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National Defense

Information Security: Special Access Document Control at Northrop's Advanced Systems Division

GAO/NSLAD-87-79, June 23.

Over 780 classified documents kept at a facility in Pico Rivera, California, concerning a secret bomber that Northrop Corporation is developing for the Air Force are unaccounted for; 205 documents are under investigation and 384 had been disposed of without proper documentation. Investigation reports suggested that some of the 780 items might have been placed in receptacles with unaccountable confidential material and destroyed without destruction certificates being prepared. Although Northrop's document control procedures generally conformed to Department of Defense security, they did not prevent the inadvertent destruction of accountable classified information. GAO recommends that Defense's Industrial Security Manual be revised to prescribe procedures for screening materials placed in classified waste receptacles before the materials are destroyed.

Contract Pricing: Defense Contractor Cost Estimating Systems

Acc. No. 133105 (GAO/NSLAD-87-140), June 3.

Defense contracting officers rely to a great extent on information produced by estimating systems to price noncompetitive defense contracts. In FY 1986 the Department of Defense awarded about \$82 billion in contracts without price competition. Despite the importance of cost estimating systems, contractors are not required to adequately maintain them. Proposals are underway to authorize contracting officers to disapprove estimating systems and require them to make price adjustments when an estimating deficiency increased a contract price. GAO supports the proposals and recommends that DOD personnel assemble and refine standards which clearly define what constitutes an acceptable estimating system.

Missile Procurement: Advanced Medium Range Air-To-Air Missile Preproduction Test Results

GAO/NSLAD-87-165FS, June 2.

A total production of 24,335 advanced medium range air-to-air missiles is planned to meet both Air Force and Navy requirements. Costs are estimated at \$7.123 billion in FY 1984 dollars. Three tests were planned before contract award. The first test in February 1987 was not successful in meeting requirements under the Defense Appropriations Act. Its

purpose was to demonstrate the missiles' abilities to select and guide to their targets in an electronic countermeasure environment of chaff. Further tests are planned. The second test called for two missiles to engage two targets in an electronic countermeasure environment. It was first revised in April 1987 but was aborted. It was then accomplished, also in April 1987, and met the requirements of the act. The third test has been scheduled for October 1987 and this test is not needed to satisfy the act's requirements.

**Procurement:
Status of Simplified
Munitions Lift Trailer
Program**

GAO/NSIAD-87-113BR, Apr. 27.

Because of development problems and disagreements concerning the Air Force's simplified munitions lift trailer program, claims and potential contract disputes surfaced between PACCAR Defense Systems (the SMLT contractor) and the Air Force. Development of the SMLT was about 16 months behind the original schedule. The Air Force, citing PACCAR's failure to provide an adequate design or to deliver a development prototype as required by the contract and lack of success in restructuring the program, ordered the contract with PACCAR terminated. The Air Force also decided to procure 44 more munitions lift trailers from the AAI Corporation to meet its operational requirements, and an order was placed with AAI in February 1987.

**Navy Acquisition:
Cost and Performance of
Various Antisubmarine
Warfare Systems**

Acc. No. 133162 (GAO/NSIAD-87-119), May 8.

This report provides information on the SQR-17A acoustic processor. Specifically, it describes the SQR-17's function; requirements the Navy has stated for this equipment; Navy's acquisition plan; the number of SQR-17s that have been procured; alternatives to the SQR; the relative costs and capabilities of the SQR-17A and its alternatives; and the usefulness of installing SQR-17As on "tailless" FFG-7s.

**Navy Maintenance:
The P-3 Aircraft Overhaul
Program Can Be Improved**

GAO/NSIAD-87-157, June 26.

The P-3 is a shore-based, long-range aircraft designed to combat submarines. Navy has a total of 441 aircraft whose overhaul during FY 1985 cost about \$50 million. A lack of adequate central control over aircraft deliveries has resulted in periods when aircraft have waited outside depots for their turn to be overhauled and other periods when the overhaul capacity has been underutilized. Production lines at two Navy

depots and one commercial depot have the combined capacity to overhaul 134 P-3 aircraft annually. Since annual overhaul requirements are not expected to exceed 99 aircraft through the remainder of this century, the depots have a considerable amount of excess capacity. This has resulted in redundancies and unnecessary duplication in spare parts, supplies, and equipment, as well as in management, administrative, and other support costs. Overhaul turnaround time should be reduced and excess overhaul capacity at the depots eliminated.

**Ammunition:
Acquisition of Penetrators
for 30 Millimeter
Ammunition**

GAO/NSIAD-87-142BR, May 7.

This report evaluates the cost/benefit tradeoffs to the government of separately providing uranium penetrators for munitions rather than acquiring a complete munition item from the contractor. The Air Force's most recent budget submission, its FY 1986 budget for the 30 millimeter armor-piercing incendiary ammunition is \$29.1 million for 2,165,000 cartridges and its FY 1987 budget is \$30.8 million for 1,822,000 cartridges. A potential benefit of separately procuring the penetrator for the 30 millimeter API cartridge is that additional contractors may decide to produce it. This could result in these contractors being designated as mobilization base producers, thus increasing the available sources for the penetrators in case of mobilization.

**Army Deployment:
Better Transportation
Planning Is Needed**

GAO/NSIAD-87-138, June 18.

The ability and success of U.S. forces to mobilize and deploy depends on the availability of the required transportation to move both active and reserve forces and all equipment and supplies. Mobilization and deployment movement is made more difficult because the Army has not (1) identified the type and amount of equipment to be moved by commercial means, (2) determined whether the required commercial transportation is available, and (3) assessed and corrected disparities between requirements in mobilization station outloading plans and those in operation plans. In addition, the Army has overstated its requirements for the materials and equipment and warehouse construction needed for outloading at the mobilization stations.

**Medical Readiness:
Progress in Stating
Manpower Needs**

GAO/NSIAD-87-126, Apr. 29.

The Department of Defense has proposed to spend over \$4 billion to eliminate shortfalls in medical equipment and personnel by the early 1990s. Large differences among the services' estimates of the number of medical personnel who would be needed to provide adequate combat casualty care have raised concerns about the credibility of DOD's medical requirements. Progress has been slow in getting the services to develop and use a common methodology to resolve persistent inconsistencies in their estimates. Because of the lack of complete, consistent and accurate data on the services' medical manpower needs, GAO was unable to verify the extent of DOD shortfalls in this area.

**DOD Health Care:
Better Use of Malpractice
Data Could Help Improve
Quality of Care**

Acc. No. 133115 (GAO/HRD-87-30), June 4.

A centralized medical malpractice information system would help identify recurring problems in military medical care and focus attention on needed corrective and preventive actions. The Department of Defense does not have such a centralized system and only the Air Force systematically collects data on malpractice claims and feeds it back to its facilities. However, the Air Force system does not include information on potential claims, and the data are not routinely shared with other services, an advantage offered by a centralized system. DOD lacks resources and the ability to keep information confidential. But recent legislation that provides confidentiality for certain DOD medical quality assurance records should help alleviate the concern.

