

GAO

SP 303

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Reports Issued in May 1988

National Defense

Internal Controls: Air Force Correcting Weaknesses in Its Property Disposal Practices

GAO/NSIAD-88-106, Apr. 20.

In 1984, the Air Force was disposing of usable items critically needed to support active weapon systems, while in some cases, buying new, similar items. A moratorium, which lasted nearly 2 years, was then implemented on the disposal of all serviceable and repairable active weapon systems parts. GAO found that at locations visited, most of the items disposed of met revised disposal criteria, which require that usable items be retained for the active life of the applicable weapon system. Manual and automated techniques used to screen items in disposal have been improved to recall needed items. Because of the improvements made to the internal control processes, GAO does not believe that it is necessary to reinstate a disposal moratorium.

Procurement: Spare Parts and Support Equipment for Air Force C-5 Transport Aircraft

GAO/NSIAD-88-573R, May 23.

Inappropriate procurement practices by the San Antonio Air Logistics Center may have resulted in the Air Force paying between \$13 and \$19 million more than necessary for C-5B spare parts. The additional costs were incurred because SA-ALC purchased spare parts indirectly through the prime contractor, the Lockheed-Georgia Company, rather than directly from the parts vendors. This action was contrary to Air Force policy. While it is too late to take corrective action on the parts that have already been purchased, the issue highlights the continuing need for the Air Force to focus management attention on its spare parts procurement practices.

Tactical Airlift: Observations Concerning the Air Force's C-27 Proposal

GAO/NSIAD-88-124, Apr. 29.

The Air Force proposed acquiring a light utility, short-takeoff-and-landing aircraft to support various operations, including those involving low intensity conflict situations. GAO believes that the Air Force had not adequately justified the need for a STOL and therefore concludes that its C-27 procurement and proposal were premature. In February 1988, the Secretary of Defense announced that the C-27 program had been terminated because mission requirements could be satisfied through the use of existing resources.

**Air Force Contracting:
Contracting for
Maintenance of Training
Aircraft at Columbus Air
Force Base**

GAO/NSIAD-88-136BR, Apr. 6.

A Columbus Air Force Base study comparing contractor costs with in-house costs showed that contracting for aircraft maintenance would save the government about \$4.2 million over a four and one half-year period. The potential economic effect of contracting the aircraft maintenance operation would be a decrease in annual base spending of about \$1.4 million, or 1.3 percent, and a decrease of nine jobs outside the base.

**Bradley Vehicle:
Status of Transmission's
Reliability**

GAO/NSIAD-88-149FS, May 4.

Since early 1983, the Bradley Fighting Vehicle's transmission has undergone numerous quality and design modifications to improve reliability. Modifications related to inadequate quality control during manufacturing were to be made at no cost to the Army. Early results from the field indicate an improvement in reliability but additional field experience with the modified transmission is necessary to determine its current reliability.

**Bigeye Bomb:
1988 Status Report**

Acc. No. 135863 (GAO/PEMD-88-26), May 20.

A great deal of work remains to be done concerning the Bigeye weapon and questions about operational capability remain unanswered. Many issues that GAO raised in June 1986 on development testing remain unresolved, as do the concerns about the operation testing program it raised in June 1987. GAO continues to believe that a careful testing program could have answered most of its major questions.

**Computer Procurement:
Navy CAD/CAM
Acquisition Has Merit but
Management
Improvements Needed**

Acc. No. 135763 (GAO/IMTEC-88-22), May 11.

The Navy is procuring a state-of-the-art Computer Aided Design/Computer Aided Manufacturing which will cost hundreds of millions of dollars. Navy's approach to CAD/CAM has merit but Navy has not followed Defense regulations governing information system acquisitions; therefore, it has not ensured that it is pursuing the optimal system solution. Changes in the program office and manager coupled with delays in resolving certain program issues have slowed progress. Because of the delays, some users have initiated localized purchases to partially satisfy their needs, thereby increasing the risk of interoperability problems

with equipment later purchased. Navy's supplemental budget documents highlighting its formal budget submissions are not complete and accurate and may, therefore, impair congressional oversight.

**U.S.-Korea Coproduction:
A Review of the M-16 Rifle
Program**

GAO/NSIAD-88-117, Apr. 11.

