



140292

Reports and Testimony: November 1989

Highlights

Financial Integrity Act

Seven years after the Financial Integrity Act became law, taxpayers are losing billions of dollars as federal agencies struggle to correct internal control weaknesses that let waste, fraud, and mismanagement ravage government programs and assets. Page 18.

Federal Credit and Insurance Exposure

Mushrooming federal credit assistance and insurance programs have exposed taxpayers to more than \$5 trillion in potential liabilities. While the government will not be required to provide financial assistance for its total exposure associated with these programs, losses are already in the tens of billions and are growing. Page 19.

Military Base Closures

While generally endorsing the Defense Department's methods for identifying military bases to be closed or realigned, GAO found that analytical errors caused exaggerated savings estimates, some of which will take decades to realize, and miscalculations in ranking some of the bases destined to feel the ax. Page 45.

047378 / 140292

About our new look: we have redesigned the monthly list of reports and testimonies into category headings that more currently reflect the issue areas in the General Accounting Office. We hope that you find this document easier to use.

Contents

Reports and		2
Testimony: November		
1989		
	Agriculture and Food	2
	Budget and Spending	5
	Business, Industry, and Consumers	6
	Civil Rights	8
	Economic Development	9
	Education	10
	Employment	11
	Energy	12
	Environmental Protection	13
	Financial Institutions	17
	Financial Management	18
	Government Operations	24
	Health	28
	Housing	34
	Income Security	36
	Information Management	38
	International Affairs	40
	Justice and Law Enforcement	42
	National Defense, Security, and Military Procurement	45
	Natural Resources	49
	Science, Space, and Technology	52
	Social Services	53
	Transportation	53
	Veterans' Affairs	56

Reports and Testimony: November 1989

Agriculture and Food

Crop Insurance:

Private Company Loss Adjustment Improving, but Overpayments Still High

GAO/RCED-90-32, Nov. 7.

The federal crop insurance program insures farmers against losses due to bad weather, insects, and crop disease. By and large, the program involves private companies that are reinsured by the Federal Crop Insurance Corporation. FCIC, as reinsurer, pays for most of the insurance losses. In the past, GAO has criticized the loss adjustment practices of reinsured companies, noting that they have cost the federal government millions of dollars in overpaid crop insurance claims. In its current report, GAO found that the loss adjustment activities of reinsured companies seemed to be improving, although further improvements could be made. While the actual overpayment rate may vary widely, GAO estimates that about 16 percent of all payments made in 1987 for claims of over \$20,000 were overpayments. This is about half the overpayment rate GAO found for 1984-85 claims. GAO believes expanded FCIC oversight was important in getting the reinsured industry to increase the quality of loss adjustment activities. Even so, FCIC oversight and control over the reinsured industry could be strengthened.

Farm Finance:

Financial Condition of American Agriculture as of December 31, 1988

GAO/RCED-90-49BR, Nov. 15.

This report is the fifth in a series of GAO reports covering the financial condition of American agriculture. GAO's analysis of many key economic and financial indicators shows that the overall financial condition of the Nation's farmers and their lenders continued to improve in 1988. Agricultural exports, the total value of farm assets, and farmers' cash income all rose substantially, while farm debt, the amount of problem debt, and the number of failing or failed agricultural banks declined. On the other hand, federal outlays to support the Nation's agricultural sector, although lower than in 1987, continued at a very high level.

Farm Programs:

Conservation Reserve Program Could Be Less Costly and More Effective

GAO/RCED-90-13, Nov. 15.

Over 3 billion tons of soil erode from the Nation's cropland each year, reducing long-term land productivity, causing sedimentation of lakes and streams, and damaging surface water and groundwater. The goal of the Conservation Reserve Program is to remove 40 to 45 million acres of highly erodible cropland from production by 1990. Beginning in 1986, the U.S. Department of Agriculture held periodic sign-ups during which, in exchange for an annual per acre rental rate, farmers enrolled their highly erodible cropland. USDA enrolled over 28 million acres in the program through December 1988, resulting in substantial reductions in soil erosion. USDA managers, however, mainly focused on meeting the mandated acreage enrollment requirement and tree planting goal. Other program objectives, like improving water quality, received less attention. GAO found that some USDA management actions have increased program costs.

U.S. Department of Agriculture:

Status of the Food and Agriculture Councils Needs to Be Elevated

GAO/RCED-90-29, Nov. 20.

This is the first in a series of reports on issues GAO identified during its management review of the Department of Agriculture. The report describes the current dormancy of the Food and Agriculture Councils and recommends a way to revitalize them as a strategic management tool for the Department. GAO found that the councils are not fulfilling their mandate to help implement agencywide initiatives and to provide a source of feedback from state and local levels. The councils need high-level representation at Department headquarters if they are to fill these functions effectively.

Milk Pricing:

New Method for Setting Farm Milk Prices Needs to Be Developed

GAO/RCED-90-8, Nov. 3.

Traditionally, federal dairy policy has sought to ensure an adequate supply of milk, stabilize milk prices, and improve producer income. The

Minnesota-Wisconsin (M-W) price series is used to set minimum prices for milk marketing orders. The M-W price, which is set for over 70 percent of all domestically produced milk, is the estimated average price paid for grade B milk by plants in Minnesota and Wisconsin. Milk marketing orders use the M-W price as the minimum price for grade A milk used for manufactured products and set minimum fluid milk prices on the basis of that price. The M-W price is intended to reflect a market-determined price for milk used for manufacturing in Minnesota and Wisconsin, which produce over half the Nation's grade B milk. Because of declines in grade B milk production and in the number of grade B purchasing plants, GAO is concerned that the current M-W price is gradually becoming less reliable as a measure of national supply-demand conditions for milk used for manufacturing, does not provide a valid price mechanism over the long term, and is affected by local conditions. GAO recommends that the Department of Agriculture develop and test a new pricing series and presents several alternatives in this report.

Testimony

GAO Audit of the Food Stamp Program, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture. GAO/T-RCED-90-10, Oct. 31.

In this testimony, GAO discusses its past and present work on (1) food stamp automation, (2) alternatives to the current definition of a food stamp household, and (3) ways to improve the benefit opportunities for people eligible for the Food Stamp Program.

GAO Audits of the Commodity Food Area, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture. GAO/T-RCED-90-15, Nov. 15.

GAO testified on the commodity food area, which is administered by the U.S. Department of Agriculture's Food and Nutrition Service. GAO discussed its recent work on (1) the commodity distribution program reforms mandated by 1987 legislation and (2) the commodity food distribution program at four Indian reservations. GAO found that USDA has implemented all of the legislated reforms, although some of the statutory implementation time frames were missed because of the lengthy review and approval procedures, the complexity of the reforms, and the law's broad application. GAO concluded that the Food Stamp Program, along with commodity foods and nonfederal food assistance, has

improved the diet of Indians living on or near the reservations. However, in the course of its work, GAO was told by tribal officials about hunger at two of the reservations and GAO found a prevalence of diet-related diseases, such as diabetes, heart disease, and hypertension. GAO concludes that an adequate food supply and nutrition education could help improve the quality of life for Indians on these reservations.

Budget and Spending

Budget Issues:

The President's Budget Submission

GAO/AFMD-90-35, Oct. 27.

This report identifies (1) the budget documents and related materials customarily submitted by the President, the level of budget detail usually available to Congress, and the pattern historically followed in providing various budget documents; (2) the budget information that a President is required to submit under existing law; and (3) the budget material and level of detail that, in GAO's opinion, are needed by Congress and GAO to perform their duties. A key point GAO makes is that Congress needs at least account level detail to carry out its budgeting duties. Furthermore, because the executive and legislative branches share budgeting responsibility, the structure, concepts, and detail of the budget should be based on full consultation between the two branches of government. GAO views a cooperative approach as an essential starting point for reaching badly needed consensus on a deficit reduction plan.

Deficit Reductions for Fiscal Year 1990:

Compliance With the Balanced Budget and Emergency Deficit Control Act of 1985

GAO/AFMD-90-40, Nov. 15.

Each year, the Balanced Budget and Emergency Deficit Control Act of 1985 requires the Office of Management and Budget to issue reports projecting the fiscal year deficit. The President must issue a sequester order if OMB's deficit projection exceeds the fiscal year deficit target by more than \$10 billion. Within 15 days following the sequester order, the President must report to Congress on the base and sequester amounts for each sequestrable program, project, and activity. GAO is required to review OMB's reports and the President's orders to see whether they have met the Act's requirements. In GAO's opinion, OMB's reports and the President's orders substantially complied with the Act's requirements

for projecting a deficit and calculating sequester percentages. However, GAO reports again, as it did last year, that compliance does not necessarily result in meaningful deficit reduction. Over the last 4 years of technical compliance with the Act, budgetary gimmicks have proliferated, adding billions of dollars in budget costs over the long run. There is also an aura of unreality about the budget projections made under provisions of the Act. Over the years, OMB's projections have sometimes been too optimistic. Yet the Act limits OMB's flexibility to correct its inaccurate estimates and technical mistakes. The Act is not correcting the basic problem. The underlying imbalance between receipts and outlays in the nontrust fund part of the budget has worsened during fiscal years 1986 through 1989. GAO believes these problems strongly point to the need for a different approach to deficit reduction. GAO proposes combining a restructured unified budget with a bipartisan agreement between Congress and the Administration on a multiyear plan for deficit reduction. This plan is discussed in an earlier report entitled Managing the Cost of Government: Proposals for Reforming Federal Budgeting Practices (GAO/AFMD-90-1, Oct. 1989).

Impoundments:

Comments on Proposed Deferral of Fiscal Year 1990 Economic Support Fund Budget Authority

GAO/OGC-90-1, Nov. 15.

On October 2, 1989, the President gave Congress his first special impoundment message for fiscal year 1990. GAO reviewed the seven deferrals of budget authority reported and found them to be in accordance with the Impoundment Control Act. GAO provides (1) specific information on one of the deferrals it believes will be useful to Congress in examining the message and (2) a list of the deferrals as reported by the President.

Business, Industry, and Consumers

Product Liability:

Verdicts and Case Resolution in Five States

GAO/HRD-89-99, Sept. 29.

Damage awards in product liability cases received national attention in the 1980s. Insurers and defendants' groups have called for legislation to curtail perceived problems with the size of awards and with the bases on which manufacturers and sellers were held liable. Consumer groups,

on the other hand, have defended the current tort system and have attributed problems with the affordability of liability insurance to economic factors. GAO found that, in general, damage awards have been neither erratic nor excessive. GAO's study of cases in five states and data from earlier studies show that the size of compensatory awards (which includes both economic and noneconomic damages) is strongly associated with injury severity and the amount of the underlying economic loss. In addition, when used, appeals and posttrial settlement negotiations often reduce the size of extremely large awards and eliminate many unjustified punitive damage awards. In a majority of the cases GAO studied, liability was determined to result from the defendant's negligence. In some cases, manufacturers were held liable even though they were not shown to be negligent. In most cases, however, juries and judges would have been allowed to consider the defendant's ability to have foreseen or prevented the danger in assessing responsibility.

Insurance Regulation:

Problems in the State Monitoring of Property/Casualty Insurer Solvency

GAO/GGD-89-129, Sept. 29.

Since the 1980s, the number and size of property/casualty insurance failures and the number of insurers in danger of failure increased. On average, at least 12.6 property/casualty insurers were liquidated each year from 1981 through 1987, as opposed to an average of at least 6.9 per year from 1974 through 1980. In reviewing the current state-based system of monitoring property/casualty insurer solvency and dealing with insurer failures, GAO found that all states rely for such monitoring on insurer-submitted annual statements and field examinations, both of which are subject to significant time lags. Insurer-provided annual statements are used by many states without verification. Several states report serious problems in fulfilling their responsibilities in insurer solvency regulation because of lack of funds. The five states GAO visited had 29 staff to analyze 6,450 annual statements. In addition, at least 31 states are relying on some examiners who are underqualified by National Association of Insurance Commissioner standards. While interstate coordination does take place in cases of insurer insolvency, many states do not keep each other fully informed and updated on problem insurer situations. The Association has had limited success in involving states in its activities.

Testimony

Ability of Underground Petroleum Storage Tank Owners to Comply With Federal Financing Responsibility Requirements, by Peter F. Guerrero, Associate Director for Environmental Protection Issues, before the Subcommittee on Antitrust, Impact of Deregulation, and Privatization, House Committee on Small Business. GAO/T-RCED-90-9, Oct. 31.

GAO concluded in a January 1988 report that insurance for underground petroleum tanks was generally unavailable and that the alternatives permitted by law, such as self-insurance, were impractical or unavailable for small businesses. While many states have set up special funds to help pay for the cleanup of tank leaks, it is unclear whether there will be enough affordable commercial insurance or state funds to cover the many small businesses and local governments. GAO supports EPA's decision to proceed with its present schedule for enforcing its financial responsibility requirements. However, in order to avoid hardships for small businesses as the 1990 deadline for financial responsibility approaches, GAO believes EPA needs to collect more information on the cost and availability of insurance and on the consequences of noncompliance for tank owners' business operations. GAO also believes EPA needs to ensure that firms that can comply with the financial responsibility rules do so.

Civil Rights

Equal Employment Opportunity: Women and Minority Aerospace Managers and Professionals, 1979-86

GAO/HRD-90-16, Oct. 26.

Over the years, the House Education and Labor Committee has received many complaints from aerospace industry employees about equal employment opportunity matters. GAO was asked to look at national EEO data on aerospace industry contractors to see if (1) the representation of women and minorities in the aerospace industry changed over time and (2) the representation of minorities and women in the aerospace industry reflects their representation in the labor force. GAO also tried to learn whether women and minorities in aerospace receive pay similar to that received by white men for similar work. GAO found that minority groups and women increased slightly in aerospace industry employment between 1979 and 1986. During this period, however, blacks, Hispanics, and Asians had less representation in all aerospace industry job categories than in the national EEO database. Asians doubled in representation (although remaining a small percentage), while the other minority

groups progressed slightly. While women in aerospace made some gains between 1979 and 1986, they were less represented as managers and professionals than in the national EEO database. They were also paid less on average than white men. In 1986, white men comprised at least two-thirds of the employees in five of nine aerospace job categories nationwide (managers, craft workers, professionals, salespeople, and technicians). At the four aerospace firms that gave GAO salary data, the average salaries of male minority managers and professionals were less than those of white men from 1979 to 1987. GAO also looked at employment patterns for female and minority aerospace managers in Los Angeles and Seattle. GAO summarized this report in testimony before Congress; see:

Women and Minority Aerospace Industry Profile, 1979-1986, by Linda G. Morra, Director of Intergovernmental and Management Issues, before the House Committee on Education and Labor. GAO/T-HRD-90-4, Nov. 3.

