A summary of open General Accounting Office recommendations for legislative action, designed to assist the chairmen and ranking minority members of committees in overseeing Federal programs and agencies, is presented.

Findings/Conclusions: Legislative recommendations were referred to the following Senate Committees: Agriculture and Forestry; Appropriations; Armed Services; Banking, Housing and Urban Affairs; Commerce; District of Columbia; Finance; Foreign Relations; Government Operations; Interior and Insular Affairs; Judiciary; Labor and Public Welfare; Post Office and Civil Service; Public Works; Veterans' Affairs; and Select Committee on Small Business. Legislative recommendations were also referred to the following House Committees: Agriculture; Appropriations; Armed Services; Banking, Currency and Housing; District of Columbia; Education and Labor; Government Operations; Interior and Insular Affairs; International Relations; Interstate and Foreign Commerce; Judiciary; Merchant Marine and Fisheries; Post Office and Civil Service; Public
Works and Transportation; Rules; Small Business; Veterans' Affairs; Ways and Means; and Select Committee on Aging. Legislative recommendations were referred to the following Joint Committees: Atomic Energy; Economic; Internal Revenue Taxation; and Printing. Summaries of each recommendation include a reference to the report in which the recommendation appears and a list of the relevant committees. (SC)
Summary Of Open GAO Recommendations For Legislative Action As Of Dec. 31, 1976
To the President of the Senate and the Speaker of the House of Representatives

This is our summary of open GAO recommendations for legislative action, submitted each year to assist the chairmen and ranking minority members of committees in overseeing Federal programs and agencies.

Following each recommendation is a reference to the report in which the recommendation appears. Page iii will tell you how to get a copy of these reports; for more detailed information contact the division identified by the abbreviation following the report title. We have also provided a guide to pages of this report that will interest individual committees.

We would be glad to discuss the reports and recommendations with you and your staffs. A directory of divisional representatives for you to contact is included.

Comptroller General
of the United States
CONGRESSIONAL COMMITTEES TO WHICH OPEN
LEGISLATIVE RECOMMENDATIONS WERE REFERRED

Recommendations on pages:

SENATE COMMITTEE ON:
  Agriculture and Forestry...... 2,3,4,14,122
  Appropriations................ 2,4,30,58,59,61,89,100,101
                                105,107,108,115,119,122,132
  Armed Services................. 28,56,100,101,102,103,104,105,107,108
  Banking, Housing and Urban
    Affairs..................... 12,13,15,127
  Commerce...................... 7,8,9,10,33,62,74,118,120,122
  District of Columbia......... 28,24,35,49,66,68,69,70,71,76,78,79,81,86,87
  Finance....................... 21,28,35,49,66,68,69,70,71
                                76,78,79,81,86,87
  Foreign Relations............. 28,58,61,89,90,107
  Interior and Insular Affairs 44,84,111,112,113,115,116,117,129
  Judiciary.................... 17,23,24,28,32,40,51,55,93,95,96,97,98,122
  Labor and Public Welfare..... 18,19,29,36,56,64,65,67,72
                                73,77
  Post Office and Civil Service 25,26,27,28,29,32,34,37,38
                                39,42,43,50,56,60
  Public Works.................. 17,28,119,121,124,125,126
  Veterans' Affairs............. 56
  Select Committee on
    Small Business............. 113

HOUSE COMMITTEE ON:
  Agriculture................... 2,3,4,14,122
  Appropriations................ 2,4,30,58,59,61,89,100,101
                                105,107,108,115,119,122,132
  Armed Services................. 28,56,100,101,102,103,104,105,107,108
  Banking, Currency and
    Housing..................... 12,13,15,21,127
  District of Columbia......... 28
  Education and Labor.......... 18,19,29,36,77
CONGRESSIONAL COMMITTEES TO WHICH OPEN

LEGISLATIVE RECOMMENDATIONS WERE REFERRED

Recommendations on pages:

Interior and Insular Affairs..44,84,111,112,113,115,116,117,129
International Relations........28,58,61,89,90,107
Interstate and Foreign Com-
merce..........................7,9,33,56,62,64,65,67,70,71,72,73,74,78
Judiciary.......................17,23,24,28,32,40,51,55,33,94,95,96,97,98,101
Merchant Marine and Fisheries.8,118,120
Post Office and Civil Service.25,27,28,29,33,34,37,38,39,42,43,50,56,60
Public Works and Trans-
portation......................10,12,28,119,121,124,125,126
Rules............................52
Small Business.................117
Veterans' Affairs..............56
Ways and Means................24,35,49,56,68,69,70,76,79,81,86,87,127
Select Committee on Aging.....71

JOINING COMMITTEE ON:
Atomic Energy....................128
Economic.........................105
Internal Revenue Taxation.....24,49,76
Printing.........................30
GAC DIRECTORY

Please call the numbers listed below for more extensive information regarding the subjects covered in this report.

<table>
<thead>
<tr>
<th>Division</th>
<th>Contact representative</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEDD--Community and Economic Development Division</td>
<td>Mr. Hunter</td>
<td>275-5479</td>
</tr>
<tr>
<td>EMD--Energy and Minerals Division</td>
<td>Mr. Bachkosky</td>
<td>376-5310</td>
</tr>
<tr>
<td>FPCD--Federal Personnel &amp; Compensation Division</td>
<td>Mr. Schuler</td>
<td>275-2997</td>
</tr>
<tr>
<td>FOD--Field Operations Division</td>
<td>Mr. Stevens</td>
<td>275-5497</td>
</tr>
<tr>
<td>FGMSD--Financial &amp; General Management Studies Division</td>
<td>Mr. Kensky</td>
<td>275-5198</td>
</tr>
<tr>
<td>GGD--General Government Division</td>
<td>Mr. McDowell</td>
<td>275-6013</td>
</tr>
<tr>
<td>HAD--Human Resources Division</td>
<td>Mr. Quattrociocchi</td>
<td>275-5900</td>
</tr>
<tr>
<td>ID--International Division</td>
<td>Mr. Abbott</td>
<td>275-6152</td>
</tr>
<tr>
<td>LCD--Logistics and Communications Division</td>
<td>Mr. Hel.er</td>
<td>275-5134</td>
</tr>
<tr>
<td>PSAD--Procurement and Systems Acquisition Division</td>
<td>Mr. Pennington</td>
<td>382-1771</td>
</tr>
<tr>
<td>PAD--Program Analysis Division</td>
<td>Mr. Smith</td>
<td>376-5318</td>
</tr>
</tbody>
</table>

For additional copies of this and for other GAO reports, please call Ms. Sue Schriner, Office of Congressional Relations, on 275-5388.
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congressional Committees to Which Open Legislative Recommendations Were Referred</td>
<td>i</td>
</tr>
<tr>
<td>GAO Directory</td>
<td>iii</td>
</tr>
<tr>
<td>Open Legislative Recommendations</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>1</td>
</tr>
<tr>
<td>Need to eliminate small cost-share increases under the agricultural conservation program</td>
<td>2</td>
</tr>
<tr>
<td>Need for GAO to have access to records of boards of trade and others subject to the Commodity Futures Trading Commission Act</td>
<td>3</td>
</tr>
<tr>
<td>Federal role in relieving agricultural producers' crop losses</td>
<td>4</td>
</tr>
<tr>
<td>Commerce and Transportation</td>
<td>6</td>
</tr>
<tr>
<td>Need to obtain end-use and economic impact information to evaluate the effectiveness of the natural gas curtailment policy</td>
<td>7</td>
</tr>
<tr>
<td>Government support of the shipbuilding industrial base</td>
<td>8</td>
</tr>
<tr>
<td>Industry capacity for producing rails and crossties to rehabilitate railroad tracks nationwide</td>
<td>9</td>
</tr>
<tr>
<td>Federal Aviation Administration should do more to detect civilian pilots' medical problems</td>
<td>10</td>
</tr>
<tr>
<td>Community and Regional Development</td>
<td>11</td>
</tr>
<tr>
<td>Federally regulated financial institutions should be prohibited from purchasing mortgages on certain property not protected by flood insurance</td>
<td>12</td>
</tr>
<tr>
<td>Meeting application and review requirements for block grants under title I of the Housing and Community Development Act of 1974</td>
<td>13</td>
</tr>
</tbody>
</table>
Progress and problems in giving rural areas first priority when locating Federal facilities.... 14

Need to improve the formula for allocating community development grant funds.................. 15

Education, Manpower, and Social Services............... 16

Protecting American labor from competing immigrants.. 17

The Occupational Safety and Health Administration lacks inspection responsibility over Federal workplaces.................. 18

States' protection of workers needs improvement........................................ 19

General Government................................................ 20

Status of the Renegotiation Act.............................. 21

Law needed to prohibit hiring illegal aliens.............. 23

High-income individuals avoid tax liabilities by declaring bankruptcy.............................. 24

Apportionment requirement for Federal service appointments........................................ 25

Restoring the grades of employees demoted during reductions-in-force............................ 26

Selection of applicants for Federal employment...... 27

Federal retirement systems........................................ 28

Legal limitations on flexible work schedules......... 29

Pricing policy for publications sold to the public by the Government Printing Office......... 30

Industrial funding for General Services Administration's Federal Supply Service............. 31

Foreign students violating conditions of entry while in the U.S. ................................. 32
Need for uniform premium pay provisions.............. 33
Problems in implementing the Intergovernmental Personnel Act of 1970........................................... 34
Need to modernize charges for services to special beneficiaries.............................................. 35
How to improve administration of Federal employees' disability benefits........................................ 36
Process for determining Federal blue-collar employees' pay needs improvement..................................... 37
Need to clarify legislation on closing small post offices................................................................. 38
Policy needed for comparing both pay and benefits of Federal civilian employees with those of private sector employees.................................................. 39
Public expenditures for newly arrived immigrants................................................................. 40
Contracts of the Federal employees health benefits carriers conflict with some State health insurance requirements................................................................. 42
Fundamental changes needed in Federal white-collar pay systems................................................. 43
Conflict-of-interest prohibition for employees of the Mining Enforcement and Safety Administration................................................................. 44
Procurement Commission recommendations needing early congressional consideration................. 45
Proposed changes in laws authorizing assistance for Presidential transitions........................................... 47
Occupational taxes on the alcohol industry should be repealed.......................................................... 49
Cost-of-living allowance for Federal employees in nonforeign areas................................................... 50
FBI domestic intelligence operations............... 51
Operating costs could be reduced by changing rules of the House of Representatives................. 52
Restricted access to bank examination records....... 53
How to increase competition when contracting architects and engineers................................. 54
Controls over immigration are undermined............. 55
Uniform compensation plan needed for Federal physicians and dentists................................. 56
Legislative suggestions to improve congressional control over reimbursements to appropriations................ 58
How the Internal Revenue Service selects income tax returns for audit................................. 59
Civil service disability retirement: improvements needed...................................................... 60
New legislation needed for AID's contracting of consultants and advisors............................... 61
Conflict-of-interest prohibition for employees of the Federal Communications Commission.................. 62
Health.............................................................................. 63
Need to control the quality of imported shellfish................................................................. 64
Food labeling: goals, shortcomings, and proposed changes....................................................... 65
Need for disclosing overlapping financial interests.................................................................. 66
Public hazards from unsatisfactory medical diagnostic products.............................................. 67
Need for improving treatment of chronic kidney failure...................................................... 68
<p>| Authority to designate intermediaries for institutions providing medicare | 69 |
| History of the rising costs of the medicaid and medicare programs and attempts to control these costs (1966-75) | 70 |
| Federal fire safety requirements do not insure life safety in nursing home fires | 71 |
| Proposal to regulate tobacco and tobacco products | 72 |
| Need to clarify how the Food, Drug, and Cosmetic Act applies to Federal agencies and departments | 73 |
| Alternative to criminal penalties for violators of safety requirements | 74 |
| Income Security | 75 |
| Some self-employed persons receive social security credit without paying the tax | 76 |
| Authority to make over miners' checks to their widows | 77 |
| Efforts to enforce institutional utilization review requirements | 78 |
| New child support legislation--its potential impact and how to improve it | 79 |
| Changes needed in programs for rehabilitating recipients of social security disability benefits | 81 |
| Interest | 83 |
| Need to revise criteria for computing interest rates for determining the costs of financing water resources projects | 84 |
| Need for a uniform method of paying interest on Government trust funds | 86 |</p>
<table>
<thead>
<tr>
<th>Proposed changes to the 4-1/4-percent interest limit on Treasury's long term debt</th>
<th>87</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Affair</td>
<td>88</td>
</tr>
<tr>
<td>Identifying all NATO costs in annual security assistance program presentations</td>
<td>89</td>
</tr>
<tr>
<td>Proposals to make the best use of U.S. pavilion facilities after international expositions close</td>
<td>90</td>
</tr>
<tr>
<td>Law Enforcement and Justice</td>
<td>92</td>
</tr>
<tr>
<td>Need to clarify authority for giving inmates gratuities upon release</td>
<td>93</td>
</tr>
<tr>
<td>Difficulties in enforcing and administering the Lobbying Act</td>
<td>94</td>
</tr>
<tr>
<td>Minimum standards for State and local correctional institutions</td>
<td>95</td>
</tr>
<tr>
<td>Improvements needed in U.S. magistrates service</td>
<td>96</td>
</tr>
<tr>
<td>Administrative and financial operations of U.S. district courts</td>
<td>97</td>
</tr>
<tr>
<td>Need to revise fees for process serving</td>
<td>98</td>
</tr>
<tr>
<td>National Defense</td>
<td>99</td>
</tr>
<tr>
<td>Need to assure congressional oversight of acquisition of capital assets through long term leasing</td>
<td>100</td>
</tr>
<tr>
<td>Need to solicit fewer sources for negotiated contracts and to omit preparing determinations and findings for some procurements</td>
<td>101</td>
</tr>
<tr>
<td>Military reenlistment incentives</td>
<td>102</td>
</tr>
<tr>
<td>Using skill and readiness requirements to vary the amount of certain reservists' training</td>
<td>103</td>
</tr>
<tr>
<td>Physical examination requirement for fleet reservists</td>
<td>104</td>
</tr>
<tr>
<td>Need to clarify Federal policy for supporting contractors' independent research and development</td>
<td>105</td>
</tr>
<tr>
<td>Need to reduce the U.S. financial burden for NATO</td>
<td>107</td>
</tr>
<tr>
<td>Questionable use of appropriated funds for transporting Armed Forces exchange cargo</td>
<td>108</td>
</tr>
<tr>
<td>Natural Resources, Environment, and Energy</td>
<td>110</td>
</tr>
<tr>
<td>Proposed changes in onshore oil and gas leasing</td>
<td>111</td>
</tr>
<tr>
<td>Acquiring, for national recreation areas, land containing improved properties</td>
<td>112</td>
</tr>
<tr>
<td>Need to reevaluate the acreage limit on irrigation benefits</td>
<td>113</td>
</tr>
<tr>
<td>Increased emphasis needed on catching up with backlogs in reforesting and improving timber stands in national forests</td>
<td>115</td>
</tr>
<tr>
<td>Proposed changes in the Mining Law of 1872</td>
<td>116</td>
</tr>
<tr>
<td>Improvements needed in administering concession operations in the national parks</td>
<td>117</td>
</tr>
<tr>
<td>Proposed changes in the Fisheries Loan Fund</td>
<td>118</td>
</tr>
<tr>
<td>Research needed to meet the 1983 and 1985 national goals to clean up the Nation's waters</td>
<td>119</td>
</tr>
<tr>
<td>Establishing a network of environmental data systems</td>
<td>120</td>
</tr>
<tr>
<td>Need to extend deadline for legal immunity of applicants for discharge permits</td>
<td>121</td>
</tr>
<tr>
<td>Resources needed to meet the deadline for reregistering pesticides</td>
<td>122</td>
</tr>
</tbody>
</table>
Need to extend deadline for dischargers to fulfill water pollution abatement requirements .......................................................... 124

Improvements needed in operating and maintaining waste-water treatment plants .................................................. 125

Better data collection and planning needed to justify advanced waste treatment facility construction .......................................................... 126

National standards needed for residential energy conservation ................................................................................................. 127

How to better manage uranium resources .......................................................... 128

Proposed changes in Federal coal leasing .......................................................................................................................... 129

Revenue Sharing and General Purpose Fiscal Assistance ............................................................................................................. 130

Need to clarify the Joint Funding Simplification Act ................................................................................................................. 131

Delivering Federal assistance to State and local governments more simply ...................................................................................... 132

Requiring that full information on Federal financial assistance be furnished to State and local governments .................................................................................. 133
AGRICULTURE
NEED TO ELIMINATE SMALL COST-SHARE INCREASES UNDER THE AGRICULTURAL CONSERVATION PROGRAM

A 1938 amendment to the Soil Conservation and Domestic Allotment Act requires that farmers receiving cost shares of less than $200 a year for conservation practices under the Agricultural Conservation Program be paid an additional nominal amount. The intent was to provide greater financial assistance to operators of small farms. The program is administered by the Agricultural Stabilization and Conservation Service, Department of Agriculture.

The nominal payments—which range from $0.40 to $14 each and total about $7 million annually—do not further the objectives of the program and are an administrative burden. These funds could enable thousands more farmers to participate in the program. We therefore recommended that the Congress amend section 8(e) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(e)), to eliminate the provision for cost-share increases. (Report to the Congress: "Greater Conservation Benefits Could Be Attained Under the Rural Environmental Assistance Program," B-114833, Feb. 16, 1972; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Agriculture and Forestry Appropriations
House: Agriculture Appropriations
NEED FOR GAO TO HAVE ACCESS TO RECORDS OF BOARDS OF TRADE AND OTHERS SUBJECT TO THE COMMODITY FUTURES TRADING COMMISSION ACT

The Commodity Futures Trading Commission reviews records of exchanges, brokerage firms, and others subject to the Commodity Futures Trading Commission Act of 1974.

