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## National Defense

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### **Electronic Warfare: Reliable Equipment Needed to Test Air Force's Electronic Warfare Systems**

GAO/NSIAD-89-137, Aug. 11.

The Air Force equips its tactical aircraft with electronic warfare systems that can alert a pilot if the airplane is being tracked by enemy radar and can transmit electronic signals to deceive enemy radars. However, the combat readiness of tactical aircraft and the capability to sustain combat operations have been impaired because of faulty and unreliable test equipment used to identify malfunctions in electronic warfare systems. The Air Force has not adhered to policies requiring that test equipment be developed and deployed simultaneously with electronic warfare systems. To deploy the warfare systems as quickly as possible, the Air Force has not taken steps to ensure that the electronic warfare system can be adequately maintained in an operational environment. GAO concluded that the Air Force's strategy may result in additional cost and will continue to place combat readiness at risk.

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### **Attack Warning: Defense Acquisition Board Should Address NORAD's Computer Deficiencies**

GAO/IMTEC-89-74, Sept. 13.

The Air Force has consolidated five Integrated Tactical Warning and Attack Assessment modernization programs into a single integrated program for fiscal year 1990 budget requests. The Air Force expects the Defense Acquisition Board to review this program in September 1989. In a November 1988 report, GAO noted several critical deficiencies that, if left unresolved, could dramatically affect the ability of one modernization program—the Communications System Segment replacement—to effectively carry out its missions. However, in the current report GAO found that important data on how and when the Air Force will correct these deficiencies will not be available for the planned review by the Defense Acquisition Board. In addition, the Air Force has not yet acted on GAO's recommendation to perform a cost/benefit analysis to determine the most efficient and effective way to satisfy Cheyenne Mountain's communication processing needs.

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**Missile Procurement:  
AMRAAM Not Ready for  
Full-Rate Production**

GAO/NSIAD-89-201, Sept. 7.

At the completion of its work in July 1989, GAO concluded that there were too many unknowns in the Advance Medium Range Air-to-Air Missile program to warrant the approval of full-rate production. The Air Force had not demonstrated that the missile could meet some critical performance criteria, and the missile's operational reliability was unacceptable. Further, the missile's design had not stabilized, and it was unclear whether the contractors would be able to achieve the higher production rates on schedule.

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**Procurement:  
Assessment of DOD's  
Multiyear Contract  
Candidates**

GAO/NSIAD-89-224BR, Sept. 5.

In 1981, Congress authorized DOD to use multiyear procurement for certain major weapon systems. Although multiyear procurement can benefit the government by saving money and improving contractor productivity, it can also entail certain risks, including increased costs to the government should a multiyear contract later be changed or cancelled. After reviewing eight weapon systems proposed for multiyear contracting authority in DOD's fiscal year 1990-91 biennial budget, GAO found that seven systems did not clearly meet one or more of the legislative criteria, indicating an area of increased risk that must be weighed against potential savings to determine whether multiyear procurement approval should be granted. GAO raised questions about savings projections, requirements and/or funding stability, and design stability for the various systems proposed for multiyear contracts.

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**Computer Procurement:  
Hardware Upgrades for  
Navy Inventory Control  
System Should Be Delayed**

GAO/IMTEC-89-67, Sept. 29.

This report presents the results of GAO's review of the Navy's plan to spend \$22.1 million during fiscal years 1989 through 1991 to upgrade the hardware for its Uniform Inventory Control Point computer system. This system will help inventory management with buying, distributing, and managing the repair of the Navy's multibillion dollar equipment and spare parts inventory for aircraft and ships. GAO found that the Navy has not adequately justified its planned expenditure of \$22.1 million for upgraded processors and storage devices. Specifically, the justification for the upgrades is based on questionable work load forecasts and limited application software design data as well as a software development schedule that has slipped 17 months. In addition, the Navy has not fully

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evaluated whether the hardware currently in use can satisfy any part of its projected requirements for upgraded processors and storage devices.

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**Army Procurement:  
Water Purification  
Equipment May Not Meet  
All Performance  
Requirements**

GAO/NSIAD-89-200, Sept. 11.

In reviewing the Army's program for the design and development of a 3,000-gallon-per-hour reverse osmosis water purification unit, which should provide potable water from fresh, brackish, sea-, and contaminated water, GAO found that the Army had awarded a production contract for this unit even though the Army knew that the prototype design did not meet several critical performance requirements. Specifically, the Army was aware that the prototype design was unable to produce the required amounts of potable water and was too noisy. Although the contractor had designed changes meant to correct deficiencies identified during prototype testing, the redesigned units were not tested before the award of the first production contract. Testing currently awaits production of the first water purification units. GAO concluded that after spending over \$6 million in development funds, the Army had limited assurance that the contractor could produce water purification units meeting performance requirements. As a result, the Army needs to ensure that its planned expanded testing of the first water purification units is carried out and that the test results are carefully analyzed.

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**DOD Warranties:  
Effective Administration  
Systems Are Needed to  
Implement Warranties**

GAO/NSIAD-89-57, Sept. 27.

In the 1980s, Congress passed warranty laws because of concerns that weapons systems often failed to meet their military missions, were operationally unreliable, had defective and shoddy workmanship, and could endanger the lives of U.S. troops. The Secretary of Defense has delegated administration of the warranty program to the military services but is not actively overseeing warranty administration by them. GAO found that because the services have not yet established fully effective warranty systems, DOD has little assurance that warranty benefits are being fully realized. Waivers of warranty law requirements generally are not being sought by the procurement activities included in GAO's review. Problems are being experienced in doing cost-effectiveness analyses; thus, the activities are not in a position to know whether they should seek waivers. GAO recommends that the Office of the Secretary of Defense extend its oversight of the area.

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**ADP Budget:  
Potential Reductions to the  
Department of the Navy's  
Budget Request**

GAO/IMTEC-89-75BR, Sept. 18.

This briefing report provides background and budget information on the Navy's actions concerning a reduction in fiscal year 1989 operations and maintenance funds as well as on three automation projects managed by the Navy. Where appropriate, the report also identifies funds requested for fiscal year 1990 that could be eliminated from the Navy's budget request.

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**ADP Budget:  
Potential Reductions to the  
Department of the Army's  
Budget Request**

GAO/IMTEC-89-69BR, Sept. 18.

This briefing report provides background, budget, and cost data for five major automation programs managed by the Department of the Army—the Standard Army Management Information Systems Modernization Program, the Standard Installation/Division Personnel System-3, the Army Information Processing Equipment Program, the Army Accounting System, and the Army personnel systems contract. The report also identifies funds requested for fiscal year 1990 that may be reduced or restricted from use contingent upon action to be taken by the Army

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**Overseas Basing:  
Costs of Relocating the  
401st Tactical Fighter  
Wing**

GAO/NSIAD-89-225, Sept. 21.

In this report, GAO cites the costs of relocating the 401st Air Force Tactical Fighter Wing from Torrejon, Spain, to Crotone, Italy. The Air Force estimates that it will cost \$51.2 million—\$19.2 million in severance payments to Spanish employees and \$32 million to relocate units other than the 401st Tactical Fighter Wing. In addition to these costs, \$96.3 million in capital investments will be turned over to Spain. The United States and NATO will share the cost of constructing a new air base at Crotone. The net U.S. portion, including base and housing construction; morale, welfare, and recreational facilities; and a U.S.-Italian air-to-ground training range, will total about \$433 million, without adjusting for inflation. The cumulative result of maintaining rather than deactivating the 401st is an increase of approximately \$1.5 billion over 5 years. When the decision was made to retain the 401st, the Air Force decided to reduce its force structure at several U.S. bases and is projecting savings of approximately \$721.6 million over the 5-year period

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**DOD Revolving Door:  
Processes Have Improved  
but Post-DOD Employment  
Reporting Still Low**

GAO/NSIAD-89-221, Sept. 13.