Economic Development

Rural Development:

Feasibility of Requiring Larger Water Pipes in FmHA Water Projects

GAO/RCED-90-40, Oct. 24.

In response to congressional concern about high fire insurance rates in rural Mississippi, GAO examined whether mandatory use of 6-inch or larger size pipes in all Farmers Home Administration water distribution projects would be feasible and would lower fire insurance rates for rural Mississippi homeowners. GAO determined that mandatory use of 6-inch or larger pipes on all FmHA water distribution projects is not feasible and would be very expensive. In some cases, the potential demand for water use would not sustain enough hydraulic pressure in the larger pipes to deliver safe and clean water to consumers. It is estimated that substituting 6-inch for 4-inch pipes on one project now awaiting FmHA funding approval would increase costs from \$240,000 to \$430,000. The community that requested the FmHA funding said the intended users could not afford the higher cost. Because fire protection involves more than just water systems, mandatory use of larger water pipes in all FmHA projects would not guarantee lower fire insurance rates for rural homeowners in Mississippi. According to the Mississippi State Rating Bureau, any deficiencies in other elements of a community's fire protection program, such as enforceable building codes and adequately trained and equipped fire companies, would have to be corrected before fire insurance rates could be lowered. Also, since Mississippi deregulated the fire insurance

industry in 1987, competitive market forces rather than the Bureau's ratings have tended to determine insurance rates.

Education

Department of Education: Management of the Office of Special Education and Rehabilitative Services

GAO/HRD-90-21BR, Nov. 28.

In response to congressional concerns about how the Department of Education's Office of Special Education and Rehabilitative Services was being run, GAO obtained the views of OSERS managers and senior staff on how well key management activities were being carried out. GAO looked at (1) goal setting, (2) performance management, (3) human resources management, (4) grants management, and (5) federal/state relationships. More than 60 percent of the questionnaire respondents said the Office of the Assistant Secretary had done a poor job of establishing goals; coordinating activities among components; and responding to program concerns raised by senior officials, regional offices, and constituents. Respondents also identified many human resource management problems. Almost half of the respondents with grant responsibilities cited inadequacies in the evaluation and monitoring of grantee performance in both discretionary and formula grants. State special education and vocational rehabilitation directors identified several problems in their states' relationship with OSERS.

Special Education: The Attorney Fees Provision of Public Law 99-372

GAO/HRD-90-22BR, Nov. 24.

Under the Handicapped Children's Protection Act of 1986, courts are authorized to award reasonable attorney fees to parents who prevail in cases brought against state or local education agencies regarding the education of their handicapped children. GAO did a national study of the impact of the law's attorney's fees provision. Increases in the number of administrative hearings between fiscal years 1984 and 1988 and the small number of civil actions decisions during this same period suggest a trend toward informal resolution of disputes between parents and school districts. Educational placement issues were the most frequent type of complaint considered in both administrative hearings and in civil

action cases. Overall, parents prevailed in 43 percent of the administrative decisions prepared by administrative hearing officers and in 43 percent of the civil action cases during the 5-year period. Parents who were represented by attorneys in administrative hearings accounted for almost 60 percent of the cases in which parent prevailed. Since passage of the Act, parents have increased their use of attorneys in administrative hearings; however, GAO cannot conclude that the increase resulted from the Act. Attorney fees awarded under the Act, while not large, have more than doubled from fiscal years 1987 to 1988—about \$157,000 to \$387,000. However, about three-quarters of the state agencies had no statewide information on the amount of attorney fees awarded. GAO believes the financial data it obtained significantly understate state and local education agencies' actual annual expenditures for attorney fees awarded to parents.

Employment

Dislocated Workers:

Labor-Management Committees Enhance Reemployment Assistance

GAO/HRD-90-3, Nov. 21.

Each year nearly a million people lose their jobs because of business closures and permanent layoffs. In 1988, Congress passed legislation that established (1) state rapid response teams to help workers before they are laid off and (2) labor-management committees to facilitate this assistance. GAO looked at four committees in Idaho, Michigan, New Jersey, and Vermont and found that they did enhance the ability of dislocated worker projects to help workers cope with job loss and find employment. The extent of committees' contribution in helping the workers varied considerably, however, and appeared to be linked to (1) strong state leadership and (2) the committee's composition and sustained involvement after a layoff.

Testimony

Employment Service: Preliminary Analysis of Policies and Practices Related to Performance, by William J. Gainer, Director of Education and Employment Issues, before the Subcommittee on Employment Opportunities, House Committee on Education and Labor. GAO/T-HRD-90-5, Oct. 31.

The Employment Service, which for many years has been the cornerstone of the government's employment training efforts, helps match people seeking work with employers who have jobs. GAO found that local

employment service offices varied greatly in their ability to place applicants in jobs. Because some offices were clearly stronger performers than others and these offices tended to be concentrated in certain states, GAO believes that the policies and practices of state and local offices rather than random occurrence may be the cause. GAO looked at management practices, local job placement activities, and state policies to determine their relationship to job placement performance.

How Well Does OSHA Protect Workers From Reprisal: Inspector Opinions, by William J. Gainer, Director of Education and Employment Issues, before the Subcommittee on Labor-Management Relations, House Committee on Education and Labor. GAO/T-HRD-90-8, Nov. 16.

Workers have the right to report safety and health hazards and to refuse to work when faced with imminent danger of death or serious injury. Because free exercise of these rights is considered crucial to ensuring safe workplaces, the law also guarantees workers protection from any employer reprisals. This testimony reports the results of GAO's survey of inspectors with the Occupational Safety and Health Administration. Many inspectors believe worker participation is limited because of lack of knowledge about their rights and lack of protection from employer reprisal. The inspectors think that legislative and other factors also reduce workers' protection.

Energy

Federal Electric Power: Information Concerning the Colorado River Storage Project

GAO/RCED-90-2FS, Oct. 3.

The Colorado River Storage Project is a major federal water project that delivers water to farmers, towns, and industries; provides flood control; and generates electricity at its hydropower plants. To assist Congress in its consideration of legislation authorizing continued construction of the project, GAO put together this fact sheet, which provides information on project investment costs and repayments, revenues from power sales, power asset values, wholesale power rates (federal and nonfederal), and the modification of the planned Diamond Fork Power System to enable it to provide commercial power.

Testimony

Energy Security and the World Oil Market, by Victor S. Rezendes, Director of Energy Issues, before the Subcommittee on Economic Stabilization, House Committee on Banking, Finance and Urban Affairs. GAO/T-RCED-90-12, Nov. 8.

GAO concludes that although the United States is less vulnerable to an oil supply disruption today than it was in the 1970s, recent trends give cause for alarm. Changes in the world oil market, including increased U.S. imports, declining domestic production, and the concentration of reserves and excess production capacity in the Middle East, again raise questions about the Nation's energy security. The ability of the United States to respond to an energy crisis has been enhanced by the creation of the Strategic Petroleum Reserve, but concerns about the effectiveness of existing response measures persist. While options are available to reduce oil dependency, they will require trade-offs between competing interests.

Environmental Protection

Air Pollution: **Uncertainty Exists in Radon Measurements**

GAO/RCED-90-25, Oct. 16.

Radon—a colorless, odorless gas formed by the decay of radium and uranium—has been shown to cause lung cancer. EPA, which estimates about 2 million homes have been tested for radon, has made progress in ensuring the accuracy of home radon measurements. The number of firms participating in EPA's Radon Measurement Proficiency program has grown from 40 in 1980 to over 700 in 1989; 87 percent of the devices tested in the program in 1988 passed. Despite this progress, GAO found that radon measurements are uncertain because (1) the ability of the devices that measure radon and the companies analyzing the devices' readings varies and (2) homeowners may not be following EPA's recommended testing procedures. GAO cites several possible causes for the uncertainty in radon measurements. For instance, the RMP program is voluntary and allows companies to market devices that have not been tested or that failed the test. The program also lacks verification procedures and does not require companies to have quality control procedures. GAO is doing a follow-up review to determine program changes that could improve assurances that home radon measurements are accurate.

Air Pollution:

EPA's Efforts to Control Gasoline Vapors From Motor Vehicles

GAO/RCED-90-21, Oct. 6.

Ozone, often called "smog," is a respiratory irritant, and long-term exposure to it may cause permanent lung damage. In 1988, over 100 areas, most of them major cities, had ozone levels exceeding federal air quality standards. EPA has tried to reduce gasoline vapors, a major contributor to ozone, by requiring (1) refiners to lower the volatility (evaporation rate) of gasoline sold during the summer months when most high ozone levels occur and (2) auto manufacturers to install vapor recovery equipment (onboard controls) on motor vehicles. Beginning in 1989 (Phase I), the maximum volatility of gasoline sold during the summer would fall to 10.5 pounds per square inch and beginning in 1992 (Phase II), the maximum volatility would fall to 9.0 pounds per square inch. While Phase I reductions are already in place, EPA has not yet acted on Phase II reductions because it disagrees with the Department of Transportation on the dangers of adding onboard controls to vehicles. DOT believes the onboard controls may pose an increased risk of fire during crashes. In GAO's view, the Stage II controls are a practical and feasible way to control refueling vapors. Despite the unresolved safety issues, GAO believes that onboard controls may well surpass the effectiveness of Phase II controls and therefore should not be abandoned as a way to reduce gasoline vapors.

Coast Guard:

Adequacy of Preparation and Response to Exxon Valdez Oil Spill

GAO/RCED-90-44, Oct. 30.

GAO believes the response to the Exxon Valdez grounding was clearly inadequate in containing and recovering the spilled oil. No one had realistically prepared for a spill of that size in Prince William Sound, and a similar lack of preparedness may well exist elsewhere in the United States. An important reason for this national unpreparedness is that no single designated leader or authority is responsible for ensuring the adequacy of preparations. Concerns have also surfaced about current oil spill containment technology and about the risks associated with water transportation of hazardous cargo. GAO views improvement of prevention measures as a priority. As a decision is made on the best course of action, leadership will be needed to avoid a scattered approach that leaves the Nation little better than it was before. Increased funding will

also be needed to support improved prevention and response capabilities.

**Hazardous Waste:
Contractors Should Be Accountable for Environmental
Performance**

GAO/RCED-90-23, Oct. 30.

The federal government produces millions of tons of hazardous waste each year. Over the years, some of this waste has seeped into groundwater supplies and has contaminated the land. There is concern that contractors operating government facilities have little incentive to comply with federal regulations. GAO looked at Department of Defense and Department of Energy policies and procedures and found that while contractors at the two agencies have been charged with similar federal violations, only DOE has a policy of paying its contractors' penalties, settlement payments, and legal expenses. If DOE continues this practice, GAO believes contractors will have little incentive to comply with federal regulations. GAO also looked at whether fees awarded contractors have been reduced when they fail to comply with environmental regulations. Neither DOD nor DOE regulations or guidelines require that a contractor's environmental performance be evaluated in the award-fee process. Without written policies requiring environmental considerations, there are no guarantees that future award-fee decisions will include them. As a result, contractors will have few additional incentives to comply with environmental laws and regulations. GAO summarized this report in testimony before Congress; see:

Contractors Should Be Accountable for Environmental Performance, by Richard L. Hembra, Director of Environmental Protection Issues, before the Transportation and Hazardous Materials Subcommittee, House Committee on Energy and Commerce. GAO/T-RCED-90-14, Nov. 17.

**Hazardous Waste Sites:
State Cleanup Status and Its Implications for Federal Policy**

GAO/RCED-89-164, Aug. 21.

Of the thousands of sites around the country contaminated by hazardous waste, EPA's Superfund Program has targeted only about 1,200 for cleanup. As a result, many states have begun cleanups under their own programs. GAO found that while most states have accomplished few or

no cleanups, some have enacted tough cleanup laws, committed relatively large resources to the cleanup effort, and achieved considerable results. At the 17 cleanup sites GAO analyzed, state cleanup plans were generally as stringent as federal laws and regulations used at Superfund sites. However, no federal standards have been set for over half of the contaminants found at these sites. For 11 sites, the states set cleanup levels without doing formal risk assessments. Also, most states GAO reviewed did not consider the full range of alternatives EPA requires. Most states have not shown that they can effectively clean up large, hazardous waste sites. GAO recommends that EPA turn Superfund sites over to the states only if there are adequate controls and oversight. GAO summarized this report in testimony before Congress; see:

Implications of State Cleanups of Hazardous Waste Sites on Federal Policy, by Richard L. Hembra, Director of Environmental Protection Issues, before the Subcommittee on Environment, Energy, and Natural Resources, House Committee on Government Operations. GAO/T-RCED-90-5, Nov. 7.

Testimony

The Coast Guard's Cleanup of Hazardous Waste Sites, by Victor S. Rezendes, Associate Director for Transportation Issues, before the Subcommittee on Coast Guard and Navigation, House Committee on Merchant Marine and Fisheries. GAO/T-RCED-90-6, Nov. 1.

GAO concluded that the Coast Guard still has most of its major hazardous waste cleanup work to do—an effort that will cost millions and will take decades to complete. Yet the Coast Guard cannot confidently estimate long-term cleanup costs until it assesses and investigates potential hazardous waste locations. While Coast Guard data suggest that it is complying with hazardous waste regulations, GAO is concerned that the Coast Guard is not collecting the type of information needed to support long-term budget requests. The Coast Guard is planning to reissue reporting instructions in order to stress the importance of reporting violations and related costs. If successful, this effort could help ensure that the Coast Guard has the information necessary to estimate future funding needs.

GAO's Views on DOE's Environmental Restoration and Waste Management 5-Year Plan, by J. Dexter Peach, Assistant Comptroller General for Resources, Community, and Economic Development Programs, before the Senate Committee on Governmental Affairs. GAO/T-RCED-90-16, Nov. 14.

GAO reviewed the Department of Energy's plan over the next 5 years to (1) bring DOE facilities into compliance with environmental laws, (2) clean up environmental contamination at DOE sites, and (3) manage the radioactive and hazardous waste that DOE generates. GAO supports the plan's 30-year cleanup goal and its companion research and development plan for new technologies, but stresses that DOE's problems are long term and their resolution is far beyond the 5-year projections contained in the plan. Further, while new technologies offer the promise of cost reductions, their widespread implementation is not yet a reality. Although environmental solutions will be costly and difficult, GAO believes specific long-range plans are important in helping Congress judge the pace and direction of DOE's cleanup program.

Financial Institutions

Separation Pay:

FSLIC Managing Office Did Not Receive Unwarranted Payments

GAO/GGD-90-23, Nov. 14.