In a February 13, 1974, letter to the Chairman, House Committee on Agriculture; in testimony before the Senate Committee on Agriculture and Forestry on May 20, 1974; and in a letter to Senator Dick Clark on July 30, 1974, we recommended that the Comptroller General be given access to the same records as the Commission so he can effectively evaluate its performance.

For our previous review, access to exchange records was volunteered after negotiations with the Department of Agriculture, the Department of Justice, and the exchanges. However, we have no assurance the exchanges would grant access again. (Contact CED.)

This recommendation is for consideration by the following committees:

Senate: Agriculture and Forestry
House: Agriculture
FEDERAL ROLE IN RELIEVING AGRICULTURAL
PRODUCERS' CROP LOSSES

Two Department of Agriculture programs—an insurance program administered by the Federal Crop Insurance Corporation and a direct-payment program administered by the Agricultural Stabilization and Conservation Service for the Commodity Credit Corporation—now offer agricultural producers some protection against loss of income when crops are damaged or destroyed by natural disasters or other uncontrollable hazards. The President has proposed legislation to expand the insurance program and repeal the payment program. The Department estimates this would save the Government $259 million annually.

If the proposed legislation is to be enacted, the Congress should consider:

--Authorizing the Federal Crop Insurance Corporation to cover uncontrollable conditions preventing producers from planting their crops.

--Authorizing lower-than-full-cost premium rates for producers who might otherwise have to pay prohibitively high rates.

In any event, the Congress should consider adopting those portions of the proposed legislation which would

--make it easier to start a reinsurance program,

--revise the method of funding the Federal Crop Insurance Corporation's administration and operation, and

--otherwise bring the Corporation's laws up to date.

If the disaster payment program is retained, the Congress should reconsider the program's authorizing legislation in the light of inconsistencies in program coverage, eligibility requirements, payment rates, and yield definitions. (Report to the Congress: "Alleviating Agricultural Producers' Crop Losses: What Should The Federal Role Be?" R&D-76-91, May 4, 1976; contact CED.)
This recommendation is for consideration by the following committees:

**Senate:** Agriculture and Forestry
Appropriations

**House:** Agriculture
Appropriations
NEED TO OBTAIN END-USE AND ECONOMIC IMPACT INFORMATION TO EVALUATE THE EFFECTIVENESS OF THE NATURAL GAS CURTAILMENT POLICY

Since the Federal Power Commission's jurisdiction extends only to interstate pipeline companies and not to intrastate pipeline or distributing companies, it cannot obtain enough information to evaluate the effectiveness of its natural gas curtailment policy.

The Commission has recognized the need for end-use and economic impact information but has been unable to obtain it indirectly. The Commission is now trying to solve this problem by cooperating with the Federal Energy Administration. Because of the Commission's past unsuccessful efforts, we are not sure that the current effort will be successful; however, we believe it should continue until its success or failure can be determined. We are recommending that the Commission report to the Congress on the results of the coordinated effort, and if results are not obtained or if the Commission finds the mechanism too cumbersome, it should seek revisions to the Natural Gas Act to extend the Commission's authority to obtain information on (1) natural gas sales by intrastate pipelines and distributing companies and (2) consumers' use of the gas. (Report to Congressman Pierre S. du Pont: "Need for the Federal Power Commission To Evaluate the Effectiveness of the Natural Gas Curtailment Policy," RED-76-18, Sept. 19, 1975; contact EMD.)

This recommendation is for consideration by the following committees:

Senate: Commerce
House: Interstate and Foreign Commerce
GOVERNMENT SUPPORT OF THE SHIPBUILDING INDUSTRIAL BASE

The Government has sought to insure an adequate shipbuilding industry through several types of direct and indirect assistance. The three major direct sources have been (1) Navy construction, (2) merchant ships built through the Maritime Administration's construction subsidy program, and (3) unsubsidized merchant ships built under the Jones Act for use in domestic trade. We studied the effectiveness of the principal Government program to maintain a shipbuilding industrial base and assessed the merchant ship construction subsidy program.

The Maritime Administration has no authority to approve, in appropriate circumstances, subsidized construction of ships in U.S. yards for non-U.S.-flag operation and subsidized U.S.-flag operation for foreign-built ships. Such authority would permit prompt modifications to meet the Nation's changing merchant fleet and shipbuilding capability needs most effectively and economically. The lack of this authority limits the Maritime Administration; for example, in protecting U.S. yards from market vacillations.

We recommended that the Congress consider giving the Maritime Administration greater flexibility in administering merchant marine support programs. (Report to the Congress: "Government Support of the Shipbuilding Industrial Base," PSAD-75-44, Feb. 12, 1975.)

This recommendation is for consideration by the following committees:

Senate: Commerce
House: Merchant Marine and Fisheries
INDUSTRY CAPACITY FOR PRODUCING RAILS AND CROSSTIES TO REHABILITATE RAILROAD TRACKS NATIONWIDE

To illustrate industry's capability to produce rails and crossties for national railroad track rehabilitation, we projected data from a Federal Railroad Administration study of 25 class I railroads. At the present rate of production, shortages in the rail supply could occur unless only the most important lines of the rail system were rehabilitated. We suggested that the Congress could encourage production of rails and crossties for a nationwide rail rehabilitation program by (1) expressing its intent to rehabilitate a specific amount of track in a specific time or (2) making a commitment to rehabilitate the Nation's railroads by a certain time and guaranteeing the purchase of minimum orders of rails and crossties if the railroads are unable to do so. (Report to the Congress: "Industry Capability To Produce Rail and Crossties for Nationwide Railroad Track Rehabilitation," CED-76-150, Sept. 23, 1976.)

This recommendation is for consideration by the following committees:

Senate: Commerce
         Government Operations
House:   Interstate and Foreign Commerce
FEDERAL AVIATION ADMINISTRATION SHOULD DO MORE

TO DETECT CIVILIAN PILOTS' MEDICAL PROBLEMS

To promote flight safety, the Federal Aviation Administration prescribes medical standards for civilian pilots. However, agency medical examination procedures did not identify all pilots who were medically unfit. Additional medical screening could have detected pilot impairments contributing to 28 percent of the accidents resulting from medical factors. Air traffic controllers, military pilots, and international pilots received more extensive medical screening than civilian pilots.

The agency had not enforced its prohibition on airlines' use of pilots which they knew did not meet Federal regulatory requirements. Also, in attempting to identify unfit pilots, the agency had not used some available sources of medical data, such as automobile licensing data, because of legislative restrictions.

We recommended that, to identify more medically unfit pilots, the Congress authorize the Secretary of Transportation to furnish the Aviation Administration with motor vehicle driver data on applicants for medical certificates. (Report to the Congress: "The Federal Aviation Administration Should Do More To Detect Civilian Pilots Having Medical Problems," CED-76-154, Nov. 3, 1976.)

This recommendation is for consideration by the following committees:

Senate: Commerce
House: Public Works and Transportation
COMMUNITY AND REGIONAL DEVELOPMENT
FEDERALLY REGULATED FINANCIAL INSTITUTIONS SHOULD BE PROHIBITED FROM PURCHASING MORTGAGES ON CERTAIN PROPERTY NOT PROTECTED BY FLOOD INSURANCE

The Flood Disaster Protection Act of 1973 requires the purchase of flood insurance when Federal financial assistance is provided for building or improving structures in any area identified as having special flood hazards. However, Federal bank regulatory agencies have defined the term "financial assistance" to include only the original mortgage loans, not secondary market purchases. Thus, flood insurance is not required for mortgages purchased in the secondary market by federally regulated banks.

We recommended that the Secretary of Housing and Urban Development propose legislation to the Congress amending the Flood Disaster Protection Act of 1973 to prohibit federally regulated financial institutions from purchasing, in the secondary market, mortgages on properties that are in designated flood-hazard areas but are not protected by flood insurance. (Report to Congressman James R. Jones on Tulsa, Oklahoma's participation in the national flood insurance program, RED-76-23, Sept. 19, 1975; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Banking, Housing, and Urban Affairs
        Public Works

House: Banking, Currency, and Housing
       Public Works and Transportation
MEETING APPLICATION AND REVIEW REQUIREMENTS FOR

BLOCK GRANTS UNDER TITLE I OF THE HOUSING AND

COMMUNITY DEVELOPMENT ACT OF 1974

One of the legislative objectives of the Housing and Community Development Act of 1974 was to promote greater choices of housing opportunities and to avoid undue concentrations of assisted persons in areas containing a high proportion of low-income persons. However, some communities were planning to locate most or all of their assisted new housing in lower income census tracts.

Our report stated that the Senate Subcommittee on Housing and Urban Affairs may wish to consider clarifying title I of the act as to how much, and under what circumstances, federally assisted new housing can be built where low-income persons, minority populations, and publicly assisted housing are concentrated. (Report to the Subcommittee on Housing and Urban Affairs, Senate Committee on Banking, Housing, and Urban Affairs: "Meeting Application and Review Requirements for Block Grants Under Title I of the Housing and Community Development Act of 1974," RED-76-106, June 23, 1976; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Banking, Housing, and Urban Affairs
House: Banking, Currency, and Housing
Section 901(b) of the Agricultural Act of 1970, as amended, requires all executive agencies to have policies and procedures for giving first priority to locating new offices and other facilities in rural areas. This legislation has had little effect on Federal employment in rural areas. Only 3 of 21 agencies we surveyed had fully complied with the requirement.

We recommended that the Congress (1) have agency representatives and others advise it of site selection requirements, problems, and improvements and (2) provide additional guidance on site selection priorities.

We recommend also that, should the Congress reaffirm section 901(b), it (1) make, or request the President to make, one agency responsible for leadership and coordination of these efforts and (2) direct each agency to establish an affirmative action plan to implement section 901(b). (Report to the Congress: "Progress and Problems In Giving Rural Areas First Priority When Locating Federal Facilities," CED-76-137, Sept. 20, 1976.)

The House Committee on Agriculture plans to schedule hearings on this matter for the first session of the 95th Congress.

This recommendation is for consideration by the following committees:

Senate: Agriculture and Forestry
House: Agriculture
NEED TO IMPROVE THE FORMULA FOR ALLOCATING COMMUNITY DEVELOPMENT GRANT FUNDS

The formula used by the Department of Housing and Urban Development to distribute community development block grants resulted in inequitable allocation of funds to communities. To allocate community development block grant funds more fairly, the Congress should amend section 102 of the Housing and Community Development Act of 1974 to require that the latest census be the source of data for the three variables in the allocation formula until a method can be found for periodically updating the poverty and overcrowded housing variables. The Congress should also direct the Secretary of Housing and Urban Development to undertake the research necessary to develop such a method.

If the Congress intended to distribute block grant funds on the basis of needs, section 106, allocating 80 percent to standard metropolitan statistical areas and 20 percent to other areas, should be amended to more closely approximate the actual differences in the demographic values. The formula also should be revised if the Congress wanted the areas with higher poverty ratios to receive the most funding. One solution would be to amend section 106 to give recipient communities the greater of the amounts arrived at by weighting poverty once and twice—with all allocations then reduced by the same percentage so that total allocations will equal the amount appropriated. (Report to the Congress: "Why the Formula for Allocating Community Development Block Grant Funds Should Be Improved," CED-77-2, Dec. 2, 1976.)

These recommendations are for consideration by the following committees:

Senate: Banking, Housing, and Urban Affairs
House: Banking, Currency, and Housing
EDUCATION, MANPOWER, AND SOCIAL SERVICES
PROTECTING AMERICAN LABOR FROM COMPETING IMMIGRANTS

A provision of the Immigration and Nationality Act (8 U.S.C. 1101) allows the Secretary of Labor to bar issuance of a visa to an alien seeking permanent employment which would adversely affect the American labor market. This provision is known as the labor certification program. It appears that the program has had little effect, because many aliens who enter the labor force are not required to obtain a certificate.

We recommended that the Congress, if it decides added protection from alien workers is needed, consider amending the Immigration and Nationality Act to remove the labor certification exemptions for certain categories of aliens:

--Section 212(a)(14) should be amended to require a labor certification as a prerequisite for admitting aliens who seek admission as

--special immigrants as defined in section 101(A)27(A) (Western Hemisphere aliens), other than parents, spouses, and children of U.S. citizens,

--preference immigrants as described in section 203(a), (1) through (6), and

--nonpreference immigrants described in section 203(a) (8) (Eastern Hemisphere aliens).

--Section 101(a)(15) should be amended so that

--aliens seeking to enter as temporary workers, including those of distinguished merit and ability, are subject to a labor certification review by the Department of Labor and

--other aliens, such as students, who are visiting and can secure permission from the Immigration and Nationalization Service to work, are subject to a Department of Labor certification review.

Report to the House Committee on the Judiciary: "Administration of the Alien Labor Certification Program Should Be Strengthened," MWD-75-2, May 16, 1975; contact HRD.)

This recommendation is for consideration by the following committees:

Senate:  Judiciary
House:   Judiciary
THE OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

LACKS INSPECTION RESPONSIBILITY

OVER FEDERAL WORKPLACES

The Occupational Safety and Health Act of 1970 (29 U.S.C. 651) requires of each Federal agency an effective and comprehensive occupational safety and health program consistent with standards set by the Secretary of Labor.

As authorized by the act, the Occupational Safety and Health Administration enforces compliance in the private sector by inspecting workplaces and assessing fines. The agency does not have the same authority to enforce compliance in the Federal sector. Under Executive Order 11807 (issued Sept. 28, 1974), it may inspect Federal workplaces only if requested by the responsible agencies. No fines are authorized for agency violations.

In March 1973, we recommended that the act be amended to bring Federal workplaces under the Administration's inspection authority. (Report to the Senate Committee on Labor and Public Welfare: "More Concerted Effort Needed by the Federal Government on Occupational Safety and Health Programs for Federal Employees," B-163375, Mar. 15, 1973.)

In another report, we recommended that the Congress amend the act to (1) bring Federal agencies under the inspection authority of the Department of Labor to supplement and strengthen Federal agencies' inspections and (2) require that the results of Labor's inspections of Federal workplaces be reported to the Congress. (Report to the Congress: "Hazardous Working Conditions in Seven Federal Agencies," HRD-76-144, Aug. 4, 1976.) The report included specific legislative language as an appendix.

These recommendations are for consideration by the following committees:

Senate: Labor and Public Welfare
House: Education and Labor
The Occupational Safety and Health Act of 1970 (29 U.S.C. 651) gave the Department of Labor broad authority to permit States to develop and enforce safety and health standards, if the States submit plans which provide that their legal authority, standards, and enforcement are or will be as effective as Labor's in providing safe and healthful workplaces. The Department can award grants of up to 50 percent of a State's operating costs under an approved plan.

The Department approved States' plans on the basis of the States' promises to develop and adopt the necessary authority, standards, and enforcement procedures. The act contains no prerequisites for permitting States to inspect workplaces after plans are approved, so the Department permitted States to inspect workplaces using whatever authorities, standards, and enforcement procedures they had at the time. We recommended that the Congress amend the Occupational Safety and Health Act to require that:

--Grants for State inspections under an approved plan be used only if the State either (1) has obtained Labor's approval of all specific legal authorities, standards, enforcement procedures, standards-adoption provisions, and appeals procedures and has adopted them or (2) agrees to use Labor's established procedures, standards, and provisions until its own are approved and adopted.

--A contract arrangement be used if a State wants to make workplace inspections under the act but is prevented, by limits on its legal authority or by other problems, from operating satisfactorily under a grant arrangement.

--As a condition for inspecting workplaces under the act, a State use all new or modified standards and enforcement criteria adopted by Labor to improve worker protection, until Labor approves the State's own standards and enforcement criteria.

(Report to the Congress: "States' Protection of Workers Needs Improvement," HRD-76-161, Sept. 9, 1976.)

These recommendations are for consideration by the following committees:

Senate: Labor and Public Welfare
House: Education and Labor
GENERAL GOVERNMENT
The Renegotiation Act expired on September 30, 1976, and the Congress adjourned in October 1976 without extending it. Last-minute attempts in the Senate Finance Committee to attach a 15-month extension of the act as a rider on another bill failed.

More importantly, the "Minish bill," H.R. 10680, which was passed by the House and referred to the Senate Finance Committee last January 1976, never got out of the Committee. This bill would introduce reforms and improvements in the operation of the Renegotiation Board, many of which we had recommended. This legislation is expected to be reintroduced early in the new Congress. Our legislative recommendations would:

-- Require the Board to obtain and analyze profit and cost data on sales of standard commercial articles and services to determine whether excessive profits are escaping renegotiation.

-- Amend the Renegotiation Act to provide civil penalties for contractors who fail to file on time.

-- Revise the penalty provision to hold contractors responsible for either furnishing all data required by the Board or showing reasonable cause for not furnishing it.

-- Determine whether the exemption for new, durable, productive equipment is valid, since the release of Government-stockpiled equipment--the rationale for the exemption--has not occurred.

The expiration of the Renegotiation Act will not immediately affect contractor activities. Contractors are required to file reports on renegotiable business performed before October 1, 1976. If the act is not extended, all business performed after September 30, 1976, would become nonrenegotiable.