Disclosure laws still exempt about 20 percent of former mid- and high-level DOD personnel from reporting their defense-related employment because they do not work for major defense contractors. However, only about 30 percent of those probably required to report actually did so in fiscal years 1986 and 1987. DOD has begun to follow up with those who failed to report, but enforcement of the reporting requirement has been lax. While reporting compliance was low, DOD has improved its review process. Further, reports that were submitted generally complied with the law, although some reports did not, as required by DOD regulations, provide information on which major systems the individual worked on while at DOD or at the defense contractor.

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**Reserve Training:  
FIREX 88 Achieved Its  
Objectives but Missed  
Other Training  
Opportunities**

GAO/NSIAD-89-198BR, Sept. 15.

The Army conducted its FIREX 88 training exercise at Tooele Army Depot, Utah, and vicinity in June 1988. GAO found that FIREX 88 achieved its major objectives and provided valuable training to exercise participants. The exercise also identified weaknesses in the Army's conventional capabilities in tactical communications and logistical support planning and operations. However, the size and complexity of FIREX 88, along with concerns about safety and environmental damage, caused Army officials to limit opposing forces play. This decision, coupled with a lack of battlefield simulation, caused participants to miss a number of training opportunities.

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**Women in the Military:  
Career Progression Not a  
Current Problem but  
Concerns Remain**

GAO/NSIAD-89-210BR, Sept. 7.

Promotion data for 1986 through 1988 show that women are being promoted at rates similar to those for men. This may be attributed to the high quality of women entering the armed forces or to the special instructions given to promotion boards that were designed to address the competitive disadvantages that women have due to the combat exclusion and other reasons. Most women GAO interviewed saw the processes related to assignments, promotions, and educational opportunities as fair to women. They had mixed views, however, on whether laws and policies on combat exclusion—a major career impediment—should be changed to allow women to serve in all positions.

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**Defense Manpower:  
DOD Requirements and  
Vacancies in NATO and  
European Countries**

GAO/NSIAD-89-213FS, Sept. 11.

This fact sheet provides information on DOD vacancies in NATO European countries as of September 30, 1988. It identifies (1) the number of unfilled positions that existed in Europe at the end of fiscal year 1988, (2) whether they were funded or unfunded requirements, (3) the length of time the positions were vacant, and (4) whether the positions had ever been filled.

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**International Affairs**

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**International Trade:  
The Health of the U.S.  
Steel Industry**

GAO/NSIAD-89-193, July 12.

In its analysis of the health of the U.S. steel industry and quotas affecting it, GAO found that the industry has regained competitiveness since 1985 principally as a result of the substantial decline in the value of the dollar, improvements in labor productivity, and reduction and slower growth in wages and benefits. With the passing of the import surge, the effect of quotas has declined substantially and the vast majority of them are now going unfilled. Thus, the expiration of quotas would likely have little immediate effect on the market as a whole.

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**Export Controls:  
Assessment of Commerce  
Department Foreign Policy  
Reports to Congress**

GAO/NSIAD-89-190, Sept. 13.

The Export Administration Act requires GAO to assess each report of the Secretary of Commerce that concerns imposing, expanding, or extending foreign policy export controls for compliance with the Act. This report assesses five recent reports to Congress by the Secretary of Commerce on foreign policy export controls. These reports dealt with extending foreign policy export controls already in place, including those involving human rights, antiterrorism, and chemicals; imposing new foreign policy controls on chemicals and biological agents useful in weapons as a substitute for expiring national security controls; and expanding antiterrorism controls on trade with Syria. All the reports met the Act's reporting requirements.

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**Drug Control:  
Enforcement Efforts in  
Burma Are Not Effective**

GAO/NSIAD-89-197, Sept. 11.

While the State Department has in the past provided Burma with spray planes and herbicide for the aerial eradication of opium poppies, the United States suspended the anti-narcotics assistance program in September 1988 after the Burmese Army violently suppressed anti-government demonstrations. GAO found that the Burmese government had used resources inefficiently in the anti-narcotics program and had not implemented several proposed safety precautions. Additionally, GAO found that State was not permitted to monitor the program in operation. In Burma, enforcement efforts need to be coupled with political reforms and economic development before significant opium reductions can be expected. Should the political climate in Burma improve and the anti-narcotics program can be resumed, improved control and monitoring procedures should be required.

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**United Nations:  
U.S. Participation in the  
Children's Fund**

GAO/NSIAD-89-204, Sept. 27.

GAO found that U.S. officials and representatives of other major donor countries believe that UNICEF's programs are managed in a generally effective manner. They do, however, have certain concerns about UNICEF's policies and programs. GAO observed conditions at some UNICEF assisted project sites that suggested increased monitoring and oversight might be helpful. U.N. audits of UNICEF's 1985 and 1986 financial statements were critical of several accounting and financial management practices. UNICEF's management has responded affirmatively to the auditor's recommendations. While the United States remains a major contributor to and participant in UNICEF, it is no longer the predominant donor, and its level of influence may be declining.

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**Financial Review:  
Panama Canal  
Commission's Financial  
Statements for 1988**

GAO/AFMD-89-80, Sept. 20.

The Panama Canal Commission, a federal agency established by the Panama Canal Treaty of 1977, will operate the canal until the Republic of Panama assumes responsibility for it in 1999. Due to security and visa problems with the Republic of Panama, GAO was unable to travel to Panama City, Panama, to do the 1988 financial audit of the commission. Instead, GAO did a limited review of the commission's financial statements for the year ended September 30, 1988. The report highlights (1) the commission's reserve, established in 1984, to provide for future repairs of floating equipment; (2) the conversion of the commission's

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budget account for operations and administration of the Panama Canal from a special fund account requiring an annual appropriation to a public enterprise revolving fund that operates solely from toll and other nonappropriated revenue; and (3) changes in the presentation of the financial statements for the commission's program to compensate employees for death and disability resulting from workplace injuries or illness.

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**Economic Assistance:  
Ways to Reduce the  
Reprogramming  
Notification Burden and  
Improve Congressional  
Oversight**

GAO/NSIAD-89-202, Sept. 21.

GAO's review of the Agency for International Development's foreign assistance reprogramming notification procedures indicates there are opportunities to reduce the number of submissions. Specifically, GAO found that reductions could be achieved without significantly changing the current approach to congressional oversight by eliminating notifications for actions that do not increase project funding, by raising the current percentage threshold for reporting, or by adopting a dollar-value reporting threshold. If Congress would change its current approach of requiring the changes to be reported on a project basis and require notification only for those reprogramming changes that affect country spending levels, even greater reductions in the numbers of reprogramming notifications could be achieved.

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**Natural Resources and  
Environment**

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**National Wildlife Refuges:  
Continuing Problems With  
Incompatible Uses Call for  
Bold Action**

GAO/RCED-89-196, Sept. 8.

National wildlife refuges are primarily intended to provide habitat and safe haven for wildlife. Yet virtually all refuges also host many other nonwildlife-related uses. In a GAO questionnaire, refuge managers expressed concern that secondary uses, such as public recreation, mining, and grazing, are (1) diverting attention from professional wildlife management duties and (2) harming wildlife resources. The Department of the Interior's Fish and Wildlife Service, which manages wildlife refuges, has permitted secondary uses of refuges both because of pressure from local public or economic interests and because fws does not have

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full ownership of or control over refuge lands. GAO recommended that FWS ensure that compatibility decisions are based on biological criteria.