The M-16 coproduction program was part of the U.S. security assistance policy and effort to improve South Korea's self-sufficiency in defense production. GAO found that Korean M-16 rifle and rifle parts production exceeded the level authorized by a Memorandum of Understanding with the United States. Korea has entered into M-16 sales agreements with third parties without prior U.S. government consent; GAO has established that one sale resulted in an actual delivery of rifles in 1983.

**DOD Inflation:
Budgeting and Monitoring
Inflation Funding in the
Department of Defense**

GAO/NSIAD-88-79, Apr. 26.

The Department of Defense budget requests include amounts for inflation that are based on projections of future inflation rates and the rate at which annual appropriations are estimated to be spent. These amounts are not shown separately in the budget request but are included as part of the total estimated cost of programs and activities. It is feasible for DOD to report to the Congress the amounts budgeted for inflation for each appropriation account by using information it already prepares. It is also feasible for DOD to report periodically by appropriation account on the revised amounts needed for inflation derived from using more current inflation indexes. For oversight purposes, the Congress needs to be able to determine what inflation funds it would have provided DOD if it had been able to see into the future more clearly. Periodic reporting of inflation dividends and shortages before either disposing of dividends or funding shortages could quell concerns over the disposition of excess inflation funds and provide the needed oversight information.

**Drug Control:
Issues Surrounding
Increased Use of the
Military in Drug
Interdiction**

Acc. No. 135807 (GAO NSIAD-88-156), Apr. 29.

Drug smuggling interdiction consumed about 35 percent of the \$4 billion FY 1987 drug control budget. In recent years, the Department of Defense has been increasingly called upon by the Congress and the White House to provide more assistance to the law enforcement agencies. Many believe that DOD should be more involved in the war on drugs.

This report discusses the federal government's drug control strategy; opinions of DOD and law enforcement officials concerning the use of the military in the federal drug interdiction program; and the feasibility of expanding DOD's current assistance role to empower it to seize drugs and arrest traffickers. Neither DOD nor law enforcement officials support a significant change in DOD's role.

**Army Housing:
Programming of Housing
in Europe Exceeds
Requirements**

Acc. No. 135819 (GAO/NSIAD-88-63), May 18.

The United States Army, Europe, has overstated its housing requirements because of errors in the housing surveys, which are done by each Army installation to determine current housing conditions and to project future family housing requirements. Specifically, Army's housing survey for the Frankfurt community showed a deficit of over 1,500 units. As a result, for FY 1987, 72 new apartments and 90 additional lease allocations were programmed. GAO found a surplus of over 400 units in the Frankfurt community at that time. In addition, 200 family housing units programmed for the Frankfurt community were cancelled by USAREUR because of GAO's analysis. USAREUR has established a new process for estimating family housing requirements but until the errors in its data base are corrected, continued programming at 100 percent of the net requirement will result in overprogramming of its housing needs.

**Government Property:
DOD's Management of the
Property It Furnishes to
Contractors**

GAO/NSIAD-88-151, May 26.

Several factors have contributed to long-standing problems in each service and the Defense Logistics Agency in controlling and accounting for material furnished to contractors. First, the Department of Defense has not effectively implemented the basic government policy of relying on contractors to provide the material needed for government contracts. Second, DOD and service regulations designed to control contractor material requisitions to the DOD supply system have either not been implemented or were inadequately implemented. Third, the provisions of the Federal Acquisition Regulation requiring contractors to account for and safeguard government material in their possession and for the government to oversee the contractors' management of this material have not been adequately enforced. And fourth, DOD and the services have made slow progress in developing and implementing financial property accounting systems.

**ADP Modernization:
Army Plans to Improve
Budget Disclosure for Its
Standard Depot System**

GAO/IMTEC-88-30, May 25.

Despite Army's structured approach in managing logistics activities at supply and maintenance depots through its automated Standard Depot System, its budget exhibits do not include enough information to clearly explain the modernization's cost and scope to the Congress. Its FY 1988-89 exhibits showed the total estimated costs of SDS at \$745 million over 14 years. However, Army estimates that only \$58.7 million is for modernization. The remaining costs represent the total for maintaining and operating the existing system, as well as future anticipated operations and maintenance costs for the modernized system.

**Military Personnel:
Proposals to Modify the
Management of Officers
Assigned to Joint Duty**

GAO/NSIAD-88-78BR, Apr. 19.

Title IV of the Department of Defense's Reorganization Act of 1986 sought to improve the quality of officers assigned to joint organizations, increase the experience and educational levels of such officers, and expand their exposure to joint matters. To achieve these objectives, the Act established a category of officers known as joint specialty officers. DOD has submitted legislative proposals for modifying the joint officer personnel policies of the Act. This report analyzes these proposals.