The current situation has occurred several times in the past. On each occasion the Congress renewed the act on a retroactive basis. On the assumption that the 95th Congress will again adopt a retroactive renewal, industry publications have been advising contractors to continue their reporting and recordkeeping. We endorse the concept of renegotiating excessive profits on Government contracts and subcontracts and, therefore, support the renewal of the Renegotiation Act.
The Board was funded for fiscal year 1977 with a $5.7 million appropriation and is continuing its activities. (Report to the Congress: "Review of the Operation and Activities of the Renegotiation Board," B-163520, May 9, 1973; contact PSAD.)

These recommendations are for consideration by the following committees:

Senate: Finance
House: Banking, Currency, and Housing
LAW NEEDED TO PROHIBIT HIRING ILLEGAL ALIENS

No Federal law prohibits employers from hiring aliens who are in the United States in violation of the Immigration and Nationality Act. Because jobs lure illegal aliens and employers repeatedly hire them, a law is needed to discourage such employment. We recommended that the Congress make it unlawful to hire illegal aliens. (Report to the Congress: "More Needs To Be Done To Reduce the Number and Adverse Impact of Illegal Aliens in the United States," B-125051, Ju. 31, 1973; contact GGD.)

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
Taxpayers with high income have avoided paying taxes by taking advantage of the Bankruptcy Act (11 U.S.C. 1). The Bankruptcy Act, as amended in 1966, gives certain preferences to Federal, State, and local governments not given to other creditors by providing that taxes must be "due and owing" more than 3 years before they can be annulled through bankruptcy.

The Internal Revenue Service (IRS) and the courts have determined that the 3-year period starts on the due date for filing a return rather than on the date of assessment. This reduces the time that IRS has to collect taxes. Because of delays inherent in auditing returns, assessing deficiencies, and going through legal processes, IRS does not always have enough time to collect the taxes before they are discharged through bankruptcy.

We recommended that the Joint Committee on Internal Revenue Taxation initiate legislation to amend section 17 of the Bankruptcy Act (11 U.S.C. 35) to exclude from discharge through bankruptcy any taxes assessed within 3 years before a bankruptcy petition is filed. (Report to the Joint Committee on Internal Revenue Taxation: "Collection of Taxpayers' Delinquent Accounts by the Internal Revenue Service," B-137762, Aug. 9, 1973; contact GGD.)

This recommendation is for consideration by the following committees:

Senate: Finance
         Judiciary
House:  Judiciary
        Ways and Means
Joint:  Internal Revenue Taxation
The Civil Service Act (5 U.S.C. 3306) requires that appointments to competitive civil service positions in the departmental service in Washington, D.C., be apportioned on the basis of population among the States, the territories, and the District of Columbia.

Because of exemptions and waivers, the apportionment requirement has had little effect. We concluded that the requirement had outlived its usefulness. Accordingly, we recommended that the Congress pass proposed legislation to eliminate the requirement. No action was taken on that bill.

A bill was introduced in the 94th Congress and hearings were held in June 1975, but the bill was not reported out of the committee. (Report to the Congress: "Proposed Elimination of the Apportionment Requirement for Appointments in the Departmental Service in the District of Columbia," FPCD-74-44, Nov. 30, 1973.)

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
Some general schedule employees, who were demoted without losing pay because they were displaced from their competitive levels, have received pay increases when restored to previous grades. Employees who continued in their competitive levels without interruption did not receive these unearned pay increases.

The law (5 U.S.C. 5337(a)) provides that under certain conditions, a general schedule employee is entitled to retain his rate of pay for 2 years after demotion. Section 5334(b) provides that when such an employee is promoted or transferred to a position in a higher grade, he is entitled to either basic pay two steps above the rate he would be receiving if his salary were not retained or his existing rate of basic pay, whichever is higher.

We recommended that the Congress consider amending section 5334(b) to entitle an employee demoted without loss of pay only to the rate of pay he would have received had he not been demoted. (Report to the Congress: "Implementation and Impact of Reductions in Civilian Employment, Fiscal Year 1972," FPCD-74-46, July 2, 1974.)

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
SELECTION OF APPLICANTS FOR FEDERAL EMPLOYMENT

When a Federal agency does not fill a vacant position through promotion or reassignment from within, it requests from the Civil Service Commission a list of those eligible for appointment. According to law (5 U.S.C. 3318), the agency must select from the three eligibles on the register who have the highest scores.

However, practical limitations in the accuracy of personnel testing and evaluation prevent applicant scores from being perfectly reliable or valid. As a result, qualified applicants cannot be accurately ranked in exact order of competence.

The Commission registers often include many applicants with the same, or nearly the same, scores. In cases of identical scores, names are usually placed on the register, including the top three positions, in alphabetical order or by other means unrelated to the applicants' qualifications.

In our opinion, requiring selection from the top three eligibles is unrealistically rigid. We recommended that the Congress amend the requirement, allowing the Commission to prescribe alternate selection procedures. (Report to the Congress: "Improvements Needed in Examining and Selecting Applicants for Federal Employment," FPCD-74-57, July 22, 1974.)

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
A number of Federal retirement systems cover approximately 6 million civilian and military personnel. No uniform practices or principles exist for financing these systems. Some include contributions from employees; others are funded wholly by the employers. Some set up funds to fully or partially cover benefits as they are being earned; others merely allocate funds to pay benefits as they become due.

Without a coherent, coordinated Federal retirement policy, programs have evolved piecemeal, resulting in duplicate and inconsistent benefits. In addition, the Congress does not receive complete or consistently developed current and projected financial information on these retirement systems.

We recommended that the Congress hold hearings to develop legislation which would establish (1) an overall Federal retirement policy providing objectives and principles to guide future development and improvement of Government retirement systems and (2) a centralized mechanism for monitoring the development, interrelationship, and cost of retirement programs and to improve the reporting of financial data. In November 1975, the Subcommittee on Retirement and Employee Benefits of the House Post Office and Civil Service Committee held oversight hearings on the funding, adjustment of annuities, and disability retirement provisions of the Civil Service Retirement System. In June 1976, three House committee and subcommittee chairmen asked us to study further the Government's retirement systems. (Report to the Congress: "Federal Retirement Systems--Key Issues, Financial Data, and Benefit Provisions," FPCD-74-93, July 30, 1974.)

This recommendation is for consideration by the following committees:

Senate:  
- Armed Services  
- District of Columbia  
- Foreign Relations  
- Judiciary  
- Post Office and Civil Service  
- Public Works

House:  
- Armed Services  
- District of Columbia  
- International Relations  
- Judiciary  
- Post Office and Civil Service  
- Public Works and Transportation
LEGAL LIMITATIONS ON FLEXIBLE WORK SCHEDULES

Many companies, local governments, and other organizations have adopted an altered workweek using either flexible or compressed work schedules which have benefited both employers and employees. For most Federal employees, however, the workweek is legally limited to five 8-hour days.

Various altered schedules could be applied to selected Federal organizations with resulting benefits to the Government, the employee, and the public. Basic data is needed to identify those work schedules which will contribute most to efficient agency operations.

We recommended that the Civil Service Commission seek legislation to amend paragraphs 6101 and 6102 of title 5, United States Code, and section 7(a)(1) of the Fair Labor Standards Act, as amended, to permit controlled experiments with flexible and compressed work schedules. The Commission sponsored such legislation in the 94th Congress. The Subcommittee on Manpower and Civil Service, House Post Office and Civil Service Committee, held hearings on this bill and a similar bill during 1975 but took no action.

(Report to the Congress: "Legal Limitations on Flexible and Compressed Work Schedules for Federal Employees," FPCD-75-92, Oct. 21, 1974.)

This recommendation is for consideration by the following committees:

Senate:  Labor and Public Welfare
         Post Office and Civil Service
House:   Education and Labor
         Post Office and Civil Service
PRICING POLICY FOR PUBLICATIONS SOLD TO THE PUBLIC

BY THE GOVERNMENT PRINTING OFFICE

The law governing the prices of publications for sale to the public (44 U.S.C. 1708) has remained essentially unchanged since 1932. It provides that selling prices be based on the cost, as determined by the Public Printer, plus 50 percent. Over the years the Public Printers have defined cost, as used in 1708, differently. We suggested that section 1708 be amended to more clearly define cost and to clarify the intent of the 50 percent factor—which has not been applied to the current definition of costs. (Report to the Joint Committee on Printing: "Pricing of Publications Sold to the Public," LCD-75-405, Nov. 19, 1974.)

This recommendation is for consideration by the following committees.

Senate: Appropriations
House: Appropriations
Joint: Joint Committee on Printing
INDUSTRIAL FUNDING FOR GENERAL SERVICES
ADMINISTRATION'S FEDERAL SUPPLY SERVICE

The Federal Supply Service of the General Services Administration (GSA) was created to give the Government an efficient and economical system for procuring and supplying goods and services. We examined the effectiveness of GSA's role in Federal procurement.

GSA sales to civil agencies during fiscal year 1973 amounted to $1.7 billion, or only about 27 percent of the $6.2 billion spent by the agencies for goods and services during the year. By buying through GSA rather than directly from commercial sources, civil agencies presumably saved about $391 million. An additional $300 million could have been saved had agencies used GSA more extensively. However, there is no way to evaluate the overall cost effectiveness of GSA as a supplier of goods and services.

The General Services Administration needs to do a much better job of leading Government procurement by researching its customers' needs and buying practices and monitoring them to insure compliance with its buying policies and regulations. Accordingly, we made several recommendations for improving the Federal Supply Service, including one for formulating legislation to develop an industrial funding concept for GSA procurement and supply operations. (Report to the Congress: "Management of Federal Supply Service Procurement Programs Can Be Improved," PSAD-75-32, Dec. 31, 1974.)

After our report was issued, the Office of Management and Budget rejected the concept of industrial funding for the Federal Supply Service. Nevertheless, we continue to believe that industrial funding is a key building block toward improved operations and suggest that the Congress consider this matter.

This recommendation is for consideration by the following committees:

Senate: Government Operations
House: Government Operations
FOREIGN STUDENTS VIOLATING
CONDITIONS OF ENTRY WHILE IN THE U.S.

Many foreign students obtain the grounds for permanent resident status while in violation of their student status. Foreign student status has become a method for many aliens to gain entry into the United States for acquiring, on a preferential basis, permanent resident status under other provisions of the Immigration and Nationality Act.

We recommended that the Congress impose a mandatory waiting period before foreign students can acquire immigrant status if grounds for such status were acquired while in an illegal status. (Report to the Congress: "Better Controls Needed To Prevent Foreign Students From Violating the Conditions of Their Entry and Stay While in the United States," GGD-75-9, Feb. 4, 1975.)

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
NEED FOR UNIFORM PREMIUM PAY PROVISIONS

The premium pay laws and regulations of the four Federal agencies performing inspections at U.S. ports of entry--the Customs Service, the Immigration and Naturalization Service, the Public Health Service, and the Animal and Plant Health Inspection Service--contain different provisions for compensating inspectors and obtaining reimbursement from parties-in-interest (airlines, shipowners, etc.). These discrepancies cause differences in (1) the number of hours for which different agencies' inspectors who work about the same number of hours are paid and (2) the inspections and the amounts for which parties-in-interest reimburse the Government for the same service.

We recommended that the Congress enact one premium pay law to apply to the four agencies for services at U.S. ports of entry. We also recommended that the Congress enact uniform policy on the charges to be made to the parties-in-interest. (Report to the Congress: "Premium Pay for Federal Inspectors at U.S. Ports-of-Entry," GGD-74-91, Feb. 14, 1975.)

This recommendation is for consideration by the following committees:

Senate: Commerce
Post Office and Civil Service

House: Interstate and Foreign Commerce
Post Office and Civil Service
PROBLEMS IN IMPLEMENTING THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970

We reported to the Chairman, Civil Service Commission, on progress and problems in implementing the Intergovernmental Personnel Act of 1970. One of its sections provides for temporarily assigning employees among Federal, State, or local governments.

One of the principal problems has been the difficulty of attracting State and local government employees for detail to Federal positions where their Federal counterparts received higher salaries or where the cost of living is higher.

If the Congress were to pass amendments proposed by the Commission to allow the salaries of State and local government employees to be supplemental, this problem should be largely overcome. During the 94th Congress, the legislation was passed in the House but was not acted on by the Senate. (Report to the Chairman, Civil Service Commission: "Progress and Problems of Implementing the Intergovernmental Personnel Act of 1970," FPCD-75-85, Mar. 7, 1975.)

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
NEED TO MODERNIZE CHARGES FOR
SERVICES TO SPECIAL BENEFICIARIES

The U.S. Customs Service provides 13 services for which it is reimbursed with a fee fixed by statute. All of these fees were established before 1936, including 10 established in the 1790s. Opportunities for collecting some no longer exist, and others do not cover the costs of the services.

We recommended that the Secretary of the Treasury propose legislation to have statutory fees transferred to his administrative jurisdiction. Such a law would permit the Secretary to (1) raise the fees to a level which would recover all costs, (2) combine fees to eliminate certain administrative work, and (3) eliminate outdated user charges. (Report to the Secretary of the Treasury: "Services for Special Beneficiaries: Costs Not Being Recovered," GGD-75-72, Mar. 10, 1975.)

Section 213 of the Customs Modernization and Simplification Act of 1975, which was referred to the House Committee on Ways and Means on August 1, 1975, contained provisions to repeal certain statutory fees and permit the Secretary to establish such fees, charges, and prices as are appropriate under 31 U.S.C. 483a. While section 213 covered most of the fees in this category, it did not include all such fees. Customs officials believe that the enactment of section 213 would encourage similar legislation for the remaining fees. Hearings on the proposed legislation were held by the Committee on Ways and Means during August 1976.

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
HOW TO IMPROVE ADMINISTRATION OF FEDERAL EMPLOYEES' DISABILITY BENEFITS

The Department of Labor uses an Employees' Compensation Fund to pay disability benefits, due under the Federal Employees' Compensation Act (5 U.S.C. 8101), on behalf of various Government organizations. Each agency must reimburse the fund through Labor. Certain agencies not wholly dependent on annual appropriations from the Congress are required by law to pay an additional amount for their fair share of the administrative costs.

Administrative costs could be reduced if agencies receiving appropriated funds were not required to reimburse the fund for benefits paid. In addition, because they are not specified in the law, certain agencies not wholly dependent upon annual appropriations were not billed extra for their fair share of the fund's administrative costs.

We recommended that Labor propose legislation to include agencies which should be required to pay but which cannot now be legally billed for their fair share.

We suggested that the Congress amend the Federal Employees' Compensation Act to:

-- Apply the fair-share surcharge for administrative costs of fund payments to all agencies identified by Labor as paying benefits from revolving or other funds not wholly dependent on annual appropriations. The Congress should determine whether the surcharge should apply to agencies whose activities are financed from special tax revenues, such as the Federal Old-Age and Survivors Insurance Trust Fund activities of HEW.

-- Strengthen or eliminate the chargeback process, whereby agencies dependent on appropriated funds pay the Department of Labor back for costs incurred due to injuries or deaths of employees.

(Report to the Congress: "How To Improve Administration of the Federal Employees' Compensation Benefits Program," MWD-75-23, Mar. 13, 1975; contact HRD.)

These recommendations are for consideration by the following committees:

Senate: Labor and Public Welfare
House: Education and Labor
Legislation approved in 1972 (5 U.S.C. 5341 et seq.) established the Federal Wage System and codified the principles, policies, and processes which had been handled administratively. The law provides that pay rates for Federal blue-collar employees be fixed and adjusted by administrative action from time to time, to be comparable with prevailing local rates.

The legislative principle of comparable pay is not being attained, because certain other legislative provisions raise pay rates for Federal blue-collar employees above those of their private sector counterparts in the same localities. These provisions include (1) broadening the pay scale at each nonsupervisory grade to five equal steps with a 16 percent range, although most private sector employees are paid under single-rate pay schedules, (2) allowing, under certain conditions, private sector wage rates used in setting Federal rates to be taken from other localities, and (3) basing Federal night differentials on a percentage of employees' scheduled wage rates.

Our report suggested that the Congress reconsider these legislative provisions and also consider allowing pay rates of State and local governments to be included in the comparative process to insure that wage data is sufficiently representative.

Administration-supported legislation to repeal the provision allowing the use of private sector wages from other localities was introduced in the 94th Congress but no action was taken. (Report to the Congress: "Improving the Pay Determination Process for Federal Blue-Collar Employees," FPCD-75-122, June 3, 1975.)

These recommendations are for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
NEED TO CLARIFY LEGISLATION ON
CLOSING SMALL POST OFFICES

The Postal Reorganization Act (39 U.S.C. 101(b)) provides that no small post office shall be closed solely because it operates at a deficit; the Congress intends to insure effective postal services to residents of both urban and rural communities. The Postal Service has required strict criteria to be met before a post office can be closed. This requirement has prevented the Postal Service from saving about $100 million by closing all small post offices where the quality of service is expected to continue.

We recommend that the Congress consider clarifying section 101(b) of the Postal Reorganization Act to read as follows:

"The Postal Service shall maintain effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed for operating at a deficit unless the quality of mail service is maintained; it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities."

(Report to the Congress: "$100 Million Could Be Saved Annually in Postal Operations in Rural America Without Affecting the Quality of Service," GGD-75-87, June 4, 1975.)

The Subcommittees on Postal Service and on Postal Facilities, Mail, and Labor Management of the House Committee on Post Office and Civil Service, held joint hearings on our report on September 23 and 24 and October 8, 1975. The Postal Reorganization Act Amendments of 1976 (Public Law 94-421, Sept. 24, 1976) placed a moratorium on closing small post offices where 35 or more families regularly receive their mail. The moratorium will remain in effect through March 15, 1977.