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**Alaska Wildlife Refuges:  
Restrictive Criteria Used  
to Recommend Additional  
Wilderness**

GAO/RCED-89-155, Sept. 28.

The Fish and Wildlife Service's recommendation to include an additional 3.4 million acres of wilderness in Alaska national wildlife refuges represents less than 7 percent of the 52.6 million acres found qualified as wilderness by FWS Alaska regional office planning teams. The 3.4 million acres was also less than one-seventh of the levels refuge managers and planning team members would have preferred from a professional refuge management standpoint. The report explains the basis both for FWS's recommendations and for the planning team members' preference for more wilderness.

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**Wilderness Preservation:  
Problems in Some National  
Forests Should Be  
Addressed**

GAO/RCED-89-202, Sept. 26.

The Forest Service manages about 32.5 million acres of the National Wildlife Preservation System, which comprises about one-sixth of the National Forest System. While the forces of nature are supposed to predominate in wilderness areas, human influences have been adversely affecting such areas and the experiences of visitors there. GAO could not determine the full extent of resource deterioration in wilderness areas because information on conditions at many of these areas is lacking. However, GAO visits and the responses of wilderness managers to a GAO questionnaire revealed that conditions vary wildly; some wilderness areas appeared to be in relatively good condition, while others showed signs of adverse impact, especially on trails and bridges and around popular camping areas. Such factors as the presence of Forest Service administrative sites and outfitter/guide camps as well as noise from low-level military training flights have also adversely affected some people's enjoyment of the solitude and primitive recreational atmosphere at wilderness areas. A majority of forest rangers told GAO that because of inadequate funding for wilderness management in fiscal year 1988, trail/wilderness maintenance and efforts to educate the public on proper wilderness behavior were limited.

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**Parks and Recreation:  
Maintenance and  
Reconstruction Backlog on  
National Forest Trails**

GAO/RCED-89-182, Sept. 22.

National forests contain about 106,750 miles of trails, the recreational use of which has more than doubled over the last 20 years. In responding to a GAO questionnaire sent to all 121 Forest Service units, Service supervisors said that as of September 30, 1988, the unmet maintenance and reconstruction backlog on the trail system totaled about \$195 million. Insufficient funding and lack of personnel were cited as the primary causes. To compensate for insufficient funds and personnel, the Forest Service makes extensive use of volunteers and supplements its funding with outside sources, such as cost-sharing programs and grants. Yet these efforts are unlikely to close the gap between the resources needed and the resources available. Forest supervisors said they planned to construct about 8,400 miles of new trails over the next 5 years at an estimated cost of \$60 million. Given current funding levels and the need to reconstruct existing trails, however, only about one-third of the planned miles may be built during this period.

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**Financial Audit:  
Trans-Alaska Pipeline  
Liability Fund's 1988  
Financial Statements**

GAO/AFMD-89-104, Sept. 29.

This report presents the results of GAO's review of the independent certified public accountants' audit of the Trans-Alaska Pipeline Liability Fund's financial statements as of December 31, 1988. The purpose of the Fund is to pay legitimate claims for damages, including cleanup costs, resulting from an oil discharge from a vessel transporting oil that has been transported through the system. In the opinion of Touche Ross & Co., the Fund's financial statements present fairly the net assets available for claims as of December 31, 1988, and the changes in net assets available for claims for the year then ended, in conformity with generally accepted accounting principles. GAO found nothing to indicate that Touche Ross & Co.'s opinion on the Fund's 1988 financial statements is inappropriate or cannot be relied on. Nor did GAO find anything to indicate that the auditors' reports on internal accounting controls and on compliance with laws and regulations were inappropriate or cannot be relied on. In March 1989, the oil tanker Exxon Valdez ran aground off the coast of Alaska causing a 240,000 barrel oil spill. While as of August 31, 1989, Exxon Shipping Company had not filed any claims with the Fund, Fund officials told GAO that since the Trans-Alaska Pipeline Authorization Act exempts the Fund from liability resulting from a claimant's negligence, the Fund intends to contest any claims filed by the Company.

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**Superfund:  
Contractors Are Being Too  
Liberally Indemnified by  
the Government**

GAO/RCED-89-160, Sept. 26.

The Superfund Amendments and Reauthorization Act of 1986 created a discretionary program to provide federal indemnification to Superfund contractors to ensure their continued participation in cleanup activities. The Act also directed that GAO study the application of that program. GAO found that EPA's policy to date of providing blanket indemnification with no set limit to all its Superfund response contractors results in excessive indemnification and is not in full compliance with the requirements of the Act. Although insurance for pollution risks remains scarce and limited in coverage, GAO believes that contractors would be willing to do at least some Superfund work at reasonable prices without indemnification. Some of the same contractors indemnified by EPA are, in fact, doing similar work for states and private firms without indemnification. EPA also believes contractors will work in the Superfund program without indemnification. GAO concluded that EPA needs to determine the minimum indemnification requirements of contractors.

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**Water Resources:  
Corps of Engineers'  
Inspections of West  
Williamson Flood Wall  
Project**

GAO/RCED-89-132, Aug. 7.

As part of a long-term flood protection project, the Corps of Engineers contracted with Metric Constructors, Inc. to build a levee on the Tug Fork of the Big Sandy River in West Williamson, West Virginia. GAO found that the Corps took reasonable measures to ensure that construction inspection activities were carried out in accordance with its requirements. Both the contractor and the Corps assigned inspectors to the construction work site and each developed inspection plans as required by federal policies and Corps procedures and inspected the construction work performed under Metric's contract.

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**Agriculture**

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**Farmers Home  
Administration:  
Implications of the Shift  
From Direct to Guaranteed  
Farm Loans**

GAO/RCED-89-86, Sept. 11.

In order to reduce both the government's role in supplying credit and its budget outlays, the Farmers Home Administration has shifted from making direct farm loans to guaranteeing the loans of private lenders. Between fiscal years 1983 and 1988, FmHA direct lending decreased from about \$2.4 billion to \$1 billion while guaranteed lending rose from about

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\$71 million to \$1.3 billion. However, this increase primarily resulted from private lenders obtaining loan guarantees for their customers who had become financially stressed. GAO found that FmHA's inadequate assessment of borrowers' financial conditions prior to loan guarantee approval and insufficient oversight of approved loan guarantees have contributed to guaranteed loan losses, which FmHA has estimated could exceed \$115 million in fiscal year 1989. To help control losses and improve management of FmHA's guaranteed farm loan program, GAO recommends developing more comprehensive criteria for approval of guaranteed loans, establishing a range of loan guarantee percentages based on loan risk, enforcing requirements for lender servicing of guaranteed loans, and establishing procedures for recovering from borrowers amounts the government paid to lenders for guaranteed loan losses.

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**Disaster Assistance:  
Crop Insurance Can  
Provide Assistance More  
Effectively Than Other  
Programs**

GAO/RCED-89-211, Sept. 20.

Since 1980, USDA has provided disaster assistance to farmers through direct cash payments, loans, and an insurance program. The federal government has incurred costs of approximately \$17.6 billion in support of these programs: \$6.9 billion for direct cash payments, \$6.4 billion for disaster emergency loans, and \$4.3 billion for crop insurance. On the basis of the premise that disaster victims should be treated equitably and consistently over time and that overall program and society costs should be minimized, GAO identified eight criteria that should be considered in devising an effective disaster assistance strategy. Although none of the three programs fully satisfy all eight criteria, crop insurance satisfies more of them than do the other agricultural disaster assistance programs.