**ADP Systems:
Concerns About DOD's
Composite Health Care
System Development
Contracts**

Acc. No. 133126 (GAO/IMTEC-87-25), June 8.

The Composite Health Care System is a state-of-the-art medical information system that the Department of Defense is acquiring for use in all military hospitals, medical centers, and clinics worldwide. Because Defense did not conduct sufficiently meaningful discussions of proposals with offerors, as Federal Acquisition Regulations require, it miscalculated one of the proposals. This miscalculation led to elimination of an offeror from competition, which in turn led to a bid protest by that offeror. It is important to ensure that such mistakes are not repeated; therefore, full compliance with Federal Acquisition Regulations is needed to minimize the potential for future protests, and ultimately to support Defense's choice of a final contractor to implement the system.

**Army ADP System:
Request for Proposals Did
Not Unduly Restrict
Competition**

GAO/DMTEC-87-27, June 1.

Technical specifications in the Army's Request for Proposals for its Project 80X integrated automated information management system were not duly restrictive of competition. Army was responsive to questions raised by potential offerors concerning the restrictiveness of the proposals and resolved, to the satisfaction of a bid protester, all issues raised in the bid protest regarding the restrictiveness.

**Internal Controls:
Defense Fuel Supply
Center's Recording and
Reporting of Accounts
Payable**

GAO/AFMD-87-30, May 13.

The Defense Fuel Supply Center does not have adequate controls to ensure the proper recording and reporting of millions of dollars of accounts payable resulting from its fuel purchases. As a result, DFSC (1) cannot be sure the amounts recorded in the Defense Fuel Automated Management System accurately reflect the amounts owed contractors, (2) is not able to adequately identify and recover contractor overpayments, and (3) cannot accurately report its financial condition.

**Unallowable Costs:
the Government Does Not
Reimburse Contractor
Contributions**

GAO/NSIAD-87-150BR, May 27.

Eight defense contractors who made campaign contributions to the Committee of Californians Against the Toxics Initiative caused concern over whether these contributions were being charged directly or indirectly to the government. Regulations provide that contributions are not allowable costs under government contracts. The campaign contribution costs were clearly identified and GAO found no evidence that the contractors intend to charge these costs to the government—their contributions were made from corporate funds.

**Marine Corps Manpower:
Improvements Needed in
Processes for Determining
Manpower Requirements**

GAO/NSIAD-87-102, May 26.

In FY 1987, Marine Corps personnel will cost over \$5.3 billion, about 58 percent of its total budget. To ensure that this cost is justified, the Marine Corps needs to determine its manpower requirements in as systematic a manner as possible. The quantitative processes the Marine Corps uses to determine these requirements for non-Fleet Marine Forces units and administrative support components of FMF units lack adequate rigor and sufficient oversight of its manpower program.

**Military Personnel:
Proposed Increases in
Household Goods Weight
Allowances**

GAO/NSIAD-87-111BR, June 25.

Increases for household goods weight allowances proposed by the Department of Defense in its FY 1986 budget request were not based on DOD-wide statistical data showing how much use its members were already making of the existing allowances or any other statistics that justified the increases. Its revised plan providing for separate with and without dependents allowances, had similar deficiencies. In response to congressional concern that the allowance system encourages members to ship unnecessary goods, GAO found that members without dependents shipped slightly more than half of what their counterparts with dependents shipped. GAO could not measure the cost effectiveness of various moving alternatives because of the different data gathering methods used by the services, the lack of available data, and the uncertainty of how much the alternatives would be used.

**Post-DOD Employment:
Evaluation of the Draft
Regulation Implementing
10 USC 2397b**

Acc. No. 133078 (GAO/NSIAD-87-152BR), June 2.

Section 2397b, Title 10 of the United States Code, prohibits certain former Department of Defense procurement personnel from accepting compensation from some defense contractors. The conflict-of-interest provision attempts to regulate the "revolving door," where DOD personnel leave DOD to work for defense contractors, thus creating at least the appearance that federal employment has been used to further private interests. This report evaluates the provision and reviews DOD's implementation of the regulation.

**Post-DOD Employment:
Allegations and Other
Issues Involving a Retired
Air Force Officer**

GAO/NSIAD-87-118BR, May 13.

GAO found no documentary or other corroborative evidence to support allegations made by Space Qualified Systems that retired U.S. Air Force Brigadier General Robert Chapman (1) used coercion to obtain a marketing agreement from sqs, (2) threatened to use his contacts and influence within the Air Force to "crush" sqs and deny that company future Air Force contracts, and (3) demanded to be paid by sqs from the existing contract with the Air Force despite doing no work for that company. GAO also found no evidence that Air Force personnel had improperly accommodated Robert Chapman or Chapman Associates in their activities or that similar incidents had occurred with other companies Robert Chapman was associated with.

**DOD Civilians in Europe:
Information on Increases
Between Fiscal Years 1982
and 1986**

Acc. No. 133290 (GAO/NSLAD-87-166BR), June 24.

The overall increase in Department of Defense civilians in Europe was about 14.4 percent from September 1982 to September 1986. The largest increase occurred in U.S. direct hires, as opposed to foreign national direct or indirect hires. Over 70 percent of the growth has taken place in the Army, mostly in Germany. This was attributed to the (1) use of civilians in base operations support functions to replace military personnel previously diverted from combat and combat support positions and (2) conversion of military positions in support units to civilian positions to release the military manpower spaces for reallocation to combat units. The Air Force said that its increases were the result of (1) a conscious effort to convert positions from military to civilian personnel and (2) more civilians being needed to support an increase in force size and the introduction of the ground-launch cruise missile.

**Air Force:
Enlisted Recruits' Initial
Haircuts**

GAO/NSLAD-87-127BR, May 19.

The Air Force, like all the other services, now requires recruits, instead of the government, to pay for their first haircuts. This report examines the contracting for the initial cuts given to enlisted recruits at Lackland Air Force Base, Texas, and includes the (1) Air Force's basis for awarding a new contract for these services, rather than continuing with a memorandum of understanding with the Army and Air Force Exchange Service to provide the haircuts, and (2) impact of the Air Force's action on AAFES contributions to the Department of Defense's Morale, Welfare and Recreation fund.

**Small Business Act:
Air Force's Disadvantaged
Business Advocate Not
Reporting to Proper
Management Level**

Acc. No. 133267 (GAO/GGD-87-88), June 22.

The Small Business Act requires each federal agency with procurement powers to establish an Office of Small and Disadvantaged Business Utilization and requires that the agency head appoint a Director for this office. The Director shall be responsible only to and report directly to the agency head or deputy. The Air Force's OSDDBU's Director is, in some respects, a subordinate of the Assistant Secretary of the Air Force, as well as of the Secretary. Therefore, GAO concludes that because he is not responsible only to, and does not report directly to the Secretary or Under Secretary of the Air Force, the Department is not in compliance with the Small Business Act.

**Alternative Fuels:
Information on DOD's
Methanol Vehicle Program**

GAO/RCED-87-91, May 22.

