SUMMARY OF OPEN GAO RECOMMENDATIONS FOR LEGISLATIVE ACTION AS OF SEPTEMBER 30, 1977. OCR-78-1003; B-185993. DECEMBER 5, 1977. 207 PP.

REPORT TO THE CONGRESS; BY ELMER B. STAATS, COMPTROLLER GENERAL.

CONTACT: OFFICE OF THE COMPTROLLER GENERAL.

BUDGET FUNCTION: GENERAL GOVERNMENT: LEGISLATIVE FUNCTIONS (801).

CONGRESSIONAL RELEVANCE: CONGRESS.


Summaries of reports containing recommendations for legislative action which were not acted upon were presented to assist congressional committees in overseeing Federal programs and activities. Findings/Conclusions: Reports summarized dealt with: agriculture—benefits to farmers, reporting systems, program administration and evaluation; commerce and transportation—safety regulations, energy conservation, airline costs, and finances; community and regional development; education, manpower, and social services; general government—personnel management, procurement, and immigration policy; general science, space, and technology; health—safety regulations, health care, and mental health programs; income security—social security, welfare, and child care; interest—interest rates and public debt; international affairs; law enforcement and justice; national defense—defense contracts, preparedness, and military personnel; natural resources, environment, and energy—conservation, land acquisition, and pollution control; revenue sharing and general purpose fiscal assistance; proposed amendments to the Impoundment Control Act of 1974; internal audits; and veterans benefits and services. (HTW)
Summary Of Open GAO Recommendations For Legislative Action As Of Sept. 30, 1977
To the President of the Senate and the Speaker of the House of Representatives

This is our report on General Accounting Office recommendations for legislative action which have not been acted on by the Congress. The report is composed of individual summaries of our reports on a wide range of governmental activities, and is submitted each year to assist the chairmen and ranking minority members of committees in overseeing Federal programs and activities.

Because of the broad coverage of the report, we have provided a guide which indexes subjects of particular interest to individual committees. 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. A directory of division representatives is included.

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NEED FOR REEVALUATION OF ACREAGE LIMITATION
ON IRRIGATION BENEFITS

The Reclamation Act of 1902 limits to 160 acres the land on which any one owner is entitled to receive irrigation benefits from a federally subsidized water resources project. Objectives of the limitation are 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 limitation had not resulted in preventing (1) large landowners and farm operators from benefiting under the program and (2) landowners and farm operators from retaining or acquiring large landholdings. These beneficiaries were receiving project water on large landholdings by leasing eligible land from the individual owners, and retaining or controlling eligible land through establishment of 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 a landowner's 160 acres of irrigable land.

We recommended that the Congress reevaluate the appropriateness of 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 preclude large landowners and farm operators from benefiting under the subsidized irrigation program by controlling numerous 160-acre tracts through corporations, partnerships, trusts and or by leasing 160-acre tracts.

If the limitation is considered no longer 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.)
The Subcommittee on Water and Power Resources, House Committee on Interior and Insular Affairs, held hearings on September 13 and 14, 1976, to obtain all available information on the subject. Indications are that the 95th Congress will address the question in more detail, particularly since Public Law 95-46, June 15, 1977, authorized the establishment of the San Luis Unit Task Force. One of 10 Task Force issues concerns the 160-acre limitation provision. The Task Force is to report to the House Committee on Interior and Insular Affairs and the Senate Committee on Energy and Natural Resources no later than January 1, 1978.

This recommendation is for consideration by the following committees:

**Senate:**
- Energy and Natural Resources
- Select Committee on Small Business

**House:**
- Interior and Insular Affairs
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, Nutrition, 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 payment program also offers protection to producers who are prevented from planting crops due to natural disasters or other adverse conditions.

In a May 1976 report, we said that, if legislation then before the 94th Congress to expand the insurance program and repeal the disaster program was to be enacted, the Congress may wish to consider, among other things, authorizing coverage of prevented-planting situations under the insurance program. The 94th Congress did not act on that legislation.

Numerous bills which would affect the two programs have been introduced in the 95th Congress. Among these are H.R. 7111 and S. 1575 which would replace the crop insurance program with an expanded crop protection program. One section of these bills would make persons who would be offered protection under the new program ineligible to receive disaster payments for production losses under any other Department program. It is not clear, however, to what extent protection would still be available to producers incurring prevented-planting losses.

We suggest that, if H.R. 7111, S. 1575, or similar legislation is to be enacted and the Congress wishes to continue this type of protection under the new program, the Congress clarify the eligibility of producers for prevented planting payments under the payment program by making a special provision in the new crop protection program. (Report to the Congress: "Alleviating Agricultural Producers' Crop Losses: What Should The Federal Role Be?" RED-76-91, May 4, 1976; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Agriculture, Nutrition, and Forestry
House: Agriculture
NEED TO CHANGE BASIS FOR REIMBURSING STATES' ADMINISTRATIVE EXPENSES FOR THE SUMMER FEEDING PROGRAM

The law governing the summer food service program for children in 1977 and previous years provided the States with reimbursement of administrative costs up to 2 percent of program costs. The States found it difficult to budget and plan their activities because they did not know the amount of administrative funds they were entitled to receive until after the program was over each year and the money had already been spent. Consequently, some States exceeded the 2-percent limit and others did not spend the administrative funds available which, if properly used, could have improved program administration.

We recommended that the Congress authorize the Food and Nutrition Service, Department of Agriculture, to negotiate with the States to determine a maximum amount for reimbursement of actual State administrative costs based on State-prepared budgets and plans.

The 1977 amendments to the national school lunch and child nutrition acts encourage the States to run the program by providing the States with larger administrative payments. However, the reimbursement formula adopted is not sufficiently flexible and will not encourage efficient program operation. We believe, therefore, our recommendation is still appropriate. (CED-77-59, Apr. 15, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Agriculture, Nutrition, and Forestry
House: Education and Labor
NEED FOR AN IMPROVED EXPORT REPORTING SYSTEM
WITHIN THE DEPARTMENT OF AGRICULTURE

Although the Department of Agriculture's expert reporting system has been in operation since 1973, it does not provide reliable prospective sales data early enough to allow U.S. policymakers to make timely decisions. The system needs to provide more accurate and timely export sales data. The U.S. national food policy needs more cohesion and flexibility to meet both domestic and international objectives and changing food supply/demand conditions.

The Congress should pass legislation that (1) provides for an improved export reporting system to function as an effective early warning system and (2) establishes food export policy which protects the interests of U.S. producers and consumers. That policy should also clarify the Government's position on the (1) grain sales to nonmarket economies, (2) issue of a national grain reserve, (3) role of multinational grain exporters in U.S. marketing and the degree of concentration in this area, and (4) part that could be played in grain exporting by U.S. cooperatives.

We recommended that legislation be enacted to amend section 812 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86), to provide for an improved export reporting system that will function as an effective early warning system. We submitted to the Congress proposed legislative language providing for needed improvements to the export reporting system. We also recommended that the Congress establish a food export policy that protects the interests of both producers and consumers, while simultaneously providing an effective policy mechanism for surplus and shortage market conditions. (Report to the Congress: "Issues Surrounding the Management of Agricultural Exports," ID-76-87, May 2, 1977; contact ID.)

This recommendation is for consideration by the following committees:

Senate: Agriculture, Nutrition, and Forestry
House: Agriculture
NEED TO AUTHORIZE THE SECRETARY OF AGRICULTURE TO
ALLOW THE STATES TO KEEP PART OF THE MONEY RECOVERED
FROM OVERISSUED FOOD STAMP BENEFITS

The States must expend their own funds—50 percent of the costs—to identify, investigate, and recover food stamp overissuances. Any moneys recovered must be returned to the Federal Government. The States need an increased financial incentive to pursue the recovery of food stamp overissuances. (CED-77-112, July 18, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Agriculture, Nutrition, and Forestry
House: Agriculture
POLICY GUIDANCE NEEDED ON GOAL PRIORITY OF
NATIONAL SCHOOL LUNCH PROGRAM

Legislation intends for the National School Lunch Program (NSLP) to

--safeguard schoolchildren's health by improving and/or maintaining levels of nutrition and

--strenthen the agricultural economy by stimulating food demand.

The program, established in 1946, was an integral part of the Nation's agricultural program and was specifically intended to increase food consumption. Today, the agricultural situation has changed—surplus crop production, which still occurs occasionally, is less of a problem. However, effective implementation of NSLP goals requires certain deliberate decisions and actions on the part of the Department of Agriculture; for example, establishing acceptable program meal patterns. Such actions may unnecessarily hamper the effectiveness of the program's nutritional objectives.

To insure that the program is supporting current congressional intent, we recommended that the Congress should:

--provide policy guidance indicating specifically what the purposes of the program should be and have the program evaluated accordingly.

--define the priority of each purpose and direct how the program is to be evaluated.

(Report to the Congress: "The National School Lunch Program—Is It Working?" (PAD-77-6) and companion "Summary" (PAD-77-7), July 26, 1977; contact PAD.)

These recommendations are for consideration by the following committees:

Senate: Agriculture, Nutrition, and Forestry
House: Education and Labor
Legislation intends for the National School Lunch Program to

-- safeguard schoolchildren by improving and/or maintaining levels of nutrition and

-- strengthen the agricultural economy by stimulating food demand.

The U.S. Department of Agriculture, despite administering the program since 1946, has not provided an adequate evaluation of the program's effectiveness in meeting these objectives. The Federal Government contributes nearly $2 billion in cash and commodities annually in support of the school lunch program.

To insure that the program is supporting its legislative mandates and to minimize the possibility that the program could engender adverse side-effects on schoolchild health and/or the farm and market prices of food, we recommended that the Congress should:

-- Require the Department of Health, Education, and Welfare to assist the Department of Agriculture in determining the program's contribution to children's health.

-- Review Agriculture's program evaluation plan to be sure it will support the needs of congressional oversight.

-- Require Agriculture to report to the Congress the results of its evaluation.

(Report to the Congress: "The National School Lunch Program--Is It Working?" (PAD-77-6) and companion "Summary" (PAD-77-7, July 26, 1977), contact PAD).

These recommendations are for consideration by the following committees:

  Senate:  Agriculture, Nutrition, and Forestry
  House:  Education and Labor
DEPARTMENT OF AGRICULTURE SHOULD BE AUTHORIZED
TO CHARGE FOR COTTON CLASSING AND TOBACCO GRADING SERVICES

Except for cotton and tobacco producers, users of Agriculture's grading services have to pay all or at least a substantial part of the cost of these services. In fiscal year 1976, free cotton and tobacco services cost the American taxpayers $11.2 million.

The Cotton Statistics and Estimates Act and the Tobacco Inspection Act should be amended to authorize the Secretary of Agriculture to charge for cotton classing and tobacco grading services. The reasons for placing these services on a free basis in the 1930s no longer apply. Continued Federal funding of these services is inconsistent with the Government's general policy of charging fees for special services and with the practice of charging for grading other commodities. (Report to the Congress: "The Department of Agriculture Should Be Authorized To Charge for Cotton Classing and Tobacco Grading Services," CED-77-105, Aug. 2, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Agriculture, Nutrition, and Forestry
House: Agriculture
COMMERCIAL AND TRANSPORTATION
MORE SHOULD BE DONE TO DETECT CIVILIAN PILOTS HAVING MEDICAL PROBLEMS

To promote flight safety, the Federal Aviation Administration (FAA) prescribes medical standards for airmen. Its medical examination procedures, however, do not identify all airmen who are medically unfit. We recommended that, to improve the identification of medically unfit airmen, the Congress should provide the Secretary of Transportation authority to furnish its motor vehicle driver data to FAA, on an individual who is an applicant for an FAA medical certificate. (Report to the Congress: "The Federal Aviation Administration Should Do More To Detect Civilian Pilots Having Medical Problems," CED-76-154, Nov. 3, 1976; contact CED.)

This recommendation is for consideration by the following committees:

- Senate: Commerce, Science and Transportation
- House: Public Works and Transportation
WIDESPREAD USE OF SPEEDS OVER 55 MILES-PER-HOUR

The national 55 mile-per-hour speed limit was established to conserve fuel and improve safety. Success in meeting these goals has been limited since many drivers are exceeding the 55 mph speed limit. Although the law requires the States to annually certify that the 55 mph speed limit is being enforced, the Department of Transportation (DOT) has not established criteria regarding how much State effort is enough. DOT has been unable to establish criteria and has said that, in the absence of congressional action, it is virtually powerless to fulfill the congressional mandate to achieve compliance with the 55 mph speed limit. In addition, an unrealistic and potentially counterproductive sanction is the only legal tool available to the Secretary of Transportation to encourage States to reduce speeds.

We recommended legislation be enacted to enable the Secretary of Transportation to implement a program of variable incentives or sanctions that provide each State with maximum flexibility in reducing driver speeds. This would require amendments to sections 107(a) and 114(a) of Federal-Aid Highway Amendments of 1974 (23 U.S.C. 141 and 154(a)). The Secretary concurred with this recommendation. (Report to the Congress: "Speed Limit 55--Is It Achievable?" CED-77-27, Feb. 14, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Environment and Public Works
House: Public Works and Transportation
LOWER AIRLINES COSTS AND FARES ARE POSSIBLE

Airlines in the United States, regulated by the Civil Aeronautics Board, could have operated at a lower total cost per passenger than they did from 1969 to 1974, and passenger fares could have been lower as a result. We estimate that travelers could have saved over a billion dollars annually if regulated airlines had operated with characteristics of less-regulated airlines. We recommended that the Congress provide the Board legislative guidance defining current national objectives for air transportation and the extent to which increased competition should be used to achieve those objectives. (Report to the Congress: "Lower Airline Costs Per Passengers Are Possible In The United States And Could Result In Lower Fares," CED-77-34, Feb. 18, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Commerce, Science and Transportation
House: Public Works and Transportation
In 1973 the Congress opened the Highway Trust Fund for urban mass transit projects, such as purchasing buses and rail passenger cars. Three years later local governments had used only about $74 million, or 3 percent, of the funds available for mass transit projects, while they used $1 billion for highway projects.

More funds were not used for mass transit because urban highways needed a large amount of work; smaller local matching shares were required for Federal mass transit than for highway programs; more Federal money was obtained by using Trust Fund money for highways and other Federal money for mass transit; Federal regulations for implementing mass transit projects were not issued; and some smaller communities experienced confusion or delays in obtaining project approval.

We recommended that, if the Congress wanted more Urban System highway money to be used for mass transit, it should amend Section 23 U.S.C. 142 to provide further incentives to local communities. (Report to the Congress: "Why Urban System Funds Were Seldom Used For Mass Transit," CED-77-49, March 18, 1977; contact CED.)

In July 1977 legislation (H.R. 8648) was introduced which, in part, would equalize matching shares for the Federal mass transit and highway programs.

This recommendation is for consideration by the following committees:

Senate: Environment and Public Works
House: Public Works and Transportation
FEDERAL SHIP FINANCING PROGRAM

INADEQUATE TO COVER ALL GUARANTEE DEMANDS

The Federal Ship Financing Program, which was established pursuant to title XI of the Merchant Marine Act of 1936, provides for a full Government faith and credit guarantee of debt obligations issued by citizen shipowners for the purpose of financing or refinancing U.S. flag vessels. The Maritime Administration had been unable to exercise the full intent of its guarantee authority because its $7 billion authorized guarantee ceiling was less than the total demand for title XI guarantees.

We recommended that the Secretary of Commerce inform the Congress that the authorized $7 billion ceiling was inadequate to cover all guarantee demands and, therefore, the Maritime Administration had placed restrictions on applications for refinancing guarantees. The Secretary should also recommend to the Congress a legislative ceiling for title XI guarantees compatible with both industry and Federal maritime policy needs. (Report to Chairman Jack Brooks, House Committee on Government Operations, on Maritime's Administration of the title XI Federal Ship Financing Program, CED-77-68, May 16, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Commerce, Science and Transportation
House: Merchant Marine and Fisheries
NEED FOR TIMELY AND MORE EFFECTIVE ACTION
AGAINST VIOLATORS OF SAFETY REGULATIONS

The Motor Carrier Act of 1935, as amended, provides several enforcement actions that the Federal Highway Administration's Bureau of Motor Carrier Safety may impose for violations of the Federal motor carrier safety regulations. These enforcement actions, however, do not apply to all types of carriers and safety regulation violations. Also, the maximum criminal and civil penalties for safety regulation violations are seriously out of line with the penalties for violations of other Federal regulations.

We recommended that the Congress amend the 1935 Motor Carrier Act, as amended (49 U.S.C. 304(a)(3); 304(a)(3a); 322(a); and 322(h)), to provide the Bureau the additional authority to assess civil penalties for all violations by all carriers who are now subject to the motor carrier safety regulations and to increase maximum fines and penalties for both civil and criminal violations. In June 1977 legislation (S. 1770) was introduced to accomplish this recommendation.

In addition, the Federal motor carrier safety program had not been improved as much as the Congress wanted. Problems which raised congressional concern in 1966 still existed.

We recommended that, if the Congress still wants the Federal motor carrier safety program improved to the level envisioned in 1966, it should take action to strengthen the program. Following are courses of action which the Congress could choose from:

--Increase Bureau resources for performing important safety activities, such as safety surveys.

--Develop a program of positive financial incentives to encourage the States to assume the responsibility for enforcing State motor carrier safety regulations which are similar to the Federal regulations.

These recommendations are for consideration by the following committees:

Senate: Appropriations
       Commerce, Science, and Transportation
House: Appropriations
       Public Works and Transportation
ENERGY CONSERVATION COMPETES WITH REGULATORY OBJECTIVES FOR TRUCKERS

The Interstate Commerce Commission is mandated by the Interstate Commerce Act to insure that the Nation has an adequate, efficient surface transportation system under private ownership. The Commission's traditional regulatory objectives of protecting existing regulated truckers and insuring adequate services to the public sometimes compete with the national objective of conserving energy.

We concluded, and the Commission agreed, that the Commission's energy conservation actions had been tempered by its overriding concern that nothing be done to deprive the public of high quality surface transportation service. The Commission said that, in some instances, more fuel could have been saved if its primary regulatory objectives were subordinated.

We recommended that the Congress enact legislation which (1) shows whether energy conservation or traditional regulatory objectives are more important and (2) allows the Commission to change its regulations to authorize intercorporate transportation if it does not otherwise conflict with the national priorities established. (Report to the Congress: "Energy Conservation Competes With Regulatory Objectives For Truckers," CED-77-79, July 8, 1977; contact CED.)

These recommendations are for consideration by the following committees:

Senate: Commerce, Science and Transportation
House: Public Works and Transportation
MORE ATTENTION TO AVIATION FUEL

CONSERVATION IS NEEDED

In 1976 the U.S. airlines achieved an industry-wide load factor of about 55 percent. Thus, with 45 percent of the seats empty, the airlines used an estimated 4.2 billion gallons of fuel transporting half-empty planes. Reducing flights to achieve a 65-percent load factor could have reduced domestic trunk airline fuel consumption by almost a billion gallons.

We recommended that the Congress establish higher airline load factors as one of its national objectives and provide legislative guidance to the Civil Aeronautics Board for achieving this objective. (Report to the Congress: "Effective Fuel Conservation Programs Could Save Millions of Gallons of Aviation Fuel," CED-77-98, Aug. 15, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Commerce, Science and Transportation
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
        Environment and Public Works
House: Banking, Finance and Urban Affairs
       Public Works and Transportation

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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. We found, however, that some communities were planning to construct most or all their assisted new housing in lower income census tracts.

We recommended that the Senate Subcommittee on Housing and Urban Affairs consider clarifying title I of the act as to the extent, and under what circumstances, federally assisted new housing can be located in areas having high concentration of low-income persons, minority populations, and publicly assisted housing. (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, Finance and Urban Affairs
PROGRESS AND PROBLEMS IN GIVING RURAL AREAS FIRST PRIORITY WHEN LOCATING FEDERAL FACILITIES

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 recommended 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. 7, 1976.)

The Subcommittee on Rural Development, Senate Committee on Agriculture, Nutrition and Forestry, held hearings on these matters in June 1977.

This recommendation is for consideration by the following committees:

Senate: Agriculture, Nutrition and Forestry
House: Agriculture
WHY THE FORMULA FOR ALLOCATING COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS SHOULD BE IMPROVED

Under the Housing and Community Development Act of 1974, Community Development Block Grant funds are to be allocated to communities objectively, according to a "needs formula" based on population, overcrowded housing, and the extent of poverty. We found weaknesses in the formula, such as a failure to recognize differences in the cost of living among regions and areas in determining poverty levels.