**Defense Personnel:
Actions Planned to
Implement Reorganization
Act**

Acc. No. 135776 (GAO/NSIAD-88-157), Apr. 26.

Section 601 of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 limits the total number of members of the Armed Forces and civilian employees assigned or detailed to permanent duty to perform management headquarters activities or support activities. Before DOD plans to implement the reductions, it needs to resolve its plan to base reductions on authorized strength; GAO interprets the act to require that actual on board strength be used to compute reductions. A second issue that needs to be resolved relates to end strength growth in the defense agencies and field activities subsequent to enactment of the Reorganization Act. This issue arises because the relevant section of the act did not place a ceiling on the end strength of the agencies and activities, while the section relevant to the departments and commands did impose a ceiling.

**Federal Personnel:
Observations on the
Navy's Personnel
Management
Demonstration Project**

Acc. No. 135786 (GAO/GGD-88-79), May 3.

Navy's personnel management demonstration project operating at the Naval Weapons Center in China Lake, California, and the Naval Ocean Systems Center in San Diego, California showed that a pay-for-performance system with revised personnel processes to classify, appraise, and pay federal employees is workable. The project also showed that line managers could be given authority and responsibility for making personnel decisions. However, insufficient data were available to support a conclusion that the project had successfully met its objectives of enhanced laboratory effectiveness, greater managerial flexibility to assign work, and improved employee recruitment and retention.

**Special Access Programs:
DOD Criteria and
Procedures for Creating
Them Need Improvement**

GAO/NSIAD-88-152, May 24.

The Department of Defense's highly classified special access programs include intelligence, acquisition, and military operations but DOD does not adequately follow criteria to be used in determining the need to establish programs as special access required. The definition of special access programs is not clear within the Department of Defense and, until recently, the oversight role of the Office of the Secretary of Defense in the programs' creation has been limited. Nevertheless, the Department has made progress in strengthening regulations and procedures, and efforts are ongoing to address continuing problems.

**Competition:
Information on Federally
Funded Research and
Development Centers**

GAO/NSIAD-88-116FS, May 24.

Federally Funded Research and Development Centers are privately operated organizations primarily financed by the federal government on a relatively long-term basis. They conduct (1) basic and applied research, (2) development, or (3) management of research or are administered as an organizational unit with a parent organization, or as an separately incorporated organization. This fact sheet compiles official statements of mission, purpose, and general scope of FFRDCs; provides information on how the Departments of Defense and Energy oversee their operations; and how work is placed at the FFRDCs they sponsor.

International Affairs

Agricultural Trade: Review of Targeted Export Assistance Program

GAO/NSIAD-88-183, May 24.

The \$900-million Targeted Export Assistance Program is used by the Department of Agriculture to counter or offset the adverse effect of subsidies, import quotas or other unfair trade practices of foreign countries on exports of U.S. agricultural commodities or products. Agriculture is implementing TEA with insufficient accountability and management controls, showing little evidence of applying consistent application solicitation, funding allocation, participant contribution level and evaluation criteria. These problems take on additional significance with the tripling of the annual TEA minimum required funding level in the program's latter 2 years.

Agricultural Trade Negotiations: Initial Phase of the Uruguay Round

GAO/NSIAD-88-144BR, May 5.

The Uruguay Round of multilateral trade negotiations involves U.S. proposals for liberalizing agricultural trade under the Negotiating Group on Agriculture of the General Agreement on Tariffs and Trade. Specifically, the U.S. proposal called for eliminating, over a 10-year period, all market access barriers and all subsidies that distort trade. This report (1) addresses the structure of the negotiating process, (2) discusses the U.S. proposal and those of the other major participants and reactions to the proposals, and (3) provides some preliminary observations on progress made in the negotiations to date.

South Africa: Trends in Trade, Lending, and Investment

Acc. No. 135764 (GAO/NSIAD-88-165), Apr. 29.

