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# MONTH IN REVIEW: DECEMBER 1999

## Reports, Testimony, Correspondence, and Other Publications

### Highlights

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**2000 Census:** Contingency Planning Needed to Address Risks That Pose a Threat to a Successful Census. Page 4.

**Border Patrol Hiring:** Despite Recent Initiatives, Fiscal Year 1999 Hiring Goal Was Not Met. Page 9.

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**Olympic Games:** Preliminary Information on Federal Funding and Support. Page 5.

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**If you have questions about the Month in Review, please call Susan Becker, Acting Director of Public Affairs, at (202) 512-4800. For information on specific reports, please contact appropriate GAO staff. GAO publishes the names of key contacts and their telephone numbers in each report.**

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# Month in Review: December 1999

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## Agriculture and Food

### **Meat and Poultry: Improved Oversight Will Strengthen New Food Safety System**

GAO/RCED-00-16, Dec. 8 (32 pages).

To reduce foodborne illnesses and improve the safety of meat and poultry products, the Department of Agriculture (USDA) issued regulations requiring that all meat and poultry plants adopt a science-based production control system, known as Hazard Analysis and Critical Control Point (HACCP), by January 2000. The HACCP approach, which was recommended by USDA's National Advisory Committee on Microbiological Criteria for Foods and endorsed by the scientific community, is based on seven guiding principles. These principles center around the identification of biological, physical, and chemical hazards that are likely to occur in meat and poultry plants and the establishment of critical points in the production process where controls can be applied to prevent or reduce those hazards. This report (1) determines whether the system adopted by USDA in its regulations is consistent with the seven HACCP principles endorsed by the Advisory Committee, (2) evaluates whether the HACCP training program for USDA inspectors is adequate and science-based, and (3) determines if there is an adequate dispute resolution process between plants and USDA under the new inspection system. GAO found that USDA's HACCP regulations, along with guidance, are consistent with the seven HACCP principles endorsed by the Advisory Committee. Generally, inspectors received the training needed to oversee plants' implementation of HACCP programs, although many inspectors reported that they would benefit from refresher courses. In GAO's view, USDA's dispute resolution process provides industry with an appropriate mechanism to appeal inspectors' enforcement actions.

### **Pork Industry: USDA's Reported Prices Have Not Reflected Actual Sales**

GAO/RCED-00-26, Dec. 14 (37 pages).

The prices being paid for hogs in the open market (spot prices) plunged in 1998, dropping from \$0.45 cents per pound in May to below \$0.10 cents per pound in December—well below the estimated cost of \$0.35 cents per pound to produce a hog. At the same time, the Department of Agriculture (USDA) reported that the sharp decline in hog prices was not fully reflected in pork prices at the supermarket. For this period, USDA reported that the difference between the prices farmers received for their hogs and the

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prices consumers paid for pork was wider than it had been in decades. This report examines the (1) structural changes in the pork industry that have occurred since the 1980s and their effect on production and marketing, (2) reasons for the sudden and rapid decline in prices paid to farmers in late 1998, and (3) extent to which USDA's methods for obtaining and reporting on prices at the farm and retail level for hogs and pork products yield accurate estimates of these prices. Accurate prices are important because they provide farmers with reliable information upon which to base production and marketing decisions.

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## Business, Industry, and Consumers

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### Correspondence

The Small Business Administration: Loan Origination and Debt Collection Processes. GAO/AIMD-00-45R, Nov. 30.

Small Business Administration: A Review of SBA's Estimate of Impact of Legislative Proposals for the 7(a) Loan Guarantee Program. GAO/RCED-00-49R, Dec. 15.

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## Education

### **Public Education: Title I Services Provided to Students With Limited English Proficiency**

GAO/HEHS-00-25, Dec. 10 (22 pages).

The number of students with limited English skills has soared during the last decade. Between 1990 and 1997, the most recent year for which data are available, the number of students with limited English proficiency has risen by 57 percent—to about 3.5 million. The federal government has tried to help states and localities improve education for all types of disadvantaged children, including those who speak English with difficulty, by funding programs to help these children achieve high academic standards, primarily through title I of the Elementary and Secondary Education Act of 1965. This report answers the following questions: How many students with limited English proficiency are being served through targeted and schoolwide title I programs? How are these students being served through targeted and schoolwide title I programs? How many title I

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teachers in schools serving students with limited English proficiency are bilingual or have other specialized training in teaching these students? What accommodations do states allow for these students in taking academic assessments, including offering tests in their native language, and to what extent are they participating in academic assessments?