We recommended that the Congress amend the act to:

-- Require the Department of Housing and Urban Development (HUD) to use the latest census as the source of data for allocating funds, for the three formula variables, until methods can be established to update the three variables together, and direct HUD to undertake the necessary research to develop feasible methods of updating the poverty and overcrowded housing variables.

-- Change the 80/20 percent allocation between standard metropolitan statistical areas (SMSAs) and non-SMSAs to more closely approximate the actual distribution in the demographic values.

-- Revise the formula so that areas with higher poverty ratios will receive the most funding. (Report to the Congress: "Why the Formula For Allocating Community Development Block Grant Funds Should Be Improved," CED-77-2, December 6, 1976.)

These recommendations are for consideration by the following committees:

Senate: Banking, Housing, and Urban Affairs
House: Banking, Finance and Urban Affairs
TWO-STEP GRANT SYSTEM NEEDED
FOR PUBLIC WORKS PROJECTS

Between fiscal years 1966 and 1975, the Economic Development Administration (EDA) approved grants of $1.4 billion to construct 2,800 public works projects in areas of substantial and persistent unemployment. Although construction should have started within 1 year after a project was approved, 54 percent of these projects did not start within 1 year; 20 approved over 5 years earlier were not yet under construction. Millions of dollars remained obligated to some projects, while others had not been approved for lack of funds.

Delays often occur because projects are approved on the basis of preliminary design. Amending the Public Works and Economic Development Act to authorize separate grants—one to design a project adequately and another for its construction—will reduce delays and result in a more effective expenditure of program funds.

We recommended that the Congress amend title I of the Public Works and Economic Development Act (42 U.S.C. 3121) to permit EDA to fund projects on a two-step basis as follows:

--Preconstruction grants to assist in developing final plans and specifications and readying projects for bid advertisement.

--Construction grants to assist in building projects that are designed and meet EDA criteria.

To permit implementation of a two-step grant system, future public works appropriations should be made available for obligation for 2 fiscal years. This would provide needed continuity by allowing EDA, at the time it approves a grant for the design of a project, to also set funds aside for its construction. EDA could then carry these funds forward into the next fiscal year. It would also provide the flexibility to reuse funds set aside for the construction of projects where unreasonable delays are experienced during design.

This recommendation is for consideration by the following committees:

Senate: Appropriations
       Environment and Public Works
House: Appropriations
       Public Works and Transportation
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
CONCERTED EFFORT NEEDED TO IMPROVE INDIAN EDUCATION

We reported to the Congress in April 1972 that the quality of educational programs in schools operated by the Bureau of Indian Affairs needed to be improved. In 1975 the Congress declared that a major national goal of the United States is to provide the quantity and quality of educational services and opportunities which will permit Indian children to compete in the careers of their choice. The Bureau had done little since 1972 to meet the educational needs of its students. The Bureau had not defined Indian education for the 1970s nor had it established a comprehensive educational program that would provide education services to Indians, enabling them to compete in the careers of their choice.

We recommended that the congressional committees more intensively monitor the Bureau to insure that the educational needs of Indian students are met, and if adequate progress is not made, explore other alternatives, such as transferring responsibilities for administering Indian education programs to another Government agency. (Report to Congressman Albert H. Quie and Senator Paul J. Fannin: "Concerted Effort Needed to Improve Indian Education," CED-77-24, Jan. 17, 1977.)

This recommendation is for consideration by the following committees:

Senate: Human Resources
House: Education and Labor
The Indian Education Act of 1972 is intended to meet the special educational needs of Indian children. We reported that the legislative and regulatory definitions of "eligible Indian children" are too general and that "special educational needs" are not adequately defined. We also reported that funds are provided to local agencies based on the number of Indian children enrolled and that funds could be better distributed if they were awarded based on the number of children with special needs.

We recommended to the Congress that the Indian Education Act be amended to more clearly define eligibility criteria and what constitutes "special educational needs" and that it requires funds to be awarded based on the number of children with special educational needs, not enrollment.


This recommendation is for consideration by the following committees:

Senate: Human Resources
House: Education and Labor
NEED FOR RESTRICTIONS IN ELIGIBILITY FOR PUBLIC SERVICE JOBS

Titles II and VI of the Comprehensive Employment and Training Act (29 U.S.C. 801) authorize public service employment for unemployed and underemployed persons in jobs providing needed public services. One objective of the act is to move program participants into unsubsidized employment. However, some persons have remained in public-service-employment programs since 1971 or 1972. Also, some participants were from families where another member of the family was the principal wage earner, and some new enrollees were members of families with substantial incomes.

We recommended that the Congress (1) limit the time that an enrollee can remain in the program to encourage the participants to seek other employment when economic conditions warrant and (2) extend the preferential treatment accorded members of low-income families under the 1976 amendments (Public Law 94-444) to the act to all public-service-employment jobs. (Report to the Congress: "More Benefits to Jobless Can Be Attained in Public Service Employment," HRD-77-53, Apr. 7, 1977.)

These recommendations are for consideration by the following committees:

Senate: Human Resources
House: Education and Labor

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The Congress and the Federal agencies are showing increased interest in program evaluations as a tool in making policy and program decisions. Although millions of dollars are spent on evaluations, we reported to the Congress that evaluations cannot reach conclusive and useful findings about program effectiveness unless program goals and objectives are defined and are measurable. Health, Education, and Welfare is not complying with the General Education Provisions Act (GEPA) to set forth in an annual evaluation report specific objectives, in qualitative and quantifiable terms, for all programs evaluated. HEW said its authority and ability to comply with this requirement is limited.

We recommended that congressional and agency officials discuss and reach agreement on objectives to be used in evaluations and on acceptable evaluation data and measures for each program to be evaluated. (Report to the Congress: "Problems and Needed Improvements in Evaluating Office of Education Programs," B-164031(l), HRD-76-165, Sept. 8, 1977.)

This recommendation is for consideration by the following committees:

Senate: Human Resources  
House: Education and Labor
GENERAL GOVERNMENT
MULTIYEAR LEASING OF AUTOMATIC DATA PROCESSING EQUIPMENT SHOULD RESULT IN SIGNIFICANT SAVINGS

Use of firm-term multiyear leases has become essential if the Government is to make maximum use of limited funds for acquiring automatic data processing equipment because of discounts that are not available when equipment is leased on an annual basis.

Use of the Automatic Data Processing Fund for this purpose would not disturb the traditional financial patterns of Federal agencies. The General Services Administration (GSA) would enter into multiyear leases and obligate the Fund for 1-year periods. Agencies would then lease the equipment from the Fund at rates reflecting the savings from multiyear lease discounts and reimburse the Fund from their annual appropriations.

We recommended legislation authorizing GSA to contract on a multiyear basis without the necessity of obligating the Fund for the total anticipated payments at the time of contract award. (Report to the Congress: "Multiyear Leasing and Government-wide Purchasing of Automatic Data Processing Equipment Should Result in Significant Savings," B-115369, Apr. 30, 1971; contact LCD.)

Senate bill S. 2785, introduced in the 93rd Congress, would have provided the authority that we had recommended by amending section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759). Section 111, itself an amendment to the act, was approved October 30, 1965 (Public Law 89-306), and is commonly referred to as the Brooks Act. The Ad Hoc Subcommittee on Federal Government Operations held hearings on S. 2785 in March 1974. The bill passed the Senate, but no action was taken by the House.

A similar bill, S. 1260, introduced in the 94th Congress, also passed the Senate; however, the House Committee on Government Operations, to whom the bill was referred, took no action.

In the 95th Congress a similar bill, S. 1490, was introduced; and although the Senate Committee on Governmental Affairs requested and received our comments (July 13, 1977), no further action has been taken by either the Senate or the House.
This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Government Operations
LAW NEEDED TO MAKE IT UNLAWFUL TO HIRE 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 illegal aliens, a law is needed to discourage such employment. We recommended that the Congress give favorable consideration to bills that would 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," GGD-74-73, July 31, 1973.)

Legislation to solve this problem has been introduced and considered by the Congress for several years. Two bills, S. 993 and H.R. 1663, are currently pending in the 95th Congress.

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
TAX LIABILITIES DISCHARGED THROUGH BANKRUPTCY

The Bankruptcy Act, as amended in 1966, gives certain preferences to the Federal, State, and local governments not given other creditors by providing that taxes must be "due and owing" more than 3 years before they are eligible for discharge through bankruptcy. However, the determinations by the Internal Revenue Service (IRS) and the courts that the 3-year period starts on the due date for filing a return, rather than from the date of assessment, substantially reduces the time that IRS has to collect the taxes. This time is further reduced if the taxpayer takes advantage of various appeal rights within IRS and the courts. As a result, IRS in some cases has little or no time to collect the tax before the taxpayer files a petition in bankruptcy. To make the preference given the Federal, State, and local governments more meaningful, we believe that IRS and other taxing authorities should have 3 years from the date of assessment in which to collect the taxes before the taxes can be discharged through bankruptcy.

We recommended that legislation be initiated to amend the Bankruptcy Act to exclude, from discharge through bankruptcy, taxes assessed within 3 years before a bankruptcy petition is filed. (Report to the Joint Committee on 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: Taxation
EXCESS GOVERNMENT PROPERTIES TRADED
FOR PUBLIC BUILDINGS AND SITES

We reported that, under competitive bidding, the Government would have more assurance that the General Services Administration (GSA) is receiving the highest value for excess property than it has under negotiated exchanges based on appraised fair market value.

Appraised values do not sufficiently assure that GSA is receiving the highest value obtainable because participation in an exchange is limited to one individual. We reported that, in some cases, former Government property was sold shortly after an exchange at prices much higher than the appraised value at which it had been exchanged.

To assure that GSA will receive the highest value for excess Government property, we recommended that the Congress further amend the Federal Property and Administrative Services Act of 1949 to permit GSA to offer such property at a competitive bid and to deposit the cash proceeds into a building fund to be used, subject to annual appropriation acts, for acquiring public building sites. We also recommended that the Congress eliminate certain provisions of the Public Buildings Act of 1959, as amended, authorizing exchanges. In addition, we suggested a means whereby the Congress could still retain oversight of transactions if it did not want to go so far as to adopt our recommendations in their entirety. (Report to the Congress: Changes In Law Recommended to Enable GSA to be More Effective in Selling Excess Properties and in Acquiring Public Building Sites, LCD-74-302, Feb. 15, 1974; Report to the House Committee on Government Operations: Acquisition of a Building in Laguna Niguel, California, in Exchange for Government-owned Properties, LCD-75-314, Mar. 3, 1975).

In addition to having provided legislative proposals to the House Committee on Government Operations in the past, we restated them during testimony on September 26, 1977, before the Subcommittee on Public Buildings and Grounds of the House Committee on Public Works and Transportation.
This recommendation is for consideration by the following committees:

Senate: Environment and Public Works
       Governmental Affairs
House:  Government Operations
       Public Works and Transportation
RESTORATION TO GRADE OF EMPLOYEES DEMOTED DURING REDUCTIONS-IN-FORCE

Some general schedule employees demoted without loss of pay because of displacement from their competitive levels have received pay increases when they were restored to previously held grades. However, 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, under certain conditions, that a general schedule employee is entitled to retain his current rate of pay for 2 years subsequent to demotion. 5 U.S.C. 5334(b) provides that, if an employee who is promoted or transferred to a position in a higher grade is receiving basic pay at a rate saved to him under section 5337 on reduction in grade, he is entitled to either (1) basic pay at a rate two steps above the rate which he would be receiving if salary retention did not apply or (2) his existing rate of basic pay, if that rate is higher.

We recommended that the Congress consider amending 5 U.S.C. 5334(b) to provide that an employee demoted without loss of pay be entitled, upon restoration to his previously held grade, 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: Governmental Affairs
House: Post Office and Civil Service
When a Federal agency does not fill a position vacancy through promotion or reassignment from within, it requests the Civil Service Commission (CSC) to provide a list of the names 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.

Practical limitations in the art of personnel testing and measurement restrict the degree of accuracy attainable and prevent applicant examinations from being perfectly reliable or valid. As a result, the examining process cannot accurately rate and rank comparably qualified applicants in exact order of competence.

CSC registers often include many applicants with the same, or nearly the same, score. In cases of identical scores, names are usually placed on the register, including the top three positions, in alphabetical order or by other means which do not relate to the applicants' job qualifications.

In our opinion, the requirement of selection from the top three eligibles is unrealistically rigid. We recommended that the Congress amend the requirement, allowing CSC to prescribe alternative selection procedures similar to those discussed in our report. (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: Governmental Affairs
House: Post Office and Civil Service
FOREIGN STUDENTS VIOLATING CONDITIONS
OF ENTRY WHILE IN 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 should impose a mandatory waiting period for foreign students before allowing them to 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.)

In addition to the adjustment limitations provided by Public Law 94-571 in 1976, S. 1573 was introduced in May 1977 to close the student loophole by prohibiting any adjustment of the status of those who enter the United States as nonimmigrants solely for the purpose of attending American schools.

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 inspection services 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.)

A public law enacted on July 12, 1976, Airport and Airway Development Act Amendments of 1976, affected the charges to parties-in-interest. This law provides that the cost of any required Federal inspection or quarantine service at airports of entry or other places of inspection as a consequence of operation of aircraft performed during regularly established hours of service on Sundays and holidays shall be not reimbursed by the owners or operators of such aircraft. Also, the new law prohibits administrative overhead costs associated with inspections at airports from being assessed against the parties-in-interest.

This recommendation is for consideration by the following committees:

Senate: Commerce, Science and Transportation
         Governmental Affairs

House: Interstate and Foreign Commerce
       Post Office and Civil Service
We reported to the Chairman, Civil Service Commission (CSC), on progress and problems in implementing the Intergovernmental Personnel Act of 1970 (IPA). One of the sections of IPA provides for the temporary assignment of employees between the Federal and State or local governments.

One of the principal problems encountered in carrying out the program has been the difficulty in attracting State and local government employees for detail to Federal positions where their Federal counterparts received higher salaries or were located in areas where the cost of living was higher.

Our report stated that if the Congress were to act favorably on amendments to the Act as proposed by CSC, allowing the supplementing of the salaries of State and local government employees, this problem should be largely overcome. During the 94th Congress, this 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: Governmental Affairs
House: Government Operations
NEED TO MODERNIZE CHARGES FOR

SERVICES TO SPECIAL BENEFICIARIES

The U.S. Customs Service provides 13 services for which it is reimbursed a fixed fee established 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 service.

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.

The Secretary transmitted proposed legislation to the President of the Senate and to the Speaker of the House of Representatives on July 14, 1977. A bill (H. R. 8149) was passed by the House on October 17, 1977, and referred to the Senate Committee on Finance where it is pending at present. (Report to the Secretary of the Treasury: "Services for Special Beneficiaries: Costs Not Being Recovered," GGD-75-72, Mar. 10, 1975.)

This recommendation is for consideration by the following committees:

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

Under the Federal Employees' Compensation Act, as amended (5 U.S.C. 8101), the Department of Labor maintains an Employees' Compensation Fund to provide compensation benefits to Federal employees for disability due to injury or disease sustained in performing their duties. Labor uses the Fund to pay benefits due under the act on behalf of Federal employees of various Government agencies, instrumentalities, and other organizations. Each agency and participating entity must reimburse the Fund through Labor. These reimbursements are called "chargeback payments."

Agencies dependent on appropriated funds are required to include in their annual budget requests for appropriations equal to the costs of compensation benefit payments made in the previous fiscal year. Agencies and participating entities which make payments from funds not wholly dependent on congressional appropriations must make reimbursement from funds under their control. The act also provided that mixed-ownership Government corporations, as defined by 31 U.S.C. 856, or any other corporation, agency, or instrumentality which is required by statute to submit an annual budget in accordance with sections 841-869 of title 31 shall pay an additional amount as established by the Secretary of Labor for their fair share of the cost of administration.

We found that certain agencies not wholly dependent on annual appropriations from the Congress are not billed their fair share of the Fund's administrative costs because they were not specifically enumerated in the law. Also, administrative costs could be reduced if agencies and organizations receiving appropriated funds were not required by the act to make chargeback payments to the Fund for payouts on employee claims, but instead maintain the Fund by direct appropriation.

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.
--Consider eliminating the chargeback process, whereby agencies dependent on appropriated funds reimburse the Department of Labor for compensation payments to employees or their beneficiaries, and instead provide direct appropriation funding.

(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: Governmental Affairs
        Human Resources
House: Education and Labor
       Post Office and Civil Service
MANDATORY TAX WITHHOLDING FOR AGRICULTURAL EMPLOYEES

In 1969 the Congress enacted legislation permitting voluntary withholding of Federal income taxes as a means of overcoming the substantial and burdensome final tax payments of individuals, such as agricultural employees, whose wages were not subject to mandatory withholding. Agricultural employers and employees have made little use of the voluntary withholding provision. As a result, many employees still have difficulty paying their taxes when they file returns, particularly those whose income is primarily agricultural. This plight sometimes has led to tax delinquencies and collection problems for IRS and can be linked to the failure of some employees to file income tax returns or to report agricultural wages.

Although agricultural employees could reduce the year-end lump sum tax payment by making quarterly estimated tax payments, they do not do so. It is difficult for them to accurately project annual income and to determine whether a tax would be due because of irregular or seasonal wages. Also, it may be that in some cases they are incapable of determining estimated tax payment without assistance, probably at a cost to them.

We believe that both the Federal Government and agricultural employees would benefit from a system of mandatory withholding of Federal income tax from wages earned by agricultural employees.

We recommended that the Joint Committee on Taxation initiate legislation to revise chapter 24 of the Internal Revenue Code of 1954, as amended, to include remuneration received as agricultural wages in the Federal income tax withholding system.

To avoid unnecessary burdens on those agricultural employers who only occasionally hire agricultural employees, the Committee may wish to include in the revision criteria similar to those now applicable to payment of social security taxes by agricultural employers. Such criteria would require mandatory withholding by employers who either have paid one or more agricultural employees $150 in cash wages in a year or have one or more agricultural employees who have worked 20 or more days during the year for cash wages. (Report to the Joint Committee on Taxation: "Mandatory Tax Withholding Recommended for Agricultural Employees," GGD-75-53, Mar. 26, 1975.)
This recommendation is for consideration by the following committees:

Senate:  Finance
House:  Ways and Means
Joint:  Taxation
PAY DETERMINATION PROCESS FOR FEDERAL BLUE-COLLAR

EMPLOYEES NEEDS IMPROVEMENTS

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

The legislative pay principle of comparability is not being attained, we reported to the Congress, because the application of certain other legislative provisions results in substantially higher pay rates for Federal blue-collar employees than the rates of their private sector counterparts in the same localities. These other legislative provisions require (1) a five-step, 16-percent pay range at each grade with the second step used to determine comparability (when most Federal workers are at step 4 or 5 which is 8 to 12 percent higher), (2) that under certain conditions, wages from outside a local area be used to determine local Federal rates, and (3) Federal night differentials be based on a percentage of employees' scheduled wage rates.

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

Administration-supported proposals to repeal these legislative provisions have been submitted to the 95th Congress. (Report to the Congress: "Improving the Pay Determination Process for Federal Blue-Collar Employees" FPCD-75-122, June 3, 1975.)

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Post Office and Civil Service
COMPARABILITY POLICY NEEDED FOR BOTH PAY AND BENEFITS OF FEDERAL CIVILIAN EMPLOYEES

There is a need for a comparability policy for both pay and benefits of Federal civilian employees in order to provide equity for the Government employee with his private sector counterpart and to enable the Government to be a fair competitor in the labor market. Various laws establish the principle that pay rates for Federal employees shall be comparable with those in the private sector. There is no standard or method for assessing the adequacy of Federal employee benefit programs, however. Benefits are considered and adjusted by law on a piecemeal basis. Since the pay comparability processes do not recognize the beneficial element of compensation, the processes do not meet the purposes for which the comparability principle was adopted.

We recommended that the Civil Service Commission (CSC), 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 total compensation comparability. CSC has told us that it has made significant progress in developing a benefit analysis procedure for use in the Federal sector and has developed and, to a limited extent, field tested a total compensation comparability method. CSC plans to fully test and refine the method over the next 2 years. (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: Governmental Affairs
House: Post Office and Civil Service

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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. We also reported that aliens were acquiring grounds for permanent-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 or 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," section 2.39(E) and 3.7(E6).)

