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National Defense

Contract Pricing: Overpricing of X-1100 Transmission Contracts

Acc. No. 131922 (GAO/NSIAD-87-27), Jan. 9.

GAO made a recent review at the General Motors Corporation, Detroit Diesel Allison Division, in Indianapolis, Indiana, to determine whether the prices in three contracts for X-1100 transmissions used on the M-1 tank were fair and reasonable. Specifically, GAO assessed whether the contractor complied with the Truth in Negotiations Act by providing accurate, complete, and current cost or pricing data. Some of the parts Detroit Diesel purchased from another division of General Motors were improperly considered to be commercial items sold in substantial quantities to the general public, improperly exempted from the requirements of the Truth in Negotiations Act, and sold to Detroit Diesel for more than cost. As a result, Detroit Diesel's 1981 through 1983 proposals were overstated by \$341,871, including overhead and profit. The overstatement, in turn, led to overpriced contracts during the same period.

Contract Pricing: Material Prices Overstated in Pershing II Contract

GAO/NSIAD-87-41, Jan. 30.

Martin Marietta did not disclose the most accurate, complete, and current cost or pricing data available for material under contract for Pershing II Missile System production. Its prices for material were overstated by about \$1.2 million, including overhead and profit, because it had not updated cost and pricing data since November 1984. GAO believes that the Army should initiate action to recover the amount of the overpricing from Martin Marietta Orlando Aerospace, Orlando, Florida.

Air Force Budget: Potential for Reducing Requirements and Funding for Aircraft Spares

Acc. No. 131925 (GAO/NSIAD-87-48BR), Jan. 13.

The Air Force's updated FY 1987 requirements, as of September 1986, for aircraft replenishment spares were \$1.2 billion less than the budgeted requirements on which its FY 1987 funding request was based. The reduction in requirements was due primarily to a decrease in previously predicted future usage. The Department of Defense reduced the Air Force's FY 1987 funding request for aircraft replenishment spares by

\$990.2 million. GAO identified and provided additional potential reductions of \$587 million as shown by (1) deferral or elimination of requirements for war reserve spares to support a questionable conventional mission for the B-1B bomber, (2) deferral of requirements for spares purchased more than a year prematurely, (3) elimination of excessive administrative lead time requirements, and (4) procurement savings by imposing maximum cost-effective contract terminations of on-order aircraft spare excesses.

**Medical Readiness:
DOD Can Improve
Management of Dated Drug
Items Held as War Reserves**

Acc. No. 131924 (GAO/NSIAD-87-38), Jan. 9.

Dated prepositioned war-reserve medical supplies consist primarily of drugs but also include such items as X-ray film, bandages, and adhesives. These items are normally purchased with a requirement for a 3-year shelf life. When that shelf life expires, they must be replaced. The Department of Defense's policy is that a 60-day supply of dated medical supplies should be stocked near the point of intended use. If the services were to comply with this policy, then by the mid-1990s over \$110 million worth of items annually will have to be replaced because their shelf lives will have expired. A number of proposals have been made to reduce the replacement costs of these items, but DOD's progress in implementing them has been limited. DOD also has not formulated a plan to ensure evaluation and implementation of the proposals in a timely manner.

**Quality Assurance:
Efforts to Strengthen DOD's
Program**

Acc. No. 131923 (GAO/NSIAD-87-33), Nov. 3.

The Department of Defense's in-plant quality assurance program was initiated to see that major weapons producers comply with contract quality requirements and to see that products meet contract specifications. GAO believes that the present in-plant quality assurance program is not as effective as it should be and although the need for improvement has been discussed for years, progress in identifying the changes needed and in implementing new initiatives DOD-wide has not occurred. Each service works toward improving its respective programs. Given DOD's policy of uniform implementation, and the many benefits the services attribute to uniform quality assurance procedures,, these individual efforts should not be considered a substitute for a DOD-wide initiative.

Defense Procurement

Fraud:

Cases Sent to the
Department of Justice's
Defense Procurement Fraud
Unit

GAO/GGD-86-142FS, Sept. 17.

The Defense Procurement Fraud Unit, which is a part of the Department of Justice's Fraud Section, concentrates and coordinates Justice's and DOD's resources on investigating and prosecuting defense procurement fraud. Some of the cases referred to the Unit for investigative advice and/or prosecutorial decisions are (1) all Defense Contract Audit Agency audits which identify potential cost or labor mischarging, defective pricing, false claims, fraudulent progress payments, or accounting fraud; (2) corruption investigations involving high ranking officials; (3) and investigations involving a widespread fraud pattern at a single facility.

Productivity:
Selected DOD Capital
Investment Projects

GAO/GGD-87-18FS, Dec. 23.