GAO looked into an allegation that the former managing officer of the FirstSouth Receivership, who had been discharged for cause in June 1989 as a result of GAO's audit work, was going to receive substantial severance pay or other benefits. GAO found that FSLIC did not pay the former managing officer any large or unwarranted payments or benefits and does not plan to pay her for accrued unused vacation leave. The only payment FSLIC made to her after her discharge was for accrued unpaid salary, which complies with FSLIC's employment policies on receivership employees.

Testimony

Failed Thrifts: The Resolution Trust Corporation's Working Capital Needs, by Harry S. Havens, Assistant Comptroller General, before the Subcommittee on Oversight, House Committee on Ways and Means. GAO/T-GGD-90-7, Oct. 31.

GAO believes the Resolution Trust Corporation does need working capital in order to efficiently and effectively manage the resolution of nearly 600 failed savings and loans, although GAO does not know what that need will turn out to be. This working capital should be provided through Treasury borrowing because such an arrangement provides the lowest cost source of financing and preserves the integrity of the budget process. While it supports the intent of H.R. 3469, proposed legislation

that would limit the Corporation's authority to provide indemnifications, guarantee debt, and borrow funds, GAO is concerned that the bill's broad sweep could significantly jeopardize the Corporation's ability to carry out its mission.

Resolution Trust Corporation Oversight Board: GAO Views on Strategic Planning Efforts, by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the Resolution Trust Corporation Task Force, House Committee on Banking, Finance and Urban Affairs. GAO/T-GGD-90-10, Nov. 6.

While the Resolution Trust Corporation Oversight Board's approach to strategic planning appears reasonable, GAO is concerned that the draft plan does not specify what the policies will be for resolving institutions, managing assets, and meeting other provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The draft plan directs the Corporation to come up with procedures for carrying out the Act's mandate within a November 1989 to June 1990 timeframe but does not delineate those procedures. It is unclear how decisions on the policy will be made by December 31, 1989, and it may be too much to expect all areas of policy to be resolved by then. GAO stresses that finalized policies should be subjected to congressional oversight. This will clarify how the Corporation intends to carry out its mission and will lead to clear criteria for overseeing the efficacy of the Corporation's operations.

Federal Reserve: Views on Proposed Expanded Access Authority for GAO, by Milton J. Socolar, Special Assistant to the Comptroller General, before the Subcommittee on Domestic Monetary Policy, House Committee on Banking, Finance and Urban Affairs. GAO/T-90-8, Nov. 9.

GAO has been able to do significant audits of the Federal Reserve units under its existing authority. However, should Congress expand GAO's audit authority, GAO believes measures should be taken to protect against unwarranted disclosure of information and undue interference with the Federal Reserve's policy decision functions.

Financial Management

Financial Integrity Act: Inadequate Controls Result in Ineffective Federal Programs and Billions in Losses

GAO/AFMD-90-10, Nov. 28.

The government's estimated \$139 billion share of the savings and loan crisis, the Federal Housing Administration's losses of \$4.2 billion, and the continuing rise in uncollected debt and taxes owed the federal government are just a few of the serious difficulties now confronting the administration and Congress. GAO's fourth overall report on the implementation of the Federal Managers' Financial Integrity Act of 1982 suggests that a more effective system of internal controls could have greatly reduced many of these failures and their attendant cost to the taxpayer. GAO found a government lacking the internal controls and accounting systems needed to manage its programs, protect its assets, and give taxpayers the effective and economical services they expect and deserve. At a time when the budget deficit has become a pressing crisis, these weaknesses, many of which are long-standing, have added billions to the government's crippling burden of debt. Moreover, the litany of scandal and system breakdowns in recent years has reinforced the popular perception that the federal government is mismanaged, with little or no control over its own activities. GAO recommends that Congress create the position of Chief Financial Officer of the United States. This individual would be responsible for coming up with a long-range plan for improving the government's financial management. Chief financial officers should also be set up in each agency, and Congress should require the annual preparation and audit of agency financial statements. GAO continues to work on identifying internal control and accounting system problems in the federal government that are likely to cause material losses. GAO summarized this report in testimony before Congress; see:

Federal Internal Control and Financial Management Systems Remain Weak and Obsolete, by Charles A. Bowsheer, Comptroller General of the United States, before the Senate Committee on Governmental Affairs. GAO/T-AFMD-90-9, Nov. 29.

**Federal Credit and Insurance:
Programs May Require Increased Federal Assistance in the Future**

GAO/AFMD-90-11, Nov. 16.

Over the past 20 years, the government's credit assistance and insurance programs have grown dramatically, totaling over \$5 trillion today. However, the government's mounting losses from the savings and loan crisis, student loan defaults, crop insurance, federal housing loan programs, and other areas have pointed out the risks associated with providing credit and insurance for such a wide range of activities. Even so,

the full magnitude of these losses has not been reported because of long-standing deficiencies in the government's financial management and the inconsistent application of accounting principles by some agencies. It is apparent that the government will need to pay out even more for the growing losses. Some program fees and premiums have not been enough to offset program costs, thereby contributing to the losses. In order for Congress and OMB to make budgetary decisions and adequately plan for future funding of federal credit assistance and insurance programs, they need to be fully aware of program losses, the source of any financing, and the amount of the shortfalls. GAO summarized this report in testimony before Congress; see:

Federal Credit and Insurance: Programs May Require Increased Assistance in the Future, by Charles A. Bowsher, Comptroller General of the United States, before the Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce. GAO/T-AFMD-90-7, Nov. 16.

Inspectors General: Fraud Hotline Operations

GAO/AFMD-90-26BR, Nov. 13.

In this review of the federal government's fraud hotlines, GAO looked at the (1) accessibility of hotlines to federal workers and the general public, (2) background and training given fraud hotline staff, and (3) possibility of creating a central point of contact for all reports of federal fraud, waste, and abuse. GAO generally found that the hotlines are operating well in terms of accessibility, advertising, and staffing. GAO did find that hotlines could be better promoted and made more accessible in some areas. For instance, listing fraud hotlines in the government pages of local telephone directories nationwide would increase accessibility. In addition, setting up toll-free "800" numbers for callers outside the Washington, D.C., area would improve access to agencies that currently lack such toll-free lines. Further efforts could also be made to promote the fraud hotline among specific audiences, such as government contractor employees. In GAO test calls, general information operators at 6 out of 25 agencies were unable to give the correct hotline number. GAO recommends that the agencies ensure that their general information operators can provide the hotline number to callers. GAO found no compelling reason to centralize hotline operations. In fact, some IGS were concerned that centralization would delay agencies' receipt and handling of allegations. GAO concludes that staff answering the hotlines should work in the agencies and should be familiar with the issues and programs that are

subjects of allegations. GAO summarized this report in testimony before Congress; see:

Federal Fraud Hotline Operations, by Brian P. Crowley, Director of Planning and Reporting, before the Subcommittee on General Services, Federalism, and the District of Columbia, Senate Committee on Governmental Affairs. GAO/T-AFMD-90-2, Nov. 13.

Financial Audit:

Federal Savings and Loan Insurance Corporation's 1988 and 1987 Financial Statements

GAO/AFMD-90-34, Oct. 31.

This report presents GAO opinion on the Federal Savings and Loan Insurance Corporation's financial statements for the years ended December 31, 1988, and 1987, disclosing that except for the effect that various uncertainties could have on the estimated allowances for assistance agreements and unresolved cases, the Corporation's financial statements present fairly, and in all material respects, its financial position and the results of its operations, cash flows, and changes in financial position. During 1988, the industry's poor financial condition continued to overwhelm the Corporation's resources. As a result, the Corporation incurred a net loss of \$66 billion and reported a deficit of \$75 billion—the largest ever reported by a public or private corporation. The Administration has estimated that \$257 billion will be needed over the next 33 years to resolve the savings and loan crisis. However, because the Administration used optimistic assumptions, GAO believes the costs will ultimately be even higher. Further, the cost of resolving the problems of the troubled but still operating savings and loan associations may exceed the \$50 billion in funds the government has provided for that purpose.

Financial Audit:

Federal Financing Bank's Fiscal Year 1988 Financial Statements

GAO/AFMD-89-118, Sept. 29.

GAO's opinion on the Federal Financing Bank's financial statements for the year ended September 30, 1988, is that they present fairly, in all materials respects, the Bank's financial position and the results of its operation and cash flow. GAO's report on the Bank's internal accounting controls discloses that the Bank's system of internal accounting controls,

while significantly improved since GAO's last audit, still had material weaknesses. GAO's report provides details on GAO's findings and recommendations for improvement.

Financial Audit:

Senate Recording and Photographic Studios Revolving Fund for 1989 and 1988

GAO/AFMD-90-29, Nov. 8.

GAO audited the balance sheets of the Senate Recording and Photographic Studios Revolving Fund as of March 31, 1989, and 1988, as well as the related statements of operations and cash flows for the years then ended. In GAO's opinion, these financial statements present fairly, in all material respects, the financial position of the Fund and the results of its operations and cash flow in conformity with generally accepted accounting principles.

Financial Review:

Interest Rate Charged to Borrowers by the Rural Telephone Bank

GAO/AFMD-90-39, Nov. 14.

As required by law, GAO reviewed the interest rate the Rural Telephone Bank charges its borrowers, referred to as the cost-of-money rate. The Bank's rate for fiscal year 1989 is set at 5 percent, the minimum rate allowable. GAO found the rate to be in accordance with existing legal requirements.

Financial Information:

Costs Verified for Extending Chilled Water and Steam Lines to Union Station

GAO/AFMD-90-4, Nov. 30.

GAO audited the records of the Union Station Redevelopment Corporation to substantiate the accuracy of the costs reported and the payments made for the design and construction of extending chilled water and steam lines to Washington's Union Station. On the basis of its review, GAO concluded that the total cost reported by the Corporation—\$4,320,085—was properly incurred and payment was correctly disbursed for the design and construction of the lines serving Union Station and the proposed judiciary office building. Because the lines will be

serving the proposed judiciary office building, the Corporation can be reimbursed for an equitable share of these costs.

Testimony

The Civic Achievement Award Program, by Dennis J. Duquette, Director of Agency Financial Audits, before the Subcommittee on Libraries and Memorials, Committee on House Administration. GAO/T-AFMD-90-6, Nov. 9.

GAO testified on the results of its review of the 1988 financial statement audit of the Civic Achievement Award Program in Honor of the Office of the Speaker of the House of Representatives. The independent certified public accounting firm of KPMG Peat Marwick did the audit of the program's financial statements. GAO found nothing to indicate that the auditors' opinion on the financial statements is inappropriate or cannot be relied on. Peat Marwick's contract required the audits to be done in accordance with generally accepted auditing standards, rather than generally accepted government auditing standards. In addition to study and evaluation of internal accounting controls, the government standards also require a report on the review of internal accounting controls and a report on compliance with laws and regulations that can materially affect the financial statements. At GAO's request, future audits will be done in accordance with government standards.

Forest Service Cost Accounting for Timber Sales, by Brian P. Crowley, Director of Planning and Reporting, before the Subcommittee on Environment, Energy and Natural Resources, House Committee on Government Operations. GAO/T-AFMD-90-4, Nov. 16.

The Forest Service, in GAO's view, continues to make progress in testing and implementing its Timber Sales Program Information Reporting System. GAO's testimony discusses accounting for the cost of roads, reporting of timber sales and growth costs, reporting of all significant costs of timber sales operations, consistency of cost reports, and consistency and usefulness of economic analysis information.

Forest Service Timber Sale Program Information Reporting System, by Brian P. Crowley, Director of Planning and Reporting, before the Subcommittee on Forests, Family Farms and Energy, House Committee on Agriculture. GAO/T-AFMD-90-8, Nov. 21.

In this testimony, GAO outlines the cost reporting system developed by the Forest Service in consultation with GAO. The purpose of the system

is to provide the Service and Congress with improved financial information on the revenues and costs associated with the sale of government-owned timber.

Government Operations

Postal Service: Final Report on Compliance With 1989 Budget Reduction Mandate

GAO/GGD-90-26, Oct. 31.

The Omnibus Budget Reconciliation Act of 1987 required the U.S. Postal Service to reduce its operating costs by \$160 million in fiscal year 1988 and by \$270 million in fiscal year 1989. The Postal Service will also have to make corresponding payments to the Employees Health Benefits Fund. Under the Act, GAO must determine whether the Postal Service has made these reductions. GAO found that for 1989, the Postal Service produced documented operating cost reductions of about \$293 million, mainly in the areas of transportation and administration. This put the Postal Service in compliance with the Act, even though its overall costs exceeded budgeted levels. The Act did not specify an overall ceiling on expenditures.

Postal Service: Improved Labor/Management Relations at the Oklahoma City Post Office

GAO/GGD-90-02, Oct. 27.

GAO evaluated working conditions at the U.S. Postal Service's General Mail Facility in Oklahoma City, where, according to both management and union officials, labor relations had dramatically deteriorated in 1986. That year, new management tightened its control over the workforce through stricter policies and practices. Two incidents also heightened tensions—in August a Postal employee killed himself and six others at one of the division's post offices and in September several postal workers may have been exposed to toxic chemicals at the Oklahoma City General Mail Facility. In a series of meetings in November 1987, top Postal Service managers and union officials began to try to improve labor relations in the Oklahoma City area. These efforts intensified with the appointment of a new division manager in February 1988. Sharp declines in the numbers of grievances and disciplinary actions suggest that labor relations have improved. Disciplinary actions have also declined. Union officials, while concerned that hostilities might return

when the current management leaves, said that the current labor climate has improved.

**Postal Service:
First-Class Air Travel by Top Postal Management**

GAO/GGD-90-22FS, Oct. 20.

GAO examined whether top U.S. Postal Service managers are using first-class transportation for official travel. According to the Postal Service, 11 senior officers at its headquarters and 5 regional Postmasters General are authorized to fly first class. Other top managers must obtain agency approval for first-class travel. In reviewing travel vouchers for an 8-week period in mid 1989, GAO found that Postal Service officers flew first class in 36 percent of 352 flights. Ten of the first-class flights were upgrades using frequent flyer mileage credits. GAO also found that the Postmaster General flew first class less often than did most senior postal officers.

**Government Civilian Aircraft:
Central Management Reforms Are Encouraging but Require Extensive Oversight**

GAO/GGD-89-86, Sept. 29.

Despite improvements in the policies and procedures for aircraft acquisition and use made as a result of earlier reports, GAO's follow-up work shows that many of the same problems reported earlier persist. For example, some agencies continue to own and routinely use administrative aircraft without determining if commercial alternatives are less costly. GAO believes these continuing problems are caused by poor operating agency management practices, ambiguities in governmentwide guidance, and ineffective central management leadership and oversight by OMB and GSA. In response to these findings, OMB and GSA have taken steps to provide a more complete governmentwide framework for correcting long-standing management problems. However, GAO believes that vigorous, sustained oversight as well as additional central management actions by OMB and GSA are essential.