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

--Define "public charge" as public expenditures directly supporting immigrants unable to earn an adequate living, irrespective of whether the immigrants are legally liable to repay the public support. Or, alternatively, establish immigrant entry as being conditional upon the immigrant demonstrating self-sufficiency in the United States for a specified time before permanent-resident status is granted. The Congress, in considering the above, should clarify whether partial support for the general welfare of low-income persons should be defined within the meaning of public charge.

--Make the affidavit of support a legally enforceable financial obligation.
If the Congress wishes to eliminate the preferential treatment accorded to aliens who acquire qualifications for entitlement to immigrant status while in violation of immigration laws, then the Congress should enact legislation to:

--Impose a mandatory waiting period before allowing such aliens to immigrate, if the basis for such status was acquired while the alien was in violation of immigration laws.

In October 1976 Public Law 94-571 amended section 245 of the Immigration and Nationality Act and excluded certain aliens from adjusting their status to legal residence status.

More than 30 bills relating to illegal aliens have been introduced in the 95th Congress, with 8 concerned specifically with public expenditures for newly arrived immigrants (H.R.s 1474, 2388, 5973, 7100, 8154, and 8250; S. 1711 and S. 1719).

On August 4, 1977, President Carter outlined the Administration's illegal alien proposals; legislation is expected to be introduced in the near future.

These recommendations are for consideration by the following committees:

Senate: Judiciary
        Finance
House:  Judiciary
        Ways and Means
IMPROVEMENTS NEEDED IN ADMINISTRATION OF CONCESSION OPERATIONS IN THE NATIONAL PARKS

To provide for more competition in the award and renewal of concession contracts, we recommended that the Congress encourage Government construction of facilities whenever possible, thereby lessening any potential problems from possessory interests, and amend the Concessioners Policy Act to eliminate preferential renewal rights. (Report to the Conservation, Energy, and Natural Resources Subcommittee, Committee on Government Operations and the Subcommittee on Energy and Environment, Committee on Small Business: "Concession Operations in the National Parks--Improvements Needed In Administration," RED-76-1, July 21, 1975.)

On July 25, 1975, we testified regarding the matters discussed in our report before the Conservation, Energy, and Natural Resources Subcommittee of the House Government Operations Committee and the Subcommittee on Energy and Environment of the House Small Business Committee. We also testified before the latter Subcommittee on December 9, 1976, on the Department's response to the recommendations in a joint report and a proposed contract with the Conference of National Park Commissioners. (Contact CED.)

These recommendations are for consideration by the following committees:

Senate: Energy and Natural Resources
         Governmental Affairs
         Select Committee on Small Business

House: Government Operations
       Interior and Insular Affairs
       Small Business
Federal health insurance carriers and the States are confused 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.

The House passed a bill (H.R. 2931) on June 20, 1977, to give provisions of Federal employees program contracts precedence over conflicting State or local laws, and the Senate Subcommittee on Civil Service and General Service held hearings on the bill. (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.)

This recommendation is for consideration by the following committees:

**Senate:** Governmental Affairs
**House:** Post Office and Civil Service
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. The 1.3 million employees are in 22 broad occupational groups containing about 430 specific occupations. The act established 18 grades, or levels of work, into which all positions under its coverage are to be placed. The law also contains an associated pay structure, the General Schedule. Excluding the United States Postal Service, about 140,000 other white-collar employees in 100 agencies are under special pay plans.

We reported to the Congress that legislation is needed to change Federal white-collar pay systems. The fixed structures of the present 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 groupings which have different pay treatments. Separate systems should be designed around more logical groupings of occupations and pay rates based on the geographic pay patterns of the labor market in which each group competes. Also, individual differences in employee proficiency and performance should be properly recognized in the method of progressing 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: Governmental Affairs
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 the Interior has ruled that this law cannot be held applicable to employees of the Mining Enforcement and Safety Administration (MESA), which, until 1973, was a part of the Bureau, but is now a separate agency. In effect, MESA employees have been exempted from the law by administrative reorganization.

We recommended that the Congress consider amending the law to include the Administrator and employees of MESA 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: Energy and Natural Resources
House: Interior and Insular Affairs
The Commission on Government Procurement was legislatively created by the Congress in November 1969 to study how the economy, efficiency, and effectiveness of the procurement process in the executive branch of the Federal Government could be improved. The Commission's report to the Congress in December 1972 contained 149 recommendations. The Commission indicated that legislation was required to implement 63 of these recommendations. In early 1973 the executive branch set up a program to act on the recommendations and, at the same time, 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. Our seventh progress report is scheduled for issuance in early 1978.

The sixth report identified 6 recommendations that have been enacted into law and another 25 that were incorporated in bills that had been introduced in the House and Senate. These legislative initiatives included a bill now referred to as S. 1264 to create a modern, statutory framework for all Federal procurement.

The legislative recommendations covered by this bill have not yet been enacted into law and deserve priority attention by the current Congress because

--present statutory guidance on some $70 billion in Federal procurement annually is fragmented, out of date, and inconsistent;

--5 years have elapsed since the Commission made its recommendations; and

--other important actions on Commission recommendations hinge on the enactment of this legislation, such as establishing a Government-wide regulatory system for procurement.

Other Commission recommendations identified in the report also deserve early congressional action. They include (1) 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 in
October 1976 after the Congress had adjourned) and (2) streamlining application of socio-economic programs in the procurement process. (Report to the House Committee on Government Operations: "Executive Branch Actions on Recommendations of the Commission on Government Procurement," PSAD-76-39, Dec. 19, 1975; contact PSAD-GP.)

These recommendations are for consideration by the following committees:

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

Occupational taxes on the alcohol industry are not being adequately enforced, but repeal appears preferable to additional enforcement. Thus, we recommended that the Congress repeal all occupational taxes in sections 5081 through 5148 of the Internal Revenue Code on retail and wholesale dealers in distilled spirits, wines, and beer; manufacturers of non-beverage alcoholic products; brewers; manufacturers of stills; and rectifiers—one who mixes spirits, wine, or other liquor with any material under the name of whiskey, brandy, rum, gin, or wine.

Also, the authority of the Bureau of Alcohol, Tobacco and Firearms to conduct investigations under the Federal Alcohol Administration Act needs to be clarified. We recommended that the act be amended to clarify the Bureau's authority to investigate possible consumer and/or unfair trade practice violations of the act prior to a permit hearing. (Report to the Joint Committee on Taxation: "Occupational Taxes on the Alcohol Industry Should Be Repealed," GGD-75-111, Jan. 16, 1976.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
Joint: Taxation
COST-OF-LIVING ALLOWANCE FOR
FEDERAL EMPLOYEES IN NONFOREIGN AREAS

The nontaxable cost-of-living allowance is no longer an appropriate means of compensating Federal employees in nonforeign areas. Since the law authorizing the allowances was passed in 1948 (5 U.S.C. 5941(a)(1) (1970E)), the eligible areas--Alaska, Hawaii, and U.S. Territories--have undergone substantial economic, political, and social changes. Also, a definitive statutory Federal pay policy of comparability with the private sector has been established. Federal pay is based on 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 recruitment or retention problems that may exist because of higher private-sector pay levels.

We recommended that the Congress enact legislation repealing 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: Governmental Affairs
House: Post Office and Civil Service
PROPOSED CHANGE IN PRACTICE

OF INTRODUCING IDENTICAL HOUSE BILLS

Prior to 1967 Members of the House did not jointly sponsor bills. House Resolution 42, passed on April 25, 1967, changed this practice but limited the number of joint sponsors to 25. Identical bills, used apparently to add names to a list of sponsors, become necessary when the number of sponsors exceeds 25.

The practice of introducing identical bills is expensive. We estimated that printing and administrative costs associated with this practice may exceed $678,000 annually.

We concluded that House Resolution 42 reduced the number of identical bills introduced and saved thousands of dollars. However, the House could realize considerable additional savings if it adopted the Senate practice of permitting the full membership to jointly sponsor bills.

We recommended that the House Committee on Rules adopt a resolution to allow the full membership of the House to jointly sponsor House bills. (Report to Chairman, Committee on Rules: CED-76-104, May 12, 1976; contact CED.)

As of August 1977, 15 House resolutions had been introduced to increase the number of members who may jointly sponsor a bill to the full House membership.

This recommendation is for consideration by the following committee:

House: Rules
REASSIGNING GAO'S RESPONSIBILITIES
FOR INFORMATION CLEARANCE

Under the Federal Reports Act, GAO has certain clearance responsibilities relating to the information-gathering activities of independent Federal regulatory agencies. We are required to review the information collection plans and forms to insure that there is minimum burden on respondents, and unnecessary duplication is eliminated.

In a May 1976 report, we recommended that the Congress consider reassigning our responsibilities for information clearance to an executive agency responsible for the entire clearance function. We also recommended that the Congress consider clarifying and strengthening the legislation to allow the clearance agency to challenge the need for information. (Report to the Congress: "Status of GAO's Responsibilities under the Federal Reports Act," OSP-76-14, May 28, 1976; contact GGD.)

These recommendations are for consideration by the following committees:

Senate: Governmental Affairs
House: Government Operations
COMPETITIVE ASPECTS IN SELECTING ARCHITECTS AND ENGINEERS

In order to increase competition among architects and engineers in the award of design contracts, we recommended to the General Services Administration and the Department of Defense that certain practices and procedures relating to public announcements and discussions be revised, as necessary. These agencies should direct the cooperation and coordination of efforts to refine life-cycle cost analyses and their application to preaward evaluations. We recommended that the Director, Office of Management and Budget, require the Administrator, Office of Federal Procurement Policy, to direct the revision of procurement regulations to require agencies to consider the firm's ability to produce valid life-cycle cost estimates and analyses when evaluating firms.

We also recommended that proposed legislation streamlining Federal procurement laws should

--specifically provide for the repeal of Public Law 92-582 or

--provide for the amendment of Public Law 92-582 to require competitive negotiations.


These recommendations are for consideration by the following committees:

Senate: Governmental Affairs
House: Government Operations
UNDERMINING OF U.S. CONTROLS OVER IMMIGRATION

Many aliens are employing professional smugglers or using illicit documents to successfully enter and/or remain illegally in the United States.

Many illegal aliens are also engaging in schemes to obtain legal resident status. These activities are expected to increase seriously as it becomes more difficult to enter and/or remain in the United States illegally. (Report to the Congress: "Smugglers, Illicit Documents, and Schemes Are Undermining U.S. Controls Over Immigration--Departments of Justice and State," GGD-76-83, Aug. 30, 1976.)

We recommended that the Congress establish deterrents (1) to curb the professional smuggling of aliens and (2) to prevent nonimmigrants who violate conditions of their entry from obtaining legal resident status by enacting legislation to:

-- Permit deportation of legal resident aliens based on criminal convictions for smuggling offenses.

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

-- Prohibit the adjustment of nonimmigrants to legal resident status if grounds for such status were acquired while nonimmigrants were in an illegal status.

H.R. 5547 and H.R. 7058 were introduced in 1977 to provide for the seizure and forfeiture of vehicles, vessels, and aircraft used to illegally transport aliens into the United States.

Section 245 of the Immigration and Nationality Act, as amended by Public Law 94-571 in October 1976, provides for limitations in the adjustment of status of nonimmigrants to that of a person admitted for permanent residence. Excluded were (1) an alien crewman; (2) an alien (other than an immediate relative as defined in section 201(b) who hereafter continues in or accepts unauthorized employment prior to filing an application for adjustment in status; (3) any alien admitted in transit without a visa under section 212(d)(4)(C).
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
         Governmental Affairs
         Human Resources
         Veterans' Affairs

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House:  
Armed Services  
Interstate and Foreign Commerce  
Post Office and Civil Service  
Veterans' Affairs
CIVIL SERVICE DISABILITY RETIREMENT:

NEEDED IMPROVEMENTS

The Congress should reevaluate the civil service disability retirement provisions of current law (5 U.S.C. 83) and enact legislation that will encourage, rather than discourage, retention of potentially productive employees. Such legislation should require Federal agencies, except for compelling reasons, to reassign employees to vacant positions within the same occupational class when the applicant is able to do that job. 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 preclude annuitants earning more than their former Government pay and yet retaining their annuities. Because the payment of those annuities is predicated on a level of earned income, the sensitive issue of using Federal tax returns to independently verify reported income, should be studied and a resolution legislated. (Report to the Congress: "Civil Service Disability Retirement: Needed Improvements," FPCD-76-61, Nov. 19, 1976.)

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Post Office and Civil Service
CONFLICT OF INTEREST PROHIBITION FOR EMPLOYEES
OF THE FEDERAL COMMUNICATIONS COMMISSION

Section 4 (b) of the Federal Communications Act of 1934 restricts the financial holdings of employees of the Federal Communications Commission (FCC) in order to preclude conflicts of interest in the carrying out of their official duties. Literal interpretation of the law's broad, absolute prohibitions could lead to harsh and probably unnecessary results for employees due to the developments in the communications, financial, and business fields of more recent years. 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 FCC significantly regulates and (2) include in the prohibition the 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, Science, and Transportation
House: Interstate and Foreign Commerce
MORE CIVIL SERVICE COMMISSION SUPERVISION NEEDED TO
CONTROL HEALTH INSURANCE COSTS FOR FEDERAL EMPLOYEES

If the Civil Service Commission fails to act, the Congress should enact legislation to achieve better cost controls over contracts with health insurers by

--requiring the Commission to include specific cost-control and/or incentive provisions in contracts with the Federal Employees Health Benefits program carriers;

--authorizing the Commission to audit the carriers for economy, efficiency, and achievement of results, as well as for financial soundness and compliance with the contracts; and

--providing the Commission with some flexibility in contracting with the Associations for the Service Benefit Plan.

The Commission has not been fully responsive to our recommendations. (Report to the House Subcommittee on Compensation and Employee Benefits: "More Civil Service Commission Supervision Needed to Control Health Insurance Costs for Federal Employees," HRD-76-174, Jan. 14, 1977; contact HRD.)

These recommendations are for consideration by the following committees:

    Senate: Governmental Affairs
    House: Post Office and Civil Service
We reported to the Congress that in 1973 the Public Printer had developed a new pricing formula for publications sold to the public, and that the new formula was designed to recover the full cost of the publications, including sales costs. Previous pricing formulas did not include full costs but did have a 50-percent factor which resulted in recovering full costs.

The current Public Printer had intended to discontinue the 50-percent factor because the new pricing formula recovered all costs. However, in April 1974 congressional hearings the Public Printer was instructed to continue the use of the 50-percent factor, as the law required it (44 U.S.C. 1708).

In view of the Public Printer's planned action to recover full costs, through the pricing formula, we recommended that the Joint Committee on Printing determine whether the 50-percent factor is still needed. (Report to the Congress: "Government Printing Office Operations Improvements Since 1974," LCD-77-408, Feb. 22, 1977.)

This recommendation is for consideration by the following committee:

Joint: Printing
CHANGES NEEDED IN SPECIAL RETIREMENT POLICY FOR
FEDERAL LAW ENFORCEMENT AND FIREFIGHTER PERSONNEL

The law authorizes earlier and more generous civil service retirement benefits for about 52,000 Federal employees whose primary duties are (1) investigating, apprehending, or detaining persons suspected or convicted of Federal crimes or (2) controlling or extinguishing fires or maintaining and using firefighting equipment. The purpose of the special retirement law is to improve the quality of law enforcement and firefighting services by helping to maintain a young, vigorous work force. The more generous benefits are not provided to reward those employees for the hazards and stress commonly associated with those types of positions, but to make earlier retirement economically feasible.

We reported that the continued need for the special retirement policy is questionable for several reasons. For example, covered employees are not retiring much earlier than employees who do not receive the additional benefits, but the costs of covered employees' benefits are considerably greater. Instead of choosing to retire when first eligible, many covered employees remain in the work force and continue to accrue the more generous benefits. Thus, the purpose of the program is defeated.

We recommended that the Congress reevaluate the need for the special retirement benefits and identified alternatives which could be considered. If the special retirement policy continues, however, the Congress should (1) amend the law to require additional retirement contributions by employing agencies and (2) reevaluate the eligibility criteria, special mandatory retirement provision, and the benefit structure. (Report to the Chairman, House Committee on Post Office and Civil Service: "Special Retirement Policy For Federal Law Enforcement and Firefighter Personnel Needs Reevaluation," FPCD-76-97, Feb. 24, 1977.)

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Post Office and Civil Service
SPECIAL TRAVEL BENEFITS FOR FEDERAL EMPLOYEES IN NONFOREIGN AREAS SHOULD BE CHANGED

Some Federal employees and their families in duty posts in States, territories, and possessions outside the continental U.S. receive periodic Government-paid trips back to their former residences. The travel law was enacted over 20 years ago to provide a recruiting incentive to persons in the continental U.S. to accept Federal employment in such areas. Because of changed conditions and requirements, the special benefits are often no longer appropriate; however, the law precludes Federal administrators from terminating or adjusting the benefits under the program.

We recommended that the Congress amend the law to (1) authorize Federal administrators to offer the travel benefits only when they determine it necessary to further the recruitment and retention of qualified personnel and (2) limit the number of years that employees may continue to receive the benefits, except for specific instances where there is a demonstrated need to provide the benefits on a continuing basis. (Report to the Congress: "Special Travel Benefits for Federal Employees in Hawaii, Alaska, and Similar Areas Outside the Continental U.S. Should Be Changed," FPCD-76-65, Mar. 2, 1977.)

This recommendation is for consideration by the following committees:

Senate:  Governmental Affairs
House:  Post Office and Civil Service
WAIVER OF ERRONEOUS PAYMENTS OF PAY AND ALLOWANCES

A primary responsibility of the Claims Division of the General Accounting Office is the processing of requests for waiver of erroneous payments of pay and allowances made to civilian employees and military members of executive departments and agencies. Under the present provisions of the Waiver Acts--5 U.S.C. 5584, 10 U.S.C. 2774, and 32 U.S.C. 716--agencies may grant waiver of erroneous payments of $500 or less, but must forward all cases in excess of $500 to GAO.

The agencies' expertise in handling requests for waiver has grown over the years through the guidance contained in hundreds of GAO decisions dealing with various questions raised in such cases. Analysis of recent cases referred to us shows that we usually agree with the disposition recommended by the agencies.

We recommended that the $500 limitation be deleted from the Waiver Acts and that the Comptroller General be authorized to prescribe a new limitation by regulation. The proposed amendment would allow the Comptroller General to periodically adjust the monetary limitation with due regard to inflation, workload factors, and the savings generated through more timely and less costly processing of waiver requests. The proposed amendment would drastically reduce the number of waiver requests referred to GAO. Based on a sample of recent cases settled by GAO, over 40 percent could have been settled at the agency level if the limitation had been $850 and 50 percent if the limitation had been $1,000. (Letters to the respective Chairmen of the House and Senate Committees on the Judiciary, B-158422, B-152040, Mar. 30, 1977; contact OGC.)

This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
Because the Postal Service and the Postal Rate Commission disagree on the role the Congress intended the Commission to play in postal affairs, disputes have arisen involving the authority of the Commission to set certain postal rates, pass on the validity of Service cost and revenue estimates, and investigate management efficiency and economy and the quality of mail service. The Postal Reorganization Act is not clear on these matters; both parties find support in the act and its legislative history for their positions.

We recommended that the Congress:

--Clarify the Postal Reorganization Act regarding its intent with respect to the role of the Postal Rate Commission.

--Amend the Postal Reorganization Act to provide the Commission with authority to issue subpoenas, impose a periodic reporting system, and represent itself in court litigation.

--Amend the Postal Reorganization Act to provide for congressional approval of the Board of Governors' adjustments to the Postal Rate Commission budgets.

(Report to the Subcommittee on Treasury, Postal Service and General Government, Senate Committee on Appropriations: "The Role Of The Postal Rate Commission Should Be Clarified," GGD-77-20, Apr. 7, 1977.)

These recommendations are for consideration by the following committees:

Senate: Governmental Affairs
House: Post Office and Civil Service
Bureau of Alcohol, Tobacco and Firearms Inspectors are assigned to the premises of distilled spirits and industrial alcohol facilities to protect excise tax revenues. The statutory requirement for this practice dates to 1868 when Government presence was needed to stop rampant tax evasion. There is no longer such a need. The Congress needs to change the laws to streamline the process.

Also, the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms should better coordinate excise tax audits in the alcohol and tobacco industries. Presently, the Bureau does not have the expertise to effectively conduct a financial audit of a taxpayer's books of account. IRS does. Thus, the Congress should direct the two agencies to do joint audits.