The Department of Defense's Productivity Enhancing Capital Investment Program is directed at improving operating efficiencies. The program consists of three separate funding strategies. The first finances projects costing less than \$100,000 and allows activities to quickly capitalize on cost-saving pieces of equipment by avoiding the 2-year lead time required by the program budget cycle. The second strategy provides funds which have been set aside for costlier investment opportunities with longer investment recovery periods. As a third strategy DOD encourages individual services and agencies to fund other deserving productivity enhancing opportunities and to provide supplemental funding for the other two strategies. Funding levels and criteria for project selection are determined by the individual service/agency allowing maximum flexibility to support individual productivity projects.

International Affairs

United Nations:
Progress to Strengthen U.N.
Internal Evaluation Systems
Has Been Slow

Acc. No. 131941 (GAO/NSIAD-87-54), Jan. 14.

Although many U.N. organizations have made progress in developing internal evaluation capabilities, the U.N. headquarters has been slow to expand and strengthen its internal evaluation systems. Causes of the problem are a shortage of resources and adequate staff not being made available to several headquarters organizations. Consequently, progress toward developing and implementing basic evaluation standards and

directives has been constrained, and the overall objective of integrating evaluation results into the program planning and budgeting processes has not been met. The Secretary General proposes to remedy the problem by emphasizing internal self-evaluation by program managers. GAO believes this should be supplemented by the direction, oversight, and control that more independent internal evaluation units could provide.

**International Trade:
Trade Law Remedies Under
Floating Exchange Rates**

Acc. No. 131921 (GAO/NSIAD-87-14), Dec. 16.

This report determines (1) how exchange rate fluctuations can affect relief granted under section 201 of the Trade Act of 1974, as amended, (2) whether exchange rate changes alter the findings reached and the protection provided under the countervailing duty and antidumping laws, and (3) whether General Agreement on Tariffs and Trade goals, principles, and remedies are compatible with a system of floating exchange rates. GAO was asked to provide recommendations for legislation dealing with either U.S. trade laws or negotiating authority for a new round of multilateral trade negotiations. GAO's analysis did not reveal a need for legislative recommendations.

Energy

**Nuclear Regulation:
Unique Features of
Shoreham Nuclear Plant
Emergency Planning**

GAO/RCED-87-50, Dec. 2.

Emergency plans for commercial nuclear power plants are intended to protect the public safety in the event of plant accidents resulting in releases of radioactive materials to the environment. The state of New York and Suffolk County have declined to prepare off-site emergency plans for the Shoreham nuclear plant. For this reason, the Long Island Lighting Company, which owns the Shoreham plant and has applied to the Nuclear Regulatory Commission for a license to operate it, prepared an off-site emergency plan and submitted it to NRC for review and approval. NRC has made no final decision on the adequacy of the Shoreham off-site emergency plan, which has resulted in several significant differences from earlier nuclear plant licensing procedures. NRC's licensing board will be conducting hearings in 1987 to try to resolve several outstanding issues relating to the state and local decisions not to participate in off-site planning.

**Energy Management:
Effects of Recent Changes
in Department of Energy
Patent Policies**

GAO/RCED-87-5, Dec. 31.

Department of Energy policies relating to the retention of patent rights to inventions developed at government expense have changed. These changes will allow the majority of contractors who operate DOE's government-owned, contractor-operated facilities to retain title to many of the inventions developed at these facilities. The extent to which the new policies will result in increased commercialization of inventions depends on the number of inventions to which DOE's contractors retain title, their success in commercializing those inventions, and the extent to which their commercialization efforts produce royalties that will be used for commercializing other inventions developed at DOE's facilities. It will be several years, however, before the effects of DOE's new patent policies on invention commercialization can be accurately assessed.

**Energy Regulation:
More Effort Needed to
Recover Costs and Increase
Hydropower User Charges**

GAO/RCED-87-12, Nov. 25.

The Federal Energy Regulatory Commission's current effort to provide additional guidance and clarification of cost data requirements appears to be a positive step in encouraging assist agencies to provide their administrative costs to FERC for billing licensees. However, FERC needs to continue its efforts to ensure that as much of the Federal Power Act-related costs as possible are recovered. FERC's efforts to ensure the recovery of reasonable charges for use of federal lands and reduce interest costs from delayed billings to licensees also are in progress. Because of the potential for increasing federal revenue, that action should be completed on the proposed rulemaking so that it will be effective on January 1, 1987.

**Energy Conservation:
Federal Home Energy Audit
Program Has Not Achieved
Expectations**

GAO/RCED-87-38, Dec. 30.

The Residential Conservation Service program was established to improve the energy efficiency of the residential sector. Nationally, the program has not achieved its expectations because participation rates have been lower than anticipated and the percentage of houses insulated with conservation measures has not increased significantly. Savings for participants have been relatively small. The program will be terminated in 1989 and indications are that the impact would be minimal on utility rates and on generating capacity requirements. Most utilities said the termination would not affect their conservation efforts because they have other effective residential conservation programs and many would

continue to offer home energy audits. States' views varied on how terminating the program could affect conservation efforts.