World trade increased substantially from 1982-1987 yet South Africa's exports decreased from \$5.6 billion during the first half of 1982 to \$5.2 billion during the first half of 1987 while its imports decreased significantly from about \$6.4 billion to about \$4.4 billion. Continued decreases in lending by Western banks to South Africa have been attributed to that country's political and economic situation. Bankers in the United Kingdom, some anti-apartheid groups, and private researchers said that loans to South Africa are still profitable and that banks seem more willing to make loans as the lending climate improves. U.S. direct investment in South Africa decreased by about 10 percent between 1982-86

and since 1984, 156 U.S. companies have withdrawn from that country. As of March 1988, 157 U.S. companies still have direct investments or employees in South Africa, but 11 of them have announced their intention to withdraw.

**Sub-Saharan Africa:
Factors Affecting Export
Capabilities**

Acc. No. 135820 (GAO/NSIAD-88-145), May 4.

To help the declining economy of Sub-Sahara, one of the poorest regions of the world, many SSA countries have recently made important and difficult policy changes under development efforts supported by aid organizations. Most agricultural items exported by SSA countries enter the U.S., European Economic Community, and Japanese markets with little or no duty and receive some type of preferential treatment. All three markets offer special tariff reductions under their generalized system of preferences. Tariff rates on manufactured goods, domestic support programs, and nontariff barriers, restrict potential SSA exports. Removal of these restrictions, however, is not likely to lead to an immediate increase in exports because most SSA countries lack the infrastructure, capital, technical know-how, and trained labor force to expand production capacity.

**Foreign Aid:
Overseas Private
Investment Corporation's
Management of Loans**

GAO/NSIAD-88-161. May 6.

The Overseas Private Investment Corporation approved and monitored a loan to Maderas Tropicales, S.A., a Costa Rican corporation that was experiencing operating problems. Subsequently, the loan was in default. Congressional concern over this defaulted loan resulted in a review of OPIC's loan management process which revealed weaknesses in policy guidance on what is an acceptable credit risk, insufficient emphasis on analysis of credit risk in reviewing proposed loans, inadequate monitoring of approved loans, and absence of independent oversight on the loan approval and monitoring process. Currently, 30 of OPIC's 75 active loans totaling \$48.0 million, are in delinquent status. OPIC is in the process of implementing recommendations to improve its loan management process.

**Financial Audit:
Export-Import Bank's
1987 and 1986 Financial
Statements**

Acc. No. 135843 (GAO/AFMD-88-48), May 19.

The Export-Import Bank's financial statements continue to be misleading because they do not reflect the material losses that have been incurred or are likely to result from the uncollectibility of a portion of its foreign loans, accrued interest receivable, and its estimated recoveries on claims it paid because of defaults under its insurance and guarantee programs. This condition has existed since FY 1983. Cumulative losses on these items ranged from \$3.3 billion to \$5.0 billion.

**International Banking:
Supervision of Overseas
Lending Is Inadequate**

GAO/NSIAD-88-87, May 5.

The Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve are responsible for regulating U.S. commercial banks. They have required inadequate reserves for the country risk contained in U.S. banks' foreign loans. When the Interagency Country Exposure Review Committee, which determines country risk ratings for U.S. bank loans owed by foreigners, made forecasts of debt servicing problems they were quite accurate. However, ICERC did not make forecasts for countries with a great likelihood of developing debt servicing problems. Reports and workpapers prepared by agency examiners did not adequately document that bank examinations complied with the International Lending Supervision Act of 1983.

**Overseas Support:
Current U.S.
Administrative Support
System Is Too Complicated**

GAO/NSIAD-88-84, Mar. 25.

Since World War II, the State Department has provided administrative support services to more than 50 federal agencies overseas through the Foreign Affairs Administrative Support System. For the most part, agency officials were uncertain about the (1) extent of the services they were supposed to receive through the FAAS system, (2) cost of individual FAAS services, and (3) system for distributing FAAS costs among the involved agencies. State's Foreign Affairs Manual and the FAAS service agreements lack sufficient detail to explain the extent of the services and few mechanisms exist at the embassies for other agencies to give and receive periodic feedback on FAAS operations. Better guidelines and more clarification are needed.

**Financial Audit:
Panama Canal
Commission's Financial
Statements for 1987 and
1986**

Acc. No. 135775 (GAO/AFMD-88-40), May 12.

From 1984 to 1986 the Panama Canal Commission put \$2.5 million in a reserve for floating equipment repairs and \$3.3 million in FY 1987. Charges against the reserve for normal repairs and maintenance were \$2.6 million in FY 1985 and \$3.3 million each in FY 1986 and 1987. The reserve balance is \$1.6 million. This reserve was not approved through the regulatory process as an expense to be recovered through toll rates. GAO believes that regulatory approval is necessary before its qualification on this issue can be removed.