**Tennessee Valley Authority:
Special Air Transportation Services Provided to Manager of
Nuclear Power**

GAO/GGD-89-117BE, Sept. 25.

GAO was asked to examine the purpose, nature, and costs of the Tennessee Valley Authority's provision of special air transportation services to Mr. Steven A. White during his tenure as TVA's Manager of Nuclear Power. GAO found that TVA spent \$172,700 to fly Mr. White between his TVA office in Chattanooga, Tennessee, and his home in Charlottesville, Virginia, between October 1987 and September 1988. Mrs. White accompanied Mr. White on three flights during this period. TVA provided the transportation as part of its management services contract with Mr. White's personal services corporation, STEMAR. Of the \$172,700 TVA spent for the special flight arrangements, \$126,500 was for the cost of home-to-work transportation services provided directly to Mr. White and, in three instances, to Mrs. White. GAO believes the fair market value of those services—not necessarily the \$126,500 that TVA paid for them—could be considered taxable compensation to the Whites. IRS, however, is the only agency that can make such a determination.

**General Services Administration:
Sustained Attention Required to Improve Performance**

GAO/GGD-90-14, Nov. 6.

From GSA's inception in 1949, people have debated whether a centralized or decentralized approach is better in providing the government's house-keeping services. The result has been continuing criticism from Congress and GSA's customers—the federal agencies. GAO believes that a decentralized approach, involving a policy guidance and oversight role for GSA, is the right way to go. Rather than directly operating all the support services needed by other agencies, GSA should set governmentwide policy and run activities only where there are proven economic and management advantages to doing so. In this management review, GAO assesses GSA's efforts to assume such a role and whether GSA's management practices and systems will allow it to successfully complete such a role change and thereby improve its performance. GAO found that GSA will be unable to assume this role successfully unless it can overcome major, continuing management problems, such as limited executive development and inadequate management information. To this end, GSA

needs to develop a plan to shift from a service provider to an overseer of the government's vast facilities.

Building Purchases:

GSA's Program Is Successful but Better Policies and Procedures Are Needed

GAO/GGD-90-05, Oct. 31.

In 1982, GSA concern about rising lease costs resulted in what is now known as the Building Purchase Program. Under this program, GSA can quickly purchase office buildings in locations where the federal government has a long-term need for office space. In its assessment of the Buildings Purchase Program, GAO found it can be an effective and economical way to acquire modern office buildings. Most of the commercial office buildings GSA bought will provide quality space at minimum operating expenses and GAO believes GSA should continue to seek similar building purchases. To help avoid costly errors in making purchase decisions and to facilitate the timely occupancy of finished buildings, however, GSA needs to revise its order governing the program. Specifically, GSA needs to prohibit arrangements for construction services that circumvent competition requirements.

Lease Acquisition:

GSA Can Move HUD's Kansas City Offices More Quickly

GAO/GGD-90-30, Nov. 21.

GAO reviewed the actions of GSA's Kansas City regional office to procure leased space for the Department of Housing and Urban Development. While GAO found that GSA generally followed applicable regulations, GAO believes GSA could move more quickly to meet HUD's needs. For example, GSA ended up rejecting the first solicitation because of inadequacies in the market survey. However, had it exercised timely and effective supervisory review of the market survey, GSA could have avoided the cancellation and the resulting delays. GAO recommends that GSA reconsider its present plans and try to find suitable space for HUD before January 1991 and avoid paying rental costs for the time the space will be unoccupied.

Federal Management Issues, before the Subcommittee on Government Activities and Transportation, House Committee on Government Operations. GAO/T-GGD-90-11, Nov. 9.

GAO's review of GSA management found pervasive deficiencies in executive leadership, human resources management, management information, and executive accountability. Frequent turnover of administrators has hampered correction of these problems. GAO supports proposed legislation that (1) would fix the term of office of the Administrator of GSA and (2) would require the Deputy Administrator to be a career appointee from the ranks of the Senior Executive Service. The first measure would encourage the appointment of qualified people who are committed and willing to serve a full term, while the second measure would enhance continuity of operations. GAO notes that the qualifications of political appointees and the adequacy of executive pay also need to be addressed.

Puerto Rico: Background Information on Applicable Federal Legislation, Its Governmental Structure, and Its Finances, by Linda G. Morra, Director of Intergovernmental and Management Issues, before the Senate Committee on Finance. GAO/T-HRD-90-7, Nov. 15.

To assist the Committee's deliberations on the future political status of the Commonwealth of Puerto Rico, GAO discussed (1) the existing relationship between the federal government and Puerto Rico regarding taxes, income security, and health care programs and (2) how the government of Puerto Rico differs from that of the 50 states. Under proposed legislation, the people of Puerto Rico would hold a referendum to decide on either commonwealth status, statehood, or independence. Under each of these options, various costs and benefits could accrue to both the federal government and Puerto Rico.

Health

Medical Device Recalls: An Overview and Analysis 1983-88

GAO/PEMD-89-15BR, Aug. 30.

Medical devices run the gamut from the very simple to the extremely complex, from common household items like thermometers to kidney dialysis machines. This report provides information on overall numbers and selected characteristics of all medical device recalls between fiscal years 1983 and 1988. GAO looked at 1,635 recalls, ranging from high-

risk, implantable, life-supporting devices (such as replacement heart valves) to low-risk devices (such as dental irrigation syringes). Ninety-seven percent of these device recalls involved circumstances that FDA characterized as unlikely to cause serious adverse health consequences. The annual number of recalls fluctuated during the 6 years. Before 1985, the number did not exceed 200; after 1985, it was consistently near or above 300. The implementation of the medical device reporting regulation in December 1984, the increasing complexity of medical devices, and FDA's greater postmarketing surveillance are all possible explanations for the rise. The most frequent recall cause was a production or design flaw. Although the more serious recalls were more likely to have medical device reporting regulation reports associated with them, only half of even class I recalls (strong likelihood that use of or exposure to the product will cause serious harm or death) had a report associated with them when FDA evaluated the health hazard posed by the device and classified the recall. This suggests that the reports have not served as an effective "early warning" of device problems serious enough to warrant a recall.

Medical Device Recalls: Examination of Selected Cases

GAO/PEMD-90-6, Oct. 19.

This report contains more descriptive analyses and profiles based on the data GAO collected for its August 1989 report (see GAO/PEMD-89-15BR). GAO did further analyses on two types of recalls: (1) those involving medical devices that FDA had approved for marketing through its premarket approval process (PMA) and had later recalled for design problems and (2) those that FDA classified as posing the most serious health risk (class I). GAO found 28 PMA-design and 48 class I recalls between fiscal years 1983 and 1988. These recalls, although accounting for only about 4 percent of all recalls for the period, have the most serious public health implications. Design problems were the most frequent reason for both PMA-design recalls and class I recalls. While no adverse health consequences were associated with the majority of PMA-design recalls or with 42 percent of the class I recalls, about one-third of the PMA-design recalls and over half of the class I recalls were associated with at least one patient's injury or death. There is no requirement that device manufacturers notify FDA of recalls, and GAO found that in many cases the agency was unaware of the recall until after it had started or even until it had been completed. On the basis of the data presented in this report, GAO believes additional study of potential vulnerabilities in FDA's medical

device premarketing approval and recall process is needed. Questions have been raised about the number of device recalls that remain unknown to FDA and about the timeliness of recall actions taken by FDA and manufacturers. When FDA was making critical decisions about recalls, reports of device problems had not been filed on nearly two-thirds of PMA-design and almost half of the class I recalls. As a result, the effectiveness of the medical device reporting regulation as an "early warning" of medical device problems is questionable. In testimony before Congress, GAO summarized the findings of its two medical devices recall reports; see:

Medical Devices: The Public Health at Risk, by Charles A. Bowsher, Comptroller General of the United States, before the Committee on Health and the Environment, House Committee on Energy and Commerce. GAO/T-PEMD-90-2, Nov. 6.; and

Medical Devices: Underreporting of Problems, Backlogged Systems, and Weak Statutory Support, by Eleanor Chelimsky, Assistant Comptroller General for Program Evaluation and Methodology, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce. GAO/T-PEMD-90-3, Nov. 6.

**Medicare Catastrophic Act:
Estimated Effects of Repeal on Medigap Premiums and Medicaid Costs**

GAO/HRD-90-48FS, Nov. 6.

GAO surveyed commercial Medicare supplemental insurance (Medigap) companies and state Medicaid agencies to obtain their estimates of how the repeal of the Medicare Catastrophic Coverage Act of 1988 would affect Medigap premiums and Medicaid budgets. GAO contacted 29 of the commercial insurers that had over \$10 million of earned premiums on Medigap policies during calendar year 1987. These commercial insurers said the Act's repeal would increase monthly premiums by an average of 15.4 percent. The estimated monthly increases ranged from 6.3 percent to 41.3 percent. For the 2.5 million subscribers, the repeal would cause projected premium increases of about \$250 million in 1990. GAO also received responses from the Medicaid offices in 37 states and the District of Columbia as to how repeal of the Act's Medicare benefit changes would affect their 1990 Medicaid budgets. These states estimated that repeal would increase Medicaid budgets by about \$1 billion, of which

about \$444 million would be state funds and about \$587 million would be federal matching funds.

Medicare:

Increase in HMO Reimbursement Would Eliminate Potential Savings

GAO/HRD-90-38, Nov. 1.

On the basis of its review of the history of HMO Medicare reimbursement, GAO believes that raising the payment rate from 95 to 100 percent of the adjusted average per capita cost would be contrary to Congress' intentions. Congress expected that paying HMOs 95 percent of the average per capita cost would cost 5 percent less than if enrollees remained under fee-for-service programs. Increasing the payment rate to 100 percent would eliminate any savings potential. Congress was also concerned that inaccuracies in the adjusted average per capita cost could lead to excessive payments to HMOs. Recent studies, in fact, have concluded that Medicare beneficiaries enrolled in HMOs tend to be healthier and less costly to treat. They also concluded that the methodology used to calculate the adjusted average per capita cost does not accurately reflect these cost differences. Thus, rather than paying less, Medicare actually may have paid more for enrollees under HMO than had they remained in the fee-for-service sector. GAO believes that HMO payment rates should not be changed until these issues are resolved.

Medicare:

Assuring the Quality of Home Health Services

GAO/HRD-90-7, Oct. 10.

Medicare spending for home health services rose from \$1.5 billion to an estimated \$2.8 billion between fiscal years 1983 and 1989. The number of agencies providing these services increased by 43 percent to almost 6,100. The Health Care Financing Administration, which is responsible for ensuring the quality of home health services, contracts with the states to periodically survey home health agencies and find out whether they are complying with HCFA standards. GAO found that HCFA guidance has not resulted in surveyors using sound methods to (1) sample the patient records they review and (2) interpret Medicare standards consistently in order to present an accurate picture of home health agency performance. In addition, HCFA has not given the states pertinent information gathered by its claims processing contractors and peer review organizations for use in assessing compliance with Medicare standards.

HCFA is developing training standards for personnel who provide high-tech treatments to Medicare patients in their homes. Current law, however, does not require HCFA to develop training standards for all such personnel. Congress has revised many aspects of the home health agency certification process in order to improve home care quality. The next step is for HCFA to issue regulations and procedural guidance that will help the home health agencies and the states implement these revisions.

Medicare:

Payments for Home Dialysis Much Higher Under Reasonable Charge Method

GAO/HRD-90-37, Oct. 24.

GAO examined the payments Medicare was making to Home Intensive Care, Inc. for furnishing dialysis supplies and equipment to patients who receive kidney dialysis at home. GAO found that in Florida, where the majority of HIC's Medicare claims are processed for payment, HIC received almost \$2,500 per home patient per month from Medicare. In contrast, dialysis facilities that served home facilities received about \$1,240 per month for serving home patients. A February 1989 analysis by the Health Care Financing Administration also concluded that total Medicare payments were higher for HIC patients than for facility patients. GAO questions whether the additional payments are a prudent expenditure of Medicare funds and supports HCFA efforts to limit payments for home dialysis supplies and equipment.

Health Care:

Information on Foreign Nurses Working in the United States Under Temporary Work Visas

GAO/HRD-90-10, Nov. 21.

Most of the Nation's hospitals are now experiencing nursing shortages, with larger hospitals in urban areas facing the most serious problems. Responsibility for greater numbers of severely ill patients, perceived or real lack of authority, and work schedules that require round-the-clock coverage of patients are some of the poor working conditions attributed to the shortage. Many hospitals in New York City and, to a lesser extent, other cities have turned to recruiting nurses from foreign countries to augment their nursing staffs. The Immigration and Naturalization Service estimates that in May 1989, about 240,000 foreign nurses—over 70

percent of them from the Philippines—were working in the United States under temporary visas. However, more than 1,200 foreign nurses working under temporary work visas in New York City and Los Angeles hospitals will have to leave the country if their visas are not extended beyond December 31, 1989. Proposed legislation would give special permanent immigrant status to all individuals who entered the country before January 1, 1988, under a visa to work as a registered nurse. If the facility they worked for met certain conditions, these nurses could avoid the lengthy waiting times for conversion to permanent immigrant status.

**In-Home Services for the Elderly:
Cost Sharing Expands Range of Services Provided and Population Served**

GAO/HRD-90-19, Oct. 23.

A growing number of state and area agencies on aging now charge some elderly clients for in-home services funded through private and government sources—a practice known as cost sharing. Agencies typically use cost sharing for services that are relatively expensive per client, such as adult day care and homemaker services. To preserve their commitment to serving the low-income elderly, cost-sharing agencies have employed protections like sliding fee scales. GAO surveyed state and area agencies on aging and found that most had a positive attitude toward cost sharing. Agencies that cost share said that it (1) allows them to serve more elderly clients and provide a broader range of services and (2) is more likely to reduce any welfare stigma associated with agency services. Regardless of whether or not they had cost sharing, respondents generally favored legislation that would specifically authorize the practice.

Testimony

Substance Abuse and Mental Health: Hold-harmless Provisions Prevent More Equitable Distribution of Federal Assistance Among States, by Lawrence H. Thompson, Assistant Comptroller General for Human Resources Programs, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce. GAO/T-HRD-90-3, Oct. 30.

In GAO's view, once the hold-harmless provisions for small and large states are eliminated, allocations would become more equitable; states would receive financing commensurate with the size of their population at risk for substance abuse. Also, states having fewer resources for

financing programs would receive more funding per person at risk. GAO notes that legislation now being considered by Congress would make the hold-harmless provisions permanent. The effect would be to ensure that some states would continue to receive funding that is high in comparison with the size of the at-risk populations and financing capacities, while other states with larger at-risk populations and lesser financing capacity would receive less money.