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
POLICY NEEDED FOR COMPARING BOTH PAY AND BENEFITS
OF FEDERAL CIVILIAN EMPLOYEES WITH THOSE
OF PRIVATE SECTOR EMPLOYEES

A policy is needed for comparing both pay and benefits of Federal civilian employees with those in the private sector so Government employee can receive fair compensation and the Government can compete in the labor market. Various laws establish the principle that pay rates for Federal employees shall be comparable with those in the private sector, but there is no standard or method for assessing the adequacy of Federal employee benefits. Benefits are considered and adjusted by law on a piecemeal basis. Since the pay comparability processes do not recognize the benefit element of compensation they do not fulfill their purpose.

We recommended that the Civil Service Commission, in coordination with the Office of Management and Budget, (1) develop a policy of total compensation comparability for determining Federal employees' pay and benefits and (2) propose legislation to establish the objectives, standards, criteria, and processes for achieving the policy. The Commission has told us that it is awaiting the report of the President's Panel on Federal Compensation and the President's recommendations before submitting a legislative proposal. (Report to the Congress: "Need for a Comparability Policy for Both Pay and Benefits of Federal Civilian Employees," FPCD-75-62, July 1, 1975.)

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
PUBLIC EXPENDITURES FOR NEWLY ARRIVED IMMIGRANTS

In reviewing certain provisions of the Immigration and Nationality Act, we reported that the Congress and the Departments of Justice and State must act to reduce the likelihood of newly arrived immigrants receiving public assistance. Further aliens were acquiring grounds for resident status while in violation of immigration law. (Report to the Congress: "Need To Reduce Public Expenditures for Newly Arrived Immigrants and Correct Inequity in Current Immigration Law," GGD-75-107, July 15, 1975.)

The act provides for deporting those who, within 5 years of entry, become public charges from causes shown to have arisen before entry. For deportation purposes, an immigrant—although wholly supported by public assistance—is considered deportable only if he is legally liable to repay the supporting State and local authority. Thus, most forms of public assistance are not applicable for deportation purposes.

Sponsors' affidavits of support cannot be relied upon to protect taxpayers from having to support many newly arrived immigrants. Authoritative analysis of the legal effect of such affidavits confirms a long held belief that these documents create only a legally unenforceable moral obligation and not a binding legal assurance of support. (Gordon and Rosenfield, Immigration Law and Procedure, (1976) Vol.1 2.39(e), 3.7e (6).)

If the Congress wishes to reduce the likelihood of newly arrived immigrants receiving public assistance, it should amend the Immigration and Nationality Act to either

--define "public charge" as public expenditures directly supporting immigrants unable to earn an adequate living, regardless of whether they are obligated to repay this assistance, or

--require immigrants to demonstrate self-sufficiency for a specified time in the United States before achieving permanent resident status.

The Congress should clarify whether partial support for the general welfare of a low-income person should be included within the meaning of public charge. It should also amend the act to make the affidavit of support a legally enforceable obligation.
If the Congress wishes to eliminate the preferential treatment of aliens who acquire qualifications for entitlement to immigrant status while in violation of immigration laws, it should enact legislation to impose a mandatory waiting period before allowing such aliens to immigrate if they acquired the basis for such status while in violation of immigration laws.

These recommendations are for consideration by the following committees:

Senate: Judiciary
House: Judiciary
CONTRACTS OF THE FEDERAL EMPLOYEES HEALTH BENEFITS CARRIERS CONFLICT WITH SOME STATE HEALTH INSURANCE REQUIREMENTS

Federal health insurance carriers and the States are in some doubt and confusion regarding the applicability of State requirements to Federal health insurance contracts. We recommended that the Subcommittee on Retirement and Employee Benefits, House Committee on Post Office and Civil Service, consider legislation to clarify whether State requirements can alter contracts of Federal employees program carriers. (Report to the Subcommittee on Retirement and Employee Benefits: "Conflicts Between State Health Insurance Requirements and Contracts of the Federal Employees Health Benefits Carriers," MWD-76-49, Oct. 17, 1975; contact HRD.)

The House passed a bill (H.R. 12114), to give provisions of Federal employees program contracts precedence over conflicting State or local laws. The Senate has not acted on this legislation.

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service  
House: Post Office and Civil Service
FUNDAMENTAL CHANGES NEEDED IN FEDERAL WHITE-COLLAR PAY SYSTEMS

The Classification Act of 1949, as amended (5 U.S.C. 5101), is the principal authority for classifying about 1.3 million of the 3 million Federal civilian employees. These employees are in 22 broad occupational groups containing about 430 specific occupations. The act established 18 grades, or levels of work. The law also contains an associated pay structure, the General Schedule. About 140,000 other white-collar employees in 100 agencies, excluding the Postal Service, are under special pay plans.

We reported to the Congress that legislation is needed to change Federal white-collar pay systems. The fixed pay schedules are ill equipped to serve the needs of the work force. They fail to recognize that the labor market consists of distinctive major groups which treat pay differently. Separate systems should be designed around more logical groupings of occupations, and pay rates should be based on the geographic pay patterns of the labor market in which each group competes. Also, individual differences in employees' proficiency and performance should be reflected in their progress through the pay range of a grade. (Report to the Congress: "Federal White-Collar Pay Systems Need Fundamental Changes," FPCD-76-9, Oct. 30, 1975.)

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
CONFLICT-OF-INTEREST PROHIBITION FOR EMPLOYEES OF
THE MINING ENFORCEMENT AND SAFETY ADMINISTRATION

The law (30 U.S.C. 6) prohibits employees of the Bureau of Mines from having certain personal or private interests which may conflict or raise a reasonable question of conflict with their public duties. The Department of Interior has ruled that this law does not apply to employees of the Mining Enforcement and Safety Administration which until 1973 was a part of the Bureau but is now a separate agency. In effect, these employees have been exempted from the law by administrative reorganization.

We recommended that the Congress consider amending the law to include the Administrator and his employees in the prohibition against interests in any mine or the products of any mine under investigation. (Report to the Congress: "Department of the Interior Improves Its Financial Disclosure System for Employees," FPCD-75-167, Dec. 2, 1975.)

This recommendation is for consideration by the following committees:

Senate: Interior and Insular Affairs
House: Interior and Insular Affairs
PROCUREMENT COMMISSION RECOMMENDATIONS NEEDING EARLY CONGRESSIONAL CONSIDERATION

The Commission on Government Procurement was created by the Congress in November 1969 to study how the executive branch's procurement process could be improved. The Commission's report to the Congress in December 1972 contained 149 recommendations, 63 of which were for legislation.

In early 1973, the executive branch set up a program to act on the recommendations and the House Committee on Government Operations asked us to monitor the progress of this program. On December 19, 1975, we published the sixth in a series of reports responding to this congressional request. The seventh is scheduled for early 1977.

The sixth report identified 6 recommendations that have been enacted and another 25 that were incorporated in bills introduced in the House and Senate during the 94th Congress. These included bills (S. 2309 and S. 3005) to create a modern statutory framework for all Federal procurement.

The legislative recommendations covered by these unpassed bills should be given foremost reconsideration by the new Congress because:

--Present statutory guidance on Federal procurement amounting to $70 billion annually is fragmented, out of date, and inconsistent.

--Four years have elapsed since the Commission's report.

--Other important actions on Commission recommendations, such as establishing a Government-wide regulatory system for procurement, depend on this legislation.

Other Commission recommendations that deserve early congressional reconsideration are:

--Clarifying procurement and assistance relationships and creating a policy guidance system for Federal assistance programs. A bill to implement these recommendations was passed by the 94th Congress, but pocket vetoed by the President on October 23, 1976, after the Congress had adjourned.)
--Reorienting budgeting, authorizing, and funding procedures for research and development to a mission approach.

--Streamlining application of socioeconomic programs in the procurement process.


These recommendations are for consideration by the following committees:

Senate:  Government Operations
House:  Government Operations
The Presidential Assistance Act of 1963 authorized the appropriations of at most $900,000 to assist in the expenses of a Presidential transition. These funds were to be divided equally between the incoming administration, for use during the period between election and inauguration, and the outgoing President and Vice President during the first 6 months after they leave office. The Former Presidents Act of 1958 also authorizes a pension to a former President which begins as soon as he leaves office and an office, staff, and other assistance which begin 6 months after he leaves office; all continue to his death.

We recommended that the Congress consider amending both laws so that (1) the Transition Act would apply only to the incoming administration and (2) the Former Presidents Act would include the authorization for all Federal funds needed to provide services and allowances to former Presidents. We also recommended consideration of increasing the funds authorized to assist an incoming administration, because the $450,000 available to the incoming Nixon administration was clearly inadequate in view of its estimated $1.5 million expenses. (Report to the Congress: "Federal Assistance for Presidential Transitions: Recommendation for Changes in Legislation," GGD-76-29, Dec. 24, 1975.)

On August 4, 1976, GAO testified on a bill (H.R. 14886) to increase (1) to $2 million the maximum funds authorized for an incoming administration and (2) to $1 million the funds authorized for outgoing Presidents and Vice Presidents during the first 6 months after they leave office. We stated that the increases in the funds authorized were reasonable but also suggested that the Congress might wish to consider amending the bill to provide, as recommended in our report, the Government employees only be furnished to outgoing Presidents and Vice Presidents on a reimbursable basis. The bill was so amended. On September 13, 1976, we testified on the amended bill before the Senate Government Operations Committee.

The amended bill was passed in both Houses of the Congress and enacted as Public Law 94-499 on October 14, 1976.
No action was taken on our recommendations that the provisions in the Transition Act pertaining to former Presidents and Vice Presidents be transferred to the Former Presidents Act and that the provisions in that act be amended to clarify the items that can be furnished a former President.

These recommendations are for consideration by the following committees:

Senate: Government Operations
House: Government Operations
OCCUPATIONAL TAXES ON THE ALCOHOL INDUSTRY SHOULD BE REPEALED

Compliance with taxes on alcohol-related occupations has dropped below acceptable levels, and enforcement by the Bureau of Alcohol, Tobacco, and Firearms is inadequate. Additional staffing in this area would undoubtedly increase revenues and compliance, but the salient question is not whether enforcement should be increased but whether the tax itself ought to be continued.

Repeal of the occupation taxes appears preferable to increased enforcement. Lost revenue could be recouped, if desired, by an infinitesimal increase in the excise tax on alcohol.

We recommended that the Congress (1) repeal all occupational taxes in sections 5081 through 5148 of the Internal Revenue Code on retail and wholesale dealers in distilled spirits, wine, and beer; manufacturers of non-beverage alcoholic products; brewers; manufacturers of stills; and rectifiers and (2) amend the Federal Alcohol Administration Act to clarify the authority of the Bureau of Alcohol, Tobacco, and Firearms to investigate possible consumer and/or unfair trade practice violations of the act before a permit hearing. (Report to the Joint Committee on Internal Revenue Taxation: "Occupational Taxes on the Alcohol Industry Should Be Repealed," GGD-75-11, Jan. 16, 1976.)

These recommendations are for consideration by the following committees:

Senate: Finance
House: Ways and Means
Joint: Internal Revenue Taxation
The nontaxable cost-of-living allowance is no longer appropriate for compensating Federal employees in nonforeign areas. Since 1948 when the law authorizing the allowances (5 U.S.C. 5941(a)(1) (1970)) was passed, the eligible areas—Alaska, Hawaii, and U.S. territories—have undergone substantial economic, political, and social changes. Also, a definitive policy of making Federal pay comparable with pay in the private sector has been codified. Federal pay is now based on local private sector pay, which is affected by many factors, including cost-of-living. The allowance is discriminatory since it does not apply to Federal employees in many high-cost areas of the continental United States. Special pay rates should be used in lieu of the allowance to overcome any problems in recruiting or retaining employees caused by higher private sector pay levels.

We recommended that the Congress repeal the authority for paying a cost-of-living allowance to Federal employees in nonforeign areas. (Report to the Congress: "Policy of Paying Cost-of-Living Allowances to Federal Employees in Nonforeign Areas Should Be Changed," FPCD-75-161, Feb. 12, 1976.)

This recommendation is for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
FBI DOMESTIC INTELLIGENCE OPERATIONS

At the request of the Chairman of the House Judiciary Committee, we began reviewing the operations of the Federal Bureau of Investigation (FBI). The Chairman asked that we first review the Bureau's domestic intelligence operations.

We reported to the Congress that various changes are needed in these operations. (Report to the House Judiciary Committee: "FBI Domestic Intelligence Operations--Their Purpose and Scope: Issues That Need To Be Resolved," GGD-75-50, Feb. 24, 1975.) The operations are too broad in scope and investigate too many people. The authority for these operations is also unclear.

We recommended that legislation be enacted

--clarifying the authority under which the FBI can initiate and conduct such operations,

--limiting the types of groups and individuals warranting investigation and the extent that investigations can be initiated and continued,

--limiting the extent of nonviolent emergency measures which the Attorney General may authorize the FBI to take to prevent the use of force or violence in violation of Federal law, and

--requiring the Attorney General to periodically advise and report to the Congress on several specified matters to assist it in exercising continuous oversight.

We also made several related recommendations to the Attorney General.

We are currently conducting a followup review to assess the impact of the new FBI guidelines for domestic intelligence operations. The Congress is planning to consider our review in developing any legislation in the area of domestic intelligence.

These recommendations are for consideration by the following committees:

Senate:  Judiciary
House:  Judiciary

51
OPERATING COSTS COULD BE REDUCED BY CHANGING RULES OF THE HOUSE OF REPRESENTATIVES

House Resolution 42, passed April 25, 1967, limits to 25 the number of members who may jointly sponsor a House bill. When more members wish to jointly sponsor a bill, identical bills are introduced. The estimated total annual cost of identical bills may exceed $678,000. We therefore recommended that the House Rules Committee adopt a resolution to allow the full membership of the House to jointly sponsor House bills. (RED-76-104, May 12, 1976; contact CED.)

As of September 13, 1976, 10 House resolutions to increase the number of Members who may jointly sponsor a bill had been introduced; however, too little time was left in the session for action. We anticipate that the subject will be reintroduced in the 95th Congress.

This recommendation is for consideration by the House Committee on Rules.
RESTRICTED ACCESS TO BANK EXAMINATION RECORDS

As in prior years, we could not make a complete annual audit of the Federal Deposit Insurance Corporation because it would not permit unrestricted access to examination reports, files, and other records on the banks it insures. Without such access, we were unable to express an overall opinion on the Corporation's financial statements.

Access to these records is essential because they contain facts, opinions, and recommendations of vital importance to Corporation affairs. The Corporation believes that keeping data on open banks confidential is essential to the proper supervision of banks and to the functioning of deposit insurance.

We recommended that the Congress amend the Federal Deposit Insurance Act to clarify our access to examination reports, files, and other records of the Corporation, the Federal Reserve banks, and the Comptroller of the Currency. For this purpose the third sentence of section 17(b) of the act (12 U.S.C. 1827(b)) should be amended to read as follows:

"The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its accounts and operations and necessary to facilitate the audit, including bank examination reports and related records, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians." (Underlining denotes the change required.)


This recommendation is for consideration by the following committees:

Senate: Government Operations
House: Government Operations
HOW TO INCREASE COMPETITION WHEN CONTRACTING ARCHITECTS AND ENGINEERS

To increase competition among architects and engineers for design contracts, we recommended to the General Services Administration and the Department of Defense that certain procedures for public announcements and discussions be revised. These agencies should direct the coordination of efforts to refine life-cycle cost analyses and their applications to preaward evaluations. We recommended that the Director, Office of Management and Budget, require the Administrator, Office of Federal Procurement Policy, to revise procurement regulations to require that agencies consider each bidder's ability to produce valid life-cycle cost estimates and analyses.

Legislation proposed by the Office of Federal Procurement Policy embodied needed modifications. We recommended that proposed legislation streamlining Federal procurement laws should

--repeal Public Law 92-582 or

--amend the law to require competitive negotiations.


These recommendations are for consideration by the following committees:

Senate: Committee on Government Operations
House: Committee on Government Operations
CONTROLS OVER IMMIGRATION ARE UNDERMINED

Many aliens are employing professional smugglers or using illicit documents to enter and/or remain illegally in the United States. Many illegal aliens are also scheming to obtain legal resident status. These activities are expected to increase seriously as entering and remaining in the United States illegally becomes more difficult. (Report to the Congress: "Smugglers, Illicit Documents, and Schemes Are Undermining U.S. Controls Over Immigration," GGD-76-83, Aug. 30, 1976.)

We recommended that the Congress establish deterrents to curb the professional smuggling of aliens and to prevent nonimmigrants who violate conditions of their entry from obtaining legal resident status, by enacting legislation to:

--Authorize deportation of legal resident aliens based on criminal convictions for smuggling offences.

--Give the Immigration and Naturalization Service authority to seize vehicles used in smuggling aliens.

--Prohibit nonimmigrants from acquiring grounds for legal resident status while in an illegal status.

These recommendations are for consideration by the following committees:

Senate: Judiciary
House: Judiciary
UNIFORM COMPENSATION PLAN NEEDED FOR
FEDERAL PHYSICIANS AND DENTISTS

The Federal Government employs over 39,000 physicians and dentists. Many Federal agencies have experienced difficulty recruiting and retaining these professionals.