The Army initiated the methanol vehicle demonstration program to establish the feasibility of using methanol as an alternative fuel for government vehicles. Army had difficulty obtaining new methanol vehicles because manufacturers were unwilling to provide the number needed for the program. Because of budget limitations the program was unable to test enough vehicles for a sufficient number of miles to decisively establish reliability and durability. The Army is examining methanol vehicle operation under cold, moderate, and hot climate conditions, but results will not be available until October 1987. In addressing support functions, the Army developed methanol fuel and lubricant specifications; methods for transporting, storing, and dispensing the fuel; and technical specifications for vehicle conversion. The program by itself contributed little to increasing the use of methanol fuel because the limited number of vehicles used did not encourage their methanol production or fuel distribution.

International Affairs

**Internal Controls:
State's Controls Over
Personal Property
Management Are
Inadequate**

Acc. No. 133179 (GAO/NSLAD-87-156), June 10.

The Department of State owns a large amount of nonexpendable personal property—motor vehicles, office and home furnishings, and communications and security equipment. Although State does not know the value of this property, it spent about \$252 million acquiring personal property during the last 2 fiscal years. GAO found that (1) domestic and foreign offices are not adequately complying with the State Department's regulations, (2) problems are being encountered in trying to implement State's automated property record keeping system, and (3) domestic warehouse property is not being adequately controlled. State needs to reemphasize the importance of following regulations, providing the Central Property Management Office the resources necessary to carry out its assigned responsibilities, and directing the Under Secretary for Management and other officials to take actions specified in this report.

**International Energy Agency:
Assessment of U.S. Participation in the Fifth Allocation System Test**

GAO/NSLAD-87-159BR, May 29.

The possibility of a serious oil supply disruption led to creation of the International Energy Agency by the major oil consuming nations. One of IEA's objectives is to reduce the consequences of serious supply disruptions by sharing shortfalls. This report reviews U.S. participation in the most recent test of IEA's emergency oil sharing system. It examines how the test was designed and how well its objectives were met; it assesses U.S. participation and performance; and it evaluates the extent to which the oil sharing system and U.S. participation in it meaningfully exercised U.S. energy emergency preparedness plans and provided useful training.

Science, Space, and Technology

Budget Reimbursements: the National Aeronautics and Space Administration's Reimbursable Work

GAO/NSLAD-87-171FS, June 17.

The National Aeronautics and Space Administration has two categories of reimbursements—additives, those which are separate from NASA's direct programs and do not affect funding, and offsetting reimbursements, those that are needed to carry out NASA's direct programs and are integral to direct program funding. NASA's FY 1987 budget request was for \$7.7 billion. In addition, it would receive about \$1.8 billion in reimbursements. NASA relies on offsetting reimbursements to help fund three budget categories: Shuttle Operations, Spacelab Operations, and Personnel. Total funding needed for these categories is not readily identifiable because the backup material to NASA's budget either does not fully disclose that these estimated reimbursements are relied on or does not discuss the way in which they are handled.

Energy

Alternative Fuels: Parachute Creek Shale Oil Project's Economic and Operational Outlook

RCED-87-126, June 18.

The Department of Energy awarded the Union Oil Company \$400 million in price guarantees for synthetic crude oil produced by Parachute Creek shale oil project in Colorado. In 1985, Synthetic Fuels Corporation awarded an additional \$500 million in price and loan guarantees to Union to modify the project's technology with a fluidized bed combustor. In December 1985, the Congress abolished SFC and transferred responsibility for the guarantees to the Treasury. GAO believes that because of the uncertainty of the project's economic and technical viability, it would not be in the government's best interest to expend an additional \$500 million in financial assistance to install the combustor. If Union elects to proceed with the combustor, GAO recommends that Treasury use the analysis in this report to critically evaluate Union's proposal and explore the government's options for minimizing additional outlays on the project.

Nuclear Regulation: A Perspective on Liability Protection for a Nuclear Plant Accident

Acc. No. 133093 (GAO/RCED-87-124), June 2.

The Price-Anderson Act encourages private industry development of nuclear energy. It establishes a source of funds to compensate personal injury and property damage from a nuclear accident and limits the liability of private industry for such accidents. The indemnity provisions of the act, which allow the Nuclear Regulatory Commission and the Department of Energy to enter into new indemnity agreements and set the liability limits, expire in August 1987. GAO believes that the act's indemnity authority should be extended and that its liability protection is too low to provide reasonable compensation for the worst nuclear plant accident. The financial consequences of a catastrophic accident at 115 of 119 plants could far exceed the liability limit. The act covers all off-site accident damages resulting from the release of radioactive material. However, it does not clearly state whether the costs for a precautionary evacuation are covered when a release appears imminent but does not actually occur.

**Nuclear Regulation:
Public Knowledge of
Radiological Emergency
Procedures**

Acc. No. 133180 (GAO/RCED-87-122), June 2.

GAO found that no federal agency assesses public knowledge of radiological emergency procedures. The Federal Emergency Management Agency has responsibility for ensuring the adequacy of offsite emergency plans at nuclear power plants and has periodically conducted surveys to determine whether emergency planning zones residents have received basic emergency planning information. However, FEMA has not assessed whether the public actually knows what to do in the event of an emergency. GAO believes it is appropriate that FEMA do this. This report provides information concerning the actions that utilities and FEMA take to notify EPZ residents of the procedures to be followed if a nuclear accident occurs. It recommends that FEMA develop a survey to assess EPZ residents' knowledge of radiological emergency procedures.

**Nuclear Waste:
DOE Should Provide More
Information on Monitored
Retrievable Storage**

GAO/RCED-87-92, June 1.

The Department of Energy is proposing the construction of a monitored retrievable storage facility primarily for waste preparation and packaging rather than for long-term storage as envisioned by the Nuclear Waste Policy Act. While the MRS would be capable of storing spent fuel for long periods, most of the storage that would take place at the facility would be temporary until the spent fuel could be shipped to the repository. GAO does not believe that DOE's proposal is sufficiently comprehensive for the Congress to make an informed decision on the cost of, need for, or consequences of integrating an MRS into the waste management system, or whether the benefits attributed to the MRS can be better achieved by other means. The Congress needs to be aware of the consequences of not approving an MRS as well as the implications of authorizing it. DOE's proposal does not identify the most effective configuration of the authorized waste management system for the Congress to use as a basis for comparison in deciding if the benefits of the proposed MRS facility are worth its added cost to the waste program.

Natural Resources and Environment

Hazardous Waste: Information on EPA's Proposal to Delete Chemicals From Groundwater Monitoring

GAO/RCED-87-132FS, May 19.

Information is not readily available on the quantities of hazardous waste being disposed of that contain 42 toxic chemicals. Twenty-nine of the 42 chemicals are highly toxic and over one third might possibly be found at hazardous waste land disposal facilities. In some instances, short-term exposure to the 29 chemicals in pure form could lead to death or permanent injury. In addition to toxicity, some of the chemicals are known or are suspected of having other harmful effects on humans or animals. Owners/operators of hazardous waste land disposal facilities are required to initially monitor the characteristics of groundwater for detection of contamination. Despite this requirement, the Environmental Protection Agency proposed deleting the 42 chemicals from testing—a proposal which elicited queries from two congressional committees. So far, EPA's final regulations on the proposal have not yet been issued.