**Science, Space, and
Technology**

**Space Station:
NASA Efforts to Establish
a Design-To-Life-Cycle
Cost Process**

GAO/NSIAD-88-147, May 5.

The National Aeronautics and Space Administration is preparing to design and develop a permanently staffed space station and to assemble it in orbit between 1995 and 1998. Phase 1—design and development—will cost about \$14.6 billion; operations could cost almost \$1.4 billion annually. NASA is still developing major portions of the operations cost management system and is establishing a programwide design-to-life-cycle cost policy and process later than had been planned. This information should be available from NASA after mid-1988 when it expects to complete its new policy and procedures.

**Space Science:
Status of the Hubble Space
Telescope Program**

GAO/NSIAD-88-118BR, May 2.

The Hubble Space Telescope is one of four planned space observatories that will be placed in low earth orbit by the National Aeronautics and Space Administration. It will be able to see farther into the universe than ground-based observatories and will make a major contribution to understanding the stars and galaxies, the nature and behavior of the gas and dust between them, and the broad question of the origin and scale of the universe. It is scheduled to be launched aboard the shuttle in June 1989 with a current cost estimate of over \$1.4 billion. Total program costs are estimated at \$2.8 billion through FY 1993.

Energy

Nuclear Waste: Quarterly Report on DOE's Nuclear Waste Program as of March 31, 1988

Acc. No. 135846 (GAO/RCED-88-163BR), May 19.

As part of the Department of Energy's implementation of the Nuclear Waste Policy Act of 1982, DOE is required to investigate a site at Yucca Mountain, Nevada and, if it determines that the site is suitable, recommend to the President its selection for a nuclear waste repository. The Nuclear Regulatory Commission, in considering development of the plan, issued five objections, one of which is DOE's failure to recognize the range of alternative conceptual models of the Yucca Mountain site that can be supported by the limited existing technical data. At the end of the quarter DOE directed its project offices in Washington and Texas to begin an orderly phase-out of all site-specific repository activities. Costs for this phase-out are \$53 million for the Deaf Smith site and \$85 million for the Hanford site.

Electric Power Transmission: Federal Role in System Use and Regulation

GAO/RCED-88-98, Apr. 12.

This report examines the federal role in the use and regulation of the nation's electric transmission systems—especially the nature and extent of federal efforts to resolve cases involving disputes over access and transmission facilities or services. These cases generally involve situations where (1) a utility has requested to interconnect its transmission system with that of a neighboring utility, under emergency conditions, (2) a utility has requested to interconnect its system with a neighboring utility's system or has requested power to be transmitted by a neighboring utility, or (3) there is a dispute involving the transmission of power between a buyer and seller over the transmission lines of a third party. The most frequently raised issues were actual or constructive denial of access, anticompetitive practices, and discriminatory practices.

Energy Conservation: States' Expenditures of Warner Amendment Oil Overcharge Funds

GAO/RCED-88-119BR, May 17.

Under the Warner Amendment, oil overcharge funds are designated for states' use in certain authorized energy conservation and assistance programs. During FY 1982-87 Warner funds accounted for \$200 million of the \$3.3 billion states received from the oil overcharge escrow account. The \$3.3 billion was in addition to the \$13.3 billion that the Congress

appropriated for the conservation and assistance programs. More than 4 years after their distribution, states had not used all of the Warner funds. This report provides the status of all oil overcharge funds; the use of Warner funds and the time it is taking to spend the funds in Arizona, California, and Illinois; the process the states must go through to expend the Warner funds; and federal and state monitoring of the use of the funds.

Natural Resources and Environment

Hazardous Waste: Future Availability of and Need for Treatment Capacity Are Uncertain

GAO/RCED-88-95, Apr. 11.

Each year, the United States disposes of about 275 million metric tons of hazardous wastes from which toxic constituents drain into soil and groundwater. Relatively little capacity to treat the waste is being added and if additional facilities are built, it may take more than the maximum 4-year extension period the Congress has allowed for phasing out the disposal of hazardous wastes. The Environmental Protection Agency and the states are taking a number of steps to facilitate siting and permitting, but delays occur that cannot easily be foreseen or avoided. Despite the time involved, it would be premature to consider extending congressional deadlines before treatment standards are set and companies decide how they will comply with them.