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**School Lunch Program:  
Buy American Procedures  
at Schools With Cash or  
Credit in Lieu of Food**

GAO/RCED-89-183, Aug. 9.

School districts receiving federal funds are required, whenever possible, to purchase only food products that are produced in the United States. GAO found that the Food and Nutrition Service and two of the three states visited have implemented the Buy American provisions, but only limited monitoring to determine compliance had taken place. Officials at three of the four school districts GAO visited were aware of the Buy American requirement and had instructed suppliers to deliver domestic products only; officials in two of the districts periodically inspected product labels to check on whether the Buy American requirement was being met. Monitoring by the Food and Nutrition Service is limited.

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## Commerce and Housing Credit

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### Futures Markets: Strengthening Trade Practice Oversight

GAO/GGD-89-120, Sept. 7.

August 1989 indictments of 46 floor participants for allegedly engaging in multiple floor trade practice abuses have raised questions about market regulators' effectiveness in deterring, detecting, and punishing floor trading practice abusers. Weaknesses in controls over futures trading provide dishonest floor participants with the opportunity to cheat customers by noncompetitively executing orders and to conceal this cheating by manipulating the recorded price and time of trades. Actions the Commodity Futures Trading Commission and the exchanges have proposed or taken are important interim measures for reducing the opportunity for dishonest floor participants to commit trading violations. While detecting every abuse may never be possible, most of the types of abuses alleged in the Justice Department indictments could also have been detected and documented with independent, precise, and complete timing of trades. CFTC needs to require improved timing information on trades, expand its review of exchange automated surveillance systems, and improve its use of management information.

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### Futures Markets: Automation Can Enhance Detection of Trade Abuses but Introduces New Risks

GAO/IMTEC-89-68, Sept. 7.

The Chicago Board of Trade and the Chicago Mercantile Exchange are developing automated order routing systems to increase the efficiency of the open-outcry trading process and better handle larger trading volumes. To better detect trade practice abuses in the open-outcry process, the exchanges recently announced a joint effort to develop an electronic audit trail system to record each trading transaction using handheld terminals. In addition, the exchanges are developing after-hours trading systems, which will be used instead of the open-outcry process to expand operations outside normal trading hours. If properly implemented, these planned automation initiatives can be used to more readily detect trading abuses because they can provide improved trade timing data. Although the exchanges' planned systems have the potential to better control trading abuses, they introduce risks that must be addressed to ensure the correct processing of transactions, responsive operations, and secure and continuous service. The exchanges are aware

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of these risks and are taking steps to mitigate them. CFTC should acquire the necessary expertise to technically assess the systems planned by the futures exchanges to ensure that the systems maximize automation's potential to control trade practice abuses while adequately controlling risks.

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**Financial Audit:  
Federal Home Loan  
Mortgage Corporation's  
1988 Financial Statements**

GAO/AFMD-89-102, Sept. 22.

The Federal Home Loan Mortgage Corporation contracted with Arthur Andersen & Co., an independent certified public accounting firm, to do a financial and compliance audit of its 1988 consolidated financial statements. The audit found that the Corporation's statements were fairly presented, in all material aspects, in conformity with generally accepted accounting standards. GAO's review of this audit found nothing to indicate that Arthur Andersen & Co.'s opinion on the Corporation 1988 statements is inappropriate or cannot be relied on. Nor did GAO find anything to indicate that the auditors' reports on the Corporation's internal control structure and on its compliance with laws and regulations are inappropriate or cannot be relied on.

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**Partnership Projects:  
Federal Support for Public-  
Private Housing and  
Development Efforts**

GAO/PEMD-89-25FS, Sept. 14.

This fact sheet focuses on federal programs that support public-private partnerships in housing and community development. It describes federal programs currently supporting partnerships and, in particular, four characteristics of those programs: (1) purpose, (2) types of assistance, (3) mediating agents, and (4) target populations.

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**Transportation**

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**Aviation Safety:  
FAA Has Improved Its  
Removal Procedures for  
Pilot Examiners**

GAO/RCED-89-199, Sept. 8.

Although the Federal Aviation Administration is responsible for ensuring that pilot certificates are only issued to safe and competent pilots, it has delegated most of its authority and responsibility for issuing certificates to private, non-FAA personnel called pilot examiners. In examining FAA's process for removing pilot examiners who are not satisfactorily carrying out their duties, GAO found that FAA lacked adequate guidance

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to ensure that a pilot examiner's due process rights were protected during removal. This made it difficult for FAA to remove pilot examiners who had used unacceptable pilot certification practices. These unacceptable practices, such as improper flight resting, seriously compromise assurances that only safe and competent pilots receive pilot certificates. GAO could not identify the magnitude of the problem because FAA district offices do not maintain data on this situation. GAO brought the potential safety implications of this issue to FAA's attention. In June 1989, FAA issued revised procedures for removing pilot examiners who are not performing satisfactorily.

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**Air Traffic Control:  
FAA Needs to Implement  
an Effective Testing  
Program**

GAO/IMTEC-89-62, Sept. 22.

In reviewing FAA's program for testing the systems and equipment it procures for controlling air traffic, GAO found that the success of this program has been limited because (1) the 1986 order containing the agency's test policy did not establish how users were to be involved in testing systems and equipment and (2) FAA did not implement effective controls to ensure compliance with this order. The effectiveness of the test program has also been impaired because the group responsible for oversight of the testing program is not independent of developers and users, as recommended by federal policy. The absence of an effective agency testing program has allowed projects to proceed into production without sufficient testing and has contributed to scheduling delays of 1 to 8 years. The lack of testing has also led to the deployment of systems without addressing key safety and reliability issues. While FAA issued a new test order in February 1989 that, if properly implemented, can address some of the shortcomings associated with the test program, the new test does not address the requirement for an independent test and evaluation group.

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**Aircraft Noise:  
Eight Airports' Efforts to  
Mitigate Noise**

GAO/RCED-89-189, Sept. 14.

Aircraft noise has become a significant national issue that threatens the continued growth of airports and their ability to serve the growing demands of the air transportation industry. This report, which is based on case studies of eight major airports in Atlanta, Baltimore, Chicago, Los Angeles, Memphis, Minneapolis-St. Paul, Philadelphia, and San Francisco, found that in trying to reduce the effect of noise, airports have had to balance the conflicting needs and desires of surrounding communities with (1) regional, airline, and airport desires for growth

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and (2) FAA's responsibilities for maintaining a safe, efficient, and competitive air transportation system. In addition, airports have been hindered in solving their noise problem by their lack of control over the land surrounding them and their dependence on local communities and states to cooperate in implementing land control measures, such as zoning. Overall, according to airport officials and GAO's analysis of their noise abatement programs, no quick or simple solution to the aircraft noise problem exists. Compromise among the conflicting interests of community, airlines, and airports is often the only avenue to alleviate the problem.

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## Social Services

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### Student Athletes: Most Schools Meet Proposed Academic Performance Reporting Requirements

GAO/HRD-89-157BR, Sept. 11.