We recommended that the Congress repeal 26 U.S.C. §5178(a)(2)(B), §5202, §5221, which now requires a closed distillation system and onpremise inspectors at distilleries for the purpose of insuring proper payment of excise taxes.

We also recommended that the Congress direct the Secretary of the Treasury to come forward, by the beginning of fiscal year 1973, with legislative recommendations to revise regulation of the distilled spirits industry. The all-in-bond and modified all-in-bond systems should be considered.

The Congress should also require the Secretary of the Treasury, as part of any legislative proposal submitted in response to the above recommendation, to provide the Congress information regarding the specific pros and cons of implementing alternative ways to determine and to collect excise taxes. The Secretary should also provide information on such factors as estimated revenue losses and gains from alternatives; resultant estimated administrative savings; reduction in regulations now imposed upon industry; areas in which paperwork would be reduced; utilization of personnel freed from onpremise inspection duty; feasibility of having the Bureau do all audits as opposed to transferring the function to IRS; and ramifications of labeling changes to identify specific production lots for possible use in withdrawing products from the market for consumer violations. (Report to the Joint Committee on Taxation: "Alcohol and Tobacco Excise Taxes: Laws and Audits Need Modernizing")

This recommendation is for consideration by the following committees:

| Senate:  | Finance  |
| House:   | Ways and Means |
| Joint:   | Taxation    |
Public Law 93-259, approved April 8, 1974, extended overtime and other provisions of the Fair Labor Standards Act to Federal employees. The law has caused confusion and problems in some Federal agencies because they must reconcile conflicting provisions of the act and certain sections of title 5 of the United States Code in determining overtime entitlement. Some examples of inconsistencies caused by the conflicting statutory requirements follow:

-- Employees who receive the same basic hourly pay rate are entitled to different overtime pay rates.

-- Employees earning $10,000 can be exempted from the act's provisions while other employees earning $30,000 can be covered by them.

-- Use of compensatory time off is restricted even for positions where it may be more appropriate than payment of overtime.

-- Employees are compensated differently for the same time spent traveling.

-- Coverage for employees in similar positions differs among agencies.

We recommended that the Chairman, Civil Service Commission, develop an appropriate legislative proposal to eliminate inconsistencies in overtime pay provisions of the various statutes applying to compensation of Federal employees. (Report to the Chairman, Civil Service Commission: "How the Fair Labor Standards Act Affects Federal Agencies and Employees," FPCD-76-95, Apr. 18, 1977.)

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Post Office and Civil Service
CHANGES NEEDED IN FEDERAL EMPLOYEES GROUP LIFE INSURANCE PROGRAM

The Federal Employees Group Life Insurance (FEGLI) program was originally intended to be a low-cost group plan comparable to those offered in the private sector. Also, the initial premium rate was expected to decrease as the program stabilized. We reported that these objectives have not been met.

Our comparison of the Federal program with life insurance benefits provided by 21 non-Federal employees showed that life insurance coverage is superior in the non-Federal sector and, in addition, the premiums are much lower. In most cases, the non-Federal plans provided insurance at no cost to the employees.

FEGLI is funded on a basis unlike most other group life insurance programs. Whereas future FEGLI benefits are pre-funded, non-Federal employees operate on a pay-as-you-go basis or prefund only a portion of anticipated benefit claims. This difference in funding approach is the primary reason that FEGLI premiums are higher than those in the non-Federal sector.

In establishing the premium rate, the Civil Service Commission has ignored a very important factor—future general pay increases. Recognition of this factor would have moderated the premium increase initiated in 1975. Including interest cost on the program's unfunded liability in the premium determinations has also contributed to the high premium rate. The Government pays interest on the unfunded liability of the civil service retirement programs and adoption of a similar approach under FEGLI could further reduce premiums.

Our report also noted that, under current statutes, the Government assumes all liabilities and risks of the FEGLI program, establishes and collects premiums, and manages most of the funds. Since the program is, in effect, self-insured, we recommended that the Congress rescind the requirement that FEGLI pay State premium taxes and insurance company risk charges.

Changes to FEGLI are needed if the program is to be made more attractive to younger employees and more equitable for all. We recommended that the Congress reevaluate the funding requirements and consider making basic changes to the program's benefit structure. (Report to the Chairman, House

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Post Office and Civil Service
CHANGING OWNERSHIP OF MUTUAL SAVINGS
AND LOAN ASSOCIATION

Public Law 93-495, approved October 28, 1974, permitted the Federal Home Loan Bank Board to approve 41 savings and loan association conversions from mutual to stock form of ownership. The limit, which expired on June 30, 1976, was set so that the Congress could assess, on an experimental basis, whether conversions were consistent with the public interest.

Based on our review of 8 of the 22 associations that had been converted, we believed that additional time was needed to monitor the conversion process, refine regulations, and assess further the impact of conversions on the savings and loan industry. Therefore, we recommended that the Congress limit the number of conversions through September 30, 1979, similar to the limitation contained in Public Law 93-495. Legislation has been introduced in the 95th Congress, but has not been acted upon. (Report to the Chairman, Committee on Banking, Housing and Urban Affairs: "Changing Ownership of Mutual Savings and Loan Associations--An Evaluation," FOD-77-10, May 10, 1977; contact FOD.)

This recommendation is for consideration by the following committees:

Senate: Banking, Housing, and Urban Affairs
House: Banking, Finance and Urban Affairs
EXTENDING THE INNOCENT SPOUSE RULE TO COMMUNITY PROPERTY SITUATIONS

The problem relates to a spouse in a community property situation who files a separate return from which is omitted the one-half of community income he or she owns but does not receive. Under current law, section 6013(e) of the Internal Revenue Code grants relief to an "innocent spouse" on a fraudulent joint return where he or she neither benefits from nor receives income received by the other spouse and not reported. Section 6013(e) does not apply if separate returns are filed by two married persons.

Under State community property rules, the husband, as trustee of the community, is legally obligated to pay both his and his wife's one-half share of taxes due with respect to community property and income out of the proceeds of the community property under his management control. The Internal Revenue Service (IRS), however, has proceeded against her directly as the person primarily liable for the Federal income tax on her one-half share—notwithstanding that the husband has appropriated the entire community income to his own use, for other than family purposes or use. It does not appear that IRS ever has proceeded against the husband to collect the wife's one-half share of the community tax liability in this situation. The fact that the wife is primarily liable for the tax on her one-half share is not a legal impediment to IRS's proceeding against the husband as trustee of the community and as the one in possession of the wife's one-half share.

We recommended that Section 6013 of the Internal Revenue Code be amended so that, where certain conditions exist, the separated spouse who does not receive the one-half of community income to which he or she has a vested right under State law is relieved of tax liability to the extent that such liability is attributable to the omission from gross income of the one-half of community income not received. (Letter report to Joint Committee on Taxation: "Amending the Internal Revenue Code to Extend the Innocent Spouse Rule to Community Property Situations," GGD-77-56, July 12, 1977.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
Joint: Taxation
MISSION BUDGETING

There has been growing concern in and outside the Congress about the way the Federal budget is currently presented, the limitations it imposes on congressional review, and the lack of control over Federal programs. The common complaint with the present system is that the Congress gets a great mass of detail but not a coherent picture of what the money is for and why it is needed. Federal programs get underway and are locked into predetermined solutions long before the Congress becomes aware of them or whether they are needed.

In a report to the Congress, we discussed a new concept called mission budgeting that has been proposed to alleviate these problems. We converted fiscal year 1978 budgets in the energy, defense, and space fields to illustrate how the new concept works.

Mission budgeting does not take away from the Congress the kinds of detailed information it presently receives. Rather, it restructures the information so that budget activities are linked to needs and basic mission responsibilities of the agency. Budget activities would thus be organized by mission end purposes of the agency and the needs they serve. Activities would be funded not by the type of work involved but, instead, by what they are intended to accomplish.

Mission budgeting offers significant possibilities for improving the budgetary process because it opens up congressional review to the policy aspects, priorities, and assumptions underlying spending decisions. It also strengthens congressional control over Federal programs by funding, at the outset of a new program, a need instead of a program solution. This permits the Congress to assess the need and priority for a new program before the program acquires momentum and to fund the creation and exploration of the most promising solutions, as well as test demonstrations, before the Government gets locked prematurely into the largely uncontrollable cost of any one solution. Additional advantages seen for the new budget concept are:

--Clarifying mission responsibilities of the Federal agencies and keeping them relevant to national policies and needs.

--Achieving public accountability on the basis of end results, that is, in terms of the level of mission performance funded by the Congress.
--Having one budget system oriented to both executive and congressional needs.

--Providing a structural foundation to (1) coordinate or reorganize Government agencies and functions according to major end purposes and (2) implement "zero-base" budgeting and pending "sunset" legislation.

We recommended to the Congress that it begin to experiment with this new concept by testing its usefulness on a small scale. Committees expressing an interest are being provided an experimental approach and an outline of a budget presentation.

Three committees on the Senate side have been experimenting or attempting to experiment with individual agencies: Budget Committee (DOD), Appropriations Committee (HEW and DOD), Armed Services Committee (DOD). Three more Senate committees have expressed an interest in an experiment, but a decision has yet to be made (Intelligence; Commerce, Science, Technology and Space; and Human Resources). (Report to the Congress: "Mission Budgeting: Discussion and Illustration of the Concept in Research and Development Programs," PSAD-77-124, July 27, 1977; contact PSAD.)

This recommendation is for consideration by the following committees:

Senate: Appropriations
        Budget

House:  Appropriations
        Budget
CHANGES NEEDED IN COSTING, FUNDING, AND BENEFITS OF FEDERAL RETIREMENT SYSTEMS

Our report reiterated our continuing concern about the unrecognized costs, inadequate funding, and inconsistent benefits of Federal employee retirement systems. In 1976 seven of these systems reported liabilities exceeding $320 billion for which less than $44 billion has been set aside in Federal trust funds.

Federal retirement systems' funding requirements vary, but in most cases are less stringent than those imposed by law on private pension plans. The cost and liabilities of these programs are much greater than recognized by current costing and funding procedures. Under existing funding provisions, the unfunded liabilities of these systems will continue to grow.

There is no standard or method for assessing the adequacy of Federal employee retirement programs. Nor is there any overall policy for the guidance of the various committees of the Congress having jurisdiction in establishing, financing, or amending these programs. Therefore, the many retirement systems have developed on an independent, piecemeal basis. Many inequities, inconsistencies, and common problems exist among the system.

We recommended that the Congress enact legislation requiring that the full cost of Federal retirement systems be recognized and funded, with differences between currently accruing costs and employee contributions being charged to agency operations. In addition, we recommended that the Congress establish an overall Federal retirement policy to guide retirement system development. (Report to the Congress: "Federal Retirement Systems: Unrecognized Costs, Inadequate Funding, Inconsistent Benefits," PPCD-77-48, Aug. 3, 1977.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
Banking, Housing, and Urban Affairs
Environment and Public Works
Finance
Foreign Relations
Governmental Affairs
Judiciary

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House:  Armed Services
Banking, Finance and Urban Affairs
District of Columbia
International Relations
Judiciary
Post Office and Civil Service
Public Works and Transportation
Ways and Means
RECOMMENDATIONS REGARDING THE FEDERAL FINANCING BANK
AND BUDGET TREATMENT OF OTHER FEDERAL CREDIT TRANSACTIONS

In its 4 years of operation, the Federal Financing Bank (FFB) has helped Federal agencies borrow money at a cost savings. However, the transactions of the Federal Financing Bank affect the Government's budget and policy.

Excluding FFB from the Federal budget totals and other questionable budget practices combine to produce an inadequate and incomplete picture of Federal credit assistance. The current borrowing arrangement with the Treasury saves money for agency borrowers and at present has small effects upon debt management and monetary policy.

We recommended that the Congress require that

--FFB's receipts and disbursements be included in the Federal budget totals,

--the receipts and disbursements of off-budget agencies that borrow from FFB be included in the budget, and

--Certificates of Beneficial Ownership be treated in the Federal budget as borrowing.

In addition, we recommended that the Congress monitor FFB's growth with a view toward determining when, if ever, the indirect costs of the current borrowing arrangement with the Treasury Department outweigh the benefits that the practice provides in savings achievable on agency borrowing.

Prior to the issuance of our report, PAD testified before the Economic Stabilization Subcommittee of the House Committee on Banking, Finance and Urban Affairs on H.R. 7597 which would include the receipts and disbursements of the FFB in the budget totals (July 19, 1977). Subsequent to the issuance of the report, PAD testified before the Subcommittee on Oversight of the House Ways and Means Committee on H.R. 7416 (identical to H.R. 7597) on September 20, 1977. All GAO recommendations are still open. (Report to the Congress: "Government Agency Transactions With the Federal Financing Bank Should Be Included on the Budget," B-174958, Aug. 3, 1977; contact PAD.)
The congressional committees with major responsibilities for consideration of our recommendations are:

Senate:  Finance
House:    Ways and Means
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 a 5-day, 8-hours/day, 40-hour week schedule.

Various forms of altered schedules could be applied to selected Federal organizations with resulting benefits to the Government, the employee, and the public. There is a need for basic data identifying those work schedules which will contribute most to efficient agency operations.

As a means of determining altered schedules' applicability to Federal employees, we recommended in a report to the Congress (FPCD-75-92, Oct. 21, 1974) 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 experimentation of flexible and compressed work schedules. The Commission concurred with our recommendation and sponsored legislation in the 94th Congress which was passed by the House but not by the Senate.

In our most recent report, we stated that, as of May 1977, at least 90 Federal organizations were either experimenting with flexible schedules or were using them permanently. Many organizations said that both they and their employees had realized benefits from the new arrangements. Productivity increased, morale and job satisfaction were enhanced, and tardiness decreased.

Since the overtime provisions of the law still impose impediments to experimentation with compressed schedules and more advanced forms of flexible schedules, we repeated our prior recommendation that the Congress favorably consider proposed legislation--new bills having been introduced in the 95th Congress--which would implement our recommendation, but no bill has been passed to date. (Report to the Congress: "Benefits From Flexible Work Schedules--Legal Limitations Remain," FPCD-77-62, Sept. 26, 1977.)

This recommendation is for consideration by the following committees:
Senate: Governmental Affairs
       Human Resources
House:  Education and Labor
       Post Office and Civil Service
APPORTIONMENT REQUIREMENT FOR
FEDERAL SERVICE APPOINTMENTS

The Civil Service Act of 1883 directs that appointments to competitive civil service positions in Federal departments in Washington, D.C., be apportioned among the States, territories, and District of Columbia on the basis of population as determined at the last census.

We reported to the Congress (FPCD-74-44, Nov. 30, 1973) that, because of exemptions to and waivers of the requirement, the effect of the apportionment requirement had been minimal. We concluded that the requirement had outlived its usefulness. Accordingly, we recommended that the Congress act favorably upon legislation that had been proposed to eliminate the requirement of 5 U.S.C. 3305. That proposal and similar bills introduced in subsequent Congresses did not reach enactment stages.

In our more recent report, we stated that apportionment is contrary to the basic principles of the merit system and operates as a barrier to achievement of equal employment opportunity objectives. Since veterans are exempted from the requirement and most veterans are male, the burden of apportionment falls most heavily on qualified women applicants.

Because of its negative impact on merit and EEO and its obsolescence and ineffectiveness, we again recommended that the apportionment requirement be repealed. Legislation to do this was introduced in both the House (H.R. 5054, passed Sept. 19, 1977) and Senate (S. 386, S. 865, and S. 1133) during the 95th Congress (Report to the Congress: "Conflicting Congressional Policies: Veterans' Preference and Apportionment vs. Equal Employment Opportunity," FPCD-77-61, Sept. 29, 1977.)

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Post Office and Civil Service
AN ORGANIZED APPROACH TO IMPROVING FEDERAL PROCUREMENT AND ACQUISITION PRACTICES

This report follows up on a recommendation of the House Government Operations Committee and the Commission on Government Procurement that a continuing program of research be used to create better procurement practices and to design and test the best ways to carry out new policies.

A number of large Government agencies, such as Defense, Energy, Transportation, Space, and General Services, rely on procurement to accomplish their primary missions. About $70 billion a year and some 60,000 Federal workers are involved. Efforts to solve problems in the past on an ad hoc basis have resulted in a complex patchwork of laws, methods, regulations, procedures, and administrative requirements. Basic redirections are beginning to take shape as a result of numerous congressional hearings, studies by commissions, and a continuing overview by the Office of Federal Procurement Policy.

Except for some new efforts in the Department of Defense, no program of organized research into procurement activities exists today on a Government-wide basis or within any executive department. Our report depicts the present posture of procurement research in the Federal Government. Specific uses of such research are discussed and an organized approach to a Government-wide program is illustrated, including

--basic prerequisites for operating the program;

--roles of participants: the Federal agencies, the Federal Procurement Institute, and the Office of Federal Procurement Policy; and

--operating approaches to screening research needs, selecting projects, conducting the research itself, and evaluating results.

We recommended that the Office of Management and Budget establish a strong program for procurement research with active participation from the major agencies. The major agencies would use the program to:

--cope with procurement problems peculiar to their agency operations as they arise.
--Design the best ways of giving effect to new policies.

--Evaluate experiences, achieve innovative improvements, develop training materials, and participate in Government-wide research.


This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Government Operations
GENEPAL SCIENCE, SPACE AND TECHNOLOGY
DATA FROM SPACE SCIENCE PROGRAMS NOT FULLY ANALYZED FOR MAXIMUM BENEFIT TO THE NATION

The National Aeronautics and Space Administration (NASA) has invested billions of dollars on launch vehicles and satellites which transmit large quantities of space science data to Earth. Such data should increase our knowledge and further scientific exploration into such areas as the history of the universe, physics of the stars, and the search for life and other cultures.

We reported that scientific data acquired from NASA's space programs is not always promptly made available to the scientific community for further analysis and maximum benefit to the Nation. Factors contributing to late data or data not received are:

--Contracts and written agreements which require investigators to submit data were not enforced.

--Too little money and time were available to scientists for data analysis.

--NASA's National Space Science Data Center was understaffed in relation to its mission.

We recommended that the Congress examine the adequacy of NASA's allocation of resources between gathering space science data and analyzing it when evaluating NASA's program content and budget requests. (Report to the Congress: "More Emphasis Needed on Data Analysis Phase of Space Science Programs," PSAD-77-114, June 27, 1977; contact PSAD.)

This recommendation is for consideration by the following committees:

Senate: Appropriations
        Commerce, Science and Transportation

House: Appropriations
       Science and Technology

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HEALTH
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, legisla-
tion 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.)

There were a number of bills introduced in the 94th
Congress and the First Session of the 95th which, if passed,
would have covered one or more of these recommendations.
In particular, S. 641, which would have required full dis-
closure of ingredients, nutritional information, and open
dating, passed the Senate in the 94th Congress but was not
acted upon by the House.

These recommendations are for consideration by the
following committees:

    Senate: Human Resources
    House: Interstate and Foreign Commerce
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 manufacturer's 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. 3, 1975; contact HRD.)

These recommendations are for consideration by the following committees:

Senate: Human Resources
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
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 fire safety standards which must be met by nursing facilities requesting waiver from the automatic sprinkler requirement.


In the first session of the 95th Congress, at least eight House bills and one Senate bill requiring that all nursing facilities be fully protected with automatic sprinkler systems have been introduced. No committee action has taken place on any of the bills.

These recommendations are for consideration of the following committees:

Senate: Finance
House: Interstate and Foreign Commerce
Ways and Means
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:  Human Resources
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: Human Resources
House: Interstate and Foreign Commerce
ALTERNATIVE TO CRIMINAL PENALTIES FOR
VIOLATORS OF SAFETY REQUIREMENTS

Violations of Federal Hazardous Substances Act and Poison Prevention Packaging Act safety requirements are 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 Committee on Commerce held hearings on the bill on September 9, 1976, but did not report it out before the 94th Congress adjourned. A similar bill (S. 709) was introduced in the Senate in the 95th congress, but has not been acted upon.

This recommendation is for consideration by the following committees

Senate: Commerce, Science and Transportation
House: Interstate and Foreign Commerce
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: Human Resources
House: Education and Labor
STATES' PROTECTION OF WORKERS NEEDS IMPROVEMENT

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: Human Resources
House: Education and Labor
A COMMITTEE IN BOTH HOUSES OF THE CONGRESS

SHOULD BE DESIGNATED TO OVERSEE FEDERAL

EFFORTS TO DEINSTITUTIONALIZE THE MENTALLY DISABLED

Care and treatment for the mentally disabled in communities rather than in institutions has been a national goal since 1963. Some Federal courts have held that the mentally disabled have a constitutional right to be treated in communities when community care serves their needs more and restricts their freedom less. Many mentally disabled needlessly enter, remain in, or reenter institutions. Others have been released from institutions before enough community facilities and services were available and without adequate planning for, and later review of, their needs. Solutions to many deinstitutionalization problems involve many Federal agencies under different congressional committees.