Mineral Resources: Timely Processing Can Increase Rent Revenue From Certain Oil/Gas Leases

Acc. No. 133246 (GAO/RCED-87-98), June 18.

Federal regulations require that onshore oil and gas leases that are subsequently determined to overlie a known geologic structure are to have their rental rates increased. The Bureau of Land Management does not have internal controls that ensure that such rental increases are processed consistently and in a timely manner. Although BLM's state offices in Colorado and Wyoming generally increased rental rates for leases determined to overlie known geologic structures, these increases were not made in a timely manner during calendar years 1984 and 1985. These delays resulted in lost revenue of \$552,614. There were also a few instances in the two states in which the rental rates had not been increased at all, causing an additional revenue loss of at least \$15,123.

Flood Insurance: Private Companies' Participation in the Write Your Own Program

GAO/RCED-87-108, May 29.

The National Flood Insurance Program has a Write Your Own portion through which private insurance companies market and service flood insurance policies. The total number of wyo policies rose to 1,016,000 by

September 1986—about one half of all NFIP policies. Total NFIP policies in force increased from 1,925,000 when the WYO program began to 2,035,000, also by September 1986. The relationship between allowances retained from policy premiums for administrative costs and benefits to the federal government is uncertain. The Federal Insurance Administration bases these allowances generally on insurance industry averages and since FIA does not require companies to keep records, the total actual administrative costs incurred in implementing the program are not identified. However, FIA is implementing a series of reporting requirements that should ensure that companies properly administer the program.

**Parks and Recreation:
Maintenance Costs and
Visitor Days at Two
Recreation Areas**

Acc. No. 133216 (GAO/RCED-87-152FS), June 12.

Total fiscal year 1986 maintenance expenditures at Yellowstone National Park in Wyoming was about \$8 million and at Wasatch-Cache National Forest in Utah it was \$1.5 million. Total visitor days recorded at Yellowstone during calendar year 1986 were about 2.4 million and at Wasatch-Cache were about 5.5 million. Total unfunded maintenance needs at Wasatch-Cache are estimated at about \$10.2 million.

Agriculture

**Farm Payments:
Implications of Targeting
Farm Income Supports**

Acc. No. 133215 (GAO/RCED-87-99), June 10.

The farm sector has been characterized by severe financial stress and an increased number of farm foreclosures. GAO analyzed possible ways to target a greater share of direct income-support payments to farmers in greatest financial need. The options include (1) reducing the current \$50,000 annual payment limitation, (2) applying lower crop payment rates to large-sized farms and higher payment rates to smaller farms, (3) applying payment rates that decline as the production volume on each farm increases, and (4) making payments only to farmers, otherwise eligible for deficiency payments, with demonstrated financial need. The outcome of each option depends greatly on specific program design. And because specific program designs can vary substantially, this report focuses on how the potential effects of each option compare with policy goals.

**Farm Finance:
Minnesota and North
Dakota Assistance
Programs Available to
Farmers**

Acc. No. 133204 (GAO/RCED-87-143FS), June 9.

Section 1 of this report describes financial assistance to Minnesota farmers in restructuring existing debt, subsidized interest rates or deferral of interest due, and state guarantees of farmer loans and contracts. Section 2 describes Minnesota's property protection measures. Section 3 describes financial assistance programs to North Dakota farmers which provide direct loans, financial assistance in restructuring existing debt, deferral of interest payments, and a linked deposit system which enables financial institutions to lend to agricultural borrowers at lower interest rates. Section 4 describes North Dakota's property protection measures.

**Financial Audit:
Federal Crop Insurance
Corporation's Financial
Statements for 1986 and
1985**

Acc. No. 133193 (GAO/AFMD-87-36), June 12.

GAO's opinion of the Federal Crop Insurance Corporation's financial statements is qualified subject to the effect of potential reinsurance claim overpayments. GAO emphasizes its concerns about the Corporation's continued losses, negative capital position, and the need for it to continue borrowing in order to sustain operations. These factors indicate that the Corporation may be unable to continue in existence without either financial assistance from the Congress or program changes to improve its financial position. For the years ended September 1986 and 1985, the Corporation incurred losses of \$221 million and \$222 million, respectively, from insuring agricultural crops, and it is likely that it will sustain further losses in subsequent periods.

**Food Stamp Program:
Results of the Simplified
Application Demonstration
Project**

Acc. No. 133203 (GAO/RCED-87-102), June 11.

The Food Stamp Program's Simplified Application Demonstration Project tested procedures that could provide the Department of Agriculture with an opportunity to achieve administrative cost savings and error reductions. Although the project achieved some administrative cost savings and reduced benefit issuance errors, it resulted in increased program benefit costs which more than offset the administrative cost savings and error reductions. Specifically, individual benefits increased because the Agriculture and Food Act of 1981 specified that under the demonstration project average food stamp allotments should be at least as large as the average allotments that would have been provided under conventional Food Stamp Program procedures.

**School Lunch Program:
Evaluation of Alternatives
to Commodity Donations**

GAO/RCED-87-113, June 11.

A Department of Agriculture demonstration project tested the distribution of cash payments and commodity letters of credit in lieu of donated USDA commodities at selected school districts participating in the National School Lunch Program. While the demonstration project's results tend to indicate that there are no overall discernible differences between the cash, CLOC, and commodity systems, limitations and weaknesses in the methodology of the project reduce the statistical validity and usefulness of the project's data and results. USDA maintains that it can generalize the results nationwide. But such generalization cannot be made with high confidence based on the results; therefore, they should be used with caution.

**Financial Audit:
Commodity Credit
Corporation's Financial
Statements for 1986 and
1985**

Acc. No. 133266 (GAO/AFMD-87-43), June 22.

The Commodity Credit Corporation's assets include a significant amount of loans that are in arrears, have had payment dates rescheduled, and are outstanding to countries experiencing financial difficulties. GAO estimates that cumulative losses as of September 1986 range from \$4 to \$7 billion on outstanding loans of \$14 billion to foreign countries. Because the Corporation has not included in its financial statements an allowance for the uncollectible portion of these outstanding loans, GAO's opinion is qualified.

**Internal Controls:
Improvements Needed in a
USDA Receivable System**

Acc. No. 133285 (GAO/AFMD-87-3), June 23.

The Department of Agriculture's inspection agencies rely on the program billings and collections system to account for collections and accounts receivable. The BICO system operations did not comply with certain essential internal control standards and requirements. As a result, (1) general ADP and processing controls did not sufficiently ensure the security, accuracy, and reliability of BICO system data files and processing, thus making the system vulnerable to unauthorized use and to unreliable processing; (2) processing control weaknesses have contributed to untimely, inaccurate system processing; and (3) certain required debt and cash management controls have not been implemented in the operation of the system.