 Physicians and dentists in the Federal Government are employed under a number of different pay systems scattered among numerous agencies. Under these systems, similarly qualified physicians and dentists can enter Federal service at different levels, progress at different paces, establish eligibility or special pay on different criteria, receive different fringe benefits and allowances, and thus receive compensation which varies greatly among individuals and systems.

Various study groups, such as the President's Panel on Federal Compensation, have long recognized that certain Federal occupations require separate treatment to assure equitably aligned positions and competitive pay. Many have pointed out that Federal health services professionals should be brought under a single compensation plan so that each practitioner, regardless of agency affiliation, would be evaluated and paid like his colleagues in the Federal service. Nevertheless, separate systems continue.

We recommended that, to help the Government recruit and retain more physicians and dentists, the Congress instruct the Director of the Office of Management and Budget to develop a uniform compensation plan for all Federal physicians and dentists. We also recommended that within at most 1 year after the instruction from the Congress, the Director report to the Congress on the results of Office activities, together with its recommendations for implementing legislation and its cost estimates. (Report to the Congress: "Recruiting and Retaining Federal Physicians and Dentists: Problems, Progress, and Actions Needed for the Future," HRD-76-162, Aug. 30, 1976.)

These recommendations are for consideration by the following committees:

Senate:  Armed Services
Labor and Public Welfare
Post Office and Civil Service
Veterans' Affairs
House:  Armed Services
       Interstate and Foreign Commerce
       Post Office and Civil Service
       Veterans' Affairs
LEGISLATIVE SUGGESTIONS TO IMPROVE CONGRESSIONAL
CONTROL OVER REIMBURSEMENTS TO APPROPRIATIONS

Various laws provide the Department of Defense options for crediting reimbursements for certain expenditures for material, work, or services furnished to other activities. The Department of Defense can credit reimbursements either to the appropriation for the year in which the reimbursement was earned or to the appropriation current when the reimbursement was collected. As a result, the Congress has inadequate control over the use of these funds.

We recommended that the many statutory provisions authorizing Defense's current practices be amended by the Congress so that all reimbursements are credited to appropriations for the year the reimbursements are earned. (Proposed language for legislative changes are contained in app. II of our report to the House Committee on Appropriations: "Reimbursements to Appropriations: Legislative Suggestions for Improved Congressional Control," FGMSD-75-52, Nov. 1, 1976.)

These recommendations are for consideration by the following committees:

Senate: Appropriations
        Foreign Relations
        Government Operations

House: Appropriations
        Government Operations
        International Relations
HOW THE INTERNAL REVENUE SERVICE SELECTS

INDIVIDUAL INCOME TAX RETURNS FOR AUDIT

IRS expends considerable effort and uses sophisticated analytical techniques in developing its long range audit strategy. This strategy determines, to a great extent, the number of audits that will be done and the distribution of that audit coverage among the various taxpayer classes (e.g., low-income business, medium-income nonbusiness). IRS then uses this coverage requirement as a basis for requesting additional audit staff.

In justifying its requests for this staff, however, IRS does not provide the Congress with complete information on the thinking and planning behind the requests. It does not clarify, for example, what strategies were considered, why a particular strategy was selected, and what it hopes to achieve—in terms of increased compliance and dollar yield—as a result of the planned audit effort. With this information, the Congress could better evaluate the request and decide whether the necessary resources should be committed or whether the goals should be revised.

We recommended that the Congress request IRS to provide, as part of its appropriation request, details on the planning and thinking behind its request. (Report to the Joint Committee on Internal Taxation: "How the Internal Revenue Service Selects Individual Income Tax Returns for Audit," GGD-76-55; Nov. 5, 1976.)

This recommendation is for consideration by the following committees:

Senate: Appropriations
House: Appropriations
CIVIL SERVICE DISABILITY RETIREMENT:

IMPROVEMENTS NEEDED

The Congress should reevaluate civil service disability retirement provisions (5 U.S.C. 8337) and enact legislation that will encourage, rather than discourage, retention of potentially productive employees. Such legislation should require Federal agencies to reassign each disabled employee to a vacant position within the same occupational class when he is able to do that job, unless compelling reasons dictate otherwise. Reassignment to a lower graded position should also be authorized, with appropriate incentives such as saved pay.

In addition, the Congress should revise the definition of economic recovery from disability, to prevent annuitants from earning more than their former Government pay while retaining their annuities. Because such annuities are predicated on a level of earned income, the sensitive issue of using Federal tax returns to independently verify reported income should be studied and legislatively resolved. (Report to the Congress: 'Civil Service Disability Retirement: Needed Improvements,' FPCD-76-61, Nov. 19, 1976.)

These recommendations are for consideration by the following committees:

Senate: Post Office and Civil Service
House: Post Office and Civil Service
NEW LEGISLATION NEEDED FOR AID'S CONTRACTING

OF CONSULTANTS AND ADVISORS

Many of the intermittent consultants and experts employed by the Agency for International Development (AID) were Federal retirees. Generally, such retirees are subject to having their fees plus annuity reduced so that the total received does not exceed the daily equivalent of the stated consultant or expert rate. Federal retirees serving in such a capacity with AID, however, are exempted from this reduction.

To establish comparability between intermittent employees of AID and those of all other Federal agencies, we recommended that the Congress amend section 626(b) of the Foreign Assistance Act of 1961 to remove AID's exemption from the laws governing the simultaneous receipt of compensation and government retired pay or annuities. (Report to the Subcommittee on Foreign Operations, Senate Appropriations Committee: "Improvements and New Legislation Needed in AID's Contracting for Consultants and Advisors," ID-76-82, Dec. 27, 1976.)

This legislation is for consideration by the following committees:

Senate: Appropriations
        Foreign Relations

House: Appropriations
       International Relations

61
CONFLICT-OF-INTEREST PROHIBITION FOR EMPLOYEES OF THE FEDERAL COMMUNICATIONS COMMISSION

Section 4(b) of the Federal Communications Act of 1934 restricts the financial holding of Federal Communications Commission employees to preclude conflicts of interest in carrying out their official duties. Literal interpretation of the law's broad, absolute prohibitions could lead to harsh and probably unnecessary limitations on employees, due to recent developments in communications, finance, and business. On the other hand, the law's application is only to the employee and excludes the financial interests of the employee's spouse, minor child, or immediate household member (constructive interests).

We recommended that the Federal Communications Act be amended to (1) apply the prohibition of financial interests only to those companies that the Commission significantly regulates and (2) prohibit conflicting constructive interests of employees. (Report to the Congress: "Actions Needed To Improve the Federal Communications Commission's Financial Disclosure System," FPCD-76-51, Dec. 21, 1976.)

This recommendation is for consideration by the following committees:

Senate: Commerce
House: Interstate and Foreign Commerce
NEED TO CONTROL THE QUALITY OF IMPORTED SHELLFISH

The Food and Drug Administration (FDA) is responsible under the Federal Food, Drug, and Cosmetic Act for insuring that shellfish shipped in interstate commerce is safe for consumption, pure, wholesome, and sanitarily processed.

Although the act provides the regulatory power for controlling such shipments, FDA relies instead on its participation in the national shellfish sanitation program—a voluntary, tripartite cooperative program of Federal, State, and industry representatives. To insure that only safe shellfish are harvested, States must (1) survey open growing areas to check water conditions for pollution and (2) post and patrol closed areas to prevent the harvesting of unsafe shellfish.

However, of the 15.8 million pounds of fresh, frozen, and processed shellfish that were imported into this country in 1971, 12.4 million pounds were harvested from waters uncertified under program standards. Because our laws do not prohibit the importation of foreign shellfish harvested from unknown growing areas, there is no assurance that most of the shellfish came from waters meeting domestic standards.

We suggested that the Congress enact legislation to restrict the source of imported fresh, frozen, and processed shellfish to countries that harvest and process shellfish under conditions which are at least equal to domestic standards. (Report to the Congress: "Protecting the Consumer From Potentially Harmful Shellfish (Clams, Mussels, and Oysters)," B-164031(2), Mar. 29, 1973; contact HRD.)

This recommendation is for consideration by the following committees:

Senate: Labor and Public Welfare
House: Interstate and Foreign Commerce
FOOD LABELING: GOALS, SHORTCOMINGS,
AND PROPOSED CHANGES

Federal laws prescribe labeling requirements to prevent deception and provide that each package and its labels should enable consumers to (1) obtain accurate information on the quantity of the contents and (2) compare the values of similar products. Although most food products comply with Federal packaging and labeling laws and regulations, legislation is needed to give consumers more usable information on food packages and labels, so they can select the products they want.

We recommended that the Congress consider amending the Fair Packaging and Labeling Act (15 U.S.C. 1451) or the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301) to (1) require full disclosure of all ingredients on packaged food products, (2) authorize FDA to require food labels to specify individual spices, flavorings, and colorings, and (3) establish a uniform open dating system for perishable and semiperishable foods. We also recommended that the Congress consider legislation to establish a unit pricing program, including guidelines for designing and maintaining unit price information and educating consumers about its use and benefits. (Report to the Congress: "Food Labeling: Goals, Shortcomings, and Proposed Changes," MWD-75-19, Jan. 29, 1975; contact HRD.)

These recommendations are for consideration by the following committees:

Senate: Labor and Public Welfare
House: Interstate and Foreign Commerce
Hospital advisory boards provide for the control and use of hospitals' physical and financial resources and may assist in and influence the decisionmaking process. If board members or employees have overlapping financial interests in firms assisting the hospital, self-serving arrangements could result.

We recommend that the Congress consider amending the Social Security Act to require hospitals, as a condition for participating in medicare, medicaid, maternal and child health programs, and crippled children's services, to publicly disclose overlapping financial interests of their board members and key employees, including a statement of the extent of competition involved in acquiring goods and services, and arrangements with hospital-based specialists. Such a provision should also be considered for inclusion in any national health insurance legislation.

During 1976, the Subcommittee on Health, Senate Committee on Finance, held hearings on S. 3205, which provided for comprehensive changes in the medicare and medicaid programs. One of the sections of S. 3205 would have required that business dealings between a hospital and its officers and directors be disclosed to the Secretary of Health, Education, and Welfare or the Comptroller General upon request.

On September 10, 1976, because it appeared that the 94th Congress would adjourn before it could complete action on S. 3205, the Chairman of the Subcommittee on Health introduced S. 3801—containing some of the provisions of S. 3205, including the hospital disclosure provision discussed above. However, S. 3801 was not enacted.

The Chairman stated that he plans to reintroduce an improved S. 3205 early in the 95th Congress. (Report to the Congress: "A Proposal for Disclosure of Contractual and Financial Arrangements Between Hospitals and Members of Their Governing Boards and Their Medical Specialists," MWD-75-73, Apr. 30, 1975; contact HRD.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
PUBLIC HAZARDS FROM UNSATISFACTORY MEDICAL DIAGNOSTIC PRODUCTS

Because FDA regulation has not been effective, unreliable in vitro diagnostic products were being sold in the United States and exported to foreign countries. In addition, not all biological in vitro diagnostic products were regulated in the same way, because legislation concerning their regulation was not clear.

Regulation of diagnostic products was strengthened with the enactment of the Medical Device Amendments of 1976 (Public Law 94-295, May 28, 1976), which authorized FDA to (1) require manufacturers of medical diagnostic products to be registered, (2) require in vitro diagnostic product manufacturers to be inspected, (3) obtain access to manufacturers' records to determine compliance with the Federal Food, Drug, and Cosmetic Act, (4) detain suspected violative products, and (5) prevent export of in vitro diagnostic products not meeting U.S. standards.

The act did not give FDA authority to require firms to recall all violative products under its responsibility, nor did it clarify whether diagnostic products of biological origin should be controlled under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301) or licensed in accordance with the Public Health Service Act (42 U.S.C. 262). The Congress may wish to consider these questions further. (Report to the Congress: "Public Hazards From Unsatisfactory Medical Diagnostic Products," MWD-75-52, Apr. 30, 1975; contact HRD.)

These recommendations are for consideration by the following committees:

Senate: Labor and Public Welfare
House: Interstate and Foreign Commerce
NEED FOR IMPROVING TREATMENT
OF CHRONIC KIDNEY FAILURE

Since July 1, 1973, the medicare program has been paying for chronic kidney disease treatment for persons under 65. Because the program's eligibility requirements (42 U.S.C. 426(f)) discriminated against patients who had transplants which failed after 12 months, we recommended legislative language to remedy that situation.

The law states the waiting period for patients:

"Medicare eligibility on the basis of chronic kidney failure shall begin with the third month in which a course of renal dialysis is initiated and would end with the twelfth month after the month in which the person has renal transplant or such course of dialysis is terminated."

We believe the waiting period problem could be alleviated by replacing the period at the end of this section with a semicolon and adding the following language after the semicolon:

"* * * except that Medicare eligibility will resume immediately for a person required to institute a course of renal dialysis due to renal transplant failure occurring subsequent to the twelve-month period following the month of the transplant."

More patients are treated by dialysis than by transplants. Dialysis can be performed at a center or, more cheaply, at the patient's home. We recommended that legislation be considered to encourage greater use of home dialysis. (Report to the Congress: "Treatment of Chronic Kidney Failure: Dialysis, Transplant, Costs, and the Need for More Vigorous Efforts," MWD-75-53, June 24, 1975; contact HRD.)

These recommendations are for consideration by the following committees:

Senate: Finance
House: Ways and Means
AUTHORITY TO DESIGNATE INTERMEDIARIES
FOR INSTITUTIONS PROVIDING MEDICARE

The Social Security Act permits part A providers to select their intermediaries. As a result, no intermediary has an exclusive territory, as do the carriers who handle part B medicare benefits. Having only a few providers in a State increases the intermediaries' costs, which are reimbursed by the Government. We recommended that legislation be initiated to amend section 1816 of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to designate another intermediary when the one selected serves a small number of providers in an area, thus impeding efficient administration. (Report to the House Committee on Ways and Means: "Performance of the Social Security Administration Compared With That of Private Fiscal Intermediaries in Dealing with Institutional Providers of Medicare Services," MWD-76-7, Sept. 30, 1975; contact HRD.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
HISTORY OF THE RISING COSTS OF THE MEDICAID AND MEDICARE PROGRAMS AND ATTEMPTS TO CONTROL THESE COSTS (1966-75)

From 1966 to 1975, annual Federal and State outlays for medicaid and medicare have increased by over $20 million. Inflation, expansion of programs, and increases in recipients all contributed to the rise.

HEW has been slow to respond to legislation and our recommendations to control costs. Over half of our 1966-75 recommendations to control costs have been fulfilled only partially or not at all. HEW has also been slow to implement several provisions of two major health care laws passed during the period.

We recommended that the Social Security Act be amended to:

-- Require HEW to implement fully our recommendations to find more economical methods for paying for durable medical equipment.

-- Require the Social Security Administration to withdraw the Railroad Retirement Board's authority to contract and arrange to have railroad workers' claims processed by the carriers handling all other medicare beneficiary claims.

(Report to the Human Resources Task Force, House Committee on the Budget: "History of the Rising Costs of the Medicaid and Medicare Programs and Attempts to Control These Costs: 1966-1975," MWD-76-93, Feb. 11, 1976; contact HRD.)

A bill (H.R. 8717) to require the Secretary of Health, Education, and Welfare to enter into lease-purchase agreements with suppliers and to encourage such agreements for durable medical equipment was introduced in the first session of the 94th Congress. We recommended that the Congress enact the bill but it was not acted on. However, we expect it to be reintroduced in the next Congress.

These recommendations are for consideration by the following committees:

Senate: Finance
House: Interstate and Foreign Commerce
Ways and Means
FEDERAL FIRE SAFETY REQUIREMENTS DO NOT INSURE LIFE SAFETY IN NURSING HOME FIRES

Two Chicago nursing home fires killed 31 people during early 1976, despite the buildings' compliance with Federal fire safety requirements. Although local fire departments responded promptly to alarms and flames were confined to the rooms where they started, victims died from inhaling smoke and other combustion products. Fire safety experts said automatic sprinklers would have prevented these deaths.

We recommended to the Congress that the Social Security Act be amended to:

--Require all nursing facilities to be fully protected with automatic sprinkler systems.

--Compel HEW to establish rigid standards for nursing facilities requesting that this requirement be waived.


The Subcommittee on Health and Long Term Care, House Select Committee on Aging, reported on nursing home fire safety in September 1976. The Subcommittee Chairman introduced legislation in that month to require all federally funded nursing facilities to install automatic sprinkler protection. We expect this bill to be reintroduced during the next legislative session.

These recommendations are for consideration of the following committees:

Se. ate: Finance
House: Interstate and Foreign Commerce
Select Committee on Aging
PROPOSAL TO REGULATE TOBACCO AND TOBACCO PRODUCTS

Up to 90 percent of human cancer, according to some scientists, is environmentally caused—and controllable. Federal efforts to protect the public from cancer-causing chemicals have not been very effective.

Tobacco and tobacco products are on the National Institute of Cancer's list of known carcinogens. Since 1964 the Surgeon General has reported to the Congress on the relationship between smoking and cancer. For the past 2 years, the Secretary of Health, Education, and Welfare has recommended that the Congress give the executive branch the authority to control hazardous ingredients—such as tar and nicotine—in cigarettes.

We recommended that the Congress request HEW to study the options for regulating tobacco and tobacco products and the impact each would have on the rising U.S. lung cancer rate. The Congress should then consider giving HEW or some other appropriate agency the authority to regulate tobacco and tobacco products. (Report to the Congress: "Federal Efforts To Protect the Public From Cancer-Causing Chemicals Are Not Very Effective," MWD-76-59, June 16, 1976; contact HRD.)