Natural Resources and Environment

Hazardous Waste: EPA Has Made Limited Progress in Determining the Wastes to Be Regulated

GAO/RCED-87-27, Dec. 2.

Once the Environmental Protection Agency lists a hazardous waste from a particular industry, a handler may petition EPA to be delisted from regulation if the specific waste does not have the hazardous properties for which the waste was listed. States may be authorized by EPA to run the hazardous waste program, which includes such activities as enforcement and delisting, if their programs are at least equivalent to EPA's. Without a plan directing EPA's identification efforts, EPA has made only limited progress in identifying the hazardous wastes that need to be controlled. Although EPA is applying new, more stringent review criteria to its own past delisting actions, it does not know what wastes the authorized states have delisted and does not plan to apply the new criteria to past state delistings. EPA was not able to issue a biennial report on the amounts of hazardous waste generated and managed in 1983 because of incomplete and inaccurate data. Moreover, it may not have reliable information for the 1985 report.

Air Quality Standards: EPA's Standard Setting Process Should Be More Timely and Better Planned

GAO/RCED-87-23, Dec. 3.

The Clean Air Act requires the Environmental Protection Agency to review and update the national air quality standards for six pollutants by the end of 1980 and every 5 years thereafter. EPA has not met its Congressional mandate for this request. Initial reviews of three pollutants are not expected to be completed until 1989, and only one was completed by the end of 1980. EPA is aware that questions exist about the scientific information supporting each of the six air pollutant standards. However, these questions are not systematically identified and matched with planned and ongoing research projects for each pollutant. A plan matching questions with research has been prepared for only one pollutant, but in GAO's opinion, would be valuable for all six. EPA has not kept records on the actual cost of reviewing and updating the national

air quality standards. However, it estimates that it has spent about \$348 million on the standards since FY 1978.

**Auto Safety and Emissions:
No Assurance That
Imported Gray Market
Vehicles Meet Federal
Standards**

GAO/RCED-87-29, Dec. 11.

Imported vehicles that do not conform with safety and emission standards established by the Department of Transportation and the Environmental Protection Agency are referred to as "gray market" vehicles. The gray market program, as now operated by the National Highway Traffic Safety Administration and EPA, lacks sufficient internal controls to ensure that these imported vehicles are being modified to meet federal safety and emission standards. The agencies neither inspect the firms that modify the vehicles nor test the vehicles to ensure that the standards are met. GAO recommends that a process be established whereby firms are recognized by NHTSA, through certification, as being capable of modifying gray market vehicles. In addition, NHTSA should periodically reinspect these firms and check on their performance to ensure vehicle compliance with the safety standards. EPA should also improve its controls over its program by periodically inspecting both the modifying firms and test laboratories that have been previously recognized and consider testing the vehicles to ensure compliance with federal emission standards.

**Wild and Scenic Rivers:
Certain Rivers Not in
National System Generally
Retain Original Values**

GAO/RCED-87-39, Dec. 16.

The Wild and Scenic Rivers Act established a policy that certain rivers or segments of rivers possessing "...outstandingly remarkable scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values..." should be preserved in free-flowing condition and protected for the public's benefit and enjoyment. The rivers GAO reviewed have generally maintained the qualities that originally made them eligible for the national system. State and local governments associated with 11 of the 13 rivers have initiated varying levels of protection. More important, the 13 rivers have not been affected by new water projects that materially changed their free-flowing condition. While some development has occurred along the rivers' shorelines, on only three rivers have these developments greatly degraded wild and scenic values. One river now has much greater water pollution problems serious enough to threaten recreational and scenic values.

**Parks and Recreation:
Access Permits to Back Bay
National Wildlife Refuge
Improperly Granted**

GAO/RCED-87-69, Dec. 29.

U.S. Fish and Wildlife Service's Back Bay National Wildlife Refuge is located in southeastern Virginia along the Atlantic Coast. The program was established to control environmental degradation and protect the refuge's wildlife population by limiting vehicular access through the refuge to individuals who can prove that they meet residential or commercial criteria prescribed by law and regulations. GAO found that 22 of the 54 access permits in effect as of August 1986 were issued without adequate documentation and that the Fish and Wildlife Service also granted eight other access permits, even though regulations do not specifically provide for such permits. In addition, 10 other permits were improperly renewed. Although Service staff was aware of some of these problems, it took no action because of the sensitivity involved in trying to deny or revoke access permits.

**Surface Mining:
Interior Department and
States Could Improve
Inspections Programs**

GAO/RCED-87-40, Dec. 29.

Surface mining inspection and enforcement programs in the states of Montana, Ohio, Pennsylvania, and West Virginia are not observing or citing all mining violations, including some with potential to harm the environment. Further, the states generally do not accept evidence of violations observed by federal inspectors during oversight inspections which could be used to cite operators. The Office of Surface Mining's sampling approach used to select mines for inspection has placed primary emphasis on developing overall comparative data on the violation rate its inspectors observed versus the rate of violations cited by state inspectors. The approach could be more effective if it addressed whether state inspectors are citing all violations and disclosed the causes or seriousness of the violations.