Housing

Home Ownership: Mortgage Servicing Transfers Are Increasing and Causing Borrower Concern

GAO/RCED-90-62, Nov. 1.

Mortgage servicing refers to the collection of monthly mortgage payments, the payment of investors, the administering of escrow accounts, and related activities. Mortgage institutions buy and sell mortgage servicing, sometimes as part of the sale of the mortgage itself and sometimes as a separate asset. In either case, borrowers are faced with a new servicer following a mortgage transfer. GAO found that mortgage servicing transfers have increased in recent years, from under \$100 billion in 1985 to \$150 billion in 1988. The 1988 transfer figure represents about 7 percent of the outstanding mortgages at that time. The buying and selling of mortgage servicing is profitable for several reasons, including economies of scale, accounting and tax advantages, and the need to generate income. While some borrowers have attributed very serious problems—even foreclosures—to a change in mortgage servicing, there is no central clearinghouse to monitor how extensive these complaints are. States, secondary mortgage market agencies, and other groups have tried to protect borrowers through policies as well as legislation that would require borrowers to be notified of any transfer. Legislation reflecting provisions in state statutes has also been introduced in Congress.

Farmers Home Administration: Loan Servicing Benefits for Bad Faith Borrowers

GAO/RCED-90-77FS, Nov. 29.

The Agricultural Credit Act of 1987 directs the Farmers Home Administration to modify the debts of borrowers who are 180 days or more delinquent through the use of a series of primary loan servicing, or

restructuring, options. The purpose is to avoid losses on farm loans and to allow borrowers to continue farming or ranching. This fact sheet provides eight examples of FmHA delinquent borrowers who have acted in bad faith and who have received benefits, or will be eligible to receive benefits, under provisions of the Act.

**Urban Action Grants:
Information on Resident and Business Relocation From Poletown Project**

GAO/RCED-90-48FS, Nov. 27.

This fact sheet provides information on the use of federal funds to relocate residents in a Detroit, Michigan, community known as Poletown in order to prepare the site for an automotive assembly plant. GAO looked at (1) the characteristics of the Poletown project area before the project began, including the concentration of Polish people; (2) whether federal funds were used to relocate residents; (3) whether residents benefitted from being relocated; and (4) whether present residents in the neighborhood benefitted through long-term employment at the plant.

**Public Housing:
HUD's Approval Process for Country Creek Housing Project, Dallas, Texas**

GAO/RCED-90-30, Oct. 20.

GAO reviewed the Department of Housing and Urban Development's approval of the Dallas Housing Authority's construction of 100 units of low-income public housing on Country Creek Drive in Dallas, Texas. A consent decree approved by the U.S. District Court for the Northern District of Texas required the Authority to provide 100 three-bedroom units of housing as partial settlement of a racial discrimination and segregation lawsuit filed by several Dallas public housing residents against HUD and the Authority. GAO looked at (1) HUD's compliance with applicable laws and regulations in approving the project proposal; (2) the impact on the consent decree of the "Frost Amendment" to HUD's 1988 appropriations bill, which prohibited the use of federal funds to demolish the West Dallas housing units; and (3) whether the proceeds the Authority realized from the sale of another Dallas housing project should be categorized as nonfederal funds and whether these funds could be used to pay for demolition of West Dallas units.

Testimony

Impact of FHA Loan Policy Changes, by John M. Ols, Jr., Director of Housing and Community Development Issues, before the Subcommittee on Housing and Community Development, House Committee on Banking, Finance and Urban Affairs. GAO/T-RCED-90-17, Nov. 16.

This testimony focused on the financial impact on the Federal Housing Administration's Mutual Mortgage Insurance Fund of three proposed policy changes: increasing the FHA mortgage ceiling limits, reducing down payment requirements, and increasing the availability of adjustable rate mortgages. GAO projects that if house prices appreciate at a rate of at least 6 percent per year and overall economic conditions remain favorable, the fund will stay solvent; the fund will likely grow faster if the mortgage ceiling is raised. If, however, the rate of housing appreciation drops below 6 percent, the fund will be stressed even if overall economic conditions remain favorable. If the rate is only 2 to 4 percent, the fund will likely be unable to survive without U.S. Treasury assistance. This suggests proceeding with caution as to how high the mortgage ceiling should be raised, recognizing that raising the ceiling will increase the volume of insurance in effect. GAO also believes that basic FHA weaknesses must be addressed if future losses are to be kept under control regardless of changes made to the ceiling limits, down payment requirements, and use of adjustable rate mortgages. To unify HUD's financial management, GAO recommends establishing a chief financial officer within HUD and a controller within FHA.

Income Security

Social Security Disability: Denied Applicants' Health and Financial Status Compared With Beneficiaries'

GAO/HRD-90-2, Nov. 6.

The Social Security Disability Insurance Program is the main source of income replacement for the Nation's workers who cannot work because of disabling health conditions. Each year, about 1 million people apply for benefits and about 30 percent are awarded them. Overall, GAO found that both Social Security disability beneficiaries and denied applicants are not well-off in terms of employment, health, and financial status. Almost all of the applicants who were allowed Social Security disability benefits in 1984 said they were not working at the time of GAO's survey in 1987. Over one-half of the applicants who were denied benefits during the same period also reported not working. In general, the self-

reported health status of denied applicants as a group was slightly better than that of the allowed population. However, when separating the denied applicants into those who were working and those who were not, GAO found that the health status reported by the nonworking denied applicants resembled that of allowed applicants; both were significantly worse than that of denied applicants who were working. As of 1987, about two-thirds of former beneficiaries who had been determined by SSA, between 1981 and 1984, to be ineligible for benefits had been reinstated on the benefit rolls. Of those who remained ineligible, over half had returned to work, but many had no health insurance.

Social Security: Alternative Wage-Reporting Processes

GAO/HRD-90-35, Nov. 8.

GAO found that in millions of cases, wages reported by employers to IRS differed from wages reported to the Social Security Administration. This could lead to either lower Social Security benefits or underpayment of social security taxes for workers. GAO studied the pros and cons of three different alternatives to the existing system of wage reporting. The first makes IRS rather than SSA responsible for receiving and processing reports. SSA now receives all earnings reports, processes them, and sends them to IRS. The second alternative relies on the unemployment compensation earnings file, currently the responsibility of the Department of Labor and the states, to check wage data submitted to IRS and SSA. Under the third alternative, the existing process would be scrapped and replaced by a new entity that would receive and process wage data for IRS, SSA, and the states. Although GAO concluded that there are advantages to each of the alternatives, none are compelling enough to warrant immediate changes to the existing wage-reporting process. Instead, GAO believes the changes being made by IRS and SSA to the process are a start in the right direction. Possibly the most significant initiative affecting the accuracy of SSA's earnings files is SSA's new Personal Earnings and Benefit Estimate Statements, which would give workers a chance to review earnings posted to their Social Security account and to clear up any discrepancies.

Pension Plan Terminations: Recapturing Tax Benefits Contained in Asset Reversions

GAO/HRD-90-51BR, Nov. 22.

U.S. tax policy favors defined benefit and other pension plans to encourage employers to provide retirement income security for workers. In reversion cases, however, employers have terminated pension plans and used excess assets for purposes other than for funding retirement benefits. Since 1980, over \$20 billion in excess pension assets have reverted to employers from voluntary plan terminations. If pension plan tax benefits are not fully recaptured from reversion cases, an incentive exists for plan sponsors to use pension trusts as contingency savings accounts. GAO evaluated how effective the current 15-percent excise tax is in recapturing the portion of reverted pension assets that arises from preferential tax treatment. GAO calculated the excise tax rate that would offset the amount of the tax preference for a representative sample of recent reversions. For the majority of cases, GAO found that a 15-percent excise tax did not fully offset the tax benefit portion of asset reversions.

Information Management

Navy ADP Procurement: Contracting and Market Share Information

GAO/IMTEC-89-66FS, Sept. 15.

This fact sheet reviews compatible computer procurements at the Department of the Navy from October 1985 through March 1989. Specifically, the report identifies the extent to which Navy procurements of mainframe computers and mainframe peripherals required compatibility with IBM machines or those of other computer manufacturers. Information on Navy procurement methods is also provided. Overall, GAO found that IBM was the manufacturer that most frequently supplied mainframes and related equipment to the Navy. GAO summarized this report and raised serious concerns about the Navy's procurement process in testimony before Congress; see:

Navy IBM-Compatible Computer Procurement Practices, by Ralph V. Carlone, Assistant Comptroller General for Information Management and Technology, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-IMTEC-90-1, Nov. 8.

Procurement: Navy Competition Advocate General and ADP Vendor Complaint Handling

GAO/NSIAD-90-39BR, Nov. 15.

This briefing report provides information on (1) the process for handling contractors complaints used by the Navy's Office of the Competition Advocate General and, for comparative purposes, (2) the processes used by ombudsmen (complaint handlers) at the Army Materiel Command and Army Communications and Electronics Command. The report also discusses the work of the Navy's Automated Data Processing Acquisition Assessment Panel and how the Navy handled vendors' complaints about nine Navy procurements. GAO recommends that the Navy ensure that a long-range ADP acquisition plan is developed and implemented. GAO summarized this report in testimony before Congress; see:

Navy Competition Advocate General and ADP Vendor Complaint Handling, by Michael E. Motley, Associate Director for Research, Development, Acquisition, and Procurement Issues, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-NSIAD-90-9, Nov. 15.

**ADP Budget:
Potential Reductions to Army Automation Initiatives**

GAO/IMTEC-90-3, Nov. 20.

GAO reviewed (1) the \$144 million automated data processing budget request for the Training and Doctrine Commands and for the Forces Command, (2) the \$53 million budget request to modernize/redesign six standard Army software systems and the potential impact on the planned replacement of the \$1 billion Army Standard Information Management System, and (3) the \$107 million budget request to purchase microcomputers from Indefinite Delivery/Indefinite Quantity contracts. GAO's work on these requests has shown that the Army has not fully complied with its program for identifying and validating information resource requirements. As a result, GAO is concerned about the validity of the requirements supporting the Army's fiscal year 1990 budget request for automation initiatives.

Testimony

Problems With Commerce's Worldwide Commercial Information Management System, by Allan I. Mendelowitz, Director of Trade, Energy, and Finance Issues, before the Subcommittee on Foreign Commerce and Tourism, Senate Committee on Commerce, Science and Transportation. GAO/T-NSIAD-90-06, Nov. 1.

GAO testified on the results of its review of the U.S. and Foreign Commercial Service's Commercial Information Management System. GAO found hardware and software problems, telecommunications problems, questionable data quality, and inadequate field staff to support the system. Given the magnitude of these problems and the costs to overcome them, GAO questions whether the Commercial Information Management System is still a viable approach for meeting the U.S. and Foreign Commercial Service's needs.

Education Information: Production and Quality Deserve Increased Attention, by Lois-ellin Datta, Director of Program Evaluation in Human Services Areas, before the Subcommittee on Government Information and Regulation, Senate Committee on Government Affairs. GAO/T-PEMD-90-7, Nov. 1.

Despite the crucial importance of sound information to education reform and oversight, and the clear federal role in obtaining such information, GAO's testimony bore no glad tidings regarding the government's education information. GAO attributes the decline in information gathering to (1) the large drop in federal funding and (2) problems in OMB's paperwork review process. GAO believes education information problems are extensive; local data, in particular, requires major efforts to aggregate for analysis, and even then they have substantial limitations.

Legal Opinion Concerning Synopsis Requirements for Certain Types of Automatic Data Processing Equipment and Services Acquisition, by Seymour Efros, Senior Associate General Counsel, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-OGC-90-3, Nov. 16.

GAO was asked whether the General Services Administration and other executive agencies are required to publish notices of certain types of procurements in the Commerce Business Daily. This testimony presents GAO's legal opinion on the subject.

International Affairs

United Nations: Issues Related to Payment of U.S. Contributions

GAO/NSIAD-90-31, Nov. 20.

U.S. officials have been concerned about budget growth in the United Nations system organizations and have tried to gain more influence over

budget levels and program priorities. GAO looked at the effects of withholding and deferring U.S. contributions to the U.N. Cumulative U.S. withholdings from the organizations GAO reviewed increased from about \$9 million through fiscal year 1985 to \$440 million through fiscal year 1989. GAO found that withheld and deferred U.S. payments, combined with exchange rate losses and other member country arrearages, caused serious financial shortfalls within some U.N. organizations in 1987, sparking some U.N. budget reforms and cost reductions. In its budget request, the Administration asked for nearly full funding for fiscal year 1990 and \$39 million for partial payment of arrearages to the U.N. organizations GAO reviewed. GAO believes it is important that any arrearage payments be made in such a way as to avoid unplanned program growth.

Foreign Assistance:

U.S. Funds Used for Terminating Israel's Lavi Aircraft Program

GAO/NSIAD-90-03, Oct. 26.

Between 1982 and 1987, Israel spent \$1.4 billion in U.S. foreign military sales funds to develop its Lavi fighter aircraft. In August 1987, Israel ended the program because of rising costs and limited funds. GAO was asked to find out how much Israel spent on the Lavi program after the decision was made to cancel the program; what the funds were used for, including if any were used for severance pay; and whether Israel plans to export any items or technology developed with U.S. funds and, if so, whether U.S. export controls would apply.

Immigration Reform:

Major Changes Likely Under S. 358

GAO/PEMD-90-5, Nov. 9.

The Senate Judiciary Subcommittee on Immigration and Refugee Affairs has introduced legislation (S. 358) that seeks to reconcile the traditional goal of immigration—family reunification—with the needs of the U.S. economy for more skilled immigrants. GAO examined the effects of the bill on four areas: (1) family-based immigration, (2) visa waiting lists, (3) labor market immigration, and (4) immigration from high-demand countries.

Testimony

Refugees From Eastern Europe, by Nancy R. Kingsbury, Director of Foreign Economic Assistance Issues, before the Subcommittee on Immigration, Refugees, and International Law, House Committee on the Judiciary. GAO/T-NSIAD-90-07, Nov. 2.

Profound political changes along with worsening economic conditions in many Eastern Bloc nations have affected emigration patterns. Taken as a whole, however, much of the Eastern European migration appears to be movement toward ethnic homelands and is not an immediate problem for the United States. For instance, most of the hundreds of thousands of ethnic Turks being forced to leave Bulgaria because of ethnic and religious suppression have been resettling in Turkey. For fiscal year 1990, however, most of the 6,500 refugee slots allocated to Eastern Europeans emigrating to the United States have already been committed. As a result, only about 1,500 slots will be available for the over 25,000 pending East European applications. Further, Austria and West Germany, which have traditionally supported Polish and Hungarian refugee applicants awaiting adjudication, have recently begun to end such assistance. State Department and INS officials said they are considering various options for processing Poles and Hungarians.