These recommendations are for the consideration of the following committees:

Senate: Labor and Public Welfare
House: Interstate and Foreign Commerce
NEED TO CLARIFY HOW THE FOOD, DRUG, AND COSMETIC ACT
APPLIES TO FEDERAL AGENCIES AND DEPARTMENTS

The Federal Food, Drug, and Cosmetic Act requires FDA to closely control its experiments in administering new drugs to humans. However, FDA's authority to regulate such clinical investigations when sponsored by other Federal agencies is unclear.

We recommended that the Congress resolve the question of the act's applicability to Federal agencies and departments by clarifying its intent regarding regulation of federally sponsored clinical investigations of new drugs. (Report to the Congress: "Federal Control of New Drug Testing Is Not Adequately Protecting Human Test Subjects and the Public," HRD-76-96, July 15, 1976.)

This recommendation is for consideration by the following committees:

Senate: Labor and Public Welfare
House: Interstate and Foreign Commerce
Violations of Federal Hazardous Substances Act and Poison Prevention Packaging Act safety requirements and punishable by criminal penalties. The Department of Justice has often declined to prosecute for de minimis violations (minor breaches of the law or of safety requirements) or for violations corrected promptly after being brought to the attention of the manufacturer, distributor, or retailer.

As an alternative to criminal penalties, we recommended that the Congress amend the Federal Hazardous Substances Act (15 U.S.C. 1264) to authorize the Consumer Product Safety Commission to assess civil money penalties for violations of safety requirements issued under that law and the Poison Prevention Packaging Act. (Report to the Congress: "Better Enforcement of Safety Requirements Needed by the Consumer Product Safety Commission," HRD-76-148, July 26, 1976.)

Senate bill 3755, introduced on August 10, 1976, incorporated our legislative recommendation. The Senate Commerce Committee held hearings on the bill on September 9, 1976, but did not report it out before the 94th Congress adjourned.

This recommendation is for consideration by the following committees:

- Senate: Commerce
- House: Interstate and Foreign Commerce
INCOME SECURITY
SOML SELF-EMPLOYED PERSONS RECEIVE SOCIAL SECURITY CREDIT WITHOUT PAYING THE TAX

The Internal Revenue Service reports to the Social Security Administration the amount reported by taxpayers as income from self-employment, even though such persons may not have paid the applicable social security tax. The self-employed person thus receives credit toward social security benefits even if he has not made the required contribution.

Both IRS and the Social Security Administration are aware of these circumstances, but the statutes do not (1) provide for adjusting the social security records of persons who do not pay social security taxes or (2) state whether a person should receive benefit credits if he has not paid his social security taxes. However, neither agency has proposed legislation to clarify the matter.

We recommend that legislation be initiated to amend section 205(c) of the Social Security Act (42 U.S.C. 405(c)) to prohibit a person from receiving credits toward social security benefits if he has not paid the required tax on self-employment income. (Report to the Joint Committee on Internal Revenue Taxation: "Collection of Taxpayers' Delinquent Accounts by the Internal Revenue Service," B-137762, Aug. 9, 1973; contact GGD.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
Joint: Internal Revenue Taxation
Permitting widows to cash checks made out to deceased miners should improve the process for converting miners' benefits to widows' benefits. Under existing law, however, a surviving widow cannot properly cash a deceased miner's check.

We recommended that the Congress consider a technical amendment incorporating a section, similar to section 205(n) of the Social Security Act, into the black lung law to permit the making over of a deceased miner's check to his widow. (Report to the Special Studies Subcommittee, House Committee on Government Operations: "Further Improvements Needed in Processing Widows' Claims for Black Lung Benefits," MWD-75-44, Dec. 31, 1974; contact HRD.)

This recommendation is for consideration by the following committees:

Senate: Labor and Public Welfare
House: Education and Labor
EFFORTS TO ENFORCE INSTITUTIONAL UTILIZATION REVIEW REQUIREMENTS

Section 1903(g) of the Social Security Act requires quarterly certifications by States that they are reviewing utilization of long term care services. Substantial reductions in Federal funds are mandated when the requirements of this section are not met.

Many States did not promptly certify compliance, as required by law. Furthermore, HEW has taken too much time to review these certifications.

We recommended that the Social Security Act be amended to:

--- Impose a specific time frame on the Secretary for insuring compliance with section 1903(g).

---Prescribe what information must be included in a State's quarterly certification.

---Provide for a simpler procedure for calculating the reduction of Federal funds.

(Report to the Chairman, Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce: "Efforts to Enforce Institutional Utilization Review Requirements," MWD-76-89, Jan. 26, 1976; contact HRD.)

These recommendations are for consideration by the following committees:

Senate: Finance
House: Interstate and Foreign Commerce
NEW CHILD SUPPORT LEGISLATION--ITS POTENTIAL IMPACT AND HOW TO IMPROVE IT

The child support program was started in 1950 and is now authorized under title IV-D of the Social Security Act, as amended (42 U.S.C. 651 et seq.). The Federal Government participates in State programs to locate absent parents, establish paternity, and obtain and enforce child support.

Title IV-D did much to improve child support; however, some program areas could be further improved.

Accordingly, we recommended that the Congress consider the following legislative changes. (Report to the Congress: "New Child Support Legislation--Its Potential Impact and How to Improve It," MWD-76-63, Apr. 5, 1976; contact HRD.)

Provisions for audit, garnishment, and incentives to parents and to localities all could be clarified or improved; therefore, the Congress may wish to consider changing title IV-D as follows:

1. Section 452(a)(4) should be changed to avoid possible duplication of audits and to allow HEW flexibility in deciding what group(s) would carry out evaluations and audits. A revision to this section could read:

"* * * insure that evaluations of the implementation of State programs established pursuant to such plan are made periodically and that an audit of the programs established under such plan in each State is made on a sufficiently frequent basis, but not less often than every ___ years, for the purposes of the penalty provision of section 403(h), to determine whether the actual operation of such programs in each State conforms to the requirements of this part; * * *

The minimum frequency of the audits is left to the discretion of the Congress.

2. Section 458 should be revised to provide for a consistent rate to be used in computing incentive payments to localities so collection efforts will not be concentrated on new cases. A revision to section 458(a) could be:
"* * * (1) an amount equal to _______ per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for any month."

The percentage amount is left to the discretion of the Congress.

3. The garnishment provision in section 459 should be expanded to authorize one or more organizations to issue implementing regulations. Also, the term "legal process" should be defined so that congressional intent is clearly established in the legislation itself. These changes are needed to alleviate confusion over how the garnishment provision should be implemented and to assure that the several States now using administrative means to establish child support will be able to continue these programs. Specific language is not suggested here, because we have commented on Justice Department proposals to change the garnishment provision.

These recommendations are for consideration by the following committees:

Senate: Finance
House: Ways and Means
CHANGES NEEDED IN PROGRAMS FOR REHABILITATING
RECIPIENTS OF SOCIAL SECURITY DISABILITY BENEFITS

The Social Security Amendments of 1965 authorized the use of social security trust funds for vocational rehabilitation of disabled beneficiaries. To this end, the beneficiary rehabilitation program is managed jointly by the Rehabilitation Services Administration and the Social Security Administration.

The program's primary purpose is to return the maximum number of disabled beneficiaries to work. The costs of the rehabilitation services would be justified by savings in benefit payments and additional social security contributions from the disabled workers.

Program funding is based on a fixed percentage of the preceding year's disability payments, without regard to whether the program has achieved the desired results. Consequently, increases in total disability payments automatically provide more funds for the program.

We recommended that the Congress consider amending the Social Security Act (42 U.S.C. 422(d)(1)) to:

--Temporarily freeze the amount of social security trust funds available for financing the program until HEW can devise a system to provide accurate information on the program's success in returning disabled beneficiaries to work.

--Change the fixed-percentage method of financing the program to a method which relates funding to the program's demonstrated success and potential.

--Require the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, in its annual report on the funds' operation and status, to evaluate the program's operation.

--Establish a formula method to reduce monthly disability benefits of beneficiaries who attempt work according to their demonstrated earnings capacities. At present, all benefits are discontinued when beneficiaries demonstrate "the capability of engaging in substantial gainful activity," currently defined as the potential to earn $200 a month.
--Rescind the requirement that disabled beneficiaries wait 24 months for medicare eligibility if their benefits were terminated but later reinstated because they were unable to continue working.


These recommendations are for consideration by the following committees:

Senate:  Finance
House:  Ways and Means
INTEREST
NEED TO REVISE CRITERIA FOR COMPUTING INTEREST RATES FOR DETERMINING THE COSTS OF FINANCING WATER RESOURCES PROJECTS

Federal costs for financing small reclamation loans and multipurpose water resources projects, including authorized projects not yet under construction, have been understated because the Treasury is paying more to finance construction of the projects than the rates used to compute (1) interest costs capitalized as part of the Government's investment in these projects and (2) interest on the unpaid balances of the Government's investment in the projects.

We reviewed five multipurpose projects constructed at a recorded cost of about $170 million in the Southwestern United States—three by the Bureau of Reclamation and two by the Corps of Engineers. The Government's investment in the municipal and industrial water supply features of those projects was understated by about $5 million, because the rates used to compute interest costs during construction, which were based on criteria in the Water Supply Act of 1958, were lower than the rates the Treasury paid to finance construction.

As a result, investment in the projects (which includes a factor for interest during construction) will be about $80 million less than the interest the Government will pay on the funds the Treasury borrowed to finance construction of the projects.

We recommended that the Congress amend existing legislation to provide that:

--Interest during construction, to be capitalized as part of the Government's investment in water resources projects, is computed at a rate prescribed annually by the Secretary of the Treasury and based on the average market yield during the year in which the investment is made, on the outstanding marketable obligations which most represent the Treasury's cost of borrowing to finance construction of the projects.

--The interest to be paid to the Treasury annually on the Government's unrepaid investment in water resources projects be based on a composite of the average market yields used in computing the capitalized interest costs.
--The interest on unrepaid small reclamation loans be charged at the rate prescribed by the Secretary of the Treasury for the year in which the loan is made.

("Legislation Needed to Revise the Interest Rate Criteria for Determining the Financing Costs of Water Resources Projects," B-167712, Aug. 11, 1972; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Interior and Insular Affairs
House: Interior and Insular Affairs
NEED FOR A UNIFORM METHOD OF PAYING INTEREST ON GOVERNMENT TRUST FUNDS

The major trust funds invest large sums in Government securities at varying interest rates. The basis for assigning the interest rates and the interest rates assigned are not the same and result in inequities.

We recommended that the Congress consider enacting one law to provide that the major trust funds not be invested in specific Government securities but instead be paid interest on their balances used for nontrust purposes. The rate assigned to each fund should be the same and in line with the Treasury's costs of borrowing from the public.

(Report to the Congress: "Need for a Uniform Method for Paying Interest on Government Trust Funds," GGD-75-34, Jan. 10, 1975.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
PROPOSED CHANGES TO THE 4-1/4-PERCENT INTEREST LIMIT ON TREASURY'S LONG TERM DEBT

The 4-1/4-percent limit on interest that can be paid on long term public debt has hampered Treasury's borrowing operations. At the beginning of this year, the Federal Government could not finance deficit expenditures or refinance its outstanding maturing debt with issues whose maturities exceeded 7 years.

We recommended that the Congress consider immediately repealing the 4-1/4-percent limit. In addition, we recommended two alternatives which would have the same effects over a longer time. These recommendations included annually redefining the maximum maturity of securities whose flotation is subject to the interest limit and/or annually increasing the dollar volume of long term securities which may be sold without regard to the ceiling. This could be accomplished by amending the Third Liberty Bond Act of April 4, 1918 (31 U.S.C. 752). (Report to the Congress: "The Congress Should Consider Repealing the 4-1/4-Percent Interest Rate Limitation on Long-Term Public Debt," OPA-76-26, Apr. 17, 1976; contact PAD.)

Since our report, the law has been amended. The maximum maturity of Treasury securities exempted from the limit has been raised from 7 to 10 years and an additional $2 billion in securities with maturities exceeding 10 years may be sold. This latter amendment raises to $12 billion the amount of long term Treasury securities with coupon rates of interest exceeding 4-1/4 percent that may be held by the public at one time.

These recommendations are for consideration by the following committees:

Senate: Finance
House: Ways and Means
INTERNATIONAL AFFAIRS
IDENTIFYING ALL NATO COSTS IN ANNUAL SECURITY ASSISTANCE PROGRAM PRESENTATIONS

Like all member nations, the United States shares in the costs of operating the North Atlantic Treaty Organization (NATO). In fiscal year 1974 the U.S. share was $13 million, or about 28 percent of the major Organization budgets. We identified an additional $325 million in annual support costs assumed by the United States.

These additional costs include, annually, $135 million for direct staffing and representation, including related support, which could be reduced by consolidating or eliminating certain U.S. activities. The remaining annual cost of $190 million for providing support to NATO and furnishing military assistance to member nations, excluded from existing NATO budgets, could be reduced by increased sharing among members.

The U.S. costs are paid from at least all separate appropriations and, in most cases, are not fully identified as NATO costs or recapitulated, in any document that we are aware of, as part of the U.S. costs of NATO. We recommended that the Congress amend the Foreign Assistance Act to require the identification of all these costs, regardless of appropriation, in annual security assistance program presentations. We believe that this legislation could be added to section 657 of the Foreign Assistance Act (22 U.S.C. 2417). (Report to the Congress: "Need to Reexamine Some Support Costs Which the U.S. Provides to NATO," ID-75-72, Aug. 25, 1975.)

This recommendation is for consideration by the following committees:

Senate: Appropriations
Foreign Relations

House: Appropriations
International Relations
The Federal Government invested about $25 million in permanent and semipermanent United States pavilions for the four expositions that we reviewed. Although these facilities met the needs of the expositions, finding a Federal use for them after the expositions closed was a problem.

In three of the four instances, the Government's use of the facilities was limited to the term of the exposition—an average of 8 months. Two of the facilities were later turned over free to local governments; the third facility has remained unused for 10 years.

If architects knew whether and how a pavilion is to be used after an exposition, they could design a structure to suit the eventual use. Structures for which no further use is anticipated would not incorporate the expensive features required for long term Federal occupancy.

We recommended that section 3(c) of Public Law 91-269 be amended as follows:

--The Administrator of General Services should determine at the outset the Federal Government's need for a permanent structure in the area of the exposition.

--When a future Federal need has been identified, the Secretary of Commerce, after consulting with the General Services Administration, should design the pavilion facilities to meet both the immediate needs of the exposition and the later needs of the Federal Government.

--When a future Federal need cannot be identified, or a dual purpose structure built, then a temporary structure should be constructed. The legislation could define "temporary" as having no further practical use for the Federal Government and destined for disposal after the exposition.

--The law should stipulate that funding may be authorized not only for the construction of U.S. pavilion facilities, but also for the conversion of those facilities should a specific use be identified.
This recommendation is for consideration by the following committees:

Senate: Foreign Relations
House: International Relations
LAW ENFORCEMENT AND JUSTICE
NEED TO CLARIFY AUTHORITY FOR GIVING

INMATES GRATUITIES UPON RELEASE

Gratuities for inmates upon their discharge from imprisonment or release on parole are authorized under 18 U.S.C. 4281. Bureau of Prisons policy considers inmates transferred to community treatment centers eligible for a gratuity if the center is operated under contract to the Bureau, but ineligible if the Bureau operates the center. Since eligibility for a gratuity requires discharge from imprisonment or release through parole, we recommended that the Subcommittee initiate an amendment to the law if it wished inmates transferred to community treatment centers to be eligible for gratuities. The Subcommittee plans to reconsider the recommendation during the 95th Congress. (Report to the House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice: "Use of Statutory Authority for Providing Inmate Release Funds," GGD-75-3, Aug. 16, 1974.)

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
DIFFICULTIES IN ENFORCING AND ADMINISTERING

THE LOBBYING ACT

The Federal Regulation of Lobbying Act was to insure public disclosure of the identity and financial interests of persons engaged in lobbying. Although the Clerk of the House and Secretary of the Senate have responsibility for administering the act, they do not have investigative authority, the right to inspect records, or enforcement power.

The act provides criminal penalties, which are the responsibility of the Department of Justice, but does not specifically authorize Justice to monitor lobbying activities. (Report to the Senate Committee on Government Operations: "The Federal Regulation of Lobbying Act--Difficulties in Enforcement and Administration," GGD-75-79, Apr. 2, 1975.)

We recommended that if it believes the act needs stronger administration, the Committee may wish to pursue, with the Clerk of the House and Secretary of the Senate, the lack of (1) investigative authority, (2) the right to inspect records, and (3) enforcement power—to determine whether the act should be strengthened. The Committee may also want to discuss with these officials followup efforts necessary to encourage complete and prompt reporting.

Separate legislation was proposed that would give the Comptroller General responsibility for administering the act. However, the legislation died with the 94th session. It is anticipated that legislation will be reintroduced in the 95th Congress.

This recommendation is for consideration by the following committees:

Senate:  Government Operations
House:   Judiciary
MINIMUM STANDARDS FOR STATE AND LOCAL CORRECTIONAL INSTITUTIONS

Law Enforcement Assistance Administration (LEAA) funds have been applied to the construction and renovation of local jails. We reviewed the resulting conditions in 22 local jails in Ohio, Iowa, Louisiana, and Texas to determine the adequacy of the improvements made.