**National Forests:
Estimated Costs and Results
of Alternative Silvicultural
Treatments**

GAO/RCED-87-61FS, Dec. 30.

Silvicultural treatments involve the use of herbicides, manual, and mechanical methods for site preparation, release, and thinning work carried out on tree plantations. This fact sheet contains tables showing the cost per-acre information for six forests in the Pacific Northwest. It also develops a bibliography of studies comparing the results of using herbicides and other silvicultural methods for site preparation, release, and thinning work.

Agriculture

Grain Shipments: Agriculture Can Reduce Costs by Increased Use of Negotiated Rail Rates

GAO/RCED-87-42, Jan. 21.

The Department of Agriculture transports its large inventories of grain primarily by rail. Since rail deregulation in 1980, carriers are now permitted to negotiate rail rates with shippers. Although the Agricultural Stabilization and Conservation Service negotiated for rate and service concessions on about 10 percent of its 1985 rail grain shipments, its negotiation activities have lagged considerably behind those of other shippers. Consequently, ASCS may have missed opportunities for potentially substantial cost savings. Indications are that the savings on private grain shipments and ASCS' negotiated shipments were considerable. ASCS has done little to strengthen its transportation planning processes, increase its use of automation, and develop negotiating and marketing skills and expertise to enable it to compete more effectively. As one of the nation's largest grain shippers, ASCS is in a position to award traffic to carriers in exchange for lower rates and improved service. But it must develop a strategy for managing its rail shipments systematically.

Commodity Futures Trading: Preliminary Information on the Viability of the Cattle Futures Markets

GAO/RCED-87-83, Jan. 16.

The cattle industry has suffered serious financial stress in recent years with its futures market targeted as a chief culprit. High interest rates, low cattle prices, and declining land values have put pressure on the equity position of many cattlemen. The industry has been characterized by narrow profit margins in all segments of production and largely negative returns in the cow-calf sector. Although the price of cattle today is twice what it was in the 1950s and 1960s, the decline in purchasing power of the dollars cattlemen receive for their cattle has more than offset this price increase. Part of the problem may be attributed to changes in the structure of the industry, changes in consumer attitudes toward beef, and competition from the poultry and other food industries that have developed new products and experienced gains in production efficiencies. The information in this report is preliminary and subject to refinement and change as GAO proceeds with the study.

Social Services

Emergency Jobs Act of
1983:
Funds Spent Slowly, Few
Jobs Created

GAO/HRD-87-1, Dec. 31.

Objectives of the Emergency Jobs Act of 1983 were to (1) provide productive employment for jobless Americans, (2) hasten or initiate federal projects and construction of lasting value, and (3) provide humanitarian assistance to the indigent to alleviate unemployment effects of a recession. Federal agencies, and states were to use the funds made available in a manner that quickly provided new employment opportunities for individuals unemployed at least 15 of the 26 weeks before passage of the act. However, funds were spent slowly, and relatively few jobs were created when most needed in the economy. GAO also found that (1) unemployed persons received a relatively small proportion of the jobs provided, and (2) project officials' efforts to provide employment opportunities to the unemployed ranged from no effort being made to working closely with state employment agencies to locate unemployed persons.

Compensatory Education:
Chapter 1 Participants
Generally Meet Selection
Criteria

GAO/HRD-87-26, Jan. 30.

Chapter 1 of the Education Consolidation and Improvement Act of 1981 funds supplemental reading and mathematics classes for educationally needy children in poor areas. GAO reviewed records in 58 schools to determine if Chapter 1 reading participants were properly selected and sent a questionnaire to 51 state agencies to learn how they ensured compliance with selection criteria in school year 1983-84. All 51 state agencies said they used standardized test scores to some extent to choose participants and GAO found few errors in the choice of students to receive chapter 1 reading services in the 58 schools it reviewed. State agencies said they monitored compliance with chapter 1 requirements chiefly by reviewing districts' applications for funds and making site visits of limited frequency and duration. Yet, during school year 1983-84, 21 state agencies said they reduced site visits because of cuts in administrative funds.

Department of Labor:
Assessment of Management
Improvement Efforts

GAO/HRD-87-27, Dec. 31.

A 1985 GAO report on the need for stronger leadership to improve management at the Department of Labor recommended (1) strengthening

Secretarial direction, (2) correcting long-standing problems, (3) obtaining better information on program operations, (4) enhancing work-force quality and efficiency, and (5) operating in a more business-like manner. This report shows that most Department managers believe that Labor has significantly improved management and that the basic elements of the management system should remain in place even when there is a turnover of top Department officials. However, about half of the managers believe that the Department's ability to set realistic time frames to accomplish unit goals and to provide feedback has not improved under Secretary Brock. Also, there is concern that the basic elements of the Secretary's Management System would not remain after a change in administration.