Toxic Substances: PCB Enforcement in Kansas City Region Substantiates Need for Further Program Improvements

GAO/RCED-88-72, Feb. 26.

The 1976 Toxic Substances Control Act banned the manufacture of PCBs after determining that they have been linked to a number of health problems. The Environmental Protection Agency was directed to regulate PCBs still in use and to eventually phase them out and dispose of them. The abandonment or improper handling of millions of pounds of PCBs and PCB-contaminated materials by several companies in the Kansas City area substantiated past GAO conclusions about EPA's inadequate controls over the contaminants. Seven of these companies operated for at least 3 years with no inspection and two of them operated for 5 years without being inspected. In addition, some facilities housing PCB operations have been vacated, and EPA did not inspect the sites to verify that

they were free of PCBs. Further, EPA did not enforce prompt correction of violations noted.

**Toxic Substances:
EPA Has Made Limited
Progress in Identifying
PCB Users**

GAO/RCED-88-127, Apr. 15.

The Environmental Protection Agency has made limited progress in identifying PCB facilities since the Congress banned the contaminants 10 years ago. EPA's lists of potential PCB facilities are limited and often outdated; as a result, EPA has continued to inspect non-PCB facilities, while facilities with PCBs have gone without inspection. EPA has several improvement initiatives under way. But whether they will provide adequate information on PCB users remains to be seen.

**Surface Mining:
Cost and Availability of
Reclamation Bonds**

GAO/PEMD-88-17, Apr. 8.

The bonds required of surface coal mine operators to cover the possible costs of redressing environmental damage have become unavailable or excessively costly. Without such bonds or similar financial mechanisms, coal mining would necessarily be curtailed. Thus, some operators have turned to other financial mechanisms allowable under the law, but these impose a heavier drain on assets than uncollateralized bonds. Reclamation bonds, whose premiums have consistently exceeded losses and expenses, have been one of the more profitable property/casualty insurance lines. Members of the surety industry, however, feel that the uncertainties created by economic conditions in the coal market and the extended liability period under the law now make underwriting reclamation bonds an unattractive prospect.

**Land Exchange:
New Appraisals of
Interior's Collier Proposal
Would Not Resolve Issues**

Acc. No. 135762 (GAO/GGD-88-85), May 11.

The Department of the Interior has proposed exchanging part of the land now used for the Phoenix Indian School, valued by Interior at about \$85 million, for about 118,000 acres of privately owned land in four tracts near the Big Cypress National Preserve in Florida, valued by Interior at about \$49 million, and a cash payment of about \$35 million. Interior's appraisals for three of the four Florida tracts generally met professional standards and government guidelines. The appraisal for the fourth tract, performed by a contractor for the State of Florida and accepted by Interior, did not comply with professional standards and could be overvalued by about \$3 million to \$4 million. The appraised

value of the Phoenix Indian School site, however, is speculative. Therefore, GAO believes that Interior's value does not provide a basis to proceed with the exchange. Without a decision by the city on future zoning of the site, additional appraisals would not resolve the matter.

**National Forests:
Computing the 25-Percent
Sharing Formula for
Forest Service Timber
Receipts**

GAO/RCED-88-139BR, May 9.

Local governments receive 25 percent of (1) timber sale receipts, (2) credits that timber purchasers received for the costs they incurred while constructing national forest timber roads, and (3) reforestation deposits made by timber purchasers. The administration proposed in its FY 1987 budget an alternative sharing method that would exclude road credits and reforestation deposits and also deduct Forest Service operating costs from timber receipts. In analyzing the effects of this and three other sharing methods as well as the effect on Payments-in-Lieu of Taxes, GAO found that the total combined PILT and 25-percent timber payments for 34 counties would drop from \$12.8 million to \$7.9 million, or by 38 percent. PILT payments actually would have been about \$363,000 more under the administration's proposal.

**Flood Insurance:
Statistics on the National
Flood Insurance Program**

GAO/RCED-88-155FS, Apr. 29.

Concern has been raised about the inconsistency of the federal government's role in coastal development and protection of coastal resources and the American taxpayer's apparent exposure to undesired levels of liability. Under the National Flood Insurance Program, property owners are eligible to purchase federal flood insurance if their flood-prone community adopts and enforces adequate management regulations. The Federal Emergency Management Agency can purchase flood-prone property for subsequent transfer to state or local agencies. This fact sheet provides statistical information from FEMA on various aspects of NFIP.

