, dually diagnosed, and convalescent persons. The available research includes some promising approaches. Experts also note that attention to the individual's preferences is important and that flexibility is needed in serving individuals and in arranging partnerships among organizations.

Testimony

Veterans' Affairs: Progress and Challenges in Transforming Health Care, by Stephen P. Backhus, Director of Veterans' Affairs and Military Health Care Issues, before the Subcommittee on VA, HUD, and Independent Agencies, Senate Committee on Appropriations. GAO/T-HEHS-99-109, Apr. 15 (24 pages).

To keep pace with societal and industry changes, the Department of Veterans Affairs (VA) began to transform its health care system in October 1995 from large hospitals to community-based integrated networks of VA and non-VA providers. It established primary care as the dominant delivery model, shifted medical care from inpatient to outpatient settings, and consolidated administrative and clinical services. During the last three years, VA has served 400,000 additional veterans while realizing a nonappropriated revenue surplus of \$496 million, having reduced operating costs by more than \$1 billion. However, VA has prolonged decisions on the much needed restructuring of aged capital assets, including hospital closures, which could result in billions of dollars in unnecessary outlays during the next several years. VA's fiscal year 2000 budget request for \$18.4 billion is based on an unduly optimistic assumption that its health care system overhaul will save \$1.4 billion in fiscal year 2000. For example, VA anticipates that employment reductions will be more than three times greater than expected fiscal year 1999 reductions, but it has not taken the underlying management actions

necessary to make that possible. Moreover, VA might have to resort to large-scale employee furloughs to operate within its proposed budget, which could harm veterans' quality of care. VA should, as Congress intended, use its new enrollment process to manage access to its health care services within available resources.

Special Publications

Public-Private Partnerships: Terms Related to Building and Facility Partnerships

GAO/GGD-99-71, Apr. 1999 (17 pages).

Governments at all levels have struggled in recent years to contain costs without reducing services. At the federal level, agencies have been increasingly interested in managing buildings in a more business-like manner, including the formation of partnerships between the government and the private sector. These partnerships have prompted the use of a wide variety of terms, many of which overlap, but may have subtly different meanings. This glossary describes the most commonly used terms, practices, and techniques used by the government and private sector asset management.

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>).

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

Department of Agriculture, Commodity Credit Corporation: Livestock Assistance Program. GAO/OGC-99-40, Apr. 16.

Department of Health and Human Services, Administration for Children and Families: Temporary Assistance for Needy Families Program. GAO/OGC-99-44, May 4.

Social Security Administration: Old-Age, Survivors, and Disability Insurance and Supplemental Security Income for the Aged, Blind, and Disabled; Substantial Gainful Activity Amounts. GAO/OGC-99-42, Apr. 23.

Department of Commerce, National Oceanic and Atmospheric Administration: Endangered and Threatened Species of Salmonids. GAO/OGC-99-38, Apr. 7.

Department of Health and Human Services, Food and Drug Administration: Over-the-Counter Human Drugs; Labeling Requirements. GAO/OGC-99-36, Apr. 1.

Department of Transportation, Federal Highway Administration: Parts and Accessories Necessary for Safe Operation; Lighting Devices, Reflectors, and Electrical Equipment. GAO/OGC-99-39, Apr. 12.

Department of Transportation, National Highway Traffic Safety Administration: Light Truck Average Fuel Economy Standard, Model Year 2001. GAO/OGC-99-41, Apr. 22.

Environmental Protection Agency: Phase 2 Emission Standards for New Nonroad Spark-Ignition Nonhandheld Engines at or Below 19 Kilowatts. GAO/OGC-99-37, Apr. 7.

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