Department of Labor:
Preventing Conflicts of
Interest by Employees
Enforcing Labor Union
Laws

GAO/HRD-87-40BR, Dec. 29.

The Labor-Management Reporting and Disclosure Act of 1959 was enacted to eliminate and prevent improper practices by labor organizations (unions), employers, labor relations consultants, and their officers and representatives. GAO found that the Department of Labor (1) does not have adequate procedures preventing its field investigators from being assigned to look into unions or private companies in which they may have a personal or financial interest, (2) investigated and/or supervised a federal employees' national union's 1981 and 1982 elections and several of its local union's elections—including the local that represents Labor employees at Washington headquarters—in apparent violation of the Civil Service Reform Act of 1978, and (3) had not established specific review criteria as required by the Ethics in Government Act of 1978 for use by officials reviewing financial disclosure reports. GAO found three apparent or potential conflicts in 14 reports that were not adequately addressed by official report reviewers.

Health

Medical Malpractice:
Six State Case Studies Show
Claims and Insurance Costs
Still Rise Despite Reforms

GAO/HRD-87-21, Dec. 31.
GAO/HRD-87-21S-1, Dec. 31. (Arkansas)
GAO/HRD-87-21S-2, Dec. 31. (California)
GAO/HRD-87-21S-3, Dec. 31. (Florida)
GAO/HRD-87-21S-4, Dec. 31. (Indiana)

GAO/HRD-87-21S-5, Dec. 31. (New York)

GAO/HRD-87-21S-6, Dec. 31. (North Carolina)

During the mid-1970s, the unavailability and increasing cost of medical malpractice insurance prompted every state except West Virginia to enact various reforms. GAO obtained views of organizations representing physicians, hospitals, insurers, and lawyers in Arkansas, California, Florida, Indiana, New York, and North Carolina on perceived malpractice insurance problems, actions taken to deal with them, results of these actions, and the need for federal involvement. Most of the changes made by the six states to respond to the crisis of the 1970s focused on tort reforms designed to ensure the availability and to reduce the cost of malpractice insurance.

**Health Insurance:
Comparison of Coverage for
Federal and Private Sector
Employees**

GAO/HRD-87-32BR, Dec. 31.

In 1985, federal enrollees were more likely than private employees in medium and large firms to be covered for routine physicals, to be covered for hospice care, and to have catastrophic protection, but less likely to be covered for dental, home health, alcohol and drug abuse treatment, and extended care services. A comparable percentage of federal and private sector employees were covered for mental health care in 1985. GAO's 6-year comparison also showed that federal enrollees pay more of their health care costs in premiums, deductibles, and coinsurance than do their private sector counterparts. Private sector benefits were seen to be more stable than the federal benefits.

**Medicare:
More Hospital Costs Should
Be Paid by Other Insurers**

GAO/HRD-87-43, Jan. 29.

To help control rising Medicare costs, the Congress has required that, in certain cases, health and accident insurers covering Medicare beneficiaries pay medical claims ahead of Medicare. While the Department of Health and Human Services has saved hundreds of millions of dollars by identifying and billing other primary insurers, Medicare is still paying substantial amounts that such insurers should pay—at least \$527 million in hospital costs. Three problems appear to be the main hindrances: (1) hospitals often do not identify or bill primary insurers as required, and intermediaries have little incentive to require hospitals to improve their performance; (2) some employers were enrolling Medicare beneficiaries inappropriately in group insurance that treats Medicare as the

primary payer; and (3) weaknesses exist in Medicare procedures for identifying accident insurers responsible for costs paid by Medicare.

**Medicare:
Need to Strengthen Home
Health Care Payment
Controls and Address
Unmet Needs**

GAO/HRD-87-9, Dec. 2.

Medicare paid about \$1.7 billion for home health care services in FY 1985—more than six times the amount paid in 1976. GAO identified material weaknesses in internal controls which resulted in improper payments of almost \$600 million in FY 1984 for these services but the Department of Health and Human Services has been slow to implement changes to strengthen management controls. Concerns expressed by the home health industry and others about the effects tighter program controls would have on Medicare beneficiaries' ability to obtain needed home care services have been cited by HHS as a major cause for delays in implementing controls. HHS has not, however, evaluated available data to determine what effect stronger controls would have on unmet need for home care assistance.

**Posthospital Care:
Discharge Planners Report
Increasing Difficulty in
Placing Medicare Patients**

GAO/PEMD-87-5BR, Jan. 23.

Almost all hospital personnel who discharge patients are having problems in placing Medicare beneficiaries in skilled nursing facilities. Other discharge planners reported problems with home health care placements. Medicare program rules and regulations were cited as the most important barrier to placing Medicare patients. The availability of skilled nursing beds was cited as the most important problem impeding skilled nursing placements. The percentage of patients waiting in the hospital for placement in posthospital care was greater in 1985 than in 1982. Implementation of Medicare prospective payment was considered to have had the greatest negative effect on access to posthospital care during that time period. This information was collected in a sample survey of 935 Medicare-certified acute care hospitals, to which 866 of the hospitals responded.

