

Highlights of [GAO-04-481](#), a report to congressional recipients

Why GAO Did This Study

The Notification and Federal Employee Antidiscrimination and Retaliation (No FEAR) Act, which took effect October 1, 2003, requires agencies to repay discrimination settlements and judgments paid on their behalf. The No FEAR Act is similar to the Contract Disputes Act (CDA) of 1978, which holds agencies accountable for payment in contract disputes. Under both laws, federal agencies must reimburse the Judgment Fund, which is administered by the Treasury Department. Before the No FEAR Act, agencies did not have to repay the fund.

The No FEAR Act requires GAO to review the financial impact on Treasury of administering that law and CDA. Based on this requirement, this report provides information on (1) Treasury's estimates of its costs to process discrimination claim payments and CDA payments in fiscal year 2003 and its costs to process and seek reimbursement for claim payments under lawsuits covered by the No FEAR Act beginning in fiscal year 2004, (2) differences in claims processing and reimbursement efforts under CDA and the No FEAR Act, and (3) the extent of federal agency compliance with CDA's reimbursement requirements and Treasury's view of how effective its No FEAR Act collection efforts may be. We make no recommendations in this report. Treasury officials had no official comment on the report.

www.gao.gov/cgi-bin/getrpt?GAO-04-481.

To view the full product, including the scope and methodology, click on the link above. For more information, contact George H. Stalcup at (202) 512-9490 or stalcupg@gao.gov.

JUDGMENT FUND

Treasury's Estimates of Claim Payment Processing Costs Under the No FEAR Act and Contract Disputes Act

What GAO Found

Treasury estimates that it cost about \$334,000 to certify, pay, and seek reimbursement for CDA claim payments in fiscal year 2003, and about \$240,000 to certify and pay discrimination claims that year. For fiscal year 2004, assuming relatively constant case and processing cost levels, and agency compliance with reimbursement requirements similar to that experienced under CDA, Treasury estimates that it will incur about \$171,500 in personnel costs in order to seek reimbursements for No FEAR claim payments (see table below). These include recurring costs to set up and administer accounts receivable and seek reimbursement from agencies for claims paid out of the Judgment Fund and a one-time cost for in-house personnel to upgrade computer systems.

Although the certification, payment, and accounting processes that Treasury uses for the No FEAR Act are virtually the same as those used for CDA, the procedures Treasury is required to use to seek reimbursement for claims paid under the No FEAR Act will differ. For example, as part of Treasury's effort to seek reimbursement for No FEAR Act claims paid, No FEAR Act regulations require Treasury to record on its public Web site the failure of agencies to make reimbursement or arrange to make reimbursement within a specified time limit. There is no similar requirement under CDA claims.

During fiscal years 2001, 2002, and 2003, federal agencies reimbursed Treasury for fewer than one of every five dollars owed under CDA, with at least 18 agencies having unpaid amounts at the end of each fiscal year. According to Treasury, while its No FEAR Act collection efforts are just beginning, reimbursement rates under the act may be as low as under CDA because the No FEAR Act, like CDA, does not impose reimbursement deadlines on agencies, and Treasury has very little authority to enforce reimbursement.

Estimated Cost of Seeking Reimbursement for No FEAR Act Claim Payments in Fiscal Year 2004



Reimbursement collection efforts	\$115,004
Accounts receivable set-up and administration	\$4,442
System upgrades for the No Fear Act	\$52,000
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Total	\$171,446

Source: Department of Treasury, images, PhotoDisc.