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## Financial Management

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### Testimony

Financial Management: Financial Management Weaknesses at the Department of Education, by Gloria Jarmon, Director of Accounting and Financial Management Issues, before the Subcommittee on Oversight and Investigations, House Committee on Education and the Workforce. GAO/T-AIMD-00-50, Dec. 6 (13 pages).

The Department of Education is the lead agency overseeing the more than \$73 billion that the federal government spends each year on education programs. The Department also tracks about 93 million student loans and 15 million grants. It also collects more than \$150 billion owed by students. Consequently, the Department's financial statements are an important source of information for policymakers and the public. This testimony discusses GAO's review of the independent auditors' reports of the Department's financial statement for fiscal year 1998.

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## Government Operations

### **2000 Census: Contingency Planning Needed to Address Risks That Pose a Threat to a Successful Census**

GAO/GGD-00-6, Dec. 14 (39 pages).

With less than four months remaining until Census Day (Apr. 1, 2000), significant uncertainties continue to surround the Census Bureau's efforts to boost participation in the census and to collect timely and accurate field data from nonrespondents. Obtaining adequate public participation is a huge challenge, one with implications for the size of the nonresponse follow-up workload. Data quality and scheduling could be affected if the nonresponse follow-up workload is greater than expected or the Bureau has difficulty in filling the number of enumerator positions that it

estimates will be needed for this job. These uncertainties raise concerns that the 2000 Census may be less accurate than the 1990 Census. As a result, the Bureau needs to have contingency plans in place to mitigate the impact of a lower-than-expected response rate. Because so little time remains and senior Bureau managers will be devoting most of their attention to carrying out the census plans that are already in place, such contingency plans will be most useful if they focus on the critical challenges and trade-offs that the Bureau will face—such as the need to balance schedule pressures with the need to protect data quality—if its response rate goals are not met. Also, even though the Bureau has already taken steps to expand the census applicant pool, additional statutory measures could be needed, given the Bureau’s history of staffing problems and the magnitude of the Bureau’s staffing challenge for 2000.

**Olympic Games:  
Preliminary Information on Federal Funding and Support**

GAO/GGD-00-44, Dec. 21 (15 pages).

At least 24 federal organizations provided or planned to provide about \$2.1 billion in 1999 dollars for Olympic projects and activities for the Los Angeles and Atlanta Summer Olympic Games and the upcoming Salt Lake City Winter Olympic Games. About \$530 million was reported to have been provided or planned for projects and activities solely related to the planning and staging of the Olympics, including safety and security as well as transportation services. The remaining \$1.6 billion was spent or planned for projects, such as highway construction, transit system development, and other capital projects, that the host cities of Atlanta and Salt Lake City wanted to have completed in time for the Olympic Games. Federal and state officials said that they identified these projects as Olympic-related because their completion was generally accelerated to improve transportation services and avoid construction during the Olympic Games. These officials said that most of the federal funding for these projects would have been eventually provided to the host city regardless of the Olympic Games. Concerning the 1984 Olympic Games in Los Angeles, federal funding and support totaled about \$75 million and involved 11 federal organizations. Unlike the federal support for later Olympics, the federal organizations reported little funding and support for capital projects to prepare Los Angeles for the 1984 Summer Olympic Games. Most of the federal funding and support that agencies reported providing to the 1996 Summer Olympic Games in Atlanta and planned for the 2002 Winter Olympic Games is reported to be for infrastructure projects to

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prepare the host city for the Olympics—projects that will also benefit the host city and state after the Games have ended.

**Food and Drug Administration Facility:  
Requirements for Building on a Floodplain Met**

GAO/GGD-00-17, Dec. 15 (19 pages).

The Food and Drug Administration plans to build a facility in College Park, Maryland, to house its Center for Food Safety and Applied Nutrition. This report provides information on (1) the authority of the General Services Administration to build this new facility in College Park, (2) whether the requirements for building on a floodplain have been met, and (3) the planned placement of computers in the basement of the new building. On this last point, GAO discusses whether steps have been taken to reduce the risk of damage from water seeping into the basement and whether the staff of the Center participated in the decision to place the computer operations in the basement.

**District of Columbia:  
The District Has Not Adequately Planned for and Managed Its New  
Personnel and Payroll System**

GAO/AIMD-00-19, Dec. 17 (16 pages).