Commerce and Housing Credit

Financial Services: Developments in the Financial Guarantee Industry

GAO/GGD-87-84, June 25.

The financial guarantee market is growing rapidly but there is no comprehensive, accurate data available on the actual size of the industry, the participants, the types of products being offered, and the risks being assumed. Regulators and analysts have noted some of the risks involved, but are unable to quantify them overall. This staff study addresses the development and use of financial guarantee products provided by the insurance industry. It develops information on various organizational structures used and determines the type and degree of industry regulation taking place.

Small Business: Evaluation of a Study on Access to Capital

GAO/RCED-87-94, May 6.

This report is an evaluation of a Small Business Administration report entitled Access to Capital by Subcategories of Small Business and was prepared by the JACA Corporation. It specifically discusses (1) the methodology SBA and JACA used for the report and (2) the basis for the report's conclusion that, within the study's 3-year period, female business owners appeared to have been able to obtain commercial bank loans easier than their male counterparts. GAO found that the study has limitations because there is no statistical assurance that conclusions based on the information collected can be generalized to the population from which the sampled businesses were drawn and because it is unclear whether the analysis correctly isolated the effect of the gender of the business owner from the effects of other factors.

Federal Research: Effectiveness of Small Business Innovation Research Program Procedures

Acc. No. 133106 (GAO/RCED-87-63), June 2.

Approximately \$1.1 billion will be awarded to small businesses by Small Business Innovation Research programs through FY 1987. These programs were established to encourage innovation by requiring federal agencies to award portions of their research funds to small businesses through special research programs. GAO reviewed 11 agencies and found that they have established and followed SBIR evaluation and selection

procedures that are systematic and fair, and ensure that awards are based on technical merit. Indications are that good quality research is being funded.

**Postal Service:
Mail Delivery to New
Residential Addresses:
Adherence to Policy Can
Be Improved**

Acc. No. 133124 (GAO/GGD-87-66), June 5.

Postal Service policy on providing mail delivery services to residential customers stipulates that delivery to cluster boxes is one of three delivery options available to new housing areas. The other two are mailboxes located either at the curb or behind the sidewalk. Postal officials responsible for establishing mail delivery services are not consistently adhering to the Service's stipulation of making developers aware of the availability of the two delivery options in addition to cluster boxes.

**Financial Audit:
Federal Home Loan Bank
Board's 1986 and 1985
Financial Statements**

Acc. No. 133161 (GAO/AFMD-87-42), June 9.

The Federal Home Loan Bank Board is an independent agency in the executive branch that formulates policies for and supervises the operations of the 12 Federal Home Loan Banks, the Federal Savings and Loan Insurance Corporation, and the system of federal savings and loan associations. It is directly related to and is a part of the Federal Savings and Loan Insurance Corporation structure which had losses of almost \$11 billion in 1986 and whose ability to fulfill its mission is dependent upon obtaining additional funding. In July 1985, the Bank Board delegated its responsibility for examining savings and loan associations and the related staff who perform this function to the 12 Federal Home Loan Banks. This transfer resulted in a significant reduction in income and expenses and related assets and liabilities on the Bank Board's 1986 and 1985 financial statements.

Transportation

**Aviation Safety:
Needed Improvements in
FAA's Airline Inspection
Program Are Underway**

GAO/RCED-87-62, May 19.

While deregulation in the airline industry led to large increases in the number of aircraft requiring inspection, the Federal Aviation Administration cut its inspection force and placed its emphasis on certifying new

airlines rather than ensuring that periodic inspections of existing airlines were performed at an acceptable level. FAA's inspection program often did not identify major safety problems or ensure their correction through appropriate followup. FAA has acknowledged its program weaknesses and is increasing the size of its inspector work force and establishing minimum standards to identify what inspections need to be performed and how frequently. It has also begun to address needed improvements in its internal controls and management information systems.

**Aviation Security:
FAA Preboard Passenger
Screening Test Results**

GAO/RCED-87-125FS, Apr. 30.

Twenty percent of dangerous test items, such as explosives and incendiary devices, went undetected through a screening process of aircraft passengers and their carry-on baggage from September through December 1986. Preboard screening, required by Federal Aviation Regulations, is to prevent or deter passengers from carrying any deadly or dangerous weapons aboard an aircraft. Test results varied significantly among individual regions, ranging from an overall 63 percent detection rate in one region to a 99 percent rate in another. On an individual airport basis, the detection rate at 28 major airports ranged from a low of 34 percent to a high of 99 percent.

**Natural Gas Regulation:
Pipeline Transportation
Under FERC Order 436**

GAO/RCED-87-133BR, June 9.

Federal Energy Regulatory Commission Order 436 established a voluntary program for the transportation of natural gas through pipelines without prior FERC approval if the services are provided on a nondiscriminatory basis. FERC believed the Order would improve the ability of pipeline customers to obtain access to competitively priced supplies of natural gas. Twenty-six of the 45 major interstate natural gas pipelines have applied to participate in the Order 436 transportation program. FERC has implemented the program largely through its processing of pipeline applications to participate in the program and has allowed interstate pipelines, under certain conditions, to continue to transport gas without having to comply with the provisions established in Order 436.

Social Services

Welfare Eligibility: Deficit Reduction Act Income Verification Issues

GAO/HRD-87-79FS, May 26.

GAO sent a questionnaire to all 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands to obtain information on state progress and concerns about the federal implementing regulations on income and eligibility verification systems. States' major concerns were (1) the additional funding needed to implement the systems, (2) the efficiency of existing automated systems to process Internal Revenue Service and Social Security Administration furnished data, (3) the processing time frames required by federal regulations, (4) whether costs to process and use tax data might exceed benefits, (5) whether the usefulness of tax data might be impaired by its age and other factors, and (6) the changes needed to meet data safeguarding requirements.

Department of Labor: Assessment of the Accuracy of Wage Rates Under the Service Contract Act

GAO/HRD-87-87BR, May 28.

The Service Contract Act requires that service employees working under federal contracts totaling more than \$2,500 be paid wages and fringe benefits based on the rates the Secretary of Labor determines as prevailing for service workers in the locality. A potential problem may exist with the accuracy of wage-rate calculations in SCA wage determinations. Inaccuracies in the Department of Labor's Wage and Hour Division both overstated and understated wage rates. The inaccuracies were due to incorrect copying of rates from source documents, incorrect use of source data in calculations, and mathematical errors in rate calculations. WHD is taking steps to correct the recordkeeping problems, including designing a computerized system for preparing and tracking SCA determinations. In the interim, a determination index is being updated and inactive determination files are being withdrawn and sent to storage.

Health

Medical Malpractice: a Framework for Action

GAO/HRD-87-73, May 20.

Medical malpractice insurance costs have increased over several years but there is no clear answer as to the causes of the increases. And there is no specific action that GAO could identify that would guarantee that insurance rates will not continue to increase. There are some actions, however, that may have promise of reducing the cost of insurance. They include reducing the incidence of medical malpractice by ensuring that physicians are held accountable by their peers and others for the manner in which they practice medicine; improving efficiency, predictability, and equity in the way medical malpractice claims are resolved; determining the extent to which regulatory agencies have and use information to make decisions about rates and solvency; and better educating patients as to what their expectations should be from the health care system.