Status Report on GAO's Reviews of the Targeted Export Assistance Program, the Export Enhancement Program, and the GSM-102/103 Export Credit Guarantee Programs, by Allan I. Mendelowitz, Director of Trade, Energy, and Finance Issues, before the Subcommittee on Department Operations, Research and Foreign Agriculture, the Subcommittee on Tobacco and Peanuts, and the Subcommittee on Wheat, Soybeans, and Feed Grains, House Committee on Agriculture. GAO/T-NSIAD-90-12, Nov. 16.

GAO testified on the status of its ongoing work on the following programs administered by the Department of Agriculture's Foreign Agricultural Service: (1) the Targeted Export Assistance Program, (2) the Export Enhancement Program, and (3) the GSM-102/103 Export Credit Guarantee Programs. While all of these programs have undoubtedly contributed to increases in U.S. agricultural exports, GAO identified many program management problems that need to be addressed.

Justice and Law Enforcement

**Immigration Control:
Deporting and Excluding Aliens From the United States**

GAO/GGD-90-18, Oct. 26.

The flow of illegal aliens into the United States has become a torrent. Between 1959 and 1987, the number of apprehended illegal aliens rose from 45,000 to 1.2 million. At the same time, it can take up to 5 years to deport aliens who are in this country illegally. Because detention of all aliens who INS believes should be deported is impractical, aliens are usually released on bond or on their recognizance pending their deportation hearings. In a random sample of deportation cases in New York and Los Angeles, GAO found that over one-fourth of these aliens never appeared at their hearings, which effectively stopped resolution of the cases. In some cases, non-appearance can be attributed to INS' failure to notify aliens of the time and place of their hearings. However, non-appearances may also be due to the general lack of repercussions (other than bond forfeiture) for failing to appear. GAO believes the best way to decide the extent of any major statutory changes to the deportation process is for the Judiciary Committees to hold hearings. In the interim, GAO recommends that INS and the Executive Office for Immigration Review come up with a way for INS to inform aliens of their hearing date and location before they are released. GAO also recommends that Congress amend the Immigration Reform and Control Act of 1986 to stop (1) aliens from accumulating time toward relief from deportation after the hearing process has started and (2) aliens who do not appear for their deportation hearings after being properly notified from using the Act's provisions for relief from deportation.

Nontraditional Organized Crime: Law Enforcement Officials' Perspectives on Five Criminal Groups

GAO/OSI-89-19, Sept. 29.

GAO gathered and collected information on five criminal groups—Colombian drug trafficking organizations, Jamaican posses, Chinese organized crime, Vietnamese gangs, and Los Angeles street gangs—that have come to the attention of Congress as posing particular problems for law enforcement nationwide. GAO solicited the view of investigators and prosecutors on barriers they have encountered, the adequacy of current legislation in addressing gang activity, and recommendations for possible remedies. Law enforcement officials said that the five criminal groups have evolved into sophisticated criminal organizations over the past decade, primarily through drug trafficking. Money earned from illicit drug sales has attracted new recruits and provided the criminal groups with weapons arsenals and the means to expand into other criminal activities. Law enforcement officials said problems within the criminal justice system, as well as language differences and gang members'

community ties, have stymied law enforcement efforts. Law enforcement officials believe current laws are adequate but contend that federal law enforcement agencies often do not coordinate or cooperate with one another to identify and prosecute members of these groups.

Federal Prisons: Trends in Offender Characteristics

GAO/PEMD-90-4FS, Oct. 27.

Federal prisons are becoming increasingly crowded, and projections for the next 10 to 15 years forecast further boosts in the prison population. This fact sheet presents data on the number, types, and characteristics of offenders sentenced to federal prisons. GAO is doing a separate evaluation of alternatives to imprisonment and of plans for handling the expanding numbers of inmates. In general, GAO found that the rapid increase in the federal prison population is being driven by rising number of drug offenders receiving prison terms. By September 1988, approximately 44 percent of all federal prisoners had been incarcerated because of drug-related crimes. GAO also found that 44 percent of those sentenced to federal prisons had never served prison time before. Data on offenders' histories show that a record of violence is rare among individuals imprisoned for the first time, even among drug offenders.

Testimony

Criminal Aliens: INS Enforcement, by Lowell Dodge, Director of Administration of Justice Issues, before the Subcommittee on Immigration, Refugees, and International Law, House Committee on the Judiciary.
GAO/T-GGD-90-6, Nov. 1.

GAO testified that while the vast majority of aliens are law abiding, alien involvement in crime has been significant. As of June 1989, 22 percent of all federal prisoners were aliens, and a majority of them had been convicted of crimes for which they could be deported. However, because of limited money, INS generally does not pursue criminal aliens who have received either probation or suspended sentences. Instead, INS' criminal investigations target aliens who are serving prison sentences. INS would need more resources before it could begin to identify deportable aliens when they are first arrested. Given the competing demands for federal funds, Congress and the Administration need to decide whether additional funding is needed to identify, apprehend, and deport criminal aliens.

H.R. 3374: The Immigration Reform and Control Act Amendments of 1989, by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the Subcommittee on Immigration, Refugees, and International Law, House Committee on the Judiciary. GAO/T-GGD-90-9, Nov. 9.

The 101st Congress is considering legislation that would change the employer sanction and discrimination provisions of the Immigration Reform and Control Act of 1986. In its testimony, GAO cites several sections of the proposed bill—H.R. 3374—that it believes would improve the Act's implementation. One section of the bill would expand the Act's discrimination protections to include discrimination in the terms and conditions of employment. GAO supports this amendment because of evidence that the Act's implementation may have increased working condition discrimination. Under another section of H.R. 3374, the use of State Legalization Impact Assistance Grant funds would be expanded to include education, outreach, and enforcement efforts regarding employment discrimination. In a survey of over 9,000 employers nationwide, GAO found that many did not understand the Act's discrimination provisions. Therefore, GAO believes the use of funds to educate employers about the law's discrimination protections would help fill a need.

National Defense, Security, and Military Procurement

Military Bases: An Analysis of the Commission's Realignment and Closure Recommendations

GAO/NSIAD-90-42, Nov. 29.

GAO evaluated the methodology, findings, and recommendations found in the December 1988 report issued by the Commission on Base Realignment and Closure. Given the Commission's formidable task, GAO believes the Commission's methodology was generally sound. However, GAO found that some errors were made in implementing the methodology, and estimates of annual savings were overstated. Using revised and updated data, GAO estimates that the Commission's recommendations for the 15 bases GAO reviewed would save as much as \$453.4 million annually—about \$170 million less than the Commission's estimate, but still a substantial savings. For future studies of base closures and realignments, GAO's work suggests that (1) sufficient time should be allotted for collecting, analyzing, and verifying data and (2) adequate management controls over those tasks is needed.

**Acquisition Reform:
DOD's Efforts to Streamline Its Acquisition System and Reduce
Personnel**

GAO/NSIAD-90-21, Nov. 1.

In 1986, the Blue Ribbon Commission on Defense Management, also known as the Packard Commission, made the following recommendations to streamline DOD's acquisition system: establish an Under Secretary of Defense for Acquisition to set overall policy and oversee the process; create a full-time, civilian Service Acquisition Executive position in each service to administer acquisition programs; and appoint Program Executive Officers to be responsible for specific programs and program managers. In effect, the Commission envisioned a three-tiered management chain in which program managers would report to Program Executive Officers. The Officers, in turn, would report to the Service Acquisition Executive. GAO found that the Commission's recommendations have not been fully implemented as intended and that the objectives have not been fully met. While the Under Secretary position has been created, it lacks the authority to supervise the entire acquisition system. As a result, acquisition policy-making remains fragmented. In addition, each service implemented the three-tier system differently and none of the results were consistent with the Commission's recommendations. Differences in the services' interpretations of the Commission's recommendations and resistance to change are the main impediments to implementation. GAO supports renewed DOD efforts to achieve the Commission's streamlining objectives; however, it is concerned that these actions could create new problems for the acquisition system. For example, the creation of separate personnel and funding authorizations for the major acquisition program management chain could require the involvement of more people and organizations.

**Defense Budget:
Potential Reductions to the Army and the Navy Missile Budgets**

GAO/NSIAD-90-29, Nov. 13.

GAO reviewed the merits of the Army's justification for its fiscal year 1990 appropriation request of \$2.5 billion for 13 missile systems. GAO also reviewed (1) the Army's \$247.5 million request to procure missile spares and repair parts, (2) the Navy's \$50.4 million request to procure

the Hellfire missile system, and (3) selected segments of prior-year missile budgets. GAO identified \$517 million in potential reduction to the fiscal year 1990 requests for 7 of the 13 missile systems and for missile spares and repair parts. GAO also identified \$29.5 million in potential reductions to the fiscal year 1989 budget for one missile system and for missile spares and repair parts. These reductions resulted from (1) requests for fiscal year 1990 procurement funds that could be deferred to future years, (2) questionable requirements, (3) reduced requirements, (4) less than anticipated costs, and (5) recalculated amounts using more current information.

Army Budget:

Potential Reductions to Tracked and Wheeled Vehicles Budgets

GAO/NSIAD-90-13, Nov. 27.

GAO reviewed the Army's justification for its fiscal year 1990 budget estimates for weapons and tracked combat vehicles. GAO also reviewed the execution of the budgets for fiscal years 1988 and 1989 for these same items to identify potential reductions. GAO identified \$265 million in possible reductions in the amounts requested or appropriated for weapons and tracked combat vehicles and \$57.2 million in possible reductions in the amounts requested or appropriated for other procurements. GAO arrived at these amounts primarily by updating the Army's estimates using more current information.

Air Force Budget:

Potential for Reducing Funding for Aircraft Spares

GAO/NSIAD-90-18, Nov. 28.

This report presents the preliminary results of GAO's review of potential reductions to the Air Force's fiscal year 1990 funding request for aircraft spares in the aircraft procurement appropriation. Data is also provided on the Air Force's performance in obligating prior fiscal years' funds for aircraft spares. GAO identified potential reductions and/or rescissions totaling \$743.1 million.

Weapon Acquisition:

Improving DOD's Weapon Systems Acquisition Reporting

GAO/NSIAD-90-20, Nov. 14.

By using the same format found in its internal acquisition status reports, DOD could substantially improve the quality, timeliness, and presentation of the data it gives Congress on its major system acquisitions. This would allow internal and external status reports to be generated from a single data base, thereby reducing effort, improving the integrity of the data, and enhancing congressional confidence in DOD's Selected Acquisition Reports. Greater use of graphics could also improve the reports.

**Air Force Pilots:
Need for Pilots in Selected Non-Flying Staff Positions**

GAO/NSIAD-90-37, Nov. 24.

In June 1988, the Air Force began to review each rated staff requirement and validate the absolute minimum number of pilots and navigators in staff positions. However, GAO found that the Air Force commands lacked specific criteria for the review and had only limited time in which to complete it. Air Force officials agreed that the review was not fully successful and said they are continuing to examine rated requirements. Overall, GAO identified some procedural weaknesses and/or inconsistencies in the process that indicate a need for greater accuracy in reflecting Air Force pilot requirements. Some indicate a potential to reduce pilot requirements. However, GAO made no recommendations because the Air Force is continuing to study rated management issues.

**Army Logistics:
Use of Long Supply Assets in Depot-Level Repair Programs Could Reduce Costs**

GAO/NSIAD-90-27, Nov. 16.

As of September 1988, the value of the Army's on-hand inventories of spares and repair parts that exceeded normal peacetime operations levels and war reserves was about \$3.9 billion. Repair costs could be lowered by using these stocks, commonly referred to as "long supply" assets, in repairs done at Army maintenance depots and by contractors. Although the Army has a program to identify long supply assets available for depot-level repairs, it is ineffective because it cannot match the large inventories of long supply assets to the thousands of depot repair programs. GAO recommends the Army look at automation as a way to help solve the problem. GAO also recommends that the Army require

inventory control points and depots, at a minimum, to comply with current policies for maximizing the use of long supplies in repairs done by contractors and depots.

Testimony

Contract Pricing: Dual-Source Contract Prices, by Paul F. Math, Director of Research, Development, Acquisition, and Procurement Issues, before the Congressional Military Reform Caucus. GAO/T-NSLAD-90-11, Nov. 15.

Dual-source contracting is a procurement practice in which two contractors split a contract award, with the larger share normally going to the low bidder and the smaller share to the high bidder. The intent is to avoid a "winner-take-all" situation. GAO recommends that DOD give guidance to contracting officers on how to determine when adequate price competition exists in dual-source contracts. A thorough understanding could be obtained by evaluating contractors' estimating methodologies, pricing strategies, and cost information. If competitive pricing was found, the contracting office could presume that adequate price competition existed and award the contract. If, on the other hand, noncompetitive pricing techniques were revealed, the contracting officer could then rely on the safeguards normally used to negotiate fair and reasonable noncompetitive contract prices.

Natural Resources

Water Subsidies: Basic Changes Needed to Avoid Abuse of the 960-Acre Limit

GAO/RCED-90-6, Oct. 12.

For 80 years, the government provided relatively inexpensive, federally subsidized water to western farmers on up to 160 acres (320 acres for married couples). However, because the law was silent on leased acreage, the government actually provided subsidized water to farms consisting of thousands of acres of leased land. In 1982, Congress limited to 960 acres the amount of owned and/or leased land that is eligible for federally subsidized water. GAO found that Congress' expectations have not been met because some farmers have taken advantage of a loophole. By reorganizing their farms into many smaller landholdings, each of which is within the Act's 960-limit, these farmers continue to receive federally subsidized water. For all practical purposes, however, these smaller landholdings continue to be run as a single large farm, much as they were before being reorganized. GAO recommends that Congress amend the Reclamation Reform Act of 1982 to apply the Act's acreage

limit to farms and farming operations as well as to individual landholdings.

Water Resources:

Problems in Managing Disposal of Material Dredged From San Francisco Bay

GAO/RCED-90-18, Nov. 8.

Foreign imports and exports valued at about \$15.2 billion moved through San Francisco Bay in 1985. They were carried by ships that, over the last 2 decades, have become larger, requiring deeper channels and ports. The U.S. Corps of Army Engineers estimates that during fiscal years 1989-95, almost 75 million cubic yards of material will need to be dredged from the bay and that most of it will be dumped at ocean or bay disposal sites. However, new disposal sites have not been designated because the Corps' San Francisco District has not completed required environmental studies. Completion has been delayed because EPA found that the District made questionable assumptions about safety in deciding not to study potential disposal sites beyond the Continental Shelf. GAO also found problems in testing guidance, the Corps' quality assurance program, inspections, and monitoring efforts, which raise concerns about whether environmental damage at existing ocean and bay disposal sites is within acceptable levels.