**Medical Devices:
Early Warning of Problems
Is Hampered by Severe
Underreporting**

GAO/PEMD-87-1, Dec. 19.

Although the Food and Drug Administration reviews or screens medical devices before they are permitted to be marketed, injury-threatening problems may occur after a device is made available and used by the general public. From its survey of hospitals, GAO found that 99 percent

of the problems associated with the selected devices, including those that could or did cause injury, had not been reported to FDA. FDA's postmarketing surveillance system, which is based on the quantity and quality of the information that flows between device users, manufacturers, independent distributors, and FDA, has several serious flaws directly related to this high level of underreporting.

Income Security

Social Security Disability: Implementation of the Medical Improvement Review Standard

GAO/HRD-87-3BR, Dec. 16.

The Social Security Administration provides benefits to insured disabled workers and their families in amounts determined by the workers' wage history. Because of substantial increases in the disability rolls and increased costs of the program, the Secretary of Health and Human Services is now required to review all beneficiaries for eligibility through continuing disability reviews. SSA's progress toward continuing disability reviews has been limited because resources have been used primarily to process a backlog of mental impairment cases. There is a large backlog of continuing disability review cases, and it is too early to predict when SSA will be able to eliminate the backlog and become current with respect to the review cases. SSA needs to set priorities for the backlogs, concentrating on cases where medical improvement is highly possible and scheduled cases are past due.

Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Work Force

GAO/HRD-87-2, Jan. 2.

Underrepresentation of blacks—especially black men—remains an issue in the Social Security Administration components and job series. While black women are fully represented in most job series through the grade 12 level, they are underrepresented at grades 13 to 15. Black men are generally underrepresented at most grade levels. Affirmative action plans of the components GAO reviewed did not fully comply with Equal Employment Opportunity Commission affirmative action requirements. Some elements of SSA's and its components' affirmative action plans have not been implemented and some of the planned efforts cannot be satisfactorily monitored or evaluated because SSA does not compile and analyze Commission required data.

**Workers' Compensation:
Initial Experiences With
Competitive Rating**

GAO/OCE-87-1, Dec. 4.

Since 1948 every state has had a workers' compensation law intended to guarantee that injured workers would be recompensed for lost wages and health costs associated with work-related injuries, regardless of who was at fault. Ten states have adopted some form of competitive rating which could reduce the costs of workers' compensation insurance for most employers. The only evidence that GAO could find about the reduced costs' effect on small businesses was that it was at least as favorable as the effect on larger businesses. Only the smallest businesses—those with 1 fewer than five employees—did not experience a decline in rates. It is too soon to draw firm conclusions about longer run trends, however. A complete assessment of competitive rating's impact requires sufficient time to allow the observation of rate and availability trends through all phases of the underwriting cycle. In summary, GAO found no evidence that competitive rating has thus far appreciably affected the market structure of the workers' compensation insurance industry.

Veterans Affairs

**Veterans' Claims:
Post-Traumatic Stress
Disorder**

GAO/HRD-87-22, Jan. 20.

The Veterans Administration processes veterans' claims for service-connected post-traumatic stress disorder and pays monthly compensation to veterans disabled by injuries or diseases that occurred or were aggravated during active military duty. GAO reviewed 32 post-traumatic stress disorder cases to investigate allegations that the Buffalo Veterans Administration Regional office was disapproving a high percentage of claims based on the disorder, was not processing these claims in a timely manner, was awarding initial rating levels that were too low, and was not providing due process to post-traumatic stress disorder claimants.

GAO found that 23 of the 32 cases were receiving benefits, one case was denied and remained closed, the other eight cases were in the appeal process after having been initially denied. Corrective actions, which Buffalo officials have taken or agreed to take, should reduce the processing time for claims.

**Veterans' Employment:
TVA Can Improve Its
Disabled Veterans'
Affirmative Action
Program**

GAO/HRD-87-17, Dec. 31.

The Tennessee Valley Authority has not achieved objectives identified in its Disabled Veterans' Affirmative Action Program plans of employing and advancing disabled veterans and providing placement opportunities, both within and outside TVA. It has had mixed results in providing awareness training to supervisors, and managers, establishing an advisory committee for the handicapped that included disabled veterans, providing guidance on the reasonable accommodation concept, and implementing a barrier-free design policy. TVA's plan to establish a Veterans' Affairs Unit to coordinate all veterans' programs, including those for disabled veterans, can improve TVA's ability to serve disabled veterans and could result in a more viable DVAAP.

**Administration of
Justice**

**Asylum:
Uniform Application of
Standards Uncertain—Few
Denied Applicants Deported**

GAO/GGD-87-33BR, Jan. 9.