GAO looked into (1) the reporting burden that the proposed "Student Athlete Right-to-Know Act" would have on schools and (2) the graduation rates of student athletes in men's basketball and football as compared to those for all students at National Collegiate Athletic Association member schools. In telephone interviews with officials from a random sample of National Association of Intercollegiate Athletics and NCAA member schools, both sets of schools said the required reporting information is already collected, although not necessarily automated. GAO found that the schools now spend an average of 39 days collecting the data and would need an average of 17 days to design a data collection and reporting system that would meet the proposed reporting requirements. GAO also found that schools with basketball and football programs had lower graduation rates for their athletes when compared to the general student body.

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### Education Reform: Initial Effects in Four School Districts

GAO/PEMD-89-28, Sept. 26.

GAO examined student data from four large school districts in four states where comprehensive state-level reforms have been in effect long enough for a class of students to experience at least 3 years of high school under the new requirement. These reforms have included such changes as more academic course requirements for graduation and a passing score on an exit test. In terms of the performance of educationally disadvantaged students, GAO found that education reform was

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neither a disaster nor a boon in the four districts examined. While disadvantaged students appear to have improved performance in some cases, these improvements were modest. The effects of reform on dropout rates were mixed. Only two districts had sound data to identify dropouts. In one, the rate increased modestly; in the other, it decreased modestly. Increased enrollment in academic courses after reform was associated with a slight decline in vocational enrollment for disadvantaged students. This raised two possible concerns: (1) the decline occurred entirely among the type of vocational education courses that prepare students for the labor market rather than among consumer or homemaking courses and (2) disadvantaged postreform students were somewhat less likely than disadvantaged prereform students to have scheduled five or more vocational courses over 3 years of high school. These findings suggest that at-risk students may be receiving less occupational training than do their prereform counterparts. Concerns were also raised about the effect of education reforms on the availability of some vocational education courses and on the number of vocational educational teachers employed.

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**Effective Schools Programs:  
Their Extent and Characteristics**

GAO/HRD-89-132BR, Sept. 13.

This briefing report (1) determines the number of school districts with effective schools programs, (2) identifies common program characteristics and practices, (3) describes how school districts evaluate the effect of their programs on students' academic achievement, and (4) discusses federal requirements for evaluating these programs.

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**Compensatory Education:  
Aguilar v. Felton  
Decision's Continuing  
Impact on Chapter 1  
Program**

GAO/HRD-89-131BR, Sept. 27.

For more than 2 decades, public school teachers in the Chapter 1 program, the federal program of compensatory education for the disadvantaged, provided remedial services to sectarian private school students on private school premises. However, in its Aguilar v. Felton decision, the Supreme Court ruled that this practice was unconstitutional. In this report, GAO identifies (1) how much school districts had spent or planned to spend for new methods of providing remedial services and (2) how states plan to distribute to school districts federal funds authorized to help pay for these methods. GAO also determines (1) the changes in sectarian private school participation since the ruling and (2) the satisfaction of public and private school officials with the new methods and the resulting quality of instructional services in selected school districts.

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**Desegregation Activities:  
Administration of  
Education Grant Funds at  
the Cleveland School  
District**

GAO/HRD-89-83, Aug. 29.

From 1978 through 1987, the Cleveland School District received \$385.9 million in federal funds for desegregation activities. No federal funds were provided specifically for desegregation activities after June 1987. GAO found that federal funds were appropriately spent on desegregation activities; however, the school district did not comply with all the specifications of a 1978 court-ordered desegregation plan and subsequent federal grant agreements. The school district (1) requested and received excessive advances of federal grant funds; (2) accrued interest on these advances, but did not report or remit this income to the Department of Education; (3) without required Education approval, obligated and spent first-year grant funds in the second year; and (4) did not comply with some federal procurement requirements. The deficiencies GAO found in the school district went undetected because Education officials did not adequately monitor and administer the grant agreements, as prescribed by federal regulation and OMB circulars.

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**Foster Parents:  
Recruiting and Preservice  
Training Practices Need  
Evaluation**

GAO/HRD-89-86, Aug. 3.

Foster care professionals report that recruiting and retaining foster parents are becoming increasingly difficult. Preservice training, which is provided before social service agencies approve parents and place foster children with them, is seen by foster care professionals as a continuation of foster care recruiting that can help prepare foster parents for the challenges of caring for foster children. Reliable data on state recruitment and retention of foster parents, however, are not generally available. Few formal evaluations of states' foster parent recruiting and preservice training strategies have been done. As a result, the Department of Health and Human Services should comprehensively evaluate the effectiveness of various foster parent recruiting strategies.

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**Foster Care:  
Incomplete  
Implementation of the  
Reforms and Unknown  
Effectiveness**

GAO/PEMD-89-17, Aug. 14.

In response to reports of widespread abuses of the foster care system, the Adoption Assistance and Child Welfare Act of 1980 revised several child welfare programs. Evidence suggests, however, that the requirements of the 1980 amendments have not been completely carried out. Although 94 percent of the states had met the Administration on Children, Youth, and Families' minimum requirements for the case review

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system by 1987, ACYF compliance reviews revealed problems in completing case reviews within the required time periods. In the absence of national evaluation or comprehensive information system, GAO could not determine if the reforms carried out have reduced the number of unnecessary and inappropriate placements. Although procedural protections have generally been instituted, present conditions suggest a continuing need for incentives to fully implement these reforms and, perhaps, additional efforts by ACYF and the states to strengthen them.

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**Foster Care:  
Delayed Follow-Up of  
Noncomplying States May  
Reduce Incentive for  
Reform**

GAO/PEMD-89-16, Sept. 13.

In reviewing foster care reforms required for states' receipt of additional funds under the Child Welfare Services grants program, GAO found that the ACYF has been diligent about recouping Child Welfare Services incentives funds once a state has been determined to be ineligible for such funds. However, ACYF has been slow to review the performance of some states that have failed compliance reviews in previous years, resulting in payments of about \$24.7 million since 1984 to six states that may not have been eligible for those funds. In order to ensure that incentive funds are expended in compliance with the law, ACYF should promptly rereview those six states that failed a review between 1983 and 1985. ACYF should also do periodic reviews promptly in the future.

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**Youth Camps:  
Nationwide and State Data  
on Safety and Health  
Lacking**

GAO/HRD-89-140, Sept. 20.

No federal legislation currently exists to regulate youth camp safety and health. Instead, states develop and implement their own youth camp health and safety standards. Nationally, and in five of the six states GAO visited, little information was available on accidents, illnesses, and fatalities that occur at youth camps. Youth camp safety and health standards in the 50 states vary widely, and GAO found no source of nationwide data on the states' enforcement of these standards. Five of the six states GAO visited compiled no data on enforcement activities whether conducted by the state centrally or delegated to local jurisdictions.

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**Job Training Partnership Act:  
Information on Training, Placements, and Wages of Male and Female Participants**

GAO/HRD-89-152FS, Sept. 12.

This report discusses the occupations in which male and female participants in the Job Training Partnership Act program were trained and subsequently placed. It provides (1) a summary of the skill level of occupations for which men and women were trained and placed; (2) a comparison of the number and percentage of men and women trained in specific occupations categorized as higher, moderate, and lower skill level positions; and (3) a similar comparison for those placed in specific occupations.

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**Welfare Reform:  
Alabama's Demonstration Project**

GAO/HRD-89-129BR, Aug. 17.

This briefing report focuses on Alabama's proposed welfare reform demonstration project called Avenues to Self-Sufficiency through Employment and Training Services. Specifically, the report (1) analyzes the procedures used to process the demonstration project proposal, including whether the project complied with current law, and (2) provides information about the project's characteristics, such as benefits and changes associated with the project, the project's effects on future beneficiaries, and Alabama's early cost and savings estimates if the program is implemented in three counties and statewide.