We recommended to the Congress that each House of the Congress consider designating a committee with overall responsibility to oversee all Federal efforts toward deinstitutionalization of the mentally disabled. This committee should:

--Make sure that Federal programs be directed so that the congressional policy that the mentally disabled have a right to be treated in the least restrictive setting appropriate to their needs is achieved. For example, the Congress could make deinstitutionalization a specific objective of HUD's housing and community development programs.

--Establish legislative links among federally supported programs so that they are mutually supportive in accomplishing deinstitutionalization and that they are used to make sure that mentally disabled persons are placed in the least restrictive setting appropriate to their needs with needed support services provided most cost-effectively. For example, Medicaid requires States to implement utilization control programs to, among other things, identify persons inappropriately placed in mental hospitals and related facilities, including institutions for the retarded. Federal legislation also requires States to develop plans for eliminating inappropriate institutional placements under developmental disabilities and mental health programs. However, States are not
required to specifically identify how they will implement their title XX programs to (1) help eliminate or reduce inappropriate placements identified by utilization controls, (2) support State mental health and developmental disabilities programs aimed at deinstitutionalization, or (3) help make sure that eligible persons released from institutions are not placed in substandard facilities or without provision for needed services. (Report to the Congress: "Returning the Mentally Disabled to the Community: Government Needs To Do More," HRD-76-152, Jan. 7, 1977.)

This recommendation is for consideration by the following committees:

Senate: Rules and Administration
House: Rules
THE SOCIAL SECURITY ACT SHOULD BE AMENDED TO

INCREASE OUTPATIENT MENTAL HEALTH CARE AVAILABLE UNDER MEDICARE

Many mentally disabled persons enter institutions unnecessarily because services are not available in the community. One of the causes of this appears to be the limits on outpatient care under the Medicare program.

Medicare coverage of outpatient mental health care is limited to half the cost or $250 annually, whichever is less. The dollar limit has not been increased since the Medicare program was enacted in 1965 despite increases in the cost of medical care. Department of Labor statistics show that the cost of 1 hour of individual psychotherapy increased 70 percent between 1965 and 1975.

We recommended that the Congress consider amending section 1833(c) of the Social Security Act to increase the amount of outpatient mental health coverage available under Medicare. This could be done by increasing the $250 limit, the percent of Federal reimbursement, or both or by authorizing a combined limit on inpatient and outpatient mental health care to encourage outpatient care. (Report to the Congress: "Returning the Mentally Disabled to the Community: Government Needs To Do More," HRD-76-152, Jan. 7, 1977.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
FUNDS FOR MENTAL HEALTH SHOULD BE CONSOLIDATED

INTO A SINGLE FORMULA GRANT TO STATE MENTAL HEALTH AGENCIES

In several laws the Congress has expressed its preference for community-based care for the mentally ill. Declining Federal financial support for community mental health centers (CMHC) has impeded the development of them and of mental health programs in communities. There remains a critical shortage of community mental health services, and successful methods for financing these services have not yet been developed. The most direct Federal funding for such services comes from the CMHC and Special Health Revenue Sharing programs. Although Special Health Revenue Sharing funds are administered by the States, CMHC grants are generally made directly by the Federal Government to local applicants. As a result, two separate mental health systems continue to be promoted—mental hospitals and CMHCs. Coordination between CMHCs and mental health agencies and others remains a serious problem.

We recommended that the Congress consider consolidating the funds earmarked for mental health under the Special Health Revenue Sharing and CMHC programs into a formula grant to State mental health agencies. This combined grant could (1) more effectively accomplish the objectives of the two programs, (2) give State mental health agencies greater capability and flexibility so they can provide a coordinated, comprehensive mental health system with emphasis on community-based care, and (3) provide a more stable funding source for community mental health services until other funding methods are fully developed. (Report to the Congress: "Returning the Mentally Disabled to the Community: Government Needs To Do More," HRD-76-152, Jan. 7, 1977.)

This recommendation is for consideration by the following committees:

Senate: Human Resources
House: Interstate and Foreign Commerce
LEGISLATIVE INCENTIVES ARE NEEDED TO PROVIDE MORE ASSISTANCE TO THE SEVERELY MENTALLY DISABLED

The Rehabilitation Act of 1973 requires that State vocational rehabilitation agencies provide services first to those persons with the most severe handicaps. However, because of the incentives in the program for showing successful rehabilitations, the severely disabled were not emphasized.

Labor uses a balanced placement formula to allocate available funds to the States. The formula, designed to measure State agencies' performance, emphasizes the number of job placements. Although the formula was intended to motivate the States to serve special groups, including the handicapped, a Labor official said the formula did not provide enough motivation to serve the handicapped who are harder to place.

We recommended that the Congress consider whether additional legislative initiatives are needed to help Federal, State, and local agencies expand their efforts for the severely mentally disabled. One problem appears to be insufficient consideration for the extra efforts and difficulties involved in trying to help groups with particular disadvantages, such as the mentally disabled. Options to consider include earmarking funds for this purpose or establishing services to this group. (Report to the Congress: "Returning the Mentally Disabled to the Community: Government Needs To Do More," HRD-76-152, Jan. 7, 1977.)

This recommendation is for consideration by the following committees:

Senate: Human Resources
House: Education and Labor
       Interstate and Foreign Commerce
NEED FOR GREATER COMMITMENT AND COOPERATION FROM
OTHER FEDERALLY SUPPORTED STATE AND LOCAL PROGRAMS
WITH STATE DEVELOPMENTAL DISABILITY PROGRAMS

The Developmental Disabilities Program was established in 1970 to (1) identify needs of the developmentally disabled and develop comprehensive plans to meet these needs, (2) stimulate and coordinate other agencies to take specific actions to provide services to the retarded, and (3) fill gaps in services and facilities. Developmental disabilities are those which are attributable to mental retardation, cerebral palsy, epilepsy, autism, conditions closely related to mental retardation, or dyslexia. Deinstitutionalization is a major goal of the program.

State developmental disabilities councils or agencies could not require nor did they receive the cooperation from other State agencies. The councils or agencies often did not evaluate or attempt to coordinate or influence other agencies' activities that affected deinstitutionalization.

We recommend that the Congress require State developmental disabilities programs to concentrate on coordinating activities at the local levels. (Report to the Congress: "Returning the Mentally Disabled to the Community: Government Needs To Do More," HRD-76-152, Jan. 7, 1977.)

This recommendation is for consideration by the following committees:

Senate: Human Resources
House: Education and Labor
Interstate and Foreign Commerce
FUNDAMENTAL IMPROVEMENTS NEEDED FOR TIMELY PROMULGATION OF HEALTH PROGRAM REGULATIONS

Some Department of Health, Education, and Welfare (HEW) programs operate for years without required regulation. Although it cannot be precisely documented, tardiness in publishing regulations negatively affects programs administered by HEW.

In addition, HEW's policies and procedures do not require compliance with the Office of Management and Budget (OMB) Circular No. A-85 which prescribes a process for promoting early consultation on regulations between Federal agencies and departments and State and local governments through the Advisory Commission on Intergovernmental Relations (ACIR). Although procedures for implementing the process are set forth in the HEW General Administration Manual, HEW officials responsible for the regulations were either not aware of the OMB circular or did not adhere to HEW's procedures for referral to the ACIR.

To assist HEW in the timely publication of regulations, we recommended to the Congress to

--consolidate programs with similar objectives and place them in the same agencies and

--include in legislation requiring regulations a maximum time limit by which the Secretary must publish such regulations with consideration for the complexity, significance, or controversy of the statute; the availability of lack of precedents; and the number of potentially significant policy or legal issues.

(Report to the Chairman, Subcommittee on Health and the Environment, House Committee on Interstate and Foreign Commerce: "Fundamental Improvements Needed for Timely Promulgation of Health Program Regulations," HRD-77-23, Feb. 4, 1977; contact HRD.)

These recommendations are for consideration by the following committees:

Senate: Human Resources
House: Interstate and Foreign Commerce

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QUESTIONABLE BENEFITS OF AN INCOME TEST INCLUDED IN PROPOSALS FOR NATIONAL HEALTH INSURANCE

Medicare has protected the elderly against the cost of hospitalization, but its complicated benefit structure has created administrative problems. Many national health insurance proposals introduced in the Congress would affect Medicare's methods of reimbursing beneficiaries for their cost of medical care. Proposals include basing cost sharing on individual or family income. Determining individual and family income is administratively difficult and expensive.

We recommended that the Congress in its deliberations of national health insurance proposals carefully explore whether the benefits of introducing an income test would justify the resultant added administrative problems and costs. (Report to the Congress: "Potential Effects of National Health Insurance Proposals on Medicare Beneficiaries," HRD-76-129, Feb. 24, 1977.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Interstate and Foreign Commerce
        Ways and Means
IN ADDITION OF AUTHORITY TO COORDINATE AND MONITOR ALCOHOL PROGRAMS

In December 1970 the Congress passed Public Law 91-616 which created the National Institute on Alcohol Abuse and Alcoholism (NIAAA) to spearhead a national attack on alcohol abuse. The Congress intended that this attack would be supported by all Federal departments and agencies providing such services as medical assistance, medical care, treatment, rehabilitation, and social services. The Congress believed that substantial legislative authority existed to assist persons suffering from disabilities or disease and expected that Federal agencies would cooperate with NIAAA to insure that recipients of this assistance would include alcohol abusers. NIAAA was expected to specify how existing Federal legislation could be used to more effectively combat alcohol abuse and to coordinate all Federal efforts in the fight against alcohol abuse.

In a report to the Congress entitled "Progress and Problems in Treating Alcohol Abusers" (HRD-76-163, Apr. 28, 1977) we pointed out that the concerted Federal approach to combating alcohol abuse has been slow in developing because NIAAA has been unable to establish and maintain effective coordinating relationships with all appropriate Federal agencies.

We recommended that the Congress consider giving NIAAA authority to establish Federal coordination policies and procedures and to monitor Federal departments' and agencies' programs as a means of achieving a more concerted Federal effort against alcoholism.

This recommendation is for consideration by the following committees:

Senate: Human Resources
House: Interstate and Foreign Commerce
NEED TO REASSESS THE ROLE OF THE
PUBLIC HEALTH SERVICE HOSPITAL SYSTEM

As required by section 818(a) of the Department of Defense Appropriation Authorization Act, 1974, Public Law 93-155, the Public Health Service (PHS) hospital system is attempting to maintain a level and range of direct patient care services comparable with 1973. However, in attempting to maintain these services during a period of spiraling inflation and limited budget increases, the PHS hospital system has been unable to (1) keep pace with advancements in medical practice and technology, (2) comply with minimum safety and professional accreditation standards, and (3) maintain optimum utilization and productivity levels.

We recommended to the Congress that when deliberating on the funding for the PHS hospital system, it should address whether or not the United States intends to realize the potential of the PHS hospital system as a resource for medical care at a reasonable, controllable cost. In connection with this, we asked the Congress to consider the following factors:

--The potential savings from providing health care services to military dependents and to Medicare and Medicaid beneficiaries in federally controlled PHS hospitals and clinics.

--The economics and efficiencies of PHS hospital participation in and cooperation with regional and local health planning and resource allocations. This would include facility and other resource sharing among the Department of Defense, Veterans Administration, and PHS hospital systems (an area that we are reviewing).

--The potential benefits to be derived by developing Federal health care research and health manpower training at the PHS hospitals similar to that conducted by the National Institutes of Health.

--The potential role of the PHS hospital system as a primary or standby health care provider in any future national health insurance program.
(Letter Report to the Chairman, Senate Committee on Appropriations: "Are the Public Health Service Hospitals and Clinics Operating at the 1973 Level as Required by Law?" B-164031(5), May 26, 1977; contact HRD.)

This recommendation is for consideration by the following committees:

Sensor: Human Resources  
House: Interstate and Foreign Commerce  
Merchant Marine and Fisheries
CIVIL SERVICE COMMISSION MAY NEED LEGISLATED AUTHORITY TO REQUIRE FEDERAL AGENCIES TO DEVELOP ALCOHOLISM PROGRAMS FOR EMPLOYEES

To provide a comprehensive Federal program for the prevention and treatment of alcoholism and alcohol abuse, the Congress enacted Public Law 91-616 (42 U.S.C. 4551). Title II of the law made the Civil Service Commission (CSC), in cooperation with the Secretary of Health, Education, and Welfare and other Federal agencies and departments, responsible for developing and maintaining appropriate prevention, treatment, and rehabilitation programs and services for Federal civilian employee alcohol abusers.

While CSC has been given responsibility for assisting Federal departments and agencies in developing and maintaining programs for Federal employees who are alcohol abusers, it has only limited authority to make sure that such programs are implemented.

A CSC official, testifying before the Manpower and Housing Subcommittee of the House Committee on Government Operations, stated that under Public Law 91-616 CSC shares responsibilities, in cooperation with Federal departments and agencies, for developing and maintaining programs for Federal civilian employee alcohol abuse. He also testified that the statute gives CSC no authority or means of assuring that the other agencies implement these responsibilities. As a consequence of its limited authority, CSC cannot promote the program based on legal sanctions.

In a report to the Congress entitled "Most Agency Programs for Employees with Alcohol-Related Problems Still Ineffective," HRD-77-75, Sept. 7, 1977, we recommended that if department and agency heads do not act within a reasonable period of time to develop effective employee alcoholism programs, the Congress should explore legislation giving CSC more authority to do so.

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
         Human Resources
House: Interstate and Foreign Commerce
         Post Office and Civil Service
INCOME SECURITY
SOME SELF-EMPLOYED PERSONS RECEIVE SOCIAL SECURITY CREDIT WITHOUT PAYING THE TAX

The Internal Revenue Service (IRS) 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 nor (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 recommended 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 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:   Taxation
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 the Department of Health, Education, and Welfare 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
CLARIFICATION OF LEGISLATION IS NEEDED TO PROVIDE FOR
IMPROVED CARE OF CHILDREN IN FOSTER CARE INSTITUTIONS

Since 1961 Federally matched payments have been available to the States under the Aid to Families with Dependent Children Program (AFDC) for foster home care of dependent children pursuant to title IV-A of the Social Security Act (42 U.S.C. 608). The basic intent of the program was to protect AFDC children who required foster care because of unsuitable home conditions.

The program has grown significantly, in part from the changing characteristics of the children served from the services provided. Currently, participants in the program include children with mental or behavioral problems, such as mental retardation or juvenile delinquency, placed in foster care as a result of broad interpretations of the law and regulations. The services these children require and the associated costs appear to go beyond the original scope of the program, which did not appear to be directed to children who needed outside care primarily because of their own physical, mental, or behavioral problems. In addition to increased program costs, the expansion has resulted in potential overlap with other Government programs.

Accordingly, we recommended that the Congress clarify title IV-A to specify the children to be served, taking into account the availability of services to children from other Government programs and the need to coordinate AFDC services with the delivery, accountability, and intent of those programs. (Report to the Congress: "Children in Foster Care Institutions--Steps Government Can Take to Improve Their Care," HRD-77-40, Feb. 22, 1977.)

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
LIMITED USE OF SUPPLEMENTAL SECURITY INCOME PROGRAM

IN TREATING ALCOHOL ABUSERS

The authorizing legislation for the Supplemental Security Income Program (SSI) states that:

"No person who is an aged, blind, or disabled individual solely by reason of disability * * * shall be an eligible individual * * * for purposes of this title * * * if such individual is medically determined to be a drug addict or an alcoholic unless such an individual is undergoing any treatment that may be appropriate for his condition as a drug addict or alcoholic * * *." 

Social Security Administration officials have interpreted the SSI program's authorizing legislation in such a way that the program's potential for identifying individuals suffering from alcoholism and requiring them to enter appropriate, available treatment has been diminished. In our opinion, alcoholics should not be entered on the SSI rolls solely on the basis of some other qualifying impairment when alcoholism also is present because this could possibly deny someone the opportunity to benefit from treatment and become more socially productive. Congressional clarification as to who is subject to the mandatory treatment provisions of title XVI is needed if the SSI program is to meet its potential to aid in combating alcoholism.

In a report to the Congress entitled "Progress and Problems in Treating Alcohol Abusers," HRD-76-163, Apr. 28, 1977, we recommended that the Congress clarify whether section 1611(e')(A) of the Social Security Act applies to all disabled SSI recipients suffering from alcoholism or drug abuse or only to those recipients whose disability determination depends on alcoholism or drug abuse.

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
LEGISLATION NEEDED TO HELP FACILITATE
DOMESTIC RESETTLEMENT OF INDOCHINESE REFUGEES

As of December 1976, 44,000 of the 144,000 Indochinese refugees who resettled in the United States after the South Vietnamese and Cambodian Governments collapsed were receiving cash assistance, largely attributable to their lack of marketable job skills and inability to speak English. Action is being taken to address these problems. As parolees in "indefinite voluntary departure status," refugees are neither American citizens nor permanent resident aliens, but are eligible for certain types of assistance from Federal departments and agencies normally available to citizens or permanent resident aliens. Without permanent residency status, refugees cannot be employed by State and local governments and are not eligible for enlistment in the military service.

Legislation introduced but not acted on in the 94th Congress would have changed the Indochinese refugees' status from parole to that of permanent resident aliens, eventually paving the way for U.S. citizenship. One bill specifically provided that section 212(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1182), which denies permanent resident alien status to parolees who are likely at any time to become public charges, would not be applicable to an alien otherwise eligible for permanent resident status under the bill.

On February 10, 1977, legislation (Senate bill 694) was introduced in the 95th Congress to change the status of Indochinese refugees to that of permanent resident aliens and provided that section 212(a)(15) would not be applicable.

We recommended that the Congress consider legislation to provide permanent resident alien status to Indochinese refugees, dealing with refugees on public assistance as proposed in Senate bill 694 or in similar legislation introduced in the 95th Congress, to help facilitate their adjustment into American society and ultimately lead the way to U.S. citizenship. (Report to the Congress: "Domestic Resettlement of Indochinese Refugees--Struggle For Self-Reliance," HRD-77-35, May 10, 1977.)
This recommendation is for consideration by the following committees:

Senate: Judiciary
House: Judiciary
NEED TO CHANGE INCOME CRITERIA OF THE
SUPPLEMENTAL SECURITY INCOME PROGRAM

The treatment of in-kind support and maintenance in the Supplemental Security Income program results in non-uniform treatment of recipients. Under the current law, some recipients have their maximum monthly Federal benefit reduced when in-kind support and maintenance is received, and others do not. In addition, some recipients are not given an opportunity to rebut the amount of the reduction.

We recommended that the Congress initiate legislation to amend section 1612 of the Social Security Act to treat in-kind support and maintenance the same, regardless of the living arrangement of the recipient. (Reports to the House Committee on Ways and Means, Senate Committee on Finance, and House Subcommittee on Public Assistance and Unemployment Compensation: "Need to Change Income Criteria of the Supplemental Security Income Program," HRD-77-101, HRD-77-113, HRD-77-114, respectively, June 23, 1977).

The Senate Committee on Finance has under consideration an amendment to H.R. 7200, which passed the House on June 14, 1977, which should eliminate the inequities addressed in our report.

This recommendation is for consideration by the following committees:

Senate: Finance
House: Ways and Means
IMPROVEMENTS ARE NEEDED IN THE PROGRAM TO PAY BLACK LUNG BENEFITS TO COAL MINERS AND THEIR SURVIVORS

The Department of Labor is not achieving the results contemplated by the Federal Coal Mine Health and Safety Act of 1969 and its 1972 amendments.

The act's 3-year filing requirement has resulted in Labor having to deny many claims for living miners and widows who otherwise would be eligible. Labor claims that its approval rate is also affected by the Office of Management and Budget's requirement that it not use the more liberal "Interim Standards" adopted by the Social Security Administration for determining disability and eligibility for benefits.

We recommended to the Congress that section 422(f)(2) of the Federal Coal Mine Health and Safety Act should be amended to delete the requirement that living miners file within 3 years of the date of their last coal mine employment to be eligible under the 15-year rebuttable presumption and section 422(f)(1) should be amended to delete the requirement that widows of miners determined to have been totally disabled from pneumoconiosis file within 3 years of the date of the miner's death.