Federal Land Management:

Chandler Lake Land Exchange Not in the Government's Best Interest

GAO/RCED-90-5, Oct. 6.

In the Chandler Lake Exchange, the Department of the Interior acquired surface rights to 101,272 acres of inholdings from the Arctic Slope Regional Corporation, one of 12 Alaskan Native Corporations that received the right to choose 44 million acres of federally owned land in Alaska as part of a 1971 settlement of their aboriginal land claims. In exchange for this land, Arctic Slope received subsurface rights to 92,160 acres within the Arctic National Wildlife Refuge. The Chandler Lake exchange did achieve Interior's objectives of consolidating federal lands and obtaining access to parklands in Gates of the Arctic National Park. However, other aspects of the exchange led GAO to conclude that, overall, the exchange was not in the government's best interest. For instance, the exchange has not stopped a major threat to the land that Interior

was seeking to control—scarring of the land by eight-wheel all-terrain vehicles. In addition, the exchange allows Arctic Slope to drill the only test well within the refuge and to retain exclusive rights to the test well data. GAO believes that these and other problems are linked to an absence of procedural requirements for the land exchanges Interior makes in Alaska.

**Bureau of Reclamation:
Misapplication of the Buy American Act**

GAO/NSLAD-90-32, Nov. 8.

GAO was asked to determine whether the Bureau of Reclamation complied with the Buy American Act when it contracted for an irrigation project in New Mexico in 1987. GAO found that both government and private sector officials were confused over what the Buy American Act covers and how to apply its implementing regulations to the awards in question. As a result, the Bureau misapplied the Act in determining that a supplier's construction materials qualified as being of domestic origin. The requirement that the cost of domestic components account for over half of the total component costs was not met. However, since the prime and subcontracts for the irrigation project have been substantially completed, GAO sees no reason to disturb these awards.

Testimony

Administration of the Federal Ban on Exports of Unprocessed Federal Timber, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on International Finance and Monetary Policy, Senate Committee on Banking, Housing, and Urban Affairs.
GAO/T-RCED-90-8, Nov. 7.

If Congress wants to effectively limit the export of federal timber, GAO believes several steps should be taken. First, the implementing regulations adopted by the Forest Service and the Bureau of Land Management are inconsistent and need to be made uniform. The Bureau's regulations let companies increase their purchases and exports of timber over time, without limit; in contrast, the Forest Service limits the levels to the average annual volume of unprocessed timber purchased and exported during calendar years 1971-73. Second, penalties for noncompliance should be increased to encourage compliance. Third, both agencies' monitoring mechanisms need to be improved and strengthened. At a minimum, the agencies should selectively test information submitted by companies to see whether they are following regulations.

Science, Space, and Technology

Federal Research:

The SEMATECH Consortium's Start-up Activities

GAO/RCED-90-37, Nov. 3.

Since the early 1980s, the U.S. semiconductor industry has lost to Japan a significant portion of its market share for semiconductors. In response to this loss, several U.S. semiconductor and computer companies formed SEMATECH, Inc., in August 1987 to conduct the research and development needed to restore the U.S. role as a world leader in semiconductor manufacturing. In December 1987, Congress authorized DOD to participate in SEMATECH and appropriated \$100 million in fiscal year 1988 and \$100 million in fiscal year 1989. Member companies must provide at least half of SEMATECH's \$200 million annual operating budget. Over the 5 years that SEMATECH is expecting to receive federal funding, GAO will assess SEMATECH's progress. In this first report, GAO addresses (1) the federal role in SEMATECH, (2) SEMATECH's approach and organization for achieving its overall objectives, and (3) SEMATECH's initial technology transfer activities. GAO summarized this report in testimony before Congress; see:

The SEMATECH Consortium's Start-up Activities, by John M. Ols, Jr., Director of Housing and Community Development Issues, before the Subcommittee on Transportation, Aviation and Materials and before the Subcommittee on Science, Research, and Technology, House Committee on Science, Space, and Technology. GAO/T-RCED-90-11, Nov. 8.

Ocean Research Fleet:

NOAA Needs to Plan for Long-Term Fleet Requirements

GAO/RCED-90-42, Nov. 13.

The Department of Commerce's National Oceanic and Atmospheric Administration manages and conserves marine resources; monitors and predicts weather and environmental conditions; provides maps, charts, surveys, and specialized data for navigation; and does research to advance oceanic and atmospheric technology. However, the research and survey vessels that NOAA uses for much of this work are nearing the end of their 20- to 25-year life expectancy. A majority of the primary users of the vessels surveyed by GAO—chief scientists and party chiefs (who head hydrographic surveys)—believe NOAA's fleet cannot meet their research needs. The majority of those interviewed also believe NOAA needs to upgrade existing ships and to build more ships. A 1988 engineering consultant study of the fleet concluded that while the fleet

is in generally good condition for its age, most of the ships need to be upgraded to extend their useful life and some need to be replaced. GAO recommends that NOAA officially adopt a plan to provide long-term ship support to its users. The plan should be flexible so that, if Congress allows, NOAA can exercise multiyear contracting authority to experiment with long-term chartering/leasing arrangements.

Social Services

Child Care: Government Funding Sources, Coordination, and Service Availability

GAO/HRD-90-26BR, Oct. 13.

This briefing report identifies child care funding, describes the coordination of child care programs and services, and summarizes current information on the availability of child care. It also includes some specific information on how programs affect low-income families seeking child care. GAO estimates that in fiscal year 1988, federal funding for child care will exceed \$6.6 billion. These services were provided through 46 programs, although almost 90 percent of the funding was for four major programs—the Child and Dependent Care Tax Credit, the Social Services Block Grant, Head Start, and the Child Care Food Program. In the past 11 years, the federal government has increased its support for child care by about \$2 billion in constant 1988 dollars. At the same time, however, support to low-income families declined as a proportion of the total federal child care budget. This decline in the share of dollars spent for low-income families was mainly due to higher-income families expanding their use of the child care tax credit. No federal agency is responsible for coordinating all federal child care efforts, although there has been some child care coordination at the state level. While the supply of child care is difficult to measure because so much is privately provided and unregulated, information indicates that some types of child care, such as care for infants and toddlers, school-age children, and sick children, are in short supply.

Transportation

Railroad Safety: DOT Should Better Manage Its Hazardous Materials Inspection Program

GAO/RCED-90-43, Nov. 17.

In 1988, U.S. rails carried over 1.1 million carloads of poisons, chemicals, pesticides, and other hazardous materials. Between 1984 and 1988, Federal Railroad Administration citations against shippers and railroads for hazardous material shipping violations rose from 499 to 3,575—a 600 percent increase. GAO looked at whether federal safety programs adequately protect the public against injury from train accidents involving hazardous materials. GAO found that the Federal Railroad Administration has not effectively implemented its hazardous materials inspection program, which means it is unclear whether shippers and railroads are adhering to federal hazardous materials regulations. Implementation problems have included inadequate inspection procedures, lack of a systematic approach for targeting high-risk shippers and railroads, too few inspectors, and too much focus on inspecting individual tank cars rather than on evaluating shippers' and railroads' safety procedures. Past GAO and Office of Technology Assessment studies have criticized the Research and Special Programs Administration for not maintaining an accurate and complete hazardous materials information system. While RSPA has made some improvements, more needs to be done. GAO summarized this report in testimony before Congress; see:

Improvements Needed in DOT's Hazardous Materials Rail Safety Program, by Kenneth M. Mead, Director of Transportation Issues, before the Subcommittee on Transportation and Hazardous Materials, House Committee on Energy and Commerce. GAO/T-RCED-90-13, Nov. 7.

Aviation Safety:

FAA's Safety Inspection Management System Lacks Adequate Oversight

GAO/RCED-90-36, Nov. 13.

Recent airline accidents involving aging aircraft or pilot training problems have focused attention on the Federal Aviation Administration's safety inspection program. GAO evaluated FAA's internal controls and management practices to see if its national work program guidance on inspection requirements was followed by FAA staff at district offices that do the inspections. GAO found that FAA has not provided adequate supervision, as required by government standards for internal controls, to ensure that its policies are being followed by the local staff who implement those policies. Furthermore, because of inaccurate and unreliable data, FAA cannot guarantee the reliability of the information in its annual reports to Congress. In its latest report, FAA told Congress that it had completed over 80 percent of the inspections required by the

national inspection work program and had internal controls in place to ensure the integrity of the inspection program. However, GAO found that out of the 1,117 inspections required of its sample of pilots, aircraft, and maintenance bases, only 500 had been entered into the computer base as program goals.

**Transportation Noise:
Federal Control and Abatement Responsibilities May Need to Be
Revised**

GAO/RCED-90-11, Oct. 12.

Transportation noise affects millions of people living near airports, rail lines, and highways; while physiological and psychological harm, including hearing loss, are a possibility, the more common effect of such noise is to diminish peoples' quality of life. The Federal Aviation Administration estimates that 3.2 million people live in areas unfit for residential use because of aircraft noise. Although comprehensive data are unavailable, many more people are subjected to noise levels that may significantly interfere with sleep, conversation, and relaxation. In 1982, Congress eliminated funding for EPA's noise program, reasoning that noise control benefits are highly localized and the program could be taken up by state and local governments. The major transportation focus of EPA's noise program was on controlling noise sources and providing technical assistance to state and local governments. Following program funding elimination, other federal, state, and local agencies have continued some transportation noise activities. However, these federal agencies, except for FAA for aircraft noise, lack EPA's authority to regulate transportation noise sources. More importantly, because Congress did not rescind the Noise Control Act and EPA's noise standards when it eliminated program funding, federal preemption remains in effect. This means that state and local regulatory authorities cannot impose their own noise emission controls for equipment and operations where EPA standards were issued and remain in effect. Further, some states, because of other priorities, have not expanded their noise control offices to compensate for the assistance EPA had provided.

Testimony

PL 480 Title I Transportation Issues, by Allan I. Mendelowitz, Director of International Trade, Energy, and Finance Issues, before the Senate Committee on Agriculture, Nutrition, and Forestry. GAO/T-NSIAD-90-08, Nov. 7.

Earlier GAO work identified various problems in the way the Department of Agriculture manages ocean transportation of U.S. agricultural commodities bought by developing countries under Title I of Public Law 480. GAO has been concerned for years that USDA's transportation costs are not the lowest possible and that USDA's procedures and controls have not ensured adequate integrity of the process. Although USDA has taken some corrective action in response to GAO's earlier work, such as instituting open bidding, GAO testified that the following transportation issues still warrant consideration: delays in payment of vessel owners by recipient countries, which increase shipping costs; the clustering of tenders, which creates peak demand and increases shipping costs; the role of country agents, which increases the risk of irregularities in the program; and the lack of enough government control over the program.

Veterans' Affairs

VA Health Care:

Efforts to Assure Quality of Care in State Homes

GAO/HRD-90-40, Nov. 27.

GAO found no basis to suggest that the Department of Veterans Affairs should require its medical centers to inspect state homes more frequently than it current does (annually). GAO also found that VA has adequate procedures to assess the care state homes can provide. These procedures, however, were not always followed. In response to recommendations in a 1981 GAO report, VA revised its inspection guidelines to more closely conform to those used in the Health Care Financing Administration Medicare certification inspections, thus providing more specificity and guidance to its inspectors. In addition, VA's central office now reviews all inspection reports to see that all standards have been addressed and that there are no omissions or clerical errors.

Check appropriate box, tear out entire form, and send to:
U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Be sure to include mailing label form on back cover.

AGRICULTURE AND FOOD

- ☐ Crop Insurance:
Private Company Loss Adjust-
ment Improving, but Overpay-
ments Still High
GAO/RCED-90-32, Nov. 7.
- ☐ Farm Finance:
Financial Condition of American
Agriculture as of December 31,
1988
GAO/RCED-90-49BR, Nov. 15.
- ☐ Farm Programs:
Conservation Reserve Program
Could Be Less Costly and More
Effective
GAO/RCED-90-13, Nov. 15.
- ☐ U.S. Department of
Agriculture:
Status of the Food and Agricul-
ture Councils Needs to Be Ele-
vated
GAO/RCED-90-29, Nov. 20.
- ☐ Milk Pricing:
New Method for Setting Farm
Milk Prices Needs to Be
Developed
GAO/RCED-90-8, Nov. 3.

Testimony

- ☐ GAO Audit of the Food Stamp
Program
GAO/T-RCED-90-10, Oct. 31.
- ☐ GAO Audits of the Commod-
ity Food Area
GAO/T-RCED-90-15, Nov. 15.

BUDGET AND SPENDING

- ☐ Budget Issues:
The President's Budget
Submission
GAO/AFMD-90-35, Oct. 27

- ☐ Deficit Reductions for Fiscal
Year 1990:
Compliance With the Balanced
Budget and Emergency Deficit
Control Act of 1985
GAO/AFMD-90-40, Nov. 15.
- ☐ Impoundments:
Comments on Proposed Deferral
of Fiscal Year 1990 Economic
Support Fund Budget Authority
GAO/OGC-90-1, Nov. 15.

BUSINESS, INDUSTRY, AND CONSUMERS

- ☐ Product Liability:
Verdicts and Case Resolution in
Five States
GAO/HRD-89-99, Sept. 29.
- ☐ Insurance Regulation:
Problems in the State Monitor-
ing of Property/Casualty Insurer
Solvency
GAO/GGD-89-129, Sept. 29.

Testimony

- ☐ Ability of Underground Per-
troleum Storage Tank Owners to
Comply With Federal Financing
Responsibility Requirements
GAO/T-RCED-90-9, Oct. 31.

CIVIL RIGHTS

- ☐ Equal Employment
Opportunity:
Women and Minority Aerospace
Managers and Professionals,
1979-86
GAO/HRD-90-16, Oct. 26.

Testimony

- ☐ Women and Minority Aero-
space Industry Profile, 1979-
1986
GAO/T-HRD-90-4, Nov. 3.

ECONOMIC DEVELOPMENT

- ☐ Rural Development:
Feasibility of Requiring Larger
Water Pipes in FmHA Water
Projects
GAO/RCED-90-40, Oct. 24.

EDUCATION

- ☐ Department of Education:
Management of the Office of
Special Education and Rehabili-
tative Services
GAO/HRD-90-21BR, Nov. 28.
- ☐ Special Education:
the Attorney Fees Provision of
Public Law 99-372
GAO/HRD-90-22BR, Nov. 24.