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**Health**

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**Medicare Catastrophic Act:  
Options for Changing Financing and Benefits**

GAO/HRD-89-156, Sept. 15.

Concern about the Medicare Catastrophic Coverage Act of 1988 has been expressed by Members of Congress and the public, particularly about the amount of supplemental premium that higher income Medicare beneficiaries will pay. In this report, which provides a summary of options available either to (1) revise the benefits and financing under the act or (2) phase out the program, GAO finds no "painless ways" to reduce beneficiary funding. Revenues from other sources will need to be raised or benefits provided under the Act will need to be cut. Compounding the problem from a budget standpoint is that the Act was designed to build a contingency reserve so that estimated revenues exceed estimated costs for the catastrophic program in its early years. Therefore, repeal of the program would increase the federal deficit for

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Gramm-Rudman-Hollings deficit reduction purposes for the next few years.

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**AIDS:  
Delivering and Financing  
Health Services in Five  
Communities**

GAO/HRD-89-120, Sept. 13.

AIDS is spreading geographically to hundreds of smaller American cities. Yet little is known how communities outside New York City and San Francisco finance and deliver care to people with AIDS. To help fill this void, GAO examined AIDS health services in five communities—New Haven (Connecticut), Philadelphia, Baltimore, New Orleans, and Seattle. GAO's review indicates that over the next few years, many communities will need help in developing and coordinating health services to meet the needs of their growing AIDS caseloads. Modest federal and private demonstration projects, such as those now underway in some cities, allow communities broad flexibility to develop alternative services tailored to their unique needs. Expanded assistance to more communities and wide dissemination of results from AIDS-related demonstration projects have the potential to help many communities replicate successful AIDS delivery systems or create their own.

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**Defense Health Care:  
Patients' Views on Care  
They Received**

GAO/HRD-89-137, Sept. 13.

Overall, patients expressed satisfaction with the care they received in all nine military treatment facilities GAO surveyed. High percentages of patients said they would want to go again to the same facility, for both inpatient and outpatient care. Despite generally favorable ratings, 53 percent of the outpatients and 39 percent of the inpatients commented negatively on some element of the care they received. Each of the facilities surveyed had established patient representative programs to handle patient complaints and conduct patient surveys.

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**Domestic Food Safety:  
FDA Could Improve  
Inspection Program to  
Make Better Use of  
Resources**

GAO/HRD-89-125, Sept. 27.

GAO found that the Food and Drug Administration spends over 50 percent of its food inspection resources on establishments that (1) pose low health risks, (2) are inspected regularly by state agencies apart from FDA-contracted inspections, and (3) have no history of serious violations. Except for food canners and infant formula manufacturers, which FDA considers to be producers of potentially high-risk food products, FDA has no criteria on how often domestic food firms should be inspected. In an

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effort to increase the efficiency and effectiveness of its resources, FDA instructed its food safety staff in October 1986 to place more effort on inspecting firms having problems in previous inspections. FDA data for fiscal year 1987, however, showed that the agency continued to focus most of its inspections on low-risk firms (warehouses, bakeries, and bottlers) and did not inspect most of the firms with histories of violations. FDA needs to take additional actions to further reduce the number of inspections of low-risk firms, thereby freeing more FDA resources to inspect firms posing greater health risks.

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**Drug Misuse:  
Anabolic Steroids and  
Human Growth Hormone**

GAO/HRD-89-109, Aug. 18.

Anabolic steroids, prescription drugs used to treat certain conditions, are being used increasingly by high school, college, and professional athletes to enhance their performance or body image. A national study found that more than 6 percent of male high school seniors, mostly athletes, use or have used anabolic steroids. A more limited study covering five colleges found that about 20 percent of athletes used steroids. Misuse of human growth hormone, which is believed to affect athletic performance but which also may result in a shortened life span, appears to be a lesser problem. In view of suspected health risks associated with the misuse of anabolic steroids and indications that misuse is a growing problem, GAO supports federal and state efforts to exercise greater control over their distribution and use.

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**Medicaid:  
States Expand Coverage  
for Pregnant Women,  
Infants, and Children**

GAO/HRD-89-90, Aug. 16.

In recent years, the majority of states have expanded Medicaid eligibility for pregnant women, infants, and young children. Eighty-six percent of states have raised their income limits for Medicaid eligibility for pregnant women and infants. In addition to raising income levels, 36 states have adopted at least two other options—dropping assets tests, guaranteeing continuous eligibility, and offering temporary (presumptive) eligibility to pregnant women. GAO also observed, however, that while a lack of money is the most important obstacle to obtaining care, other barriers, such as the overall inadequacy of the prenatal care system, administrative and institutional obstacles presented by the health care system, and personal and cultural factors, must also be eliminated if access to care for pregnant women, infants, and children is to be further improved.

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**Mental Health:  
Prevention of Mental  
Disorders and Research on  
Stress-Related Disorders**

GAO/HRD-89-97, Sept. 12.

In 1980, Congress amended the Public Health Service Act to give special attention to efforts, both at the national and at the state and local levels, to prevent mental disability. As of April 1989, however, GAO found that the national prevention goals, priorities, policies, and programs required by the 1980 amendment had not been established. GAO believes that the Deputy Director for Prevention and Special Projects at NIMH, who is responsible for carrying out the requirements of the 1980 amendment, lacks the resources and authority necessary to accomplish the task. In addition, GAO found that only one person has served as the Assistant Administrator for Prevention at the Alcohol, Drug Abuse, and Mental Health Administration since the position's creation in 1983; he was appointed in August 1985 and served until June 1987. During fiscal year 1987, NIMH funded 42 grants, totaling over \$9 million, that investigated loss-related stress and effective measures to prevent the development of stress-related disorders. However, NIMH's stress-related activities were spread among several divisions with no central direction.

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**Income Security**

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**Private Pensions:  
Plan Provisions Differ  
Between Large and Small  
Employers**

GAO/HRD-89-105BR, Sept. 26.

Employer-sponsored pension plans that qualify for preferential tax treatment must meet several federal rules designed to improve the equity and security of pension benefits. The Joint Committee on Taxation has estimated that tax preferences for qualified employer-sponsored pension plans will result in a \$46 billion loss in tax revenue in 1989. Focusing on the most prevalent types of pension plans in industries having most of these types of plans, this briefing report describes some of the options that large and small employers sponsoring these plans chose in designing their pension plans to meet federal rules. GAO focused on four provisions: (1) how long workers must wait to participate in the plans; (2) how long workers must wait to gain a legal right to receive earned benefits, or "vest;" (3) how plans coordinate or "integrate" benefits with social security; and (4) how long workers must wait to be eligible for full retirement benefits. The report also discusses the impact of some of the changes mandated by the Tax Reform Act of 1986.

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**Social Security:  
Leadership Structure for  
an Independent Social  
Security Administration**

GAO/HRD-89-154, Sept. 13.

On the basis of its own reviews of the management experiences of different agencies and studies by others, GAO concludes that a single administrator rather than a board would be the best management structure for the Social Security Administration. Under a board form of organization, board members are, in principle, able to bring different points of view and different experiences to the decision-making process. GAO's work, however, suggests that, in practice, boards have not proven effective in providing stable leadership, in insulating decisions from political pressures, and in ensuring that diverse viewpoints are considered in the decision-making process. Conversely, the single administrator form of organization offers the advantage of allowing for clear delineation of authority and responsibility—an operational characteristic found in most successful public enterprises.