The District of Columbia is acquiring an automated personnel and payroll system, which is based on commercial, off-the-shelf software, to improve the quality of its personnel and payroll systems, modernize its personnel and payroll business processes, and replace an aging legacy system. In earlier testimony before Congress, GAO noted that information on the District's 40,000 employees has long been error-prone and inconsistent. (See GAO/T-AIMD-95-170, June 1995.) The Comprehensive Automated Personnel and Payroll System which is estimated to cost about \$13 million to develop, was expected to be up and running by the end of 1999. This report assesses whether the District has effectively planned and managed the system.

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**Correspondence**

Subcontractor Complaints Concerning the D.C. Union Station Renovation Project. GAO/GGD-00-13R, Dec. 22.

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## Health

### **Skilled Nursing Facilities: Medicare Payment Changes Require Provider Adjustments But Maintain Access.**

GAO/HEHS-00-23, Dec. 14 (30 pages).

In 1998, Medicare began the transition to a prospective payment system for skilled nursing facility services provided to Medicare beneficiaries. Medicare began paying fixed, preset rates for each day of care—a major change from the former system of cost-based reimbursement. GAO found that the ability of Medicare beneficiaries to obtain needed care does not appear to have decreased since the implementation of the prospective payment system, although some patients may stay longer in the hospital before being admitted to a nursing home or may receive care from other post-acute-care providers. The new system does appear, however, to have affected the willingness or ability of some nursing homes to accept some types of Medicare patients. Hospital discharge planners report that facilities are reluctant to admit patients needing high-cost services, including some expensive drugs and infusion therapy, because they believe that Medicare payments for these patients may be too low. GAO also found that nursing homes prefer Medicare patients needing short-term rehabilitation, raising concerns that payments for these patients may be too high. Although the new payment system has significantly changed financial incentives, GAO concludes that aggregate payments to providers are adequate, given that inflated costs were used to establish the per diem payment rates. However, the case-mix classification system used to adjust payments to reflect the needs of patients may not appropriately allocate payments across patients and providers. GAO notes that the preferred provider system is only one of several factors contributing to the poor financial performance of Sun Healthcare Group, Inc., and Vencor, Inc., two corporations that run a large number of nursing homes.

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## Correspondence

Medicare: Reporting on the Health Care Fraud and Abuse Control Program for Fiscal Years 1998 and 1999. GAO/AIMD-00-51R, Dec. 13.

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## Housing

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### Correspondence

Homeownership: Cancellation and Termination Provisions of the Homeowners Protection Act of 1998. GAO/RCED-00-50R, Dec. 10.

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## Information Management

### **Year 2000 Computing Challenge: Readiness of FBI's Instant Criminal Background Check System Can Be Improved**

GAO/AIMD/GGD-00-49, Dec. 16 (42 pages).

The FBI's National Instant Criminal Background Check System is a computer system that, in concert with other FBI and state-run systems, is used to do presale background checks on persons seeking to buy firearms. This report, which summarizes the information presented by GAO at a congressional briefing, evaluates the FBI's efforts to make the system Year 2000 compliant. GAO also makes recommendations designed to strengthen the Year 2000 readiness of the nation's firearm presale background check program.

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## International Affairs

### **International Trade: Improvements Needed to Track and Archive Trade Agreements**

GAO/NSIAD-00-24, Dec. 14 (38 pages).

International trade has become increasingly important to the U.S. economy. Since 1990, U.S. exports have risen about 70 percent—reaching nearly \$700 billion a year. The United States has led the world in creating a system of open trade under accepted rules, in which the reduction of trade barriers, such as tariffs and import quotas, would help provide greater market access for U.S. goods and services. The current administration has sought to build on earlier efforts by negotiating several hundred separate trade agreements since 1992 that are aimed at opening markets and creating wider economic opportunities for Americans. This report examines (1) the number of trade agreements that the United States is party to, (2) the way in which the executive branch notifies Congress when trade agreements are entered into, and (3) the extent to which the

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public has ready access to information from government sources about trade agreements.

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## Justice and Law Enforcement

### **Border Patrol Hiring: Despite Recent Initiatives, Fiscal Year 1999 Hiring Goal Was Not Met**

GAO/GGD-00-39, Dec. 17 (43 pages).