EMPLOYMENT

- ☐ Dislocated Workers:
Labor-Management Committees
Enhance Reemployment
Assistance
GAO/HRD-90-3, Nov. 21.

Testimony

- ☐ Employment Service: Prelimi-
nary Analysis of Policies and
Practices Related to
Performance
GAO/T-HRD-90-5, Oct. 31.
- ☐ How Well Does OSHA Protect
Workers From Reprisal: Inspec-
tor Opinions
GAO/T-HRD-90-8, Nov. 16.

ENERGY

- ☐ Federal Electric Power:
Information Concerning the Col-
orado River Storage Project
GAO/RCED-90-2FS, Oct. 3.

Testimony

- ☐ Energy Security and the
World Oil Market
GAO/T-RCED-90-12, Nov. 8.

ENVIRONMENTAL PROTECTION

- ☐ Air Pollution:
Uncertainty Exists in Radon
Measurements
GAO/RCED-90-25, Oct. 16.
- ☐ Air Pollution:
EPA's Efforts to Control Gasol-
ine Vapors From Motor Vehicles
GAO/RCED-90-21, Oct. 6.
- ☐ Coast Guard:
Adequacy of Preparation and
Response to Exxon Valdez Oil
Spill
GAO/RCED-90-44, Oct. 30.
- ☐ Hazardous Waste:
Contractors Should Be Account-
able for Environmental
Performance
GAO/RCED-90-23, Oct. 30.
- ☐ Hazardous Waste Sites:
State Cleanup Status and Its
Implications for Federal Policy
GAO/RCED-89-164, Aug. 21.

Testimony

- ☐ The Coast Guard's Cleanup
of Hazardous Waste Sites
GAO/T-RCED-90-6, Nov. 1.
- ☐ Implications of State Clean-
ups of Hazardous Waste Sites
on Federal Policy
GAO/T-RCED-90-5, Nov. 7.
- ☐ GAO's Views on DOE's Envi-
ronmental Restoration and
Waste Management 5-Year Plan
GAO/T-RCED-90-16, Nov. 14.
- ☐ Contractors Should Be
Accountable for Environmental
Performance
GAO/T-RCED-90-14, Nov. 17.

FINANCIAL INSTITUTIONS

- ☐ Separation Pay:
FSLIC Managing Office Did Not
Receive Unwarranted Payments
GAO/GGD-90-23, Nov. 14.

Testimony

- Failed Thrifts: The Resolution Trust Corporation's Working Capital Needs
GAO/T-GGD-90-7, Oct. 31
- Resolution Trust Corporation Oversight Board: GAO Views on Strategic Planning Efforts
GAO/T-GGD-90-10, Nov. 6
- Federal Reserve: Views on Proposed Expanded Access Authority for GAO
GAO/T-GGD-90-8, Nov. 9

FINANCIAL MANAGEMENT

- Financial Integrity Act: Inadequate Controls Result in Ineffective Federal Programs and Billions in Losses
GAO/AFMD-90-10, Nov. 28
- Federal Credit and Insurance Programs May Require Increased Federal Assistance in the Future
GAO/AFMD-90-11, Nov. 16
- Inspectors General: Fraud Hotline Operations
GAO/AFMD-90-26BR, Nov. 13
- Financial Audit: Federal Savings and Loan Insurance Corporation's 1988 and 1987 Financial Statements
GAO/AFMD-90-34, Oct. 31
- Financial Audit: Federal Financing Bank's Fiscal Year 1988 Financial Statements
GAO/AFMD-89-118, Sept. 29
- Financial Audit: Senate Recording and Photographic Studios Revolving Fund for 1989 and 1988
GAO/AFMD-90-29, Nov. 8
- Financial Review: Interest Rate Charged to Borrowers by the Rural Telephone Bank
GAO/AFMD-90-39, Nov. 14
- Financial Information: Costs Verified for Extending Chilled Water and Steam Lines to Union Station
GAO/AFMD-90-4, Nov. 30

Testimony

- The Civic Achievement Award Program
GAO/T-AFMD-90-6, Nov. 9

- Federal Fraud Hotline Operations
GAO/T-AFMD-90-2, Nov. 13
- Federal Credit and Insurance Programs May Require Increased Assistance in the Future
GAO/T-AFMD-90-7, Nov. 16
- Forest Service Cost Accounting for Timber Sales
GAO/T-AFMD-90-4, Nov. 16
- Forest Service Timber Sale Program Information Reporting System
GAO/T-AFMD-90-8, Nov. 21
- Federal Internal Control and Financial Management Systems Remain Weak and Obsolete
GAO/T-AFMD-90-9, Nov. 29

GOVERNMENT OPERATIONS

- Postal Service: Final Report on Compliance With 1989 Budget Reduction Mandate
GAO/GGD-90-26, Oct. 31
- Postal Service: Improved Labor/Management Relations at the Oklahoma City Post Office
GAO/GGD-90-02, Oct. 27
- Postal Service: First-Class Air Travel by Top Postal Management
GAO/GGD-90-22FS, Oct. 20
- Government Civilian Aircraft: Central Management Reforms Are Encouraging but Require Extensive Oversight
GAO/GGD-89-86, Sept. 29
- Tennessee Valley Authority: Special Air Transportation Services Provided to Manager of Nuclear Power
GAO/GGD-89-117BR, Sept. 25
- General Services Administration: Sustained Attention Required to Improve Performance
GAO/GGD-90-14, Nov. 6
- Building Purchases: GSA's Program Is Successful but Better Policies and Procedures Are Needed
GAO/GGD-90-05, Oct. 31

- Lease Acquisition: GSA Can Move HUD's Kansas City Offices More Quickly
GAO/GGD-90-30, Nov. 21

Testimony

- Proposed Legislation to Establish a 4-Year Term for the Position of Administrator of General Services
GAO/T-GGD-90-11, Nov. 9
- Puerto Rico: Background Information on Applicable Federal Legislation, Its Governmental Structure, and Its Finances
GAO/T-HRD-90-7, Nov. 15

HEALTH

- Medical Device Recalls: an Overview and Analysis 1983-88
GAO/PEMD-89-15BR, Aug. 30
- Medical Device Recalls: Examination of Selected Cases
GAO/PEMD-90-6, Oct. 19
- Medicare Catastrophic Act: Estimated Effects of Repeal on Medigap Premiums and Medicaid Costs
GAO/HRD-90-48FS, Nov. 6
- Medicare: Increase in HMO Reimbursement Would Eliminate Potential Savings
GAO/HRD-90-38, Nov. 1
- Medicare: Assuring the Quality of Home Health Services
GAO/HRD-90-7, Oct. 10
- Medicare: Payments for Home Dialysis Much Higher Under Reasonable Charge Method
GAO/HRD-90-37, Oct. 24
- Health Care: Information on Foreign Nurses Working in the United States Under Temporary Work Visas
GAO/HRD-90-10, Nov. 21
- In-Home Services for the Elderly: Cost Sharing Expands Range of Services Provided and Population Served
GAO/HRD-90-19, Oct. 23

Testimony

- Substance Abuse and Mental Health: Hold-Harmless Provisions Prevent More Equitable Distribution of Federal Assistance Among States
GAO/T-HRD-90-3, Oct. 30
- Medical Devices: The Public Health at Risk
GAO/T-PEMD-90-2, Nov. 6
- Medical Devices: Underreporting of Problems, Backlogged Systems, and Weak Statutory Support
GAO/T-PEMD-90-3, Nov. 6

HOUSING

- Home Ownership: Mortgage Servicing Transfers Are Increasing and Causing Borrower Concern
GAO/RCED-90-62, Nov. 1
- Farmers Home Administration: Loan Servicing Benefits for Bad Faith Borrowers
GAO/RCED-90-77FS, Nov. 29
- Urban Action Grants: Information on Resident and Business Relocation From Polatown Project
GAO/RCED-90-48FS, Nov. 27
- Public Housing: HUD's Approval Process for Country Creek Housing Project, Dallas, Texas
GAO/RCED-90-30, Oct. 20

Testimony

- Impact of FHA Loan Policy Changes
GAO/T-RCED-90-17, Nov. 16

INCOME SECURITY

- Social Security Disability: Denied Applicants' Health and Financial Status Compared With Beneficiaries'
GAO/HRD-90-2, Nov. 6
- Social Security: Alternative Wage-Reporting Processes
GAO/HRD-90-35, Nov. 8
- Pension Plan Terminations: Recapturing Tax Benefits Contained in Asset Reversions
GAO/HRD-90-51BR, Nov. 22

INFORMATION MANAGEMENT

□ Navy ADP Procurement: Contracting and Market Share Information
GAO/IMTEC-89-66FS, Sept. 15.

□ Procurement: Navy Competition Advocate General and ADP Vendor Complaint Handling
GAO/NSIAD-90-39BR, Nov. 15.

□ ADP Budget: Potential Reductions to Army Automation Initiatives
GAO/IMTEC-90-3, Nov. 20.

Testimony

□ Problems With Commerce's Worldwide Commercial Information Management System
GAO/T-NSIAD-90-06, Nov. 1.

□ Education Information: Production and Quality Deserve Increased Attention
GAO/T-PEMD-90-7, Nov. 1.

□ Navy IBM-Compatible Computer Procurement Practices
GAO/T-IMTEC-90-1, Nov. 8.

□ Navy Competition Advocate General and ADP Vendor Complaint Handling
GAO/T-NSIAD-90-9, Nov. 15.

□ Legal Opinion Concerning Synopsis Requirements for Certain Types of Automatic Data Processing Equipment and Services Acquisition
GAO/T-OGC-90-3, Nov. 16.

INTERNATIONAL AFFAIRS

□ United Nations: Issues Related to Payment of U.S. Contributions
GAO/NSIAD-90-31, Nov. 20.

□ Foreign Assistance: U.S. Funds Used for Terminating Israel's Lavi Aircraft Program
GAO/NSIAD-90-03, Oct. 26.

□ Immigration Reform: Major Changes Likely Under S. 358
GAO/PEMD-90-5, Nov. 9.

Testimony

□ Refugees From Eastern Europe
GAO/T-NSIAD-90-07, Nov. 2.

□ Status Report on GAO's Reviews of the Targeted Export Assistance Program, the Export Enhancement Program, and the GSM-102/103 Export Credit Guarantee Programs
GAO/T-NSIAD-90-12, Nov. 16.

JUSTICE AND LAW ENFORCEMENT

□ Immigration Control: Deporting and Excluding Aliens From the United States
GAO/GGD-90-18, Oct. 26.

□ Nontraditional Organized Crime: Law Enforcement Officials' Perspectives on Five Criminal Groups
GAO/OSI-89-19, Sept. 29.

□ Federal Prisons: Trends in Offender Characteristics
GAO/PEMD-90-4FS, Oct. 27.

Testimony

□ Criminal Aliens: INS Enforcement
GAO/T-GGD-90-6, Nov. 1.

□ H.R. 3374: The Immigration Reform and Control Act Amendments of 1989
GAO/T-GGD-90-9, Nov. 9.

NATIONAL DEFENSE, SECURITY, AND MILITARY PROCUREMENT

□ Military Bases: An Analysis of the Commission's Realignment and Closure Recommendations
GAO/NSIAD-90-42, Nov. 29.

□ Acquisition Reform: DOD's Efforts to Streamline Its Acquisition System and Reduce Personnel
GAO/NSIAD-90-21, Nov. 1.

□ Defense Budget: Potential Reductions to the Army and the Navy Missile Budgets
GAO/NSIAD-90-29, Nov. 13.

□ Army Budget: Potential Reductions to Tracked and Wheeled Vehicles Budgets
GAO/NSIAD-90-13, Nov. 27.

□ Air Force Budget: Potential for Reducing Funding for Aircraft Spares
GAO/NSIAD-90-18, Nov. 28.

□ Weapon Acquisition: Improving DOD's Weapon Systems Acquisition Reporting
GAO/NSIAD-90-20, Nov. 14.

□ Air Force Pilots: Need for Pilots in Selected Non-Flying Staff Positions
GAO/NSIAD-90-37, Nov. 24.

□ Army Logistics: Use of Long Supply Assets in Depot-Level Repair Programs Could Reduce Costs
GAO/NSIAD-90-27, Nov. 16.

Testimony

□ Contract Pricing: Dual-Source Contract Prices
GAO/T-NSIAD-90-11, Nov. 15.

NATURAL RESOURCES

□ Water Subsidies: Basic Changes Needed to Avoid Abuse of the 960-Acre Limit
GAO/RCED-90-6, Oct. 12.

□ Water Resources: Problems in Managing Disposal of Material Dredged From San Francisco Bay
GAO/RCED-90-18, Nov. 8.

□ Federal Land Management: Chandler Lake Land Exchange Not in the Government's Best Interest
GAO/RCED-90-5, Oct. 6.

□ Bureau of Reclamation: Misapplication of the Buy American Act
GAO/NSIAD-90-32, Nov. 8.

Testimony

□ Administration of the Federal Ban on Exports of Unprocessed Federal Timber
GAO/T-RCED-90-8, Nov. 7.

SCIENCE, SPACE, AND TECHNOLOGY

□ Federal Research: The SEMATECH Consortium's Start-Up Activities
GAO/RCED-90-37, Nov. 3.

□ Ocean Research Fleet: NOAA Needs to Plan for Long-Term Fleet Requirements
GAO/RCED-90-42, Nov. 13.

Testimony

□ The SEMATECH Consortium's Start-Up Activities
GAO/T-RCED-90-11, Nov. 8.

SOCIAL SERVICES

□ Child Care: Government Funding Sources, Coordination, and Service Availability
GAO/HRD-90-26BR, Oct. 13.

TRANSPORTATION

□ Railroad Safety: DOT Should Better Manage Its Hazardous Materials Inspection Program
GAO/RCED-90-43, Nov. 17.

□ Aviation Safety: FAA's Safety Inspection Management System Lacks Adequate Oversight
GAO/RCED-90-36, Nov. 13.

□ Transportation Noise: Federal Control and Abatement Responsibilities May Need to Be Revised
GAO/RCED-90-11, Oct. 12.

Testimony

□ Improvements Needed in DOT's Hazardous Materials Rail Safety Program
GAO/T-RCED-90-13, Nov. 7.

□ PL 480 Title I Transportation Issues
GAO/T-NSIAD-90-08, Nov. 7.

VETERANS' AFFAIRS

□ VA Health Care: Efforts to Assure Quality of Care in State Homes
GAO/HRD-90-40, Nov. 27.

Requests for copies of GAO reports and testimony should be sent to:

**U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877**

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

United States
General Accounting Office
Washington, D.C. 20548

<p>Bulk Rate Postage & Fees Paid GAO Permit No. G100</p>
--

Official Business
Penalty for Private Use \$300