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**Administration of  
Justice**

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**Justice Automation:  
Security Risk Analyses  
and Plans for Project  
EAGLE Not Yet Prepared**

GAO/IMTEC-89-65, Sept. 19.

Project EAGLE is a Department of Justice project intended to provide office automation systems to its lawyers, managers, secretaries, and other employees. This report provides information on Justice's actions to ensure that information maintained in such systems acquired under Project EAGLE is properly safeguarded. Although sensitive information will be contained in the Project EAGLE systems, GAO found that Justice has neither developed security plans nor done risk analyses for these systems. The Computer Act of 1987 and other federal regulations require that these actions be taken to protect information against unauthorized access or disclosure. After discussions with GAO, Justice officials agreed to revise their approach and begin preparing the risk analyses and security plans prior to rather than after the installation and operation of the EAGLE systems.

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**Computer Systems:  
Types and Sources of  
Department of State  
Lookout Records**

GAO/IMTEC-89-71FS, Sept. 29.

Computerized information systems, commonly known as lookout systems, are used today to process persons seeking entry into the United States. Generally, these systems are used to screen out persons whose presence in this country would be undesirable and to identify those of interest to law enforcement agencies. This fact sheet addresses the types and sources of records found in the Department of State's Automated Visa Lookout System.

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**General Government**

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**Budget Issues:  
Agency Authority to  
Borrow Should Be Granted  
More Selectively**

GAO/AFMD-89-4, Sept. 15.

Agencies with authority to borrow are financing a large portion of their programs with debt. Such financing is relatively uncontrolled by Congress because it is available without annual appropriation action. From fiscal years 1978 through 1987, agencies used \$353 billion in authority to borrow to obtain funds. Agencies are repaying this debt with appropriations or new borrowing rather than with collections. GAO recommends that only those accounts that will, in all likelihood, be able to repay their borrowings entirely with collections be granted authority to borrow. It also recommends that accounts with authority to borrow be required to repay their debt with collections and that the number of years they can use authority to borrow and the amount of debt they can accumulate be limited.

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**Tax Policy and  
Administration:  
The Research Tax Credit  
Has Stimulated Some  
Additional Research  
Spending**

GAO/GGD-89-114, Sept. 5.

Concerned about the competitiveness of American firms, Congress in 1981 established a temporary business tax credit for qualified research and experimentation expenditures over a base amount. GAO estimates that the credit stimulated between \$1 billion and \$2.5 billion of additional research spending between 1981 and 1985 at a cost of \$7 billion in tax revenues. Thus, each dollar of taxes foregone stimulated between 15 and 36 cents of research spending. Although the amount of spending stimulated by the credit was well below the credit's revenue cost, total benefits may be much higher. To ensure that the credit continues to provide an attractive incentive to most taxpayers at an acceptable revenue

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cost, the base and index should be reviewed periodically and adjusted as needed. IRS revenue agents believe the tax credit, which is administered through corporate audits, is relatively difficult to enforce. IRS questioned the credit claimed by 79 percent of the corporations that had their credit audited; however, regulations recently issued by IRS should help resolve questions over the definition of qualified research expenditures.

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**Tax Policy:  
Value-Added Tax Issues  
for U.S. Tax Policymakers**

GAO/GGD-89-125BR, Sept. 15.

Many European countries have adopted a value-added tax and rely on it as a major source of tax revenue. From time to time, the idea of initiating such a tax in the United States has appealed to U.S. tax policymakers. This briefing report provides information about the value-added tax, including how the tax would operate, its relative advantages and disadvantages, and the experience of European countries. It also discusses key issues that would face U.S. tax policymakers in deciding whether or not to enact this type of tax.

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**Tax Policy:  
The Insurance Excise Tax  
and Competition for U.S.  
Reinsurance Premiums**

GAO/GGD-89-115BR, Sept. 25.

American reinsurance representatives argue that an increased tax burden resulting from Tax Reform Act of 1986 has affected their ability to compete in the American market because some foreign reinsurers are not subject to the same tax treatment as their U.S. counterparts. Available data, however, are limited and GAO could not draw any conclusions about whether the competitiveness of U.S. reinsurers in the domestic market has been affected positively or negatively by the comprehensive tax changes of 1986. Although GAO found that the foreign share of the U.S. reinsurance market has grown since tax reform, the foreign industry's share was also relatively high during the 1960s.

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**Financial Disclosure:  
Legislative Branch  
Systems Improved but Can  
Be Further Strengthened**

GAO/GGD-89-103, Sept. 8.

The Ethics in Government Act requires public financial disclosure by Members of Congress, other legislative branch officials, and congressional candidates. Since GAO's last review in 1981, the House and Senate have made substantial progress in improving their financial disclosure systems. Various steps have been taken to detect and reduce reporting errors and to improve follow-up when reports are overdue. Clarified forms and instructions have been issued, and report review checklists

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have been developed. As a result, between 1981 and 1987, filing compliance improved overall. Filing by candidates other than current Members of Congress, while better than in 1980, remains a problem. About one-half of the candidates for the House and Senate either filed late or not at all in 1986. Earlier identification of candidates by the House and Senate and better follow-up by the House of delinquent reports, including referrals to the Attorney General when appropriate, could enhance filing compliance among candidates.

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**Pay for Performance:  
Agency Personnel  
Directors' Views**

GAO/GGD-89-126FS, Sept. 15.

In response to a letter sent to personnel directors at agencies having 50 or more Performance Management and Recognition System employees, 14 percent of the personnel directors said employees at their agencies viewed the system more positively than did employees interviewed for an earlier GAO briefing report. About 73 percent of the directors said PMRS did not meet, or only partially met, the goals their agencies wanted to achieve through a pay-for-performance system. Although there was little consensus among personnel directors on how PMRS should be changed, the two most frequently cited suggestions were (1) to give agencies more flexibility in designing a pay-for-performance system that fits their goals and culture and (2) to increase funding for performance awards.

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**Federal Records:  
Removal of Agency  
Documents by Senior  
Officials Upon Leaving  
Office**

GAO/GGD-89-91, July 25.

Some Cabinet members have, upon leaving office, taken documents related to official government business. Often these documents are incorporated into collections of "personal papers" that are later placed in public or private archives. GAO found that the legality of such document removal by senior officials depends on whether the materials qualify as "records." Federal records are legally defined as documentary materials that (1) are made or received by an agency under federal law or in the course of public business and (2) have been or are worthy of being preserved because they contain valuable information or because they document an agency's activities. Federal laws do not govern removal of nonrecord materials, which include copies made for convenience of reference and personal papers relating only to an individual's private matters and not to agency business. The two primary record management laws are the Federal Records Act of 1950 and the Records Disposal Act of 1943. While records management oversight is shared by

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the National Archives and Records Administration, GSA, and OMB, individual agencies are primarily responsible for managing their own records. Of 13 Cabinet departments that GAO examined, 12 reported that at least five officials planned to remove agency documents. In accordance with legal requirements, none of the 12 departments would permit officials to remove records, although 11 would allow some copies of records to be removed.

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**Federal Pay:  
Complexities in  
Calculating Federal  
Civilian Firefighters' Pay**

GAO/GGD-89-131, Sept. 29.