Although the Immigration and Naturalization Service (INS) met its goal of increasing the strength of the Border Patrol by 1,000 agents in both 1997 and 1998, it saw an increase of only 369 agents in 1999 because it was unable to recruit enough qualified applicants and retain them through the hiring process. Although INS attracts large numbers of applicants, few who apply to the Border Patrol successfully complete the application process. Some fail to pass the rigorous entry examination, medical examination, or background check, while others withdraw from the process. INS assigns all new Border Patrol agents to the southwest border, where 92 percent of all agents are stationed. As hiring has increased, the experience level of Border Patrol agents has declined agencywide, as well as along the southwest border. The percentage of agents along the southwest border with two years of experience or less tripled—from 14 percent to 39 percent—between 1994 and 1998. Also, most of the southwest border sectors saw an increase in the average number of nonsupervisory agents assigned to each GS-12 supervisory agent. By relying on a temporary training facility in Charleston, South Carolina, the Border Patrol Academy has been able to provide newly hired agents with the required training and, according to a Border Patrol official, is prepared to meet the training needs associated with future growth.

### **Seized Drugs and Firearms: FBI Needs to Improve Certain Physical Safeguards and Strengthen Accountability**

GAO/AIMD-00-18, Dec. 16 (54 pages).

During the last decade, GAO has periodically reported on government operations at “high risk” for waste, fraud, abuse, and mismanagement. One of these operations is the asset forfeiture program run by the Justice Department. Seized items typically remain in an agency’s custody until used as evidence by federal prosecutors. This report focuses on the FBI’s

controls over seized drugs and firearms. Each of the four FBI field offices GAO reviewed had established physical safeguards in accordance with key FBI policy directives. However, overcrowding and inadequate packaging of drug evidence and improper maintenance of the night depository in the drug vault at one of the FBI field offices GAO visited increased the risk of theft, misuse, and loss of evidence. Also, inadequate ventilation in the drug vault at one field office could potentially harm the health and safety of evidence control workers. The FBI's ability to account for drug and firearms evidence was hampered at the field offices GAO reviewed by incomplete and missing information on chain of custody documents, the failure to promptly issue and reconcile reports that are used to verify the location of evidence, and poor documentation of bulk drug seizures. Notwithstanding these problems, FBI personnel were able to locate each item that GAO chose for testing at the field offices; for those items not in storage, they provided documentation supporting the current location or status of the item. GAO identified several instances in which evidence control personnel or FBI agents entered evidence into the FBI's Automated Case Support System late without the required explanatory memoranda. While reviewing selected drug items in storage at the four field offices, GAO noted many discrepancies between the actual weight of drug items observed during GAO's testing and the weight of these items recorded on attached evidence labels, which should reflect the current weight of the item, including packaging.

**Drug Control:  
Assets DOD Contributes to Reducing the Illegal Drug Supply  
Have Declined**

GAO/NSIAD-00-9, Dec. 21 (47 pages).

The Defense Department (DOD) supports the nation's counterdrug efforts by providing military personnel, detection and monitoring equipment, intelligence support, communication systems, and training. However, DOD has yet to develop performance measures to assess the effectiveness of its contributions. DOD has, among other things, developed a database to capture information that can be used to evaluate the relative performance of its detection and monitoring equipment. DOD support for international drug control efforts has fallen significantly since 1992. The decline in DOD assets used for counterdrug efforts is due to (1) the lower priority assigned to the counterdrug mission compared with that assigned to other military missions that might involve contact with hostile forces such as peacekeeping and (2) overall reductions in defense budgets and force

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levels. DOD officials believe that their operations are more efficient today than in the past and that this has partially offset the decline in assets available for counterdrug operations. Because of a lack of data, however, the impact of the reduced level of DOD support on drug trafficking is unknown.

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## Correspondence

FBI Accountability for Drugs Used in Special Operations: Deficiencies Identified and Actions Taken. GAO/AIMD-00-34R, Dec. 2.

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## National Defense

### **Defense Inventory: Inadequate Compliance With Controls for Excess Firearms and Other Sensitive Items**

GAO/NSIAD-00-27, Nov. 29 (20 pages).