Medicaid: Interstate Variations in Benefits and Expenditures

GAO/HRD-87-87BR, May 4.

Interstate variations are attributed to two underlying causes. First, the availability of financial resources varies widely across the states. In general, poor states must impose relatively higher tax rates to provide programs comparable with wealthier states. Second, in the absence of more restrictive mandatory federal regulations, many social and political variables influence the ways states choose to structure their Medicaid programs. Even if tax burdens were equalized, these social and political variables would cause states to set differing eligibility standards, offer different benefits, and reimburse providers differently.

Health and Human Services: Documentation of Funding for Child Abuse and Neglect Grants Inadequate

GAO/HRD-87-89, May 22.

Questions have been raised about the fairness and objectivity of the process by which discretionary grants relating to child abuse and neglect are reviewed and awarded by the Office of Human Development Services. The National Center on Child Abuse and Neglect's grants during FY 1984-86 totaled \$66.8 million, of which \$36.7 million was discretionary funding. In selecting child abuse and neglect projects to fund, OHDS

frequently did not justify in writing its decisions to approve full applications out of ranking order. None of the applications rejected within ranking order was justified in writing, nor were 93 percent of the decisions to select grant applicants for administrative rather than competitive review. Additionally, OHDS did not keep documentation on the resolution of recommendations and suggestions made by expert reviewers of grant applications and on review comments, nor files of rejected applications, as required. Such documentation weaknesses makes OHDS appear arbitrary and inequitable in its decisionmaking.

**Health Care:
Patient Transfers From
Emergency Rooms to D.C.
General Hospital**

GAO/HRD-87-31, Apr. 30.

The D.C. General Hospital has an informal transfer policy with Washington metropolitan area hospitals. It generally allows hospitals to transfer those who cannot pay for their care as long as the patient is stable and the transferring hospital follows the appropriate procedures. Most hospital officials were familiar with the transfer policy and procedures and had little to offer as suggestions for improvement. However, the legality of DCGH putting conditions on transfers when the law requires it to treat D.C. residents who cannot obtain care elsewhere has been questioned. Officials do not believe a dumping problem exists in the Washington metropolitan area because (1) the DCGH policy allows the transfer of indigent patients and (2) emergency room directors and hospitals communicate and cooperate with each other.

**Budget Reduction:
Effect of 1986
Sequestration on National
Institute on Aging**

GAO/HRD-87-54BR, Mar. 6.

Under the Gramm-Rudman-Hollings Act, the National Institute on Aging's FY 1986 budget authority was reduced by 4.3 percent. But because of reprogramming of funds approved by the House and Senate Appropriations Committees, NIA's seven budgetary line items were not uniformly reduced by 4.3 percent each. Also, because of reprogramming funds and awarding some grants for periods of less than 1 year, NIA was able to award more research grants than anticipated in FY 1986. NIA avoided reducing the monthly funding levels for its 10 Alzheimer's disease research centers by awarding the available FY 1986 funds over 10-month, rather than 12-month, grant periods. Funds for the Alzheimer's disease research projects that the Director, NIA, anticipated would be delayed were included in the FY 1986 research center grants.

Income Security

Civil Service Fund: Improved Controls Needed Over Investments

GAO/AFMD-87-17, May 7.

The Civil Service Disability and Retirement Trust Fund received about \$13.2 billion in interest income in FY 1985 from its portfolio of securities either issued or guaranteed by Treasury. As of October 1986 the fund's portfolio totaled over \$158 billion. During 1984 and 1985, Treasury departed from its normal fund management procedures which resulted in the fund losing about \$160 million in interest earnings. The fund also sustained at least \$400,000 in additional losses as a result of internal control weaknesses and errors. While Treasury has repaid most of the \$160 million, future losses will occur which could amount to more than \$13 million. These future losses will occur even though Treasury now has authority to restore losses resulting from the debt ceiling crises. This is because certain provisions of the laws, such as those specifying the dates that should be used in computing losses, restrict Treasury's ability to fully reimburse the fund.

Federal Retirement: Nondiscrimination Rules for Thrift Savings Plan

GAO/GGD-87-80BR, May 22.

Nondiscrimination rules ensure that federal thrift savings plans are not designed to favor highly paid employees. They do this by setting limits on the percentage of salary allowed to be deferred by highly paid employees based on the percentage of salary deferred by all other eligible employees. The level of contributions of lower-paid federal employees, could be small enough to limit the level of contributions allowed for highly paid employees when the nondiscrimination tests are applied. To ensure that all federal employees have the opportunity to fully participate in the thrift savings plan, the Congress could maintain employee eligibility and level of benefits requirements, but exempt employee contributions from nondiscrimination rules. It could also add an employer matching contribution provision for civil service retirement system-covered employees to encourage greater participation by these employees in the thrift savings plan.

**Federal Workforce:
Benefits Provided to
Employees in Nonpay
Status**

GAO/GGD-87-92, June 26.

Nonpay status stems from personnel actions such as leave without pay, furlough, suspension, or absence without leave. The average number of employees in nonpay status at any time during 1985 was 58,513. This report determines why employees requested leave without pay, compares the benefits granted to working and nonworking employees, and estimates the cost of the major benefits that are granted to nonworking employees.

**Social Security:
Opportunities to Improve
Productivity at Program
Service Centers**

GAO/GGD-87-64, May 22.

Stronger management at the Social Security Administration's Program Service Centers will result in better savings and ensure (1) accountability for achieving specific productivity improvement goals, (2) the use of measures of productivity to better manage work load and staff, and (3) that targets for cost savings are identified and pursued in a systematic way and through greater employee involvement.

**Social Security:
Staff Reductions and
Service Quality**

GAO/HRD-87-97BR, June 2.

The Social Security Administration's key performance indicators show stable or improved performance with disability claims down 18 percent, processing times for initial claims virtually unchanged, and Supplemental Security Income process accuracy slightly higher. However, the pending hearings workload increased 24 percent and the average processing time for hearings increased from 176 to 196 days. At the same time, staffing in the Office of Hearings and Appeals declined by 2.8 percent from September 1986 through March 1987. Overall, SSA has reduced its staff by 3 percent in the first half of FY 1987, with field offices taking the largest reduction at about 5 percent.

Veterans Affairs

VA Health Care: Financial and Quality Control Changes Needed in Domiciliary Care

Acc. No. 133245 (GAO/HRD-87-57), June 18.

The Veterans Administration's domiciliary care program provides continuing medical and psychiatric services to eligible ambulatory veterans in a therapeutic institutional environment. It is available to veterans who have no adequate means of support and need a place to live. "No adequate means of support" means a monthly income of \$415 or less. GAO believes the \$415 limit should be revised because it is out-of-date and significantly lower than the limit the Congress has recently established for other VA health care programs. GAO reviewed three domiciliaries and found that they had not always documented whether physical examinations had been performed and treatment plans properly developed. This lack of compliance increases the likelihood that veterans' medical needs could go unmet.