U.S. law allows aliens legally or illegally in this country to apply for asylum. To be granted asylum, an alien is required to demonstrate a well-founded fear of persecution in his or her home country (or country of habitual residence for those having no nationality). The Refugee Act of 1980 authorizes the Attorney General to (1) grant asylum to an alien who meets the definition of a refugee and (2) establish a uniform procedure for determining the eligibility of each asylum applicant. The ability to monitor and assess the asylum process is limited because most Immigration and Naturalization Service district directors do not document the specific reasons for approving or denying asylum eligibility and because INS is unable to adequately address whether denied applicants are routinely deported. Without a documented rationale supporting asylum

decisions, INS cannot determine whether asylum standards are being uniformly applied without regard to an applicant's home country. Therefore, whether the Refugee Act of 1980 has been implemented as intended and whether past discrimination based on geographical and ideological considerations has been eliminated are uncertain.

**Criminal Aliens:
INS' Detention and
Deportation Activities in
the New York City Area**

GAO/GGD-87-19BR, Dec. 3.

Security at the Immigration and Naturalization Service processing center in New York City is inadequate. The center was originally intended to house a noncriminal population. Instead it has been housing an increasing proportion of aliens with criminal backgrounds and who continue to exhibit disruptive behavior. Design and operational deficiencies at the center detract from a safe, secure, and orderly environment and make it difficult for INS to prevent escapes and control detainee misconduct. In July 1986 the New York District Office began to hold deportation hearings, 6 years after initial plans to do so. This program can expedite the deportation process, relieve some of the burden on the center, and avoid problems associated with releasing criminal aliens on bond. INS recognizes that a long-term detention solution is needed but that the solution to the problem will require a commitment of funds for secure housing.

**Federal Courts:
Determining the Need for
Additional Judges**

GAO/GGD-87-26BR, Jan. 8.

The need for additional judges in the federal courts is determined biennially, using caseload information in the assessment process for a 1-year period for each court. The 1-year weighted caseload is divided by the number of judges authorized for the district. If the calculation shows that the caseload exceeds 400 cases per judge, it is an indication that the district may need additional judges. Because this formula does not reflect all factors that should be considered in the decision for additional judges, the courts are asked to cite other factors. The Federal Judicial Center is undertaking a study to determine the feasibility of developing a more comprehensive caseload measure for the district courts that would consider factors that the present method does not.

General Government

Budget Issues: The President's Current Services Budget

GAO/AFMD-87-10, Dec. 2.

The meaning of the budget act concerning the policy basis of current services estimates is not defined or explained. Consequently, the Office of Management and Budget developed guidelines for making current services estimates. The degree of flexibility involved in making estimates under OMB guidelines can result in a current services budget developed to support the President's proposed policies rather than to highlight the fiscal effect of proposed policy changes. The current budget is not regularly used as a tool by congressional staff; most of them use the Congressional Budget Office's baseline projections. When the Congress addresses the current services budget, the result is often unnecessary debate about OMB's inconsistent policy definitions to develop defense and nondefense estimates rather than about substantive issues. Eliminating the legal requirements for the current services budget would help estimates from being used to support particular policies. Presently, the budget is open to different interpretations because of the lack of statutory guidance.

Federal Productivity: Potential Savings From Private Sector Cost Comparisons

GAO/GGD-87-30, Dec. 31.

Potential savings of \$2 to \$3 billion could be realized with the passage of H.R. 3357 which would require the federal government to contract with the private sector to the maximum extent possible for commercial products and services when they can be procured at lower cost. The range of cost savings was based on past analyses of the Office of Management and Budget Circular A-76 policy. This circular is the current government policy that requires executive branch agencies to procure commercial products and services from private sector sources when the private sector can accomplish the same quality job at less cost than a government operation. H.R. 3357 would provide for more efficient and effective government operations if it required accountability for cost savings resulting from its implementation. To ensure this accountability for cost savings, H.R. 3357 should require agencies to specify in their budget requests anticipated and actual cost savings achieved as a result of private sector cost comparisons.

**Decennial Census:
Pretests Could Be Used
More Effectively in Census
Planning**

GAO/GGD-87-24BR, Jan 8.

The 1986 Bureau of the Census pretest examined different enumeration and data processing options under census-like conditions so that the Bureau had some insights into the potential planning, implementation, and evaluation requirements necessary to conduct a census. The pretest provides the opportunity to identify both potential problem areas which could have significant impact on a decennial census and successful techniques which should be incorporated in 1990 plans; it is the final opportunity to identify improvements and to test procedures before major 1990 decisions are made. The Bureau could derive greater benefits from its tests if more emphasis were devoted towards obtaining complete and accurate cost and productivity data and on comparing alternative procedures. Also, the Bureau needs to improve the timing of test results by ensuring that test evaluations are completed before decennial decisions are made.

**Tax Administration:
IRS Excise Tax Audits of
Manufacturers and
Importers of Sporting Goods**

GAO/GGD-87-27FS, Jan. 5.