This is the fourth in a series of reports on the Defense Department's (DOD) procedures for controlling excess items. GAO reported earlier on DOD's needless destruction of usable aircraft parts, on inappropriate sales of parts with military technology and flight safety risks, and on items not being properly controlled during shipment to disposal. (See GAO/NSIAD-98-7, Oct. 1997, GAO/NSIAD-98-182, Aug. 1998, and GAO/NSIAD-99-84, July 1999.) In this report, GAO found that internal control procedures designed to protect firearms, items with national security implications, and pharmaceuticals were not always followed at three of the seven defense components GAO visited. Instead of being separated, key duties in the areas of transport, destruction, and record keeping were done by the same person. Required certifications that sensitive excess items were actually destroyed were missing. Also, serial numbers were not always recorded on shipping documents as required. For example, GAO was unable to track what happened to three items slated for disposition: a digital computer used for defense countermeasures on the E-2 aircraft, a high-power simulator used to test early warning systems on aircraft, and 18 computers used to guide MK-46 torpedoes to a target. DOD guidance requires that excess firearms and pharmaceuticals be destroyed and removed from inventory records by coding the transactions as "inventory decreases associated with the destruction of the item." However, the military has been removing these items from inventory records by describing these transactions as "items being shipped to a disposal office." None of the items were actually shipped to a disposal office, but were instead destroyed or disposed of by the defense components that had the items. Weak management oversight

and computer programming errors contributed to these transactions being incorrectly recorded. For example, during a 12-month period, the disposition of nearly \$99 million of firearms and pharmaceuticals was incorrectly recorded in DOD's inventory records.

**Air Force Depot Maintenance:  
Analysis of Its Financial Operations**

GAO/AIMD/NSIAD-00-38, Dec. 10 (24 pages).

The Air Force depot maintenance activity group provides the repair services needed to keep air force units up and running around the world. The group repairs and overhauls a wide range of items, from aircraft engines to missiles to software. For example, the Air Force reported that in 1998 the depot maintenance activity group did major overhauls on 670 aircraft, overhauled 980 engines, and repaired more than 800,000 inventory items. The report discusses (1) the Air Force activity group's price increase between fiscal years 1994 and 1999 and the primary reasons for it, (2) the activity group's financial losses during that period and the primary reasons for them, and (3) the Air Force's methods for recovering these losses.

**Federal Facilities:  
Alternative Land Uses Could Save Water at Fallon Naval Air  
Station, Nevada**

GAO/RCED/NSIAD-00-42, Dec. 10 (35 pages).

The Navy, which runs the Fallon Naval Air Station in Nevada, uses large amounts of water—in a region where water is scarce—to manage the land around its runways. Since the 1950s, the Navy has maintained a “greenbelt” at the air station that consists of acreage leased to local farmers who grow irrigated crops on the land. In the Navy's view, the “greenbelt” protects the facility from fires, lowers the chance of bird strikes or other damage to aircraft from foreign objects, and controls dust. Since 1990, the Navy has used about 1.6 billion gallons of surface water to irrigate this land each year. This report provides information on (1) the aviation safety and operational requirements for the runway protection zone at Fallon, (2) the alternative land used strategies that Fallon identified in response to congressional direction and how it evaluated them, and (3) the current land use strategies at five military facilities and two commercial airports that operate in similar environments.

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**Battlefield Automation:  
Army's Restructured Land Warrior Program Needs More Oversight**

GAO/NSIAD-00-28, Dec. 15 (28 pages).

The Land Warrior Program is the Army's effort to equip soldiers on the battlefield with digitalized systems that will allow them to locate friendly and enemy soldiers and improve communication with higher commands. The system is comprised of a computer/radio, weapon, and helmet-mounted display eyepiece that are linked together for sending messages (voice and data) and imagery between soldiers and other battlefield systems. It also includes protective clothing, body armor, and a carrying harness to support the weight of the equipment. GAO found that the system will not be fielded by September 2000 because crucial technologies could not be developed in time. The estimated cost to acquire 34,000 units has risen from \$1.4 billion to \$2.1 billion. Oversight of the Land Warrior program has been lax. GAO found that oversight responsibility in the Army remained unchanged despite development problems that threatened to lengthen the acquisition schedule and the inability of system prototypes to pass certification tests. At present, Land Warrior will not operate with a key digitized battlefield system. Moreover, the Land Warrior Program has not solved technical and human factor problems that may render the system ineffective. These problems include overweight equipment, inadequate battery power, poor load-carrying design, and electromagnetic interference.

**Defense Transportation:  
Process Reengineering Could Be Enhanced by  
Performance Measures**

GAO/NSIAD-00-7, Dec. 20 (19 pages).