Administration of Justice

Asylum: Approval Rates for Selected Applicants

GAO/GGD-87-82FS, June 4.

The Refugee Act of 1980 authorizes the Attorney General, with the advice of the Department of State, to grant asylum to aliens. This report contains an analysis of the approval rates for an estimated 32,426 applications for which advisory opinions were given in 1984. Approval rates are also shown for applicants from El Salvador, Nicaragua, Poland, and Iran, who at the time they applied for asylum, were (1) represented by attorneys, private or public groups, or themselves and (2) detained or released on an immigration bond or on their own recognizance.

Vehicle Theft: Data Bases for Implementing and Assessing the 1984 Vehicle Theft Act

GAO/GGD-87-59BR, May 5.

The Motor Vehicle Theft Law Enforcement Act requires that numbers be marked on certain parts of new passenger car models that are frequently stolen, thereby making parts traceable and assisting law enforcement officials in tracking and prosecuting thieves. Vehicle theft

data are contained in data bases maintained by the FBI's National Crime Information Center and the National Automobile Theft Bureau. The NCIC data base is more comprehensive than NATB's but theft entries into NCIC are inflated because some vehicles that are reported as stolen turn out to have been lost or borrowed. Vehicle identification numbers are key to the act and it is important that both data bases contain accurate VIN data. The National Highway Transportation Safety Administration will use various information on the recovery of stolen vehicles in evaluating the act's effectiveness.

**Ethics Enforcement:
Process by Which Conflict
of Interest Allegations Are
Investigated and Resolved**

GAO/GGD-87-83BR, May 21.

This briefing report gives information on the process by which alleged violations of conflict of interest laws are investigated and resolved by the Department of Justice and the Office of Government Ethics and within two agencies—the Department of the Interior and the Environmental Protection Agency. Several officials identified improvements that are needed in the criminal statutes and the enforcement process, such as a range of civil and criminal penalties that could facilitate prosecution of conflict of interest cases. Other suggestions included the need for (1) regulations to define key terms in the statutes, (2) better coordination among the Office of Government Ethics, the Office of the U.S. Attorney, and the Public Integrity Section in the referral and prosecution of cases, and (3) including reasons for declining prosecution.

General Government

**Debt Collection:
First Year Collection
Efforts Under the GSA
Contracts**

GAO/AFMD-87-23, May 15.

To assist federal agencies in managing and collecting their delinquent debts, the Congress passed the Debt Collection Act of 1982 which allows the agencies to use private collection firms to recover debts owed the federal government. These collection firms are under contract to the General Services Administration. Federal agencies were initially slow in referring their delinquent accounts to the GSA contractors but notable progress was made during the last 3 months of the first year under contracts. GAO found that (1) delinquent accounts referred included those that were inappropriate for referral; (2) delinquent accounts referred also included those that were missing the debtors' telephone numbers;

(3) at the end of the first year, the GSA contractors collected \$2.7 million in delinquent debts; and (4) the fee paid to the GSA contractors if collection is made was not passed on to some debtors.

**Tax Policy:
Selected Tax Provisions
Affecting the Hard
Minerals Mining and
Timber Industries**

Acc. No. 133104 (GAO/GGD-87-77FS), June 3.

The domestic hard minerals mining industry has endured a period of declining production and continued mine closings, due in part to the 1980-82 recession and increased international competition. Many of the firms are reporting negative taxable income. The domestic timber industry is confronted with a declining acreage base and a need to develop more efficient and effective harvesting practices. Prominent among changes brought about by the Tax Reform Act of 1986 are the repeal of capital gains treatment of income, which raises the tax rate on capital, and the repeal of the investment tax credit, which raises the cost of acquiring capital. For timber and mining, certain favorable industry-specific provisions are retained. These include the expensing of mining exploration and development costs, which allows deduction of the cost in the year incurred rather than writing it off over several years, and the special tax credit for reforestation expenses.

**Tax Policy:
Allocating Motorboat Fuel
Excise Taxes to the
Aquatic Resources Trust
Fund**

Acc. No. 133152 (GAO/GGD-87-43BR), June 9.

The Department of the Treasury is required to determine what percentage of the gasoline sold is used by motorboats and to transfer that percentage of the gasoline excise tax revenues into the Aquatic Resources Trust Fund. This fund supports boating safety and sport fishing restoration projects. Because of limitations in data used by the Treasury, the current allocation of funds does not accurately reflect national motorboat fuel consumption. Treasury could enhance the precision of its future estimates by including the most recent Coast Guard data on the number of boats in each size class, the figures of which are updated annually. In addition, as new gasoline consumption data pertinent to this process become available, they could also be considered and incorporated into Treasury's calculation if appropriate.

**Human Resources Management:
Status of Agency Practices for Improving Federal Productivity**

Acc. No. 133214 (GAO/GGD-87-61FS), June 16.

Human resource management practices are used in federal departments and major independent agencies as a way to improve productivity. GAO surveyed 71 federal organizations having 5,000 or more employees to identify their HRM practices and to indicate those they considered innovative. Some practices have been used for the last 5 years. Others, such as automated job skill selection, streamlining personnel administration, use of comprehensive personnel administrative indicators, and strategic human resource planning, are for future use. This fact sheet describes the frequency of implementation of HRM practices across the federal government; percent of HRM practices that any single agency implemented; and HRM practices that agencies believe contribute significantly to operations. Agencies reported that innovative HRM practices improved their productivity and performance and had the potential for reducing costs.

**Blue-Collar Workers:
Appraisal Systems Are in Place, but Basic Refinements Are Needed**

Acc. No. 133244 (GAO/GGD-87-72), June 18.

A review of blue-collar appraisal systems identified problems with the adequacy of standards and the performance appraisal process. GAO found that standards in performance plans were not clear, did not distinguish all levels of performance or were based on uncontrollable external factors. Some of these standards were not used to measure performance and, in some cases, were inappropriately based on personal traits. Problems were also noted in communicating standards to employees in a timely manner and providing employees with performance feedback.

**Federal Workforce:
Recruitment and Retention of Senior Executives at the National Science Foundation**

Acc. No. 133125 (GAO/GGD-87-87FS), June 4.

The National Science Foundation is experiencing recruiting problems at the SES level but the agency does not maintain statistical data on availability of candidates who declined offers or chose not to apply. The caliber of its scientific and engineering recruits remain high but it is becoming harder to recruit these people. Top quality candidates are reluctant to leave their research for federal administrative positions, and federal pay lags salaries in the academic community. In April 1987 NSF had 114 authorized SES positions. One hundred and four of these positions were filled and included 96 SES employees. Of all career SES separations during this period, 57 percent were retirements; 29 percent

were resignations, and 14 percent were separated in a reduction-in-force.

**Decennial Census:
Automation of the
Geographic Support
System**

GAO/GGD-87-75BR, May 27.