We found that LEAA funds did not result in adequate improvements, and that National standards are needed for physical conditions in local jails when LEAA funds are to be used. We recommended that the Attorney General direct the Law Enforcement Administrator to establish, in conjunction with the States, minimum standards for services and physical conditions of local jails that must eventually be met if LEAA money is provided to improve them.

In commenting on the report, the Department of Justice noted that the block grant concept did not give the agency sufficient power to mandate such standards. Therefore, we recommended that the cognizant legislative committees discuss with LEAA whether the block grant concept is flexible enough to enable the agency and the States to adopt minimum standards. (Report to the Congress: "Conditions in Local Jails Remain Inadequate Despite Federal Funding for Improvements," CGD-76-36, Apr. 5, 1976.)

When considering whether to reauthorize LEAA, the House Committee reported an amendment requiring the agency and the States to develop physical and service standards for improving or renovating State and local correctional institutions and facilities. However, the amendment was defeated on the House floor.

The final Senate bill (S. 2212) included the same addition to part E, section 453(13). However, the amendment was deleted by the House-Senate conferees and thus was not included in the Crime Control Act of 1976 (Public Law 94-503) which authorizes the LEAA program for 3 more years.

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary

95
IMPROVEMENTS NEEDED IN U.S. MAGISTRATES SERVICE

District courts may assign U.S. magistrates any duties not inconsistent with the Constitution and laws of the United States. Determining conformity with such laws frequently raises questions which have been referred to U.S. courts of appeals. These courts have not, however, provided needed clarification because of conflicting decisions.

If the magistrates' criminal jurisdiction were increased to include all misdemeanors, the district judges' workloads could be reduced and they could spend more time trying felony and civil cases.

We recommended that the Congress consider amending the Federal Magistrates Act to expand the trial jurisdiction of magistrates to include most misdemeanors. (Report to the Congress: "The U.S. Magistrates: How Their Services Have Assisted Administration of Several District Courts; More Improvements Needed," GGD-74-104, Sept. 19, 1974.)

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
In 1970 we reported on opportunities to improve the administrative and financial operations of U.S. district courts. While some improvements have been made, more are possible in areas such as

-- juror utilization,

-- placement of registry account funds,

-- internal controls over courtroom exhibits and cash, and

-- courtroom utilization.

Judicial councils have not actively overseen the administrative and financial operations of the district courts. We recommended that the Congress reexamine the role of the judicial councils in light of their long inactivity and the contributing factors. (Report to the Congress: "Further Improvements Needed in the Administrative and Financial Operations of the U.S. District Courts," GGD-76-67, May 10, 1976.)

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
NEED TO REVISE FEES FOR PROCESS SERVING

The Marshals Service charges private litigants for serving process. Fees should be revised so that the charge for each type of service approximates the cost of providing it. (Report to the Congress: "U.S. Marshals Service--Actions Needed To Enhance Effectiveness," GGD-76-77, July 27, 1976.)

We recommended that the Congress require the Attorney General to identify the cost of serving process, so the Congress can revise fees to approximate the cost. If fees are to be kept current, the Congress should either

---require that the Attorney General (1) periodically analyze the cost of serving process and (2) propose fee adjustments or

---vest the Attorney General with the authority to revise fees when necessary.

The Department told us, in June 1976, that it was drafting legislation which would, if enacted, revise fees to cover the cost of the service and authorize the Attorney General to revise fees. The Department has recognized this need since a 1969 GAO report identified the same problem, but it has failed to propose legislation. We therefore believe that the Congress should insure that such legislation is introduced.

These recommendations are for consideration by the following committees:

Senate: Judiciary
House: Judiciary
NATIONAL DEFENSE
NEED TO ASSURE CONGRESSIONAL OVERSIGHT OF ACQUISITION
OF CAPITAL ASSETS THROUGH LONG TERM LEASING

On June 20, 1972, the Navy had private interests obtain the funds to finance the construction of nine tankers and guaranteed that it would lease them for 20 years. The leasing costs will be paid out of appropriations which are normally used to finance day-to-day costs of operating and maintaining the military establishment.

Procurement funds usually finance the acquisition of capital equipment such as ships and aircraft, but by leasing instead of purchasing, the Navy could use operation and maintenance funds without specific congressional authorization and approval. As a result, the details of a transaction that committed $313 million in future appropriated funds were not formally reported to the Congress. Navy officials agreed that the manner in which the Congress was informed of this agreement could be improved.

Because the build and charter program can be considered as setting a precedent, legislation could be an effective tool to insure congressional oversight of future long term leasing programs. (Report to the Congress: "Build and Charter Program for Nine Tanker Ships," B-174839, Aug. 15, 1973; contact PSAD.) The Department of Defense had drafted legislation to have authority to build and charter ships for lengthy periods--25 years or more. The proposal was denied by the Office of Management and Budget in March 1976.

This recommendation is for consideration by the following committees:

Senate: Appropriations
Armed Services
House: Appropriations
Armed Services
NEED TO SOLICIT FEWER SOURCES FOR NEGOTIATED CONTRACTS

AND TO OMIT PREPARING DETERMINATIONS

AND FINDINGS FOR SOME PROCUREMENTS

The Department of Defense is required to solicit proposals from the maximum number of sources for negotiated procurements and to prepare determinations and findings of the adequacy of bids in most negotiated contract situations. Large administrative costs could be avoided without sacrificing competition by allowing the Department to (1) solicit only enough sources to insure competition and (2) omit preparing determinations and findings for some procurements.

We recommended that the Congress enact legislation (1) authorizing agencies to solicit proposals from a competitive, rather than a maximum, number of sources and (2) repealing the requirement that contracting officers prepare determinations and findings for certain procurements. (Report to the Congress: "Ways for the Department of Defense To Reduce Its Administrative Costs of Awarding Negotiated Contracts," B-168450, Sept. 17, 1973; contact PSAD.

In the 93d Congress, a bill (H.R. 9061) was introduced to modernize, unify, and simplify all Federal agency procurement statutes, as recommended by the Commission on Federal Procurement. This bill would have satisfied our recommendations.

In the 94th Congress, Senator Lawton Chiles introduced a comprehensive bill (S. 3005) that would have satisfied our recommendations and Senator Charles Percy introduced a bill (S. 2309) that would have satisfied our first recommendation. Neither of these bills was enacted.

These recommendations are for consideration by the following committees:

Senate: Appropriations
         Armed Services
         Government Operations

House: Appropriations
       Armed Services
       Government Operations
       Judiciary

101
MILITARY REENLISTMENT INCENTIVES

Those who wish to continue in military service must reenlist for specified periods at the end of their terms. Enlisted personnel assigned to 14 military installations and 7 ships indicated that fewer would separate when their terms service expire if they did not have to commit themselves for a specified period of additional service.

We recommended that the Secretary of Defense consider proposing legislation which would allow enlisted personnel to reenlist for unspecified periods. (Report to the Congress: "Military Retention Incentives: Effectiveness and Administration," FPCD-75-67, July 3, 1974.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
USING SKILL AND READINESS REQUIREMENTS TO VARY
THE AMOUNT OF CERTAIN RESERVISTS' TRAINING

The military services require 99 percent of their reservists to attend forty-eight 4-hour drill sessions and to spend 2 weeks on active duty each year, although readiness and skill needed vary widely among units and members. On the average, reservists spend about 50 percent of their drill time and 61 percent of their active duty time training in their official military jobs. The rest of the time is devoted to other jobs or to general military training or spent idle. In fiscal year 1974, reservists' time devoted to other than official jobs or spent idle cost the services an estimated $1.2 billion.

We recommended that the Congress permit the training schedules of the Air National Guard and Army National Guard to vary by categories according to the kinds and degrees of training required. In September 1975, we testified in support of such legislation before the Subcommittee on Military Personnel, House Armed Services Committee. The bill was in the Committee at the close of the 94th Congress. (Report to the Congress: "Need To Improve Efficiency of Reserve Training," FPCD-75-134, June 26, 1975.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
PHYSICAL EXAMINATION REQUIREMENT FOR FLEET RESERVISTS

Upon completing 20 years' service, regular Navy and Marine Corps enlisted personnel may ask for transfer to the Fleet Reserve or Fleet Marine Corps Reserve. Although those persons are technically reservists, essentially they are retired.

Section 206 of the Naval P-serve Act (10 U.S.C. 6485(b)) requires that members of the Fleet Reserve or Fleet Marine Corps Reserve be physically examined at least once every 4 years. Similar statutory requirements have not been imposed on retired enlisted personnel of the Army and Air Force.

The Navy had previously sought repeal of this legislative requirement, since the program did not insure that reservists would be physically fit if an emergency arose. The legislation was not considered during the 92d Congress.

We recommended that the Department of Defense consider resubmitting this legislation. The Department forwarded proposed legislation to the 93d Congress, which did not act on it. The proposal was resubmitted to the 94th Congress, but again no action was taken. (Report to the Secretary of Defense: "Military Disability Retirements," FPCD-73-25, Mar. 19, 1973.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
NEED TO CLARIFY FEDERAL POLICY FOR
SUPPORTING CONTRACTORS' INDEPENDENT
RESEARCH AND DEVELOPMENT

We recommended that if financial support for contractors' independent research and development is to be continued, the Congress should clarify the policy for such support by establishing guidelines setting forth (1) the purposes for which the Government supports independent research and development cost, (2) the appropriate amount of financial support, and (3) the degree of control to be exercised by the Government over contractors' supported programs.

We supported a policy which recommends that independent research and development expenditures (1) be recognized as in the Nation's best interest, (2) be recognized as necessary costs of doing business, and (3) receive uniform treatment Government-wide. The policy should further provide for (1) retaining Defense procedures for using advance agreements and a formula for reasonableness, (2) allowing Government access to contractors' commercial records to determine that costs are allowable, (3) not precluding the use of direct contracting arrangements, and (4) allowing projects having a potential relationship to an agency function or operation.

We also recommended that if the Congress establishes a uniform, Government-wide policy for reimbursing such costs, legislation should provide for (1) having the Government present one face to industry, that is, one advance agreement, a joint technical review, a single overhead rate, etc., and (2) including in advance agreements provisions granting the Government royalty-free licenses and rights to use data, which the agencies would receive at certain levels of contribution.

We testified at joint hearings on our report held in September 1975 by the Subcommittee on Research and Development, Senate Committee on Armed Services, and the Subcommittee on Priorities and Economy in Government, Joint Economic Committee. In December 1975 and April 1976 we submitted additional information on implementing line-item control of contractors' independent research and development costs. No action has been taken on our recommendations. Reports to the Subcommittee on Research and Development, Senate Committee on Armed Services, and the Subcommittee on Priorities and Economy in Government, Joint Economic

These recommendations are for consideration by the following committees:

**Senate:** Appropriations  
Armed Services  
Government Operations  

**House:** Appropriations  
Armed Services  

**Joint:** Economic
NEED TO REDUCE THE U.S. FINANCIAL BURDEN FOR NATO

The Jackson-Nunn amendment to the 1974 Department of Defense Appropriation Authorization Act (Public Law 93-155) required the executive branch to reduce U.S. Forces deployed in Europe in proportion to the extent that the fiscal year 1974 balance-of-payments deficit was not fully offset. The amendment also provided that substantial reductions in the U.S. cost burden be sought through appropriate arrangements with the North Atlantic Treaty Organization and its individual members. Defense estimates of the extra costs to station U.S. Forces in Europe were greatly understated. Furthermore, allied budgetary support falls short of the "substantial reduction" in U.S. costs called for in the Jackson-Nunn amendment.

We recommended that the Congress consider whether the provisions of the amendment have been satisfied by Defense and whether more specific language is needed in the law. (Report to the Congress: "Additional Costs of Stationing U.S. Forces in Europe," ID-76-32, Apr. 28, 1976.)

These recommendations are for consideration by the following committees:

Senate:  Appropriations
        Armed Services
        Foreign Relations

House:  Appropriations
        Armed Services
        International Relations

107
QUESTIONABLE USE OF APPROPRIATED FUNDS FOR
TRANSPORTING ARMED FORCES EXCHANGE CARGO

Each year the Department of Defense pays about $60 million in appropriated funds to transport Armed Forces exchange cargo between the United States and overseas points. The Congress is aware of, and apparently approves, the use of appropriated funds to pay some of these costs. We could find nothing, however, to indicate that the Congress is aware that appropriated funds are used to procure transportation solely for exchange goods.

Statutes do authorize the Army and Air Force to use appropriated funds for transporting exchange cargo when carried on "public transportation not required for other purposes." Although no legislative history defines "public transportation," we have concluded that a reasonable interpretation would include those conveyances which the Government owns, leases, or charters and is already obligated to pay for space on whether it is used or not.

Defense officials disagreed with our interpretation of "public transportation." Also, they believed that the Congress was aware of and agreed with the use of appropriated funds for exchange shipments.

Congressional intent concerning the use of appropriated funds to finance transportation costs incurred solely for exchange goods is unclear. Therefore, we recommended that the Congress consider whether the Government should continue paying to transport exchange goods on transportation facilities not owned by the Government or for which the Government is not otherwise obligated to pay.

Our report (B-169972, Aug. 6, 1973) was published in part 5 of the House hearings on fiscal year 1975 Defense appropriations (May 1974). Our "Summaries of Conclusions and Recommendations on DOD Operations" (PSAD-76-68), which was sent to the Chairmen of the House and Senate Appropriations Committees on January 26, 1976, summarizes our report on this issue.

This issue is being considered by the Senate Appropriations Committee and the House Government Operations Committee. In June 1976, we gave the Chairman of the Senate Committee updated statistics on the 1973 report. Early in 1977, we will issue a report to Congress ("Unauthorized and Questionable Use of Appropriated Funds to Pay Transportation Costs of Nonappropriated Fund Activities," LCD-76-233) which involves this issue.
This recommendation is for consideration by the following committees:

**Senate:** Appropriations  
Armed Services  
Government Operations

**House:** Appropriations  
Armed Services  
Government Operations
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY
PROPOSED CHANGES IN ONSHORE OIL AND GAS LEASING

The Department of the Interior, in leasing Federal lands to developers of oil and gas resources, should use more competitive bidding to lease the lands at prices closer to their fair market value. Some undesirable aspects of awarding leases on the basis of simultaneously filed lease applications, such as applicants' filing several times to increase their chances or acquiring leases for speculation, would be eliminated by awarding leases only on a competitive basis.

The statutory right of tenants to assign oil and gas leases in units as small as 40 acres impedes rather than induces the development of oil and gas resources. The paperwork resulting from the assignment of leases creates administrative burdens on the Bureau of Land Management; therefore, the minimum acreage for assigning leases should be increased.

We recommended that the Mineral Leasing Act of 1920, as it pertains to onshore oil and gas leasing, be changed to (1) allow for awarding leases only on a competitive basis and (2) increase the minimum acreage for lease assignments. (Report to the Congress: "Opportunity for Benefits Through Increased Use of Competitive Bidding to Award Oil and Gas Leases on Federal Lands," B-118678, Mar. 17, 1970; contact EMD.)

These recommendations are for consideration by the following committees:

Senate: Interior and Insular Affairs
House: Interior and Insular Affairs
ACQUIRING, FOR NATIONAL RECREATION AREAS,

LAND CONTAINING IMPROVED PROPERTIES

In authorizing national recreation areas, the Congress frequently has to define boundaries without knowing such important facts as the cost of various tracts. We therefore recommended that the Congress provide the Secretary of the Interior with guidelines for changing established boundaries when expensive properties are on or near them.

We recommended also that the Congress require the Secretary to (1) analyze the location and estimated cost of expensive properties bordering all authorized recreation areas for which additional funds are needed and (2) justify the desirability of acquiring such properties. (Report to the Congress: "Problems in Land Acquisitions for National Recreation Areas," B-164844, Apr. 29, 1970; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Interior and Insular Affairs
House: Interior and Insular Affairs
NEED TO REEVALUATE THE ACREAGE LIMIT ON IRRIGATION BENEFITS

The Reclamation Act of 1902 limits to 160 acres the land on which an owner may receive irrigation benefits from a federally subsidized water resources project. The limit is intended to break up large private landholdings, spread the benefits of the irrigation program to the maximum number of people, and promote the family-size farm as a desirable form of rural life.

Our review of the Central Valley project, the largest project administered by the Bureau of Reclamation, Department of the Interior, showed that the 160-acre limit had not prevented large landowners and farm operators from benefiting under the program, or prevented landowners and farm operators from retaining or acquiring large landholdings. These beneficiaries were receiving project water on large landholdings by (1) leasing eligible land from individual owners and (2) retaining or controlling eligible land through corporations, partnerships, and trusts.

The impact of modern technology and techniques on farming raises a question as to the practicability of limiting the use of water from Bureau water resources projects to 160 acres of irrigable land for each landowner.

We recommended that the Congress reevaluate the 160-acre limitation. If it is still considered appropriate to encourage the establishment of family-size farms, the Congress should enact legislation which would prevent large landowners and farm operators from benefiting under the subsidized irrigation program by their control of numerous 160-acre tracts through corporations, partnerships, trusts, and leases.

If the 160-acre limit is no longer considered appropriate, the Congress should enact legislation which would (1) reestablish the area of a family-size farm that shall be eligible to receive Federal project water at subsidized rates, (2) preclude large landowners and farm operators from benefiting under the program, and (3) require the payment of the full cost of water provided to larger areas. ("Congress Should Reevaluate the 160-Acre Limitation on Land Eligible To Receive Water From Federal Water Resources Projects," B-125045, Nov. 30, 1972; contact CED.)