Since the late 1940s, several studies have characterized the organizational structure of defense traffic management as costly and inefficient. Multiple agencies have been involved in defense traffic management, each with separate service and modal responsibilities. GAO reported in 1996 that the fragmentation and duplication inherent in this structure led to higher transportation costs for defense customers. (See GAO/NSIAD-96-60.) This report discusses the (1) Defense Department's (DOD) progress in reengineering defense transportation financial management processes, (2) challenges associated with implementing these reengineered processes

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agencywide, and (3) extent to which DOD is assessing the infrastructure required to support the reengineered processes.

**Military Base Closures:  
Lack of Data Inhibits Cost-Effectiveness Analyses of  
Privatization-in-Place Initiatives**

GAO/NSIAD-00-23, Dec. 20 (38 pages).

Privatization-in-place is a concept in which a private sector entity takes over the operations of a facility that was once run by the government. So far, privatization-in-place has been associated with the base closure process and has been used by the Defense Department (DOD) to transfer industrial work to the private sector. With legislative constraints affecting DOD's ability to close military facilities, privatization-in-place is not likely to be used outside the base realignment and closure process. Three privatization-in-place efforts have resulted so far from the base closure process: the Air Force Aerospace Guidance and Metrology Center in Newark, Ohio; the Naval Surface Warfare Center in Louisville, Kentucky; and the Naval Air Warfare Center in Indianapolis, Indiana. These facilities primarily provide industrial services for the military. This report assesses the status, the cost, and the effectiveness of DOD's three privatization-in-place actions. GAO (1) determines how contractors are reacting to falling workloads at these privatized facilities, (2) compares the cost-effectiveness of the privatization-in-place operations to the former government-run operations, and (3) identifies the impact of privatization on excess capacity in DOD's industrial infrastructure.

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**Testimony**

Defense Acquisitions: Progress in Meeting F-22 Cost and Schedule Goals, by Louis J. Rodrigues, Director of Defense Acquisitions Issues, before the Subcommittee on National Security, Veterans Affairs, and International Relations, House Committee on Government Reform. GAO/T-NSIAD-00-58, Dec. 7 (10 pages).

GAO reported in March 1999 on the extent to which cost, schedule, and performance goals were being met in the F-22 aircraft's engineering and manufacturing development program. (See GAO/NSIAD-99-55 and GAO/T-NSIAD-99-113.) This statement for the record summarizes the relevant parts of that report and testimony, describes the congressional actions on the fiscal year 2000 budget request, updates the information that GAO gave

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Congress in March, and discusses initiatives by the Air Force and contractors to control production costs.

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Correspondence

Defense Transportation: Preliminary Personal Property Pilot Results Are Inconclusive. GAO/NSIAD-00-52R, Dec. 21.

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Natural Resources

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Correspondence

National Park Service: Information Concerning the Gettysburg National Military Park and Two of Its Partners. GAO/RCED-00-27R, Dec. 9.

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Social Services

**Foster Care:  
States' Early Experiences Implementing the Adoption and Safe Families Act**

GAO/HEHS-00-1, Dec. 22 (32 pages).

The Adoption and Safe Families Act of 1997 led to fundamental changes in the way that the nation's foster care system is managed. Previously, some foster children languished in temporary, out-of-home care while prolonged efforts were made to reunite them with their biological families. States are now required to find these children a safe, permanent home more quickly. This report discusses states' early efforts to implement the act's provisions. GAO describes (1) how the states have responded to the act regarding legal, administrative, and other changes that social workers may need to make in their day-to-day practice of handling welfare cases; (2) the status of states' implementation of the two provisions related to making timely permanency decisions for those foster children who are unable to safely return home; and (3) the steps that the Department of Health and Human Services has taken to assist states and monitor the implementation of these two provisions.

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Tax Policy and Administration

**Tax Administration:  
IRS' 1999 Tax Filing Season**

GAO/GGD-00-37, Dec. 15 (79 pages).