The Census Bureau is experiencing problems that could jeopardize successful completion of an automated geographic support system in time for the 1990 Decennial Census. The Bureau now anticipates increased costs to complete the system and despite efforts to maintain its schedule, it continues to experience project delays. The greatest risks to the system are related to project management on which the Bureau is planning to take action. Other management actions are the preparations of contingency plans. The timing and quality of such management actions will be a deciding factor in completing a successful automated geographic support system for the 1990 census.

**ADP Budget:
Information on Two IRS
Computer Projects**

GAO/IMTEC-87-26FS, June 16.

The Internal Revenue Service plans to spend about \$150 million on the Communications Replacement System through FY 1993 to replace obsolete computer terminals at its National Computer Center and each of its 10 service centers. The contract was awarded to Sysorex Information Systems, Inc. IRS also initiated the Tax System Redesign which will implement state-of-the-art technologies to provide better access to all taxpayer information, and to automate manual and paper-intensive processes. IRS is projecting expenditures in the billions over the system's life. For FY 1982 through 1988, the estimated obligations for this project, included in IRS' budget submission to Congress, were \$83.6 million. During this time, IRS has actually obligated, or plans to obligate about \$71 million.

**OPM Revolving Fund:
Investigation Activities
During Fiscal Years 1983
Through 1986**

GAO/GGD-87-81, June 26.

The Office of Personnel Management operates a revolving fund to finance four types of services which it provides to other federal agencies on a reimbursable basis. These services are training, background investigations, testing of potential military recruits, and the operation of the President's Commission on Executive Exchange. A backlog of uncompleted employee background investigations has stemmed from an insufficient number of investigators. Fiscal constraint should not be

used to justify the lack since other agencies reimburse OPM for all of its costs through the revolving fund.

**Financial Audit:
House Office Equipment
Service Schedules for
Fiscal Year 1986**

Acc. No. 133265 (GAO/AFMD-87-27), June 23.

The House of Representatives Office Equipment Service does not operate as a revolving fund nor does it prepare financial statements. The House Finance Office prepares the necessary financial transactions for the Service and maintains its accounting records on a cash basis. For FY 1986, the full cost of acquired equipment was \$14,671,060. Trade-in allowances, purchase discounts, and vendor credits totaling \$226,427 resulted in a new equipment cost of \$14,444,633.

**Congressional
Testimony by GAO
Officials**

Issues Related to Possible Coverage of Outpatient Prescription Drugs Under Medicare, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Health, House Committee on Ways and Means, June 2. GAO/T-HRD-87-15. Acc. No. 133079.

DOD's Financial Management of the Foreign Military Sales Program, by Frederick D. Wolf, Accounting and Financial Management Division, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, June 4. GAO/T-AFMD-87-12. Acc. No. 133116.

Issues Surrounding a Secondary Market for Agricultural Real Estate Loans, by Brian P. Crowley, Resources, Community, and Economic Development Division, before the Subcommittee on Conservation, Credit, and Rural Development, House Committee on Agriculture, June 3. GAO/T-RCED-87-29. Acc. No. 133247.

Federal Reregistration of Pesticides and Reassessment of Tolerance Will Extend Into the 21st Century, by Hugh J. Wessinger, Resources, Community, and Economic Development Division, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce, June 8. GAO/T-RCED-87-29. Acc. No. 133153.

U.S.- Japanese Economic Relations, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Subcommittee on International Finance, Trade and Monetary Policy, House Committee on

Banking, Finance, and Urban Affairs, June 9. GAO/T-NSIAD-87-36. Acc. No. 133182.

State Department's Internal Controls Over Personal Property are Inadequate, by Frank C. Conahan, National Security and International Affairs Division, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, June 10. GAO/T-NSIAD-87-35. Acc. No. 133181.

Federal Patent Policy, by Sarah P. Frazier, Resources, Community, and Economic Development Division, before the Subcommittee on Courts, Civil Liberties and the Administration of Justice, House Committee on the Judiciary, June 11. GAO/T-RCED-87-26. Acc. No. 133194.

DOE Should Provide More Information on Monitored Retrievable Storage, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Subcommittee on Energy and Power, House Committee on Energy and Commerce, June 11. GAO/T-RCED-87-30. Acc. No. 133217.

Key Elements of Effective Independent Oversight of DOE's Nuclear Facilities, by J. Dexter Peach, Resources, Community, and Economic Development Division, before the Senate Committee on Governmental Affairs, June 16. GAO/T-RCED-87-32. Acc. No. 133223.

VA's Home Loan Guaranty Program, by John H. Luke, Resources, Community, and Economic Development Division, before the Senate Committee on Veterans Affairs, June 17. GAO/T-RCED-87-31.

Price-Anderson Act Nuclear Accident Liability Protection, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Subcommittee on Energy Research and Development, House Committee on Science, Space, and Technology, June 17. GAO/T-RCED-87-33. Acc. No. 133229.

GAO's Comments on the Reauthorization of the Office of Federal Procurement Policy, by Milton J. Socolar, Special Assistant to the Comptroller General, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, June 18. GAO/T-NSIAD-87-38. Acc. No. 133248.

FAA's Preboard Passenger Screening Process, by Kenneth M. Mead, Resources, Community, and Economic Development Division, before the

Subcommittee on Government Activities and Transportation, House Committee on Government Operations, June 18. GAO/T-RCED-87-34.

DOE Should Provide More Information on Monitored Retrievable Storage, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Subcommittee on Nuclear Regulation, Senate Committee on Environment and Public Works, June 18. GAO/T-RCED-87-35. Acc. No. 133286.

Tax-Exempt Organizations and the Unrelated Business Income Tax, by Jennie S. Stathis, General Government Division, before the Subcommittee on Oversight, House Committee on Ways and Means, June 22. GAO/T-GGD-87-20.

Computer Matching: Assessing Its Costs and Benefits, by Eleanor Chelimsky, Program Evaluation and Methodology Division, before the Subcommittee on Government Information, Justice, and Agriculture, House Committee on Government Operations, June 23. GAO/T-PEMD-87-5. Acc. No. 133268.

Targeting Fiscal Assistance to Reduce Fiscal Disparities, by Charles A. Bowsher, Comptroller General of the United States, before the Subcommittee on Government Efficiency, Federalism and the District of Columbia, Senate Committee on Governmental Affairs, June 24. GAO/T-HRD-87-16. Acc. No. 133287.

Agency Compartmentalizations and Senior Employee Designations Under the Ethics in Government Act, by Rosslyn S. Kleeman, General Government Division, before the Subcommittee on Oversight of Government Management, Senate Committee on Governmental Affairs, June 25. GAO/T-GGD-87-21. Acc. No. 133291.

Cancer Patient Survival: What Progress Has Been Made?, by Eleanor Chelimsky, Program Evaluation and Methodology Division, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce, June 29. GAO/T-PEMD-87-6.

Developing a Consumer Price Index for the Elderly, by Lawrence H. Thompson, Chief Economist, before the Senate Special Committee on Aging, June 29. GAO/T-GGD-87-22.

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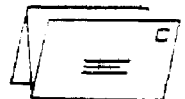
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