Also, the Congress should decide whether to amend the act to permit Labor to use the Interim Standards in adjudicating black lung claims. If Labor is authorized to use the Interim Standards, it should be directed to take care to substantiate by medical evaluation the degree of the functional disability inhibiting claimants, especially younger miners, from working. (Report to the Senate Committee on Human Resources: "Program to Pay Black Lung Benefits to Coal Miners and Their Survivors--Improvements are Needed," HRD-77-77, July 11, 1977.)

These recommendations are for consideration by the following committees:

Senate: Human Resources
House: Education and Labor
LEGISLATION NEEDED TO IMPROVE PROGRAM FOR

REDUCING ERRONEOUS WELFARE PAYMENTS

In March 1977, as a result of court decisions, the Department of Health, Education, and Welfare (HEW) eliminated a 4-year-old provision to withhold funds from States that did not meet goals for reducing erroneous payments in the Aid to Families with Dependent Children (AFDC) program. The fiscal disallowance provision and associated error tolerance levels had been incorporated into the quality control program by administrative regulation, but funds had never been withheld under it. The courts ruled that, because the error tolerance levels were not established on empirical evidence, the fiscal disallowance regulation was arbitrary and invalid.

Although error rates have declined since 1973, nearly $500 million a year in Federal funds is being misspent. HEW presently lacks means for withholding funds and will continue to encounter problems in implementing any financial incentive provision administratively. Such an incentive for welfare payments is not specifically contained in the Social Security Act (42 U.S.C. 301 et seq.).

In recent years, the Congress has specifically established within the Social Security Act various penalties and incentives for improved administration and cost control for several aspects of the AFDC and Medicaid programs; in particular, child support enforcement (title IV-D) and control over utilization of institutional services (amendment to title XIX), respectively.

We recommended that the Congress enact legislation to establish some similar form of fiscal incentive to the States to effectively control AFDC payment errors. Such legislation should provide for using a payment error rate as the basis for setting goals for measuring States' accomplishments in reducing error. (Report to the Congress: "Legislation Needed to Improve Program For Reducing Erroneous Welfare Payments," HRD-76-164, Aug. 1, 1977; contact HRD.)

This recommendation is for consideration by the following committees:

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

The Federal costs of financing small reclamation loans and multipurpose water resources projects, including authorized projects not yet under construction, have been understated because, under existing statutory criteria, 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 were lower than the rates the Treasury paid to finance construction of the projects.

Our review of five multipurpose projects constructed in the Southwestern United States—three by the Bureau of Reclamation and two by the Corps of Engineers—at a recorded cost of about $170 million showed that 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, based on criteria prescribed 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 included 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, be 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 unrepaired 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:  Energy and Natural Resources  
           Finance
  House:   Interior and Insular Affairs  
           Ways and Means
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 THE TREASURY'S LONG-TERM DEBT

Between 1965 and 1976, the 4-1/4-percent limit on interest that can be paid on long-term public debt hampered Treasury's borrowing operations. However, because of amendments to the law in March and June 1976, the Federal Government is able to finance deficit expenditures or refinance its outstanding maturing debt with issues of up to 10 years maturity with no interest limitation and with issues whose maturity exceeds 10 years up to a limit of $17 billion without regard to the interest rate limitation. In addition, there is no limit on sales of Treasury issues with maturities exceeding 10 years to the Federal Reserve and Government accounts.

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. (Report to the Congress: "The Congress Should Consider Repealing the 4-1/4-Percent Interest Limitation on Long-Term Public Debt," OPA-76-26, Apr. 17, 1976; contact PAD).

As of August 31, 1977, a total of $12.8 billion of bonds whose maturities exceeded 10 years when issued were held by the non-Federal Reserve public.

The recommendations are for consideration by the following committees:

Senate: Finance
House: Ways and Means
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 proportionately reduce U.S. forces deployed in Europe 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 thorough appropriate arrangements with NATO and its individual members.

We concluded that Defense estimates of the extra costs to station U.S. forces in Europe were greatly understated. We also concluded that allied budgetary support falls short of a "substantial reduction" in U.S. costs as called for in the Jackson-Nunn Amendment.

We recommended that the Congress consider whether the provisions of the amendment have been satisfied by Defense, in light of our report, and whether there is a need for more specific language in the current 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: Armed Services
        Foreign Relations

House: Armed Services
       International Relations
PROPOSALS TO MAKE THE BEST USE OF U.S. PAVILION
FACILITIES AFTER INTERNATIONAL EXPOSITIONS CLOSE

The Federal Government invested about $25 million in permanent and semipermanent U. S. 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 had 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.

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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 Title 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. A bill, H.R. 2441, has been introduced, which would establish a revolving fund for making loans to individuals released from prison. (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
U.S. magistrates' criminal jurisdiction should be increased to include all misdemeanors, thereby reducing district judges' workloads and allowing them to spend more time on felony and civil matters.

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.)

Two bills, H.R. 7812 and S. 1612, were introduced in the spring of 1977 to amend section 3401 and 5031 of Title 18, U.S.C. to enlarge and amend the trial jurisdiction of U.S. magistrates in misdemeanor cases; however, action has been taken on the bills to date.

This recommendation is for consideration by the following committees:

Senate:  Judiciary
House:  Judiciary
DOMESTIC INTELLIGENCE OPERATIONS

At the request of the Chairman of the House Judiciary Committee, we began reviewing the operations of the FBI. The Chairman specifically requested that we first review the Bureau's domestic intelligence operations.

We reported to the Congress that various changes are needed in the FBI's domestic intelligence operations. The operations are too broad in terms of scope and number of people investigated. The authority for these operations is also unclear.

We recommended that legislation be enacted

--clarifying the authority under which the FBI would be able to initiate and conduct such operations,

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

--limiting the extent to which the Attorney General may authorize the FBI to take nonviolent emergency measures 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 recommendations concerning the above areas to the Attorney General. (Report to the House Judiciary Committee: "FBI Domestic Intelligence Operations--Their Purpose and Scope: Issues That Need to be Resolved, "GGD-76-50, Feb. 24, 1976."

These recommendations are for consideration by the following committees:

Senate: Judiciary
House: Judiciary
A GAO report of 1970 directed attention to 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 cash and courtroom exhibits, and
--courtroom utilization.

Judicial councils, to a large extent, have not taken an active role in overseeing the administrative and financial activities of the district courts. In light of the long-term inactivity of the councils and the factors contributing to it, we recommended that the Congress should reexamine the role of the judicial councils. (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. These fees should be revised so that the charge for each type of service approximates the cost of providing it.

We recommended that the Congress require the Attorney General to identify the current cost of serving process so that the Congress can revise current fees to approximate the cost of providing the service. If fees are to be kept current, the Congress should either require that the Attorney General periodically analyze the cost of serving process and propose fee adjustments, or vest the Attorney General with the authority to revise fees when necessary. (Report to the Congress: "U.S. Marshals Service--Actions Needed to Enhance Effectiveness," GGD-76-77, July 27, 1976.)

The Department of Justice has recognized the need to revise fees since 1969, when we issued a report identifying these problems. The Department is currently supporting H.R. 8492 and S. 2016 (95th Congress, 1st session) which, if passed, would allow the Attorney General to modify fees now set by law for the service of process. In addition, the bills would permit the recovery of the actual costs of providing these services to private litigants.

These recommendations are for consideration by the following committees:

Senate: Judiciary
House: Judiciary
Federal law enforcement agencies seize large quantities of vehicles in carrying out their duties. Some are subsequently returned to their original owners, and others are forfeited to the Government by a judicial or administrative process. If forfeiture time could be reduced, deterioration, depreciation, vandalism, and storage costs could be reduced; and vehicles desired for agency use could be obtained in less time.

Seized vehicles valued at $2,500 or more are required by law to be judicially forfeited. Anyone claiming an interest in a vehicle valued at less than $2,500 may file a claim and post bond on the vehicle and transfer the forfeiture case to court. Because of overcrowded court dockets and the low priority given such cases by U.S. attorneys and Federal courts, judicial forfeitures generally take more time than administrative forfeitures. In an administrative forfeiture, the seizing agency can declare the forfeiture.

Since the values of vehicles have greatly increased since 1954, when the $2,500 ceiling for administrative forfeitures was established, we believe that an increase in the dollar amount is needed. Officials from the U.S. Customs Service and the Drug Enforcement Administration, and the U.S. attorneys support such a change.

We recommended that the Congress enact legislation similar to section 503 of former President Ford's April 27, 1976, proposed anti-drug legislation entitled "The Narcotic Sentencing and Seizure Act of 1976" (H.R. 13577 and S. 3411). Section 503 would have raised the $2,500 limit for administrative forfeiture to $10,000. Such legislation would increase the number of seized vehicles that could be forfeited administratively and possibly shorten the time from seizure to forfeiture. (Report to the Congress: "Drugs, Firearms, Currency, and Other Property Seized by Law Enforcement Agencies Too Much Held Too Long," GGD-76-105, May 31, 1977).

A provision for raising the administrative forfeiture limit to $10,000 was also contained in The Narcotic Sentencing and Seizure Act of 1977 proposed by H.R. 2462 in January 1977. Since then, the President, in his August 1977 message to the Congress, supported legislation raising from $2,500 to $10,000 the value of property which can be seized and forfeited from drug violators by administrative action.
This recommendation is for considering by the following committees:

Senate:  Judiciary
House:  Judiciary
The incidence of crime in Federal recreation areas has grown, exposing inadequacies in the protection of the increasing number of visitors.

Most of the land owned by the Federal Government is administered by the Bureau of Land Management, Forest Service, Fish and Wildlife Service, National Park Service, Army Corps of Engineers, and the Tennessee Valley Authority. Although the primary mission of these agencies is managing natural resources, the land they oversee also offers recreational opportunities.

About 85 percent of the law enforcement employees surveyed at recreation areas said crime was a serious problem in their areas. Because of increasing crime, all agencies expanded their resource protection programs to include visitor protection. However, this work was handicapped by a network of limited and differing statutory authorizations, none of which authorized enforcement of all Federal laws governing the conduct of visitors. As a result, at some recreation areas, agency employees overstepped their agencies' express authority in order to provide visitors with police services. But at other recreation areas, the prevailing practice was to shy away from law enforcement activities concerning visitors.

Federal laws prohibiting misconduct against visitors or their property do not apply at many recreation areas, hence visitors to such areas must rely on the assistance of State and local officials. To guide agencies in setting up visitor protection programs and to correct shortcomings, a Federal policy on visitor protection is needed.

To achieve a comprehensive and uniform approach to the legal and policy problems associated with law enforcement on visitor-oriented Federal lands, we recommended that the Congress enact legislation

--Authorizing the Secretaries of the Interior, Agriculture and the Army; and the Board of Directors, Tennessee Valley Authority, to designate employees to maintain law and order, and protect persons and property on Federal lands.
--Authorizing designated, administering agency, law enforcement officials to carry firearms.

--Authorizing designated, administering agency, law enforcement officials to secure any Federal order, warrant, subpoena, or other Federal process, and execute and serve such process on persons located on Federal land or on persons in contiguous areas in cases involving flight to avoid service.

--Authorizing designated, administering agency, law enforcement officials to conduct investigations of Federal offenses committed on Federal land in the absence of investigation by any other Federal law enforcement agency having investigative jurisdiction over the offense or with the concurrence of such other agency. Unless the administering agency has primary investigative jurisdiction over the offense, administering agency investigations should be conducted only on Federal land and in cases related to arrests or serving process on contiguous areas.

--Authorizing designated, administering agency, law enforcement officials to make warrantless arrests for any Federal offense committed in their presence or for any Federal felony if the officials have reasonable grounds to believe that the person to be arrested has committed or is committing such felony. Unless otherwise expressly provided by statute, allowable geographical areas for administering agency employees to make arrests should be limited to Federal land and, in cases of hot pursuit, to contiguous areas.

--Applying the Federal criminal statutes that define the crimes of arson, assault, maiming, murder, manslaughter, rape, carnal knowledge, robbery, receipt of stolen property, theft, and burglary; and the Assimilative Crimes Act to all Federal land administered by the National Park Service, Bureau of Land Management, Fish and Wildlife Service of the Department of Interior, Forest Service of the Department of Agriculture, U.S. Army Corps of Engineers, and Tennessee Valley Authority.

--Authorizing the Secretaries and Board of Directors of TVA, where practical, to make arrangements with States to place administering agency land in a concurrent jurisdictional status.
--Authorizing the Secretaries of Agriculture, the Army, the Interior, and the Board of Directors of TVA to cooperate with any State in the enforcement of State laws by providing reasonable reimbursement, where appropriate, to a State or its political subdivisions for expenditures connected with the enforcement of State laws and ordinances on Federal lands.

We provided the Congress with draft legislation which incorporates the above recommendations and insures more adequate visitor protection in Federal recreation areas. (Report to the Congress: "Crime in Federal Recreation Areas--A Serious Problem Needing Congressional and Agency Action," GGD-77-28, June 21, 1977).

These recommendations are for consideration by the following committees:

Senate: Agriculture, Nutrition, and Forestry
       Commerce
       Energy and Natural Resources
       Environment and Public Works
       Judiciary

House: Agriculture
       Interior and Insular Affairs
       Judiciary
       Merchant Marines and Fisheries
       Public Works and Transportation
NATIONAL DEFENSE
NEED TO ASSURE CONGRESSIONAL OVERSIGHT OF
ACQUISITION OF CAPITAL ASSETS THROUGH LONG-TERM LEASING

The Navy entered into a long-term (20-year) leasing arrangement on June 20, 1972, by having private interests obtain the funds to finance the construction of nine tankers with Navy's guarantee that it would lease them. The leasing costs will be paid out of operation and maintenance appropriations, which are normally used to finance day-to-day costs of operating and maintaining the military establishment. Procurement funds are the appropriations used to finance the acquisition of capital equipment, such as ships and aircraft.

By leasing instead of purchasing, the Navy used operation and maintenance funds and is not required to obtain specific congressional authorization and approval. As a result, the Congress was not formally advised of the details of a transaction that commits $313 million in future appropriated funds. Navy officials agreed that the manner in which the Congress was informed of this 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 a lengthy period --25 years or more. The Department of Defense legislative proposal was denied by the Office of Management and Budget in March 1976. Currently under the Carter Administration, serious consideration is again being given to introducing legislation for other types of auxiliary vessels (for example, Oilers, tugs, etc.). The Navy wants the "Build and Charter" program because there still is a "squeeze" on procurement funds for Navy shipbuilding and construction.

This recommendation is for consideration by the following committees:

Senate: Appropriations
        Armed Services

House: Appropriations
        Armed Services
NEED TO REDUCE THE NUMBER OF NEGOTIATED CONTRACT SOURCES
SOLICITED AND TO ELIMINATE PREPARATION OF DETERMINATIONS
AND FINDINGS FOR SOME PROCUREMENTS

Currently, the Department of Defense is required to solicit proposals from the maximum number of sources for negotiated procurements and to prepare determinations and findings in most negotiated contract situations. Substantial administrative costs could be avoided without sacrificing competition if the Department was allowed to solicit only a competitive number of sources and not to prepare 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.)

These recommendations have been incorporated in S. 1264, 95th Congress currently under consideration by the Senate Committee on Governmental Affairs.

These recommendations are for consideration by the following committees:

Senate: Armed Services
        Governmental Affairs

House: Armed Services
       Government Operations
AGENCY SUPPORT OF CONTRACTORS' 

INDEPENDENT RESEARCH AND DEVELOPMENT

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

We supported the position of the Commission on Government Procurement that independent research and development expenditures (1) be recognized as being in the Nation's best interest, (2) be recognized as necessary costs of doing business, and (3) receive uniform treatment, Government-wide. We supported a policy which included retaining the Department of Defense's procedures implemented pursuant to section 203, Public Law 91-441, but which would provide the Government with access to contractors' commercial records, when needed, to determine that costs are allowable.

We testified about our report at joint hearings held in September 1975. No action has been taken on our recommendations. (Report to the Subcommittee on Research and Development, Senate Committee on Armed Services, and the Subcommittee on Priorities and Economy in Government, Joint Economic Committee: "Contractors' Independent Research and Development Program--Issues and Alternatives," PSAD-75-82, June 5, 1975; contact PSAD.)

After the hearings, we submitted our observations on implementing the concept of line-item control of contractors' independent research and development costs. (Letters to Subcommittee Chairmen: PSAD-76-54, Dec. 10, 1975; contact PSAD.)

Two aircraft engine manufacturers charged some costs for supporting commercial engines to their independent research and development programs, causing a portion of these costs to be allocated to Department of Defense contracts. Although the contractors do not agree, we believe such allocations are inappropriate and the costs of supporting commercial products should be paid with company funds.
We recommended to the Secretary of Defense that the Armed Services Procurement Regulation be revised to clearly define independent research and development to exclude the costs of (1) commercial product support and (2) technical work implicitly required of the contractor to fulfill a purchaser's requirement under terms of a contract. We also recommended that, if necessary to verify the allowability of costs, Government reviewers be specifically authorized to review contractors' commercial records.

The Department of Defense advised us that it agreed with the recommendations and was instituting a certificate procedure. The Department believes that, by requiring the contractor to certify that no costs are being charged to independent research and development, which would either explicitly or implicitly be required in the performance of contracts, commercial or government, a provision for access to the contractor's commercial records becomes moot.

We questioned the effectiveness of this approach. In the absence of a clear definition in the procurement regulation, explicitly- and implicitly-required technical effort will not be mutually understood by contractors and the Department of Defense. More importantly, reviewers will not have access to commercial records to verify the validity of the cost data for certification.

If the Department's administrative actions cannot provide enough access to contractors' commercial records to enable verification of the allowability of independent research and development costs, legislative action by the Congress may be necessary. (Report to the Congress: "Need To Prevent Department of Defense From Paying Some Costs for Aircraft Engines That Contractors Should Pay," PSAD-77-57, Feb. 28, 1977; contact PSAD.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
Governmental Affairs

House: Armed Service

Joint: Economic
VARYING THE AMOUNT OF CERTAIN RESERVISTS' TRAINING
TIME BY SKILL AND READINESS REQUIREMENTS

The military services require 99 percent of their reservists to attend 48 4-hour drill sessions and to spend 2 weeks on active duty each year, although needed readiness and skill difficulty 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. Remaining time is devoted to other jobs or general military training or spent idle. We estimated that, in FY 1974, reservists' time devoted to other than official jobs or spent idle cost the services about $1.2 billion.

We recommended that the Congress amend the existing laws to permit varying the training schedules of the Air National Guard and Army National Guard by categories according to the required kinds and degrees of training. In September 1975, we testified in support of such legislation before the Subcommittee on Military Personnel, House Armed Services Committee. The bill, which would have implemented our recommendation, was still pending in the full committee at the end of the 94th Congress. No action has been taken in the 95th 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
PROPOSED CHANGE IN DEFENSE PRODUCTION ACT

The special priorities assistance program was designed to ensure that businesses and industry accept and fill defense-related orders ahead of commercial orders in periods of mobilization readiness. One of the problems we found was that the program lacks enforcement.

The Defense Priorities and Materials Systems are primarily a body of regulations and orders which are largely self-operated and self-policed by their users. The regulations provide for criminal sanctions against any person who willfully violates any provision or furnishes false information or conceals any material fact.

We found noncompliance with Federal directives by defense contractors and suppliers. Willful violation of a Federal directive is a criminal offense. Yet no legal action was taken against violators because criminal enforcement could prove costly and ineffective, create undesirably wide areas of discretion, unnecessarily stigmatize defendants who are in no sense morally reprehensible, and, generally, interfere with the operation of criminal law.

Federal administrative agencies should prefer civil sanctions to criminal sanctions as a means of securing compliance with statutory provisions or administrative regulations. The approach suggested is that the criminal law should be used selectively and discriminately to deal with only the most serious regulatory offenses or with offenses for which other sanctions have failed. In almost all other instances, civil sanctions (e.g., license revocations, money penalties, injunctions) should carry the brunt of the regulatory job.