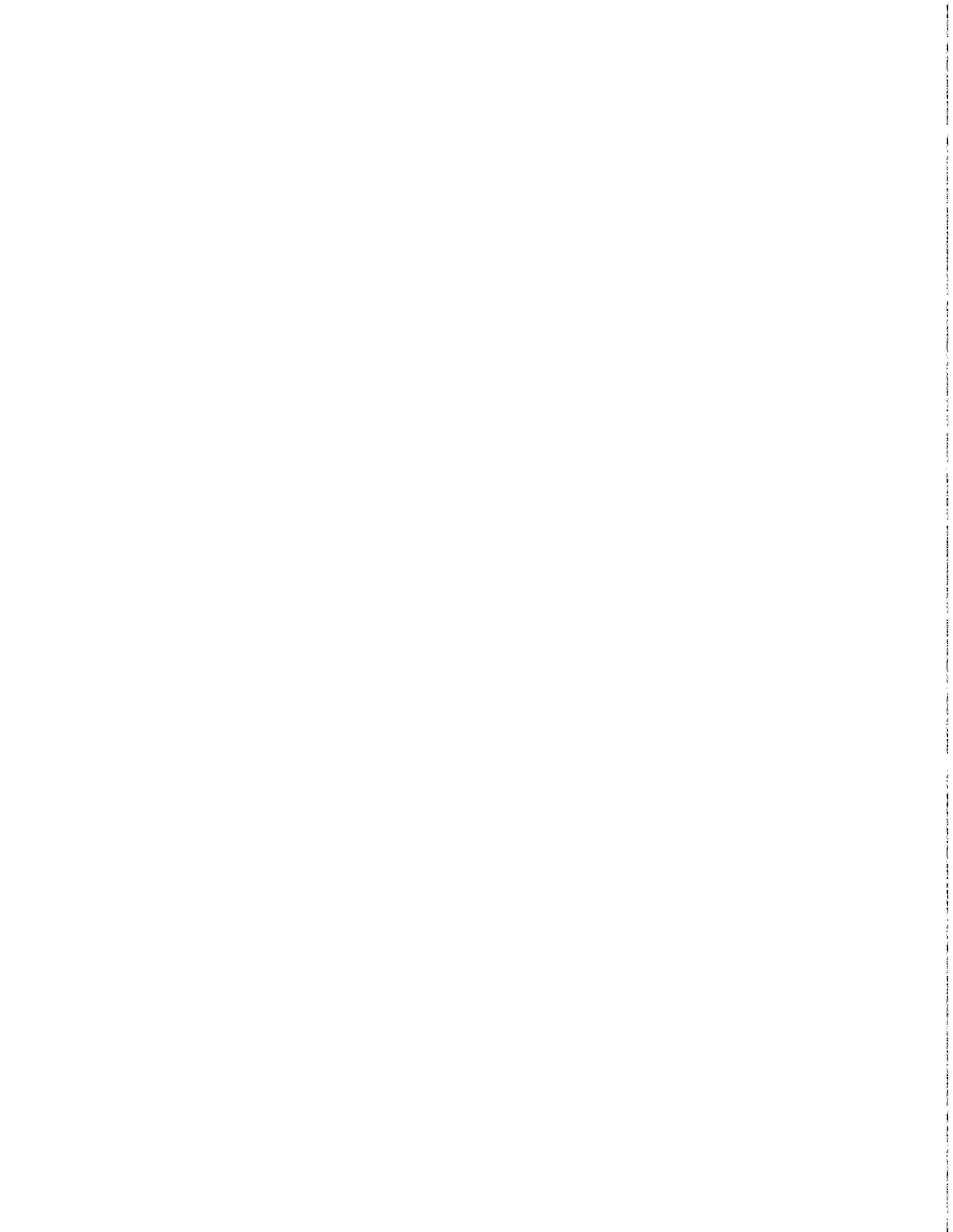
This fact sheet develops comparative statistics on Internal Revenue Service excise tax examinations of manufacturers and importers of sporting goods. GAO found that, for the 3-year period covering FY 1983-1985, (1) IRS' audit coverage of sporting goods manufacturers averaged 2.88 percent annually. The audit coverage of sporting goods importers averaged 7.34 percent; (2) on average, examinations of importers resulted in slightly higher proposed additional tax and penalties than examinations of manufacturers; and (3) on average, the no change percentages for IRS examinations of manufacturers and importers averaged 21.92 percent and 26.01 percent, respectively.

**Congressional
Testimony by GAO
Officials**

Access to Posthospital Care For Medicare Beneficiaries, by Eleanor Chelmsky, Program Evaluation and Methodology Division, before the Subcommittee on Health and Long-Term Care, House Special Committee on Aging, Jan. 28.

Aviation Safety, by Herbert R. McLure, Resources, Community, and Economic Development Division, before the Subcommittee on Aviation, Senate Committee on Commerce, Science, and Transportation, Jan. 29.

Medicare/Medicaid Budget Issues, by Mike Zimmerman, Human Resources Division, before the Subcommittee on Health, Senate Committee on Finance, Jan. 29.



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