113
The Subcommittee on Water and Power Resources, House Committee on Interior and Insular Affairs, held hearings on September 13 and 14, 1976. Indications are that the 95th Congress will address this question in more detail.

This recommendation is for consideration by the following committees:

Senate: Interior and Insular Affairs
        Select Committee on Small Business
House:  Interior and Insular Affairs
INCREASED EMPHASIS NEEDED ON CATCHING UP WITH BACKLOGS IN REFORESTING AND IMPROVING TIMBER STANDS IN NATIONAL FORESTS

An estimated 18 million acres of national forest timberland need reforestation and improvement. The growing demand for lumber and the increasing pressure to use productive timberland for other, multiple-use purposes have added to this need. We presented for congressional consideration several alternatives for increasing funds to accelerate reforestation and timber stand improvement. One of these was to increase regular appropriations from general funds of the Treasury.

For fiscal year 1976, the Congress appropriated $62.7 million for reforestation and timber stand improvement. This was $16 million more than requested in the administration's budget. For the transitional quarter and fiscal year 1977, the Congress appropriated $77.9 million, just slightly more than the administration requested. In October 1974, the Forest Service advised the Congress of the additional amounts needed to liquidate its reforestation backlog over a 10-year period. ("More Intensive Reforestation and Timber Stand Improvement Programs Could Help Meet Timber Demand", RED-74-195, Feb. 14, 1974; contact CED.)

This recommendation is for consideration by the following committees.

Senate: Appropriations
House: Appropriations
PROPOSED CHANGES IN THE MINING LAW OF 1872

Contrary to one of its intended purposes, the Mining Law of 1872 is not effectively encouraging development of minerals on federal land and has impaired management and use of the land. Because the Nation depends more and more on foreign supplies of many strategic mineral ores which may be cut off for economic or political ends, the Federal Government needs to stimulate exploration and development of domestic mineral resources.

We recommended that the Mining Law of 1872 be amended to

--establish an exploration permit system covering public lands and require individuals interested in prospecting for minerals to obtain a permit,

--establish a leasing system for extracting minerals from public lands,

--require that, to preserve valid existing rights, (1) mining claims be recorded with the Department of the Interior within a reasonable time after the amendment is enacted and (2) evidence of a discovery of valuable minerals be furnished before claims are recorded, and

--authorize the Secretary of the Interior to grant life tenancy permits to individuals now living on invalid claims, if he determines that evicting them from the lands would cause them undue personal hardship. (Report to the Congress: "Modernization of 1872 Mining Law Needed To Encourage Domestic Mineral Production, Protect the Environment, and Improve Public Land Management," RED-74-246, July 25, 1974; contact EMD.)

These recommendations are for consideration by the following committees:

Senate: Interior and Insular Affairs
House: Interior and Insular Affairs
Improvements Needed in Administering Concession Operations in the National Parks

If the Congress wishes, it can increase competition for new and renewed concession contracts by (1) encouraging Government construction of facilities, thereby lessening problems from possessor interests and (2) amending the Concessioners Policy Act to eliminate preferential renewal rights. (Report to the Subcommittee on Conservation, Energy, and Natural Resources, House Committee on Government Operations, and the Subcommittee on Energy and Environment, House Committee on Small Business: "Concession Operations in the National Parks--Improvements Needed in Administration," RED-76-1, July 1, 1975; contact CED.)

We testified before the above Subcommittees during hearings on the administration of concession operations in the National Parks.

These matters are for consideration by the following committees:

Senate: Government Operations
         Interior and Insular Affairs
House:  Government Operations
         Interior and Insular Affairs
         Small Business
PROPOSED CHANGES IN THE FISHERIES LOAN FUND

Many fish species important to the U.S. fishing industry are being depleted due to overfishing and/or expanding coastal areas. Scientists have concluded that about 25 stocks of fish off the U.S. coasts have been depleted or threatened with depletion and some commercial fisheries have excess harvesting capacity.

We suggested, among other things, that the Congress consider amending the Fish and Wildlife Act of 1956, as amended (16 U.S.C. 742c), to establish priorities for using the Fisheries Loan Fund, including encouraging fisheries with excess harvesting capacity to transfer vessels to other fisheries. (GGD-76-34, Feb. 18, 1976.)

This suggestion is for consideration by the following committees:

Senate: Commerce
House: Merchant Marine and Fisheries
RESEARCH NEEDED TO MEET THE 1983 AND 1985 NATIONAL GOALS TO CLEAN UP THE NATION'S WATERS

Section 101(a) of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251), established the goals of (1) eliminating the discharge of pollutants into navigable waters by 1985 and (2) achieving water quality safe for aquatic life and for recreation by 1983. To attain these goals will require a rapid, ambitious research and demonstration program.

The 1972 amendments also established the National Commission on Water Quality to study (1) the technology needed to achieve the effluent limits and goals for 1983 and (2) the economic, social, and environmental effects of achieving and of not achieving these limits and goals.

We recommended that if the Commission's study leads the Congress to revise its goals, the Congress determine the direction of priorities and funding levels of Federal research programs needed to meet the revised goals. ("Research and Demonstration Programs To Achieve Water Quality Goals: What the Federal Government Needs To Do," B-166506, Jan. 16, 1974; contact CED.)

In a March 18, 1976, report to the Congress, the National Commission on Water Quality recommended that funding be provided to accelerate research and development programs to improve water quality. It also recommended that the Congress appoint the Environmental Protection Agency (EPA) the leadership for water quality research and development, while encouraging such research at other levels of government and in the private sector.

This recommendation is for consideration by the following committees:

Senate: Appropriations
         Public Works
House: Appropriations
       Public Works and Transportation

119
ESTABLISHING A NETWORK OF ENVIRONMENTAL DATA SYSTEMS

House Resolution 36, which was not acted upon by the 93d Congress, would have established a central organization to coordinate the collection and exchange of environmental data through a network of new and existing data processing facilities.

The Chairman, Subcommittee on Fisheries and Wildlife Conservation and the Environment, House Committee on Merchant Marine and Fisheries, asked us to examine Federal agencies' collection of environmental data.

Most of the data collected for a specific purpose had little further use, and introducing data into an information system without regard to its utility could be costly. Therefore, we recommended to the Subcommittee that environmental problems be defined and the analyses needed to solve them be determined before such a network is established. We also recommended that the central organization be responsible for an environmental data directory. (Report to the Subcommittee on Fisheries and Wildlife Conservation and the Environment, House Committee on Merchant Marine and Fisheries: "Federal Environmental Data Systems," B-177222, Nov. 22, 1974; contact CED.)

The Council on Environmental Quality is developing an automated directory system for toxic substances and chemical data, as part of its coordination responsibilities under the recently passed Toxic Substances Control Act of 1976.

This recommendation is for consideration by the following committees:

Senate: Commerce
House: Merchant Marine and Fisheries

120
NEED TO EXTEND DEADLINE FOR LEGAL IMMUNITY
OF APPLICANTS FOR DISCHARGE PERMITS

Section 402(k) of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251), provides that discharge of water pollutants who have applied for, but not received, discharge permits by December 31, 1974, are no longer immune from either governmental or civil legal actions even though EPA or States with EPA-approved permit programs were unable to promptly process their applications.

We recommended that this section of the act be changed so that dischargers whose applications could not be processed by the deadline would not be legally liable. (Report to the Subcommittee on Environmental Pollution, Committee on Public Works: "Implementation of Federal Water Pollution Control Act Amendments of 1972 Is Slow," B-166506, Dec. 20, 1974; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Public Works
House: Public Works and Transportation
RESOURCES NEEDED TO MEET THE DEADLINE FOR REREGRISTERING PESTICIDES

The American consumer has not been adequately protected from the potential hazards of pesticide use, because of insufficient efforts to implement provisions of Federal laws. Under the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, and the Federal Food, Drug, and Cosmetic Act, as amended, EPA registers pesticides which meet its standards for safety, efficacy, and labeling and sets tolerances for the amount of these pesticides which may remain in food or feed. Under the latter act, the Food and Drug Administration samples food and feed in interstate commerce and can remove from commerce those which contain pesticide residues exceeding EPA-established tolerances.

The 1972 amendments to the former act required EPA to reregister about 46,000 pesticides by October 1976. We concluded, however, that EPA did not have the staffing or funding necessary to sufficiently review and register these pesticides within the time frame provided. We recommended that EPA inform the Congress of the additional resources (funds, personnel, facilities, equipment, and time) needed to effectively administer its pesticide program. (Report to the Congress: "Federal Pesticide Registration Program: Is It Protecting the Public and the Environment Adequately from Pesticide Hazards?" RED-76-42, Dec. 4, 1975; contact CED.)

After our report was issued, the Congress, in the 1975 amendments to the pesticide act, extended the reregistration deadline to October 1977, although EPA objected that it could complete the reregistration process by the original date. In August 1976 EPA suspended its reregistration process when it determined that deficiencies in its pesticide data base would require more extensive scientific review than previously thought necessary. On September 20, 1976, the EPA Deputy Assistant Administrator for Pesticide Programs said, in a speech before the Pesticide Formulators Association, that the October 1977 deadline would probably not be met because of insufficient resources.
This recommendation is for consideration by the following committees:

**Senate:** Agriculture and Forestry
        Appropriations
        Commerce
        Government Operations
        Judiciary

**House:** Agriculture
        Appropriations
        Government Operations
NEED TO EXTEND DEADLINE FOR DISCHARGERS TO FULFILL WATER POLLUTION ABATEMENT REQUIREMENTS

Section 301(b)(1) of the Federal Water Pollution Control Act, as amended, provides that by July 1, 1977, all dischargers shall achieve specified levels of water pollution abatement necessary to meet water quality requirements. Some industrial and most municipal dischargers may be unable to construct needed abatement facilities by July 1, 1977. We therefore recommended that this section of the act be changed to give the Environmental Protection Agency the authority to grant extensions. (Report to the Subcommittee on Investigations and Review, House Committee on Public Works and Transportation: "Implementing the National Water Pollution Control Permit Program: Progress and Problems," RED-76-60, Feb. 9, 1976; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Public Works
House: Public Works and Transportation
Although the Congress had appropriated the Department of Defense over $263 million to improve its waste-water treatment plants and connections to public sewage systems, many facilities did not meet required water quality standards. In addition, the Department had not taken measures to insure compliance by July 1, 1977.

Because the Department's waste treatment program was seriously impaired by the facilities' design, operation, and maintenance, we recommended establishing control for insuring that waste treatment facilities comply with effluent limitations and water quality standards. The improvements needed for treatment plants to meet these requirements should be determined, programmed, and monitored by the military services. The Department generally agreed with our recommendations.

We recommended that the Federal Water Pollution Control Act be amended to allow the Environmental Protection Agency to grant extensions beyond July 1, 1977, for Federal agencies that need them to achieve water quality requirements. (Report to the Congress: "Improvements Needed in Operating and Maintaining Waste-Water Treatment Plants," LCD-76-312, June 18, 1976.)

This recommendation is for consideration by the following committees:

Senate: Public Works
House: Public Works and Transportations
BETTER DATA COLLECTION AND PLANNING NEEDED TO JUSTIFY
ADVANCED WASTE TREATMENT FACILITY CONSTRUCTION

Costs for advanced waste treatment are higher than costs for secondary treatment. EPA was financing some advanced waste treatment facilities without sufficient water quality data and planning. In many instances, these facilities may not be the most effective or efficient means for achieving water quality goals.

We recommended that, if the Congress wished to maintain close scrutiny over EPA's funding of advance treatment facilities, the Administrator, Environmental Protection Agency, be required to report annually on (1) new advanced waste treatment facilities' cost and potential for improving water quality and (2) problems and accomplishments of completed advanced waste treatment facilities in meeting their water quality goals. (Report to the Congress: "Better Data Collection and Planning Is Needed To Justify Advanced Waste Treatment Construction," CED-77-12, Dec. 21, 1976.)

This recommendation is for consideration by the following committees:

House : Public Works and Transportation
Senate : Public Works
NATIONAL STANDARDS NEEDED FOR RESIDENTIAL ENERGY CONSERVATION

Residences account for over 19 percent of total U.S. energy consumption. We made a number of legislative recommendations for conserving energy in residences. Several of these recommendations were enacted in the Energy Conservation and Production Act (Public Law 94-385) on August 14, 1976. The following recommendations were not included:

--Establish a national program for energy conservation, including national goals and priorities and Federal agency goals.

--Require that all existing homes financed directly or indirectly through any federally insured agency meet minimum thermal standards.

--Require efficiency labeling of all major appliances.

--Establish a cutoff date when appliances meeting minimum standards of operating efficiency must be installed in new homes.

--Ban the use of ornamental gas lights and require electric igniters instead of pilot lights on new appliances.

(Report to the Congress: "National Standards Needed for Residential Energy Conservation," RED-75-377, June 20, 1975; contact CED.)

These recommendations are for consideration by the following committees:

Senate: Banking, Housing, and Urban Affairs
House: Banking, Currency, and Housing Ways and Means
HOW TO BETTER MANAGE URANIUM RESOURCES

We recommended for congressional consideration:

--(1) Establishing a Government corporation with self-financing authority to manage the Government's uranium enrichment facilities and

(2) authorizing the Energy Research and Development Administration (ERDA) to enter cooperative agreements with private enrichers using advanced technologies, as in the proposed Nuclear Assurance Act (S. 2035).


--(1) Requiring ERDA to report on its improvements in reporting data to its management information systems and

(2) closely monitoring ERDA's efforts to determine the amount and effect of foreign investments in the domestic uranium industry.

(Report to the Congress: "Certain Actions That Can Be Taken To Help Improve This Nation's Energy Picture," EMD-76-1, July 2, 1976.)

These recommendations are for consideration by the Joint Committee on Atomic Energy.
PROPOSED CHANGES IN FEDERAL COAL LEASING

Terms of Federal coal leases were subject to readjustment every 20 years. This did not give the Department of the Interior the flexibility needed to meet rapidly changing situations, such as those now facing national energy goals and programs.

We recommended several times, most recently in April 1976, that the Congress enact legislation to permit future leases to be adjusted more frequently. (Report to the Congress: "Role of Federal Coal Resources in Meeting National Energy Goals Needs To Be Determined and the Leasing Process Improved," RED-76-79, Apr. 1, 1976.)

The Congress enacted the Federal Coal Leasing Amendments Act of 1975 on August 4, 1976. It provides that lease terms be adjusted every 10 years after the initial 20-year term. We feel, however, that this provision should be expanded to also allow readjusting lease terms when a lease is assigned to another lessee, to curtail speculation in public coal lands.

This recommendation is for consideration by the following committees:

Senate: Interior and Insular Affairs
House: Interior and Insular Affairs
REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE
NEED TO CLARIFY THE JOINT FUNDING SIMPLIFICATION ACT

To avoid confusion in implementing the Joint Funding Simplification Act of 1974, we recommended that the Congress amend section 8(e). If the Congress wants to insure that specific amounts for non-Federal matching shares, as required by individual programs and appropriations, will be provided by grantees, section 8(e) should be revised to read as follows:

"(e) In the case of any project covered in a joint management fund, the non-Federal matching shares shall be established and accounted for individually according to the Federal share ratios applicable to the several Federal assistance programs and appropriations involved."

On the other hand, if the Congress wants to permit establishing and accounting for a single non-Federal share, notwithstanding the provisions of section 5 of the act, section 8(e) should be revised to read as follows:

"(e) Notwithstanding any other provisions of this act, a single non-Federal share may be established according to the Federal share ratios applicable to the several Federal assistance programs involved and the proportion of funds transferred to the project account from each of those programs."

(Report to the Congress: "The Integrated Grant Administration Program—an Experiment in Joint Funding," GGD-75-90, Jan. 19, 1976.)

This recommendation is for consideration by the following committees:

Senate: Government Operations
House: Government Operations
DELIVERING FEDERAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS MORE SIMPLY

State and local governments have trouble finding, obtaining, and using Federal assistance, because of the numbers of Federal programs (975) and responsible agencies (52). We therefore recommended that the Congress consider consolidating programs serving similar objectives into broader purpose programs within the same Federal agency. We further recommended that the Congress, to relieve the time pressure on its deliberations and to eliminate funding uncertainties resulting from delays in authorization and appropriation bills, consider greater use of both advanced and forward funding and authorizations and appropriations for longer than 1 fiscal year. (Report to the Congress: "Fundamental Changes Are Needed in Federal Assistance to State and Local Governments," GGD-75-75, Aug. 19, 1975.)

These recommendations are for consideration by the following committees:

Senate: Appropriations
Government Operations
House: Appropriations
Government Operations
REQUIRING THAT FULL INFORMATION ON FEDERAL FINANCIAL ASSISTANCE BE FURNISHED TO STATE AND LOCAL GOVERNMENTS

Title II of the Intergovernmental Cooperation Act of 1968 requires that the States be notified of the purpose and amounts of grants-in-aid to them and their political subdivisions. However, the definition of the term "grants-in-aid" specifically excludes such forms of Federal financial assistance as loans and research and development grants and contracts. Providing States and their political subdivisions with full information would facilitate their analysis of how Federal assistance affects their areas of responsibility. We therefore recommended that the Congress amend the Intergovernmental Cooperation Act of 1968 by substituting "Federal financial assistance," a broader term, for "grants-in-aid" in title II, section 201 of the act. (Report to the Congress: "States Need, But Are Not Getting, Full Information on Federal Financial Assistance Received," GGD-75-55, Mar. 4, 1975.)

The recommendations are for consideration by the following committees:

Senate: Government Operations
House: Government Operations