We recommended that the Congress amend the criminal penalty provisions of the Defense Production Act, to provide additional authority for the administrative assessment and collection of civil money penalties, subject to judicial review, in the event Federal directives are not complied with. Such money penalties could be assessed in lieu of, or in conjunction with, the existing criminal penalties, depending on the circumstances of individual cases. Further, the assessment of civil money penalties should consider such factors as the firm's financial condition, size, assets, etc., to maintain fairness so that the penalty will hurt without destroying the penalized firm. (Report to the Congress: "Special Priorities Assistance Program: Its Shortfalls and Its Possibilities," PSAD-76-93, Apr. 2, 1976; contact PSAD.)
This recommendation is for consideration by the following committees:

**Senate:**  Armed Services  
Banking, Housing and Urban Affairs  
Governmental Affairs

**House:**  Armed Services  
Banking, Finance and Urban Affairs  
Government Operations
GREATER ASSURANCES ARE NEEDED THAT
EMOTIONALLY DISTURBED AND HANDICAPPED
CHILDREN ARE BEING PROPERLY CARED
FOR IN DEPARTMENT OF DEFENSE-APPROVED FACILITIES

The $350 maximum Civilian Health and Medical Program of
the Uniformed Services (CHAMPUS) payment plus the sponsor's
share under the program for the handicapped is generally not
sufficient to cover the cost of residential handicapped care.
Despite substantial increases in health care costs and mili-
tary compensation since this benefit was established in 1966,
no changes have been made either to CHAMPUS' or the sponsors'
share.

The Department of Defense should propose legislation to
increase CHAMPUS' and the sponsors' payments for handicapped
services. (Report to the Congress, "Greater Assurances Are
Needed That Emotionally Handicapped Children Are Properly
Cared for in Department of Defense Approved Facilities,"
HRD-76-175, Oct. 21, 1976.)

This recommendation is for consideration by the
following committees:

Senate: Armed Services
House: Armed Services
IMPROVED CONGRESSIONAL CONTROL IS NEEDED
OVER REIMBURSEMENTS TO APPROPRIATIONS

Reimbursements are amounts collected or to be collected by an Agency for the cost of material, work, or services furnished to others. Various laws gave the Department of Defense options for crediting the reimbursements. Defense's practice permitted the crediting of reimbursements to the appropriation which was current at the time of collection in those cases when reimbursements were earned during a prior year.

We reported that, as a result of Defense's practice, the Congress has inadequate control over the use of these funds. We recommended that legislation be initiated to amend 10 U.S.C 2205, 2210, 2481(b) and 22 U.S.C. 2355(a), (c), and (d); 2390(2); 2392(c), (d); and 2777(a) to preclude Defense's practice and provide the Congress with increased control over reimbursements.

In its report on Defense's fiscal year 1978 appropriation request, the House Appropriations Committee stated full agreement with our report and stated they were considering our legislative proposals. The Committee told Defense that, in the interim, consistent with our conclusions and legislative proposals, the Department should credit reimbursements only to the fiscal year appropriations current when the reimbursements were earned. (Report to the House Committee on Appropriations: "Reimbursements to Appropriations: Legislative Suggestions for Improved Congressional Control," FGMSD-75-52, Nov. 1, 1976, contact FGMSD.)

This recommendation is for consideration by the following committees:

Senate: Appropriations
House: Appropriations
EDUCATION AND TRAINING COSTS INCURRED FOR

DROPOUTS FROM THE RESERVE OFFICERS' TRAINING CORPS

Each year thousands of young people who have been attending college on scholarships awarded by the various service Reserve Officers' Training Corps programs withdraw without incurring any active duty obligation. Also, few of those dropouts who have incurred active duty commitments are ever ordered to active military service. In both cases, the Government has incurred considerable expense, and the dropouts have received tangible benefits.

We recommended that the Congress enact legislation to permit the military departments to allow the dropout to reimburse the Government for education and training costs as an alternative to serving on active duty. (Report to the Congress "Reserve Officer Training Corps: Management Deficiencies Still To Be Corrected," FPCD-77-15, Mar. 15, 1977.)

This recommendation is for consideration by the following committees:

Senate:  Armed Services
House:   Armed Services
NEED TO CLARIFY AUTHORITY ALLOWING MILITARY SUPPORT FOR FEDERAL LAW ENFORCEMENT

The effectiveness of Federal law enforcement agencies could be increased without increasing the resources needed to accomplish their missions if military service assets were made available to them. The Posse Comitatus Act has been cited as a limiting factor in the use of military personnel and equipment by Federal law enforcement agencies. Considerable uncertainty exists concerning the amount of assistance the military can provide without violating the act.

A 1976 opinion from the Department of Justice stated that the act is only violated if military personnel act directly in executing the law. Indirect roles, such as loan of equipment, training, and expert advice, are too passive to be viewed as violations of the act, according to Justice. However, the specific form of authorized assistance is uncertain. DOD currently determines support for assistance requests on a case-by-case basis.

We believe clarifying legislation is needed. DOD's present relationship with civil agencies is cumbersome and unclear. We recommend that the Congress enact legislation clarifying what assistance DOD can provide civil law enforcement agencies without violating the Posse Comitatus Act (18 U.S.C. 1385).

The Department of Justice and the Treasury concurred with this recommendation. The Coast Guard cited the unequivocal language of the act and lack of judicial unanimity and stated it will act with caution in this area. (Report to the Congress, "If Defense and Civil Agencies Work More Closely Together, More Efficient Search/Rescue and Coastal Law Enforcement Could Follow," LCD-76-456, May 26, 1977.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
MILITARY JUSTICE SYSTEM LACKS ADEQUATE SAFEGUARDS

Many perceive the system of selecting military court members (jurors) to be unfair and advocate change. Military courts do not provide certain safeguards found in civilian Federal courts and abuse can occur and go unproven. Chief among the safeguards needed is the random selection of military jurors from a pool representing a cross section of the military community.

We recommended that the Congress amend article 25 of the Uniform Code of Military Justice to require random selection of jurors. This change would require (1) establishing juror eligibility criteria and (2) designating responsibility for the selection process. In adopting random selection, other changes relating to the size and responsibilities of jurors serving on military courts would have to be considered. (Report to the Congress: "Military Jury System Needs Safeguards Found in Civilian Federal Courts," FPCD-76-48, June 6, 1977.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
MILITARY COMPENSATION SHOULD BE CHANGED TO A SALARY SYSTEM

Military compensation should help the Armed Forces successfully compete with other employers for the personnel they require. However, study groups and commissions have repeatedly pointed out that the current base pay and allowances system is an inefficient way to support this objective and have recommended that it be replaced by a salary.

Measuring regular military compensation is complicated, and even those individuals being compensated cannot easily determine their pay. We reported that regular military compensation was underestimated by 40 percent of enlisted personnel and 20 percent of officers. Clearly, compensation which is not recognized does not help to attract and retain personnel and is an inefficient use of compensation resources.

The base pay and allowances system is also inequitable. The regular military compensation is greater for married members than for single people of the same grade and length of service, even when their duties, qualifications, and performances are equivalent.

The current system also conceals the cost of military personnel through the provision of goods, rather than cash, and through a tax advantage which is not reflected in the Defense budget but, nevertheless, is a cost to the Government which is reflected in reduced Federal income tax revenue.

We believe the Congress should replace the military base pay and allowances system with a salary system. A salary system would increase service members' awareness of their compensation, remove inequities in pay, and make the cost of military personnel easier to identify and evaluate. Accordingly, we recommended that the executive branch be directed by the Congress to draft and submit conversion proposals and establish milestones for converting the base pay and allowances system to a salary system. (Report to the Congress: "Military Compensation Should Be Changed to Salary System," FPCD-77-20, Aug. 1, 1977.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
LEGISLATIVE CHANGES CONCERNING CIVIL PREPAREDNESS

The Federal Civil Defense Act of 1950, as amended, provides for the Administrator of the Federal Civil Defense Administration to make financial contributions toward approved State and local civil defense programs, provided matching funds are contributed by the State.

We recommended in our report (LCD-76-464, Aug. 8, 1977) that legislative change be enacted to allow graduated Federal funding according to an area's expected risk, population, and national civil preparedness needs. To date, no legislative action has been taken on this recommendation.

However, in April 1977, Senate bill 1209 was introduced and referred to the Committee on Governmental Affairs. The intention of the bill is to reorganize the executive branch by consolidating functions, increasing efficiency and coordinating the areas of disaster assistance, emergency preparedness, mobilization readiness, and other purposes.

The Chairman, Committee on Governmental Affairs, asked for our comments on the proposed bill. In our May 1977 reply (B-126965, May 24, 1977), we said we supported the bill's unified and comprehensive approach to all preparedness planning.

This recommendation is for consideration by the following committees:

Senate: Armed Services
        Governmental Affairs
House: Armed Services
      Government Operations
Joint: Economic
GUIDANCE NEEDED ON SUPPORT PROVIDED FROM APPROPRIATED FUNDS FOR MILITARY MORALE, WELFARE, AND RECREATIONAL ACTIVITIES

Extensive support facilities have been established on military installations to sell personal goods and services and to offer recreation and entertainment to military personnel, their dependents, and guests. Originally intended as a source of personal necessities not issued by the military or reasonably available from commercial sources, these activities today are varied, widespread, and big business. Activities such as post exchanges, movie theaters, gas stations, clubs, golf courses, and other recreational facilities do over $5 billion in business each year and receive over $600 million in appropriated fund support. Commissaries do an additional $3 billion in business and receive about $300 million in appropriated fund support. Additional subsidies to these activities include exemption from Federal, State, and local taxes.

We concluded that, given (1) the improvements in military pay in recent years, which have made it generally comparable to civilian pay, and (2) the availability of the same kinds of activities in the private sector, military morale, welfare, and recreational activities should depend less on appropriated funds. Most appropriated fund support could be discontinued and the income made up by increasing revenues about 13 percent, still keeping prices below those in the private sector.

We recommended that the Congress enact legislation setting forth specific guidelines on how much, and under what conditions, appropriated fund support could be provided to these morale, welfare, and recreational activities. We suggested two alternatives to proposed methods of funding which would restrict appropriated fund support to those kinds of activities that are available to the public in the adjacent urban areas. (Report to the Chairman, Senate Committee on Appropriations: "Appropriated Fund Support for Nonappropriated Fund and Related Activities in the Department of Defense," FPCD-77-58, Aug. 31, 1977.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
NEW STRATEGY CAN IMPROVE DOD'S PROCESS
FOR RECOVERING CERTAIN MEDICAL CARE COSTS

The Department of Defense follows a complex and time-consuming process in recovering medical costs of military personnel injured because of another individual's negligence.

The Congress could help simplify the recovery process and perhaps increase the amount of recoveries by enacting legislation which would limit the ability of insurance companies to exclude the Government from recovering the cost of medical care provided to individuals who are eligible for care at Federal expense. We recommended

--expanding the legislative proposal VA intends to submit in the 95th Congress regarding recovery of certain medical care costs from third parties to include DOD and HEW or

--giving all appropriate Government agencies the right to recover the cost of medical care provided in its hospitals to Federal beneficiaries who are insured, either by law or through employment, to cover such costs. (Report to the Congress: "New Strategy Can Improve Process for Recovering Certain Medical Care Costs," HRD-77-132, Sept. 13, 1977.)

These recommendations are for consideration by the following committees:

Senate: Armed Services
          Veterans' Affairs
House:  Armed Services
       Interstate and Foreign Commerce
       Veterans' Affairs
INVOLUNTARILY SEPARATED CAREER ENLISTED MILITARY PERSONNEL

SHOULD BE AUTHORIZED READJUSTMENT PAY

The military departments have forced attrition through programs designed to prevent or eliminate overages in certain occupational specialties and to sustain promotional opportunity for more capable careerists. All such programs provide for separating careerists before they reach retirement eligibility. However, in contrast to officers, enlisted personnel who are involuntarily separated prior to reaching retirement eligibility are not authorized separation pay. Because of this inequity and a perceived obligation for past service, the services have been reluctant to apply the programs to all categories of personnel when reductions are called for by sound management practices.

As a matter of equity between officers and enlisted personnel and to provide greater management flexibility, sustain promotional opportunities, and reduce active duty and retirement costs, the Congress should enact legislation to authorize readjustment pay for enlisted personnel who are involuntarily separated before becoming eligible for retirement. (Report to the Congress: "Urgent Need for Continued Improvements in Enlisted Career Force Management," FPCD-77-42, Sept. 29, 1977.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY
ACQUISITION OF LAND FOR NATIONAL RECREATION AREAS

CONTAINING IMPROVED PROPERTIES

In enacting legislation authorizing the establishment of national recreation areas, the Congress frequently must define boundaries before such important facts as the cost of various tracts of land are known. We, therefore, recommended that the Congress, in enacting such legislation, provide the Secretary of the Interior with guidelines for changing established boundaries when the acquisition of high-cost properties on or near such boundaries is involved.

We recommended also that the Congress require the Secretary to analyze the location and estimated cost of high-cost properties bordering those authorized recreation areas for which additional funds are needed and to 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 OED.)

These recommendations are for consideration by the following committees:

Senate: Energy and Natural Resources
House: Interior and Insular Affairs
PROPOSED CHANGES IN 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 adversely affected management and use of the land. Growing dependence on foreign supplies of many critical and strategic mineral ores and their potential cutoff for economic or political ends warrants action by the Federal Government 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 legislation is enacted and (2) evidence of a discovery of valuable minerals be furnished before claims are recorded.

--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 CED.)

Legislation was introduced in the Senate and House to revise the Mining Law of 1872. The House bill (H.R. 5831) is receiving most attention, during hearings held in October 1977. This bill would modify the law in certain ways but essentially retains its act the provisions for filing claims. The Administration-supported bill (H.R. 9292) was recently introduced.
These recommendations are for consideration by the following committees:

Senate: Energy and Natural Resources
House: Interior and Insular Affairs
The residential sector consumes over 19 percent of the total energy consumed in the United States. We made a number of legislative recommendations aimed at conserving energy in residential housing. 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 in the act:

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

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

--Establishing a cutoff date when appliances meeting minimum standards of operating efficiency will be required to be installed in new homes.

--Banning 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, Finance and Urban Affairs
Ways and Means
RESOURCES NEEDED TO MEET DEADLINE FOR REREGISTERING PESTICIDES

We reported to the Congress that the American consumer had not been adequately protected from the potential hazards of pesticide use because of insufficient efforts to implement provisions of Federal laws. Authority for regulating pesticides is contained in the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), as amended, and the Federal Food, Drug, and Cosmetic Act, as amended. Under these acts, EPA (1) registers pesticides which meet its standards for safety, efficacy, and labeling and (2) sets tolerances for the amount of pesticides which may remain in food or feed. Under the latter act, the Food and Drug Administration of HEW samples food and feed in interstate commerce and can remove from commerce those products which contain pesticide residues exceeding established tolerances.

The 1972 amendments to FIFRA required EPA to reregister about 46,000 pesticides by October 1976. We concluded that EPA did not have the necessary staffing or funding to sufficiently review and reregister these pesticides within the time frame provided. We recommended that EPA determine and 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 FIFRA, extended the reregistration deadline to October 1977 over EPA's objection that it could complete the reregistration process by the original October 1976 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 March 11, 1977, the Administrator, EPA, testified before the Senate Committee on Agriculture, Nutrition, and Forestry that reregistration at the current resource level will take an estimated 10-15 years. As of September 1977, only a handful of pesticides had been reregistered.
This recommendation is for consideration by the following committees:

Senate:  Agriculture, Nutrition, and Forestry Appropriations
        Commerce, Science and Transportation
        Governmental Affairs
        Judiciary

House:   Agriculture
        Appropriations
        Government Operations
NEED TO EXTEND DEADLINE FOR DISCHARGER'S ACHIEVEMENT OF WATER POLLUTION ABATEMENT REQUIREMENTS

Section 301(b)(l) 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. It was questionable whether all industrial and a majority of municipal dischargers would be able 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 authority to extend, on a case-by-case basis, the July 1, 1977, deadline. (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.)

As of August 15, 1977, both the House of Representatives and United States Senate had introduced bills to implement our recommendation.

This recommendation is for consideration by the following committees:

Senate: Environment and Public Works
House: Public Works and Transportation
The terms of Federal coal leases can only be adjusted every 20 years. This does not give Interior necessary flexibility in program administration—a need of special importance in rapidly changing situations, such as those now facing national energy goals and programs.

While a degree of certainty or stability in lease terms is needed by lessees to permit them to properly plan their operations, Interior was not able to present evidence to support the 20-year period because it has never studied the matter. The terms of some non-Federal coal leases do contain shorter adjustment periods.

Congress passed the Federal Coal Leasing Amendments Act of 1975 on August 4, 1976 (Public Law 94-377), which provides for lease readjustment at the end of the 20-year primary term and at the end of each 10-year period thereafter. While this provides Interior with some flexibility, it may not be enough in that it must still wait 20 years to initially adjust the lease terms. We continue to believe that legislative changes are needed to permit adjusting lease terms 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; contact EMD.)

This recommendation is for consideration by the following committees:

Senate: Energy and Natural Resources
House: Interior and Insular Affairs
FOREIGN BREEDER REACTOR DATA SHOULD BE EXEMPTED FROM DISCLOSURE PROVISIONS OF FREEDOM OF INFORMATION ACT

The desirability of exchanging fast breeder reactor technical data has long been recognized by the United States and other countries. Benefits derived from international exchanges of fast breeder technology have not been and probably will not be great enough to significantly reduce the time and/or money required for the United States to develop a commercial fast breeder reactor. However, the past potential future benefits from cooperative exchange agreements are important enough for ERDA to continue to develop new and broadened areas of exchange.

Some foreign governments are concerned, however, that technical data furnished to ERDA would also be made available to U.S. industrial firms and others under the requirements of the Freedom of Information Act.

We recommended that ERDA seek legislation to specifically exempt data acquired through international technology agreements from the disclosure provisions of the Freedom of Information Act. (Report to the Chairman, Joint Economic Committee, "Can the U.S. Breeder Reactor Development Program Be Accelerated By Using Foreign Technology," RED-76-93, May 6, 1976; contact EMD.)

This recommendation is for consideration by the following committees:

Senate: Energy and Natural Resources  
House: Science and Technology  
Joint: Economic
IMPROVEMENTS NEEDED IN OPERATING AND MAINTAINING WASTE WATER TREATMENT PLANTS

We reported that although the Congress had appropriated over $263 million to the Department of Defense for improvements to waste water treatment plants and connections to public sewage systems, many waste water treatment 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 effectiveness of the Department's waste water treatment program was seriously impaired by problems of design, operation, and maintenance of facilities, we recommended that the necessary controls be established for insuring that waste treatment facilities comply with effluent limitations and water quality standards. The Department should have the military services determine what improvements are needed for treatment plants to meet these requirements, program the improvements, and monitor their progress. The Department generally agreed with our recommendations.

We recommended that the Federal Water Pollution Control Act be amended to provide that the Environmental Protection Agency may grant Federal agencies extensions to achieve water quality requirements beyond July 1, 1977, when necessary. (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: Environment and Public Works
House: Public Works and Transportation
CONSTRUCTING MUNICIPAL ADVANCED WASTE TREATMENT

FACILITIES NOT ADEQUATELY JUSTIFIED

The Federal Water Pollution Control Act Amendments of 1972 (Public Law 92-500) authorized construction of publicly owned waste water treatment facilities. To assist grantees in constructing such facilities, the Congress authorized about $19.5 billion. Of this amount, EPA had obligated about $14.7 billion and had expended about $5.7 billion, as of July 31, 1977.

EPA is financing some multimillion dollar advanced waste treatment facilities without sufficient water quality data and planning. In many instances, these facilities will provide expensive advanced waste treatment as compared to facilities providing secondary treatment which may not be the most effective or efficient means for achieving water quality goals.

We recommended that, to maintain closer scrutiny over EPA's funding of advanced waste treatment facilities, the Congress should consider having EPA report to the Congress annually on (1) the costs and potential water quality improvements of new advanced treatment facilities and (2) problems and accomplishments of completed advanced treatment facilities in meeting EPA's water quality objectives. (Report to the Congress: "Need for Better Data Collection and Planning To Justify Advanced Waste Treatment Construction," CED-77-12, Dec. 21, 1976; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Environment and Public Works
House: Public Works and Transportation

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CERTAIN NONNUCLEAR ENERGY RESEARCH AND DEVELOPMENT
CONSTRUCTION PROJECTS NOT BEING REPORTED OR SPECIFICALLY AUTHORIZED

The Federal Nonnuclear Energy Research and Development Act of 1974 requires that demonstration projects be reported to or specifically authorized by the authorization committees. However, the act provides no precise definition of a demonstration project. Consequently, ERDA interpreted the requirements in line with its own understanding of the term, and several projects which otherwise met the reporting or authorization requirements were not reported or requested for specific authorization.