GAO focused its review on DOD because it employs most of the federal firefighters. Payroll officials at most of the 17 military installations GAO visited did not believe the complexity of the federal civilian firefighters' pay calculations is causing payroll errors. While GAO's recomputation of a sample of pay calculations done by each of the eight payroll systems showed that most calculations were done correctly, GAO identified two types of payroll calculation errors—one-time, random mistakes and those resulting from misinterpretations of regulations. Because the one-time mistakes as well as the misinterpretation errors occurred in parts of the pay calculations that were done manually, GAO believes that such errors will be less likely to occur, regardless of the complexity of the calculations, when DOD complete the full automation of its payroll systems. DOD expects all of its payroll systems to be fully automated by December 1992. However, GAO also identified six instances in which federal firefighters were promoted to supervisory positions and continued working the same number of hours but received less pay because, as supervisors, they were no longer entitled to overtime pay. This situation could reduce the pool of qualified applicants for supervisory positions. Consequently, GAO recommends that Congress enact legislation to change current pay provisions so that firefighters' pay is not reduced upon promotion.

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**Internal Controls:  
Bureau of Indian Affairs'  
Section 638 Contracts  
With Tribal Organizations**

GAO/RCED-89-185FS, Aug. 18.

The Indian Self-Determination and Education Assistance Act was enacted in 1975 to give tribal organizations a legal framework to manage their own affairs. The law authorizes the Department of the Interior's Bureau of Indian Affairs to award contracts to tribal organizations to administer such programs as tribal courts, law enforcement, and social services that would otherwise be administered by the Bureau. In this followup to a 1981 GAO report, GAO found that among those Bureau

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offices it reviewed, the Bureau had corrected some problems noted before, such as awarding contracts retroactively and not including measurable performance criteria in contracts. But other problems the report noted—including inadequacies in contract monitoring, financial systems, and management of government property—remain.

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**Computer Security:  
Identification of Sensitive  
Systems Operated on  
Behalf of Ten Agencies**

GAO/IMTEC-89-70, Sept. 27.

GAO obtained 10 federal agencies' lists of sensitive computer systems operated by contractors, states, or other organizations. GAO also obtained descriptions of the agencies' approaches to responding to November 1988 and March 1989 congressional requests for lists of these sensitive computer systems. Nine of the 10 agencies identified a total of 1,032 sensitive systems operated by contractors or other organizations and none operated by state governments. One agency, the Environmental Protection Agency, reported that it operates all of its own sensitive computer systems. Generally, in responding to the November 1988 congressional request, the 10 agencies asked their main organizational components to identify such sensitive computer systems. The agencies' headquarters consolidated the information they received and prepared an agency response. The March 1989 congressional request noted that the original responses did not appear to include all systems operated by contractors, states, or other organizations. In reply, 5 of the 10 agencies reported 220 additional systems operated by contractors or other organizations.

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**Commerce Business Daily:  
Classification of  
Procurement Notices**

GAO/GGD-89-113BR, Aug. 23.

The Commerce Business Daily, which is published by the Department of Commerce, is the means by which government agencies notify the public of proposed U.S. government procurements, contract awards, sources sought, surplus property sales, and other related notices. Concerns had been raised about the effect of misclassified notices on full and open procurement competition. GAO determined that about 6 percent of over 2,400 procurement notice synopses listed in four editions of the CBD were misclassified. Commerce has been aware of the misclassification problem and has issued a guide for preparing synopses to help contracting officers accurately classify proposed procurement actions. Commerce also is replacing the present classification system with one that is more detailed and descriptive.

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## Congressional Testimony by GAO Officials

Observations on Management of Department of Education's Office of Special Education and Rehabilitative Services, by William J. Gainer, Director of Education and Employment Issues, before the Subcommittee on Select Education, House Committee on Education and Labor. GAO/T-HRD-89-34, Sept. 7.

Strengthening Trade Practice Oversight, by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the Senate Committee on Agriculture, Nutrition, and Forestry. GAO/T-GGD-89-3, Sept. 8.

Issues Surrounding Underwriting Standards Developed by the Federal Agricultural Mortgage Corporation, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on Policy Research and Insurance, House Committee on Banking, Finance and Urban Affairs. GAO/T-RCED-89-62, Sept. 12.

Problems With Incompatible Uses on National Wildlife Refuges, by James Duffus III, Director of Natural Resources Management Issues, before the Environment, Energy, and Natural Resources Subcommittee, House Committee on Government Operations, and before the Fisheries and Wildlife Conservation and the Environment Subcommittee, House Committee on Merchant Marine and Fisheries. GAO/T-RCED-89-61, Sept. 12.

GAO Audits of Accounting and Financial Management Systems at the Federal Housing Administration, by Dennis J. Duquette, Director of Agency Financial Audits, before the Subcommittee on Housing and Community Development, House Committee on Banking, Finance and Urban Affairs. GAO/T-AFMD-89-14, Sept. 13.

Processing Soviet Refugees, by Nancy R. Kingsbury, Director of Foreign Economic Assistance Issues, before the Subcommittee on Immigration, Refugees and International Law, House Committee on the Judiciary, and before the Subcommittee on Europe and the Middle East, House Committee on Foreign Affairs. GAO/T-NSIAD-89-47, Sept. 14.

Financial Condition of the Federal Deposit Insurance Corporation's Bank Insurance Fund, by Robert W. Gramling, Director of Corporate Financial Audits, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance, House Committee on Banking, Finance and Urban Affairs. GAO/T-AFMD 89 15, Sept. 19.

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Status of 1990 Census Promotion and Outreach Activities, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Census and Population, House Committee on Post Office and Civil Service. GAO/T-GGD-89-40, Sept. 20.

Barriers to Competition in the Airline Industry, by Kenneth M. Mead, Director of Transportation Issues, before the Subcommittee on Aviation, House Committee on Public Works and Transportation. GAO/T-RCED-89-66, Sept. 21.

Underrepresentation of Minorities and Women in the Foreign Service, by Joseph E. Kelley, Director of Security and International Relations Issues, before the Subcommittee on Civil Service, House Committee on Post Office and Civil Service. GAO/T-NSIAD-89-49, Sept. 22.

Lessons Learned About Evaluation of Federal Asset Sale Proposals, by Neal P. Curtin, Director of Planning and Reporting Resources, before the Subcommittee on Water, Power and Offshore Energy Resources, House Committee on Interior and Insular Affairs. GAO/T-RCED-89-70, Sept. 26.

Public Buildings: Own or Lease?, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Public Buildings and Grounds, House Committee on Public Works and Transportation. GAO/T-GGD-89-42, Sept. 26.

Postal Service Management of Work-Related Injuries, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Postal Personnel and Modernization, House Committee on Post Office and Civil Service. GAO/T-GGD-89-41, Sept. 28.

1988 Financial Audit: Federal Housing Administration, by Charles A. Bowsher, Comptroller General of the United States, before the Subcommittee on Housing and Urban Affairs, Senate Committee on Banking, Housing and Urban Affairs. GAO/T-AFMD-89-17, Sept. 27.

Implementation of the Federal Onshore Oil and Gas Leasing Reform Act of 1987, by James Duffus III, Director of Natural Resources Management Issues, before the Subcommittee on Mining and Natural Resources, House Committee on Interior and Insular Affairs. GAO/T-RCED-89-69, Sept. 28.

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Usefulness of Space Power Research to Ground-Based Nuclear Reactor Systems, by Keith O. Fultz, Director of Energy Issues, before the Energy Research and Development Subcommittee, House Committee on Science, Space and Technology. GAO/T-RCED-89-64, Sept. 30.

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### NATIONAL DEFENSE

- Electronic Warfare:  
Reliable Equipment Needed to  
Test Air Force's Electronic Warfare  
Systems  
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