During the 1999 tax filing season, the Internal Revenue Service (IRS) met or exceeded several of its performance measure goals. However, IRS fell short in two key areas: the ability of taxpayers to access IRS' toll-free telephone service and the quality of IRS' answers to taxpayers who called with tax law questions. Also, IRS' accomplishment in a third area—the timeliness of refunds for paper returns—raised questions about the agency's timeliness that IRS could not answer. Other significant findings from the 1999 tax filing season included the following: IRS enhanced the availability of its walk-in service by increasing Saturday hours and making services more convenient for taxpayers who did not have easy access to a walk-in office. Use of IRS' World Wide Web site rose significantly during the 1999 tax filing season. IRS stopped millions of dollars in erroneous claims for the earned income credit in 1999 by validating social security numbers and scrutinizing some claims. Of the nearly 126 million tax returns filed in 1999, 29.3 million, or 23 percent, were filed electronically. IRS launched several initiatives directed at making electronic filing paperless and thus more appealing to potential users. Twenty percent of the returns filed in 1999 included the new child tax credit. Many of these taxpayers, however, miscalculated the credit amount, and many other taxpayers who were eligible for the credit failed to claim it. IRS made significant changes to the computer systems that it uses to process returns and remittances without any discernable processing disruptions.

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## Transportation

### **Mass Transit: Use of Alternative Fuels in Transit Buses**

GAO/RCED-00-18, Dec. 14 (47 pages).

Transit buses that use diesel engines significantly contribute to air pollution in U.S. cities. To help remedy this problem, various alternative fuels have been proposed for use in transit buses, including compressed natural gas, liquified natural gas, methane, ethanol, biodiesel fuel, and propane. GAO found that alternative fuel buses account for a very small, but growing, portion of the nation's transit bus fleet. Five percent of the nation's 50,000 transit buses ran on some type of alternative fuel in 1997. The most commonly used alternative to diesel fuel is compressed natural gas. Transit operators are also beginning to test new propulsion system technologies—hybrid electric systems and fuel cells—in their transit buses. Data are limited on the extent to which alternative fuels in transit buses have improved air quality in urban areas. Transit operators pay more to buy, maintain, and operate buses that use compressed natural gas than

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they pay for diesel buses. When deciding whether to switch to alternative fuels, transit operators consider a range of factors, including the need to adhere to more stringent emissions standards, public concerns about transit bus pollution, and the higher costs and reduced reliability of buses that use alternative fuels.

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## Veterans Affairs

### **VA Health Care: VA's Management of Drugs on Its National Formulary**

GAO/HEHS-00-34, Dec. 14 (21 pages).

The Department of Veterans Affairs (VA) spent more than \$1.8 billion to provide pharmacy benefits to veterans in fiscal year 1999. To help manage its pharmacy benefit, VA maintains a list of drugs—known as the national formulary—that its doctors are expected to use when prescribing drugs for veterans. VA provides free outpatient pharmacy services to veterans receiving medications for the treatment of service-connected conditions and to veterans whose income does not exceed the maximum VA pension, regardless of a drug's formulary status. Other veterans may be charged \$2 for each 30-day supply of medication. This report discusses how VA manages its national formulary and how drugs other than those on the national formulary are made available to veterans.

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## Special Publications

### **Travel System Requirements: Checklist for Reviewing Systems Under the Federal Financial Management Improvement Act of 1996**

GAO/AIMD-00-21.2.8, Dec. 1999 (60 pages).

Federal agencies must implement and maintain financial management systems that substantially comply with the federal financial management systems requirements that are spelled out by the Joint Financial Management Improvement Program (JFMIP) and the Office of Management and Budget. This checklist reflects JFMIP's revised travel system requirements to help (1) agencies implement and monitor their travel systems and (2) management auditors review their travel systems to determine if they are complying with JFMIP's guidelines.

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## Reports on Agency Rules

**GAO's Office of the General Counsel regularly issues legal decisions and opinions, reports on major rules issued by federal agencies prior to their implementation, and decisions resolving bid protests. These documents are posted daily and can be downloaded from GAO's home page on the World Wide Web (<http://www.gao.gov>).**

**The following is a list of reports of agency rules issued by the Office of the General Counsel. In addition to being available on the World Wide Web, these documents can be obtained by using the order form in the back of this publication. Bid protest decisions are not included in this list.**

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Department of Health and Human Services, Health Care Financing Administration: Medicare Program; Inpatient Hospital Deductible and Hospital and Extended Care Services Coinsurance Amounts for 2000. GAO/OGC-00-13, Dec. 13.

Environmental Protection Agency: National Pollution Discharge Elimination System—Regulations for Revision of Water Pollution Control Program Addressing Storm Water Discharges. GAO/OGC-00-14, Dec. 20.

Securities and Exchange Commission: Adoption of Amendments to the Intermarket Trading System Plan to Expand the ITS/Computer Assisted Execution System Linkage to All Listed Securities. GAO/OGC-00-15, Dec. 22.

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### **Ordering Information**

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