The language of the act should be clarified to identify the types of projects which must be reported or specifically authorized. We recommended that the authorization committees develop legislation which would clarify the Federal Nonnuclear Energy Research and Development Act of 1974 to describe the types of nonnuclear research and development construction projects requiring reports or specific authorization. (Report to the Senate Committee on Energy and Natural Resources and the House Committee on Science and Technology: "Ways To Strengthen Congressional Control of Energy Construction Projects Other Than Nuclear," EMD-77-25, Feb. 25, 1977; contact EMD.)

This recommendation is for consideration by the following committees:

Senate: Energy and Natural Resources
House: Science and Technology
CHANGES NEEDED IN THE NOISE CONTROL ACT OF 1972

The Noise Control Act provides for criminal rather than civil penalties for those who violate its requirements. The EPA and FAA, agencies charged with enforcing the act, said that criminal penalties were not enforceable and that violators were not being prosecuted. The agencies agreed that a change from criminal to civil penalties would make the act much more enforceable. Because neither agency had requested that the Congress make this change, we recommended that the Congress amend section 11(a) "the Noise Control Act (42 U.S.C. 4901) to change the penalty for violating the act from criminal to civil.

Some aircraft-airport noise control regulations that EPA proposed to the FAA had not been acted on by the FAA for over 2 years. Consequently, we recommended that section 7(c)(1) of the Noise Control Act be amended to require FAA to publish a notice in the Federal Register, within a specified time, as to whether the noise abatement proposals submitted by EPA will be accepted, modified, or rejected. If the proposals are to be modified or rejected, the reasons for such actions should also be stated. (Report to the Congress: "Noise Pollution--Federal Program To Control It Has Been Slow and Ineffective," CED-77-42, Mar. 7, 1977; contact CED.)

These recommendations are for consideration by the following committees:

Senate: Environment and Public Works
House: Interstate and Foreign Commerce
Proposed Changes in Offshore Oil and Gas Leasing

Selecting high resource development potential tracts for sale and valuing them reliably to assure that the public receives a fair market value return can only be accomplished effectively if sufficient geotechnical data exists when decisions are made. The 94th Congress considered a bill (S. 521) which directed the Secretary to survey OCS oil and gas resources. As part of the survey program, the Secretary was authorized either to contract for or purchase required geotechnical information (including stratigraphic drilling) which is not available from commercial sources. At the close of the 94th Congress, this bill was with the conference committee to work out differences between the House and Senate versions.

In April 1975 we testified before the Senate Committees on Interior and Insular Affairs and Commerce regarding the need for improved policies and procedures for the rational exploration and development of OCS fossil fuel resources. At that time we endorsed the overall thrust of the legislation designed to improve the Government's ability to deal with OCS exploration and development problems.

Bills S. 9 and H.R. 1614, which are identical to S. 521, have been introduced in the 95th Congress. The recommendation in our reports is in line with provisions in the proposed legislation to provide for an OCS leasing program that will identify size, timing, and location of leasing to meet national goals and to assure receipt of fair market value for oil and gas owned by the Federal Government. S. 9 was approved by the Senate on July 15, 1977, and H.R. 1614 was reported out of the Ad Hoc Select Committee on the Outer Continental Shelf on August 29, 1977. We recommended that the Congress favorably consider this legislation.

(Reports to the Congress: "Outer Continental Shelf Sale #35--Problems Selecting and Evaluating Land To Lease," EMD-77-19, Mar. 7, 1977; "Outer Continental Shelf Sale 40--Inadequate Data Used To Select and Evaluate Lands To Lease," EMD-77-51, June 28, 1977; contact EMD.)

This recommendation is for consideration by the following committees:

Senate: Energy and Natural Resources
House: Ad Hoc Select Committee on the Outer Continental Shelf
COMMERCIAL NUCLEAR FUEL FACILITIES

NEED BETTER SECURITY

The Energy Research and Development Administration (ERDA) and the Nuclear Regulatory Commission (NRC) are responsible respectively for safeguarding nuclear materials at Federal and commercial nuclear facilities. ERDA promotes nuclear energy in this country, and because its facilities are not subjected to independent regulatory review, the danger of ERDA subordinating nuclear health and safety concerns to its promotional responsibilities always exists.

We recommended that the Energy Reorganization Act of 1974 be amended to provide independent assessments of all Energy Research and Development Administration nuclear facilities. (Report to Representative John Dingell, "Commercial Nuclear Fuel Facilities Need Better Security," EMD-77-40a, May 2, 1977, contact EMD.)

This recommendation is for consideration by the following committees:

Senate: Energy and Natural Resources
        Governmental Affairs
House:  Interior and Insular Affairs
        Interstate and Foreign Commerce
        Science and Technology
ONE LEAD FEDERAL AGENCY SHOULD

DECOMMISSION NUCLEAR FACILITIES

The problems that nuclear-related operations leave behind are increasing because of the expansion of nuclear technologies. All of those involved—the Energy Research and Development Administration, the Nuclear Regulatory Commission, State governments, and industry—are partially to blame for what has happened.

Because of the magnitude, cost, and time already spent, there should be centralized control over the decommissioning of nuclear facilities. We recommended that the Congress designate one lead Federal agency—the Nuclear Regulatory Commission—to approve and monitor an overall decommissioning strategy for nuclear facilities. The Nuclear Regulatory Commission is uniquely suited for this role because of its charter for independently regulating commercial nuclear activities to assure public health and safety. (Report to the Congress: "Cleaning Up the Remains of Nuclear Facilities—A Multi-Billion Dollar Problem," EMD-77-46, June 16, 1977; contact EMD.)

This recommendation is for consideration by the following committees:

Senate: Energy and Natural Resources
        Environment and Public Works
House:  Interior and Insular Affairs
        Science and Technology
DOD AIR POLLUTION CONTROL: PROGRESS AND DELAYS

We reported that about 70 percent of DOD's major emitters were in compliance with air pollution standards in January 1977, but that pollution from stationary sources (all sources except vehicles) at some installations will continue for several years. DOD generally agreed with our recommendations for monitoring controllable causes delaying compliance, and our recommendations for attaining full compliance. DOD said that it has always acted quickly to attain full compliance, but the Government budget system takes 3 years to move an abatement project from inception to approval.

We also reported the status of the dispute between the Navy and the State of California concerning whether the Clean Air Act, as amended, makes emissions from jet engines, tested in test cells, subject to stationary source air pollution standards. We recommended that the Congress amend the law to clarify the issue. (Report to the Congress: Department of Defense Air Pollution Control: Progress and Delays, LCD-77-305, July 18, 1977.)

This recommendation is for consideration by the following committees:

Senate: Environment and Public Works
House: Public Works and Transportation
UNNECESSARY DOMESTIC SEWAGE

CHLORINATION SHOULD BE STOPPED

Public Law 92-500 provides that, wherever attainable, water quality which protects fish, shellfish, and wildlife and which provides for recreation in and on the water be achieved by July 1, 1983. To achieve water quality which would permit water recreation (swimming), EPA generally required that the level of fecal coliform bacteria should not exceed 200 per 100 milliliters of water. EPA's water bacteria criteria for swimmable waters might be interpreted by the States to mean that year-round use of chlorine is required. Many States, including those with cold weather such as Alaska, Michigan, and Minnesota, require continuous year-round sewage chlorination, with no reductions permitted during cold weather months.

Because EPA's criteria and Public Law 92-500 are not sufficiently flexible to allow for less disinfection because of seasonal variations or a lack of use of the waters by swimmers, many States might still disinfect waters regardless of how low the exposure risk to people might be.

We recommended that, to reduce unnecessary chlorination of sewage, the Congress should amend the Federal Water Pollution Control Act to permit exceptions from the national goal of swimmable waters to recognize those situations in which waters are determined to be unswimmable because of factors, such as heavy barge traffic, cold seasons of the year, and general appearance. (Report to the Congress: "Unnecessary and Harmful Levels of Domestic Sewage Chlorination Should Be Stopped, CED-77-108, Aug. 30, 1977; contact CED.)

This recommendation is for consideration by the following committees:

Senate: Environment and Public Works
House: Public Works and Transportation
Joint: Economic

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INDEPENDENT ASSESSMENTS OF ERDA'S
NUCLEAR WASTE DISPOSAL NEEDED

To better insure public health and safety against the disposal of hazardous radioactive waste from nuclear facilities, we recommended that the Energy Reorganization Act of 1974 be amended to provide for independent assessments of the Energy Research and Development Administration's facilities—including research and development facilities intended for (1) the temporary storage and/or long-term storage or disposal of commercial and ERDA-produced transuranic contaminated waste, (2) the temporary storage of ERDA high-level waste, and (3) the temporary storage and/or long-term disposal of commercial spent fuel. (Report to the Congress: "Nuclear Energy's Dilemma: Disposing of Hazardous Radioactive Waste Safely," EMD-77-41, Sept. 9, 1977; contact EMD.)

This recommendation is for consideration by the following committees:

Senate:
Appropriations
Energy and Natural Resources
Environment and Public Works

House:
Appropriations
Interior and Insular Affairs
Science and Technology
ACTIONS NEEDED TO IMPROVE SAFETY
OF COAL MINE WASTE DISPOSAL SITES

We reported to the Chairman of the Subcommittee on Energy and Power, House Committee on Interstate and Foreign Commerce, that the Department of the Interior and the States of Kentucky and West Virginia needed to do more to correct hazards of coal waste disposal sites.

The Department of the Interior had interpreted the Federal Coal Mine Health and Safety Act of 1969 as limiting the Department's authority to regulating active mine property. As a result, it had not conducted safety inspections or otherwise regulated abandoned coal waste sites, even though many of them were hazardous.

The Surface Mining Control and Reclamation Act of 1977, enacted on August 3, 1977, is designed, in part, to authorize Federal action to alleviate the hazards of abandoned sites by providing reclamation funds. We believe this act gives the Department authority to periodically inspect abandoned coal waste disposal sites in connection with its reclamation authority.

We recommended that, if the Department does not plan to conduct such periodic inspections because it believes it is not authorized to do so, the Congress should clarify the Department's authority and responsibilities for regulating the safety of abandoned coal waste disposal sites. (Report to the Subcommittee on Energy and Power, House Committee on Interstate and Foreign Commerce: "Actions Needed To Improve the Safety of Coal Mine Waste Disposal Sites," CED-77-82, Sept. 21, 1977.)

This recommendation is for consideration by the following committees:

Senate: Human Resources
House: Education and Labor
REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE
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 (1) loans and (2) 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.)

Legislation was introduced in March 1977 in the Senate (S. 904) and in April 1977 in the House (H.R. 6257) to provide for the efficient and regular distribution of current information on Federal domestic assistance programs. We commented on both bills in April 1977 and referred to our recommendation in the report. The Senate passed its bill in May 1977 adopting our recommendation. The House also passed its bill in September but did not adopt the recommendation. S. 904, as amended, was subsequently passed in lieu on September 27, 1977.

The recommendations are for consideration by the following committees:

Senate: Governmental Affairs
House: Government Operations
State and local governments have trouble finding, obtaining, and using Federal assistance because of the large numbers of Federal programs and responsible administering agencies. 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, 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
        Governmental Affairs

House: Appropriations
       Government Operations
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: Governmental Affairs
House: Government Operations
NEED FOR A NATIONAL POLICY
ON AREAWIDE PLANNING

Section 401(e) of the Intergovernmental Cooperation Act of 1968 requires that individual Federal planning programs be coordinated with and made part of comprehensive local and areawide development planning. However, the need for and intricacies of areawide development planning were not further stated or defined. The Office of Management and Budget, in its Circular A-95, elaborated on the legislative requirement, but not extensively or clearly. We, therefore, recommended that the Congress establish a national policy on areawide planning. Such policy would promote organizational arrangements to improve coordination and integration of federally assisted planning programs at the areawide level. (Report to the Congress: "Federally Assisted Areawide Planning: Need to Simplify Policies and Practices," GGD-77-24, Mar. 28, 1977.)

Legislation was introduced in March 1977 in the Senate (S. 892) and House (H.R. 4406) to establish a national policy on areawide planning and to provide for its coordination. Neither bill has received action to date.

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Government Operations
Title IV of the Intergovernmental Cooperation Act of 1968 proclaimed a national policy on the sound and orderly development of urban and rural areas. This development, however, is being impeded by the large number of Federal planning programs and planning organizations. We, therefore, recommended that the Congress reduce the number of separate programs for areawide developmental planning by consolidating their objectives into a broader purpose-planning program or programs. Such action should increase opportunities at the State and local levels to plan for the unique needs of particular areas. (Report to the Congress: "Federally Assisted Areawide Planning: Need to Simplify Policies and Practices," GGD-77-24, Mar. 28, 1977.)

This recommendation is for consideration by the following committees:

Senate: Governmental Affairs
House: Government Operations
SIGNIFICANT OR RECURRING REPORT SUBJECTS NOT INCLUDED IN FOREGOING FUNCTIONS
The Impoundment Control Act of 1974, Public Law No. 93-344, July 12, 1974, 31 U.S.C. 1400 et seq., was enacted in response to widespread impoundments by the executive branch. In our review of the 1974 act during its first 2 years of operation, we recommended that the statute be amended to streamline and strengthen, and in some respects clarify, its administration. (Report to the Congress: "Review of the Impoundment Control Act of 1974 After 2 Years," B-115398, OGC-77-20, June 3, 1977; contact OGC.)

The recommendations (OGC-77-20, pp. 10-18) would amend the act to:

--Eliminate section 1001 of the statute.

--Eliminate the requirement that impoundments initiated pursuant to the act's provisions be reported under the act.

--Define "rescission proposal" and amend the definition of deferral.

--Provide that rescission proposals pend for 60-calendar days.

--Define a "rescission resolution" that could specifically reject a rescission proposal.

--Allow partial impoundment resolutions.

--Exclude budget authority provided by continuing resolution.

--Exclude the requirement for reporting deferrals authorized by law or for administrative or routine purposes.

--Require a statement of deferral duration.

--Provide for "relating-back" of a delayed OMB report.

--State expressly that when the Comptroller General reports that an improperly classified impoundment has been sent by the President, his report converts the matter to the proper category and nullifies the original Presidential message.
--Eliminate the 25-day waiting period.

--Provide that budget authority required to be released, and for which the Comptroller General has instituted suit, will not lapse during the lawsuit.

--Allow rejection of a rescission prior to the running of 60-calendar days.

--Allow for a new section providing expressly for deferrals after a prior deferral or rescission has been rejected.

These recommendations are for consideration by the following committees:

Senate: Budget
       Governmental Affairs
House:  Rules
MORE EFFECTIVE USE OF ARMY

AUDIT RESOURCES IS POSSIBLE

The American National Red Cross Act of January 5, 1905, as amended (36 U.S.C. 6), provides that DOD shall audit the annual report of Red Cross receipts and expenditures. In accordance with the audit provisions of DOD Directive 1330.5, August 16, 1969, the Army Audit Agency has been given responsibility for these audits.

Red Cross bylaws require annual financial audits of the corporation's local chapters by public accountants, and a national accounting firm is responsible for certifying the financial statements of the corporation. The Army Audit Agency fulfills its responsibility by reviewing the work of the national accounting firm, auditing 60 to 65 of 3,150 individual Red Cross chapters each year and developing its own opinion on the Red Cross' combined statement of income and expenditures.

The Audit Agency spends about 1,000 staff days a year auditing the Red Cross. The Red Cross reimburses the U.S. Treasury for these audits, but the Army Audit Agency receives no compensation for its effort. The cost of audit service provided by the Audit Agency to the Red Cross for fiscal year 1976 was about $135,000.

Using auditors to audit the American National Red Cross, although required by law, is inconsistent with the Army Audit Agency's mission and represents a drain on its limited staff resources. If the law were amended to relieve DOD of audit responsibility for the Red Cross, thus leaving that organization free to obtain its own audit services from independent public accountants, the internal audit capabilities of the Army Audit Agency would be increased.

We recommended that the Congress make more time available for DOD internal audit work by further amending the American National Red Cross Act of 1905, as amended, to relieve DOD of its responsibility for auditing Red Cross financial operations. (Report to the Congress: "Why the Army Should Strengthen Its Internal Audit Function," B-134192, July 26, 1977; contact FGMSD.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Services
The Internal Audit Function of the Army, Navy, and Air Force Should Be Located at a Higher Organizational Level

The National Security Act Amendments of 1949 (10 U.S.C. 3014, 5061, and 8014) established positions of Comptroller of the Army, Comptroller of the Navy, and Comptroller of the Air Force and included internal audit as one of their responsibilities. The Army Audit Agency remained under the Comptroller of the Army until the Secretary of Defense, as part of the 1974 Army staff reorganization, transferred the Audit Agency to the Office of the Army Inspector General and Auditor General.

Although we did not evaluate the consequences of the Audit Agency's previous organizational placement under the Comptroller of the Army, this arrangement was undesirable because the Comptroller is responsible for an important functional area (Army financial management) which is subject to internal audit. The arrangement was undesirable also because the Comptroller, as a member of the Army General Staff, does not report directly to the Secretary of the Army but reports to the Army Chief of Staff and the Assistant Secretary of the Army (Financial Management).

The 1974 relocation of the Army Audit Agency from the Office of the Comptroller to the Office of the Army Inspector General did not improve the Audit Agency's organizational placement because the Inspector General's relative position in the Army organization is no higher than the Comptroller. The Inspector General is a member of the personal staff of the Chief of Staff and reports directly to that official. The Chief of Staff is responsible to the Secretary of the Army for the efficiency of the Army and its preparedness for military operations.

Adequate audit independence in the Department of the Army cannot be provided, nor objective auditing and useful audit results insured, unless the audit staff is placed directly under the Secretary or the Under Secretary.

We recommended that, to provide for more effective internal auditing in the Department of Defense, consistent with our audit standards, the Congress amend the National Security Act to require placing internal audit functions
of the three military departments under the Secretaries or Under Secretaries of the respective departments and to have the internal auditors report directly to those officials.

(Report to the Congress: "Why the Army Should Strengthen Its Internal Audit Function," B-134192, July 26, 1977; contact FGMSD.)

This recommendation is for consideration by the following committees:

Senate: Armed Services
House: Armed Services
The United States provides medical care funds for treating Filipino veterans who have served under the command of U.S. military forces. We reported that financial support of medical treatment for Filipino veterans with service-connected illnesses should continue, but the United States should reassess its policy of paying for nonservice-connected treatment. U.S. Embassy officials in Manila believed that reducing the medical program would irritate U.S.-Philippine relations, but would not be a major factor. If care for nonservice-connected illnesses were assumed by the Philippine Government, a $1.9-million reduction in the medical program could be made, and the Veterans Administration (VA) could end its involvement in the Filipino medical program.

We recommended that appropriate steps be taken for not funding the program as authorized in current VA legislation due to expire September 30, 1978, if the Committees believe it is time for the Philippine Government to assume greater responsibility for providing medical care to Filipino veterans. However, because of the present U.S. commitment to provide medical treatment to Filipino veterans for service-connected illnesses, the United States should take action to change the basis of funding the program—i.e., from a reimbursable contract to a fixed-sum grant—that would pay for only service-connected care at the Veterans Memorial Medical Center, Philippines.


These recommendations are for consideration by the following committees:

Senate: Veterans' Affairs
House: Veterans' Affairs
GREATER INCENTIVES ARE NEEDED FOR DOMICILED VETERANS TO RETURN TO COMMUNITY LIVING

VA's domiciliary program--one of its least known and least publicized programs--provides housing, medical treatment, food, clothing, and related services to needy and disabled veterans. During fiscal year 1976, an average of 9,090 veterans were housed daily in 18 VA domiciliary facilities which, combined, spent approximately $62 million--an average daily cost per veteran of $18.61.

One of the major missions of the domiciliary program is to provide rehabilitation and restoration services for those domiciled veterans who can be helped to return to community living. However, because domiciliary care has been provided free, full retention of income from work assignments and most other sources may be both an incentive for veterans to remain domiciled and a block to their timely rehabilitation and restoration to the community.

We recommended that the Congress explore with VA the feasibility of providing greater incentives for veterans having restoration potential to return to community living, such as by VA's retention of a portion of domiciled veterans' income. (Report to the Congress: "Operational and Planning Improvements Needed in the Veterans Administration 'Domiciliary' Program for the Needy and Disabled," HRD-77-69, Sept. 21, 1977.)

This recommendation is for consideration by the following committees:

Senate: Veterans' Affairs
House: Veterans' Affairs