**Offshore Oil and Gas:
Reorganization of
Interior's Minerals
Management Service
Regional Office**

GAO/RCED-88-124, May 3.

The Minerals Management Service planned to reorganize the office of field operations in its Gulf of Mexico Regional Office. MMS did not analyze or study the current or proposed duties and responsibilities of the geoscientists to determine what, if any, impact the reorganization would have. MMS believed that the geoscientists were not fully utilized in the district offices and by centralizing them in the regional office, they could

be more fully utilized and their number could be reduced from 11 to 6. GAO believes that MMS' projected savings from reduced personnel costs are overstated by a minimum of \$392,000.

**Indian Affairs:
Statistical Data on Indian
Rights Cases Handled by
Justice**

GAO/RCED-88-153FS, Apr. 26.

For FY 1982 through 1987 the Department of Justice expended about \$5.1 million to carry out its mission of litigating Indian rights cases. Of this amount, about \$3.9 million was for personnel compensation and benefits. The remaining \$1.2 million was for other expenses, such as travel costs, rent, supplies, materials, and equipment. These funds supported about 10 attorneys and 4 staff members each year during this 6-year period. During this same period, the attorneys worked 84,638 staff hours on 654 cases defending Indian rights.

**Personnel Practices:
Propriety of Selected
Personnel Actions at the
Bureau of Indian Affairs**

GAO/GGD-88-81, May 17.

Although variations exist by grade and location, Indians occupy the majority of positions in the Bureau of Indian Affairs, including those at higher grade levels at BIA headquarters. GAO reviewed selected personnel actions for 19 headquarters positions involving 12 employees and found eight improper personnel actions for 5 of the 12. These were one improper waiver of the BIA rules requiring Indian preference in reassignments; one detail that violated Indian preference law and five instances in which details did not comply with applicable rules; and one instance in which the unwritten policy of advertising an SES position was not adhered to before the Department of the Interior filled the position with a non-Indian.

Agriculture

Farmers Home Administration: Farm Program Debt, Delinquencies, and Loan Losses as of June 30, 1987

Acc. No. 135865 (GAO/RCED-88-134BR), May 20.

The Farmers Home Administration's total farm loan portfolio—farm ownership, operating, emergency disaster, economic emergency, and soil and water—has become increasingly at risk as delinquencies and loan losses have continued to mount. Its farm debt increased over 380 percent between 1976 and 1985. As of June 1987 FmHA's major farm program direct loan portfolio was over \$26 billion and delinquent amounts rose from \$164 million in 1976 to \$7 billion in 1987. For the past 10 fiscal years, annual loan losses in the major farm programs have grown from about \$41 million to over \$1.1 billion for direct loans and from \$277 thousand to over \$78 million for guaranteed loans. Total major farm program annual loan losses between 1982 and 1987 grew from \$78 million to over \$1.2 billion, with the losses more than tripling between 1985 and 1987.

USDA's Commodity Program: The Accuracy of Budget Forecasts

GAO/PEMD-88-8, Apr. 21.

Department of Agriculture expenditures for farm income and price support commodity programs totaled \$110.7 billion during FY 1972-86. However, the budget estimates that the president provided to the Congress during the same period showed that the commodity program would cost \$63.8 billion, a net underestimate of \$46.9 billion. Although the percentage error rate was not higher in the more recent years, a large portion of the dollar error occurred in the last 6 years, when the budget outlays were highest. USDA has not systematically attempted to identify the source of these errors, nor has it related them to either uncontrollable or controllable factors. Thus, USDA may not be providing the Congress with the most accurate possible budget estimates and is not evaluating its forecasting procedures with the goal of making them more accurate. In addition, USDA is not informing the Congress about the limitations of its estimates.

**Dairy Termination Program:
A Perspective on Its Participants and Milk Production**

GAO/RCED-88-157, May 31.

Under the Dairy Termination Program, which reduced milk production and federal purchases of surplus dairy products, farmers agreed to slaughter or export their entire dairy herds and not reenter dairying for at least 5 years. In return, they received payments from the federal government. The extent of the program's long-term impact on milk production is uncertain. Results from a questionnaire GAO sent to dairy farmers in the program indicate that (1) over 40 percent of the participants believe that it will have little or no effect on production at the end of 5 years, (2) about 26 percent reported that they may return to dairying at the end of 5 years, and (3) 26 percent said they probably or definitely would have quit dairy operations without the program.

Agricultural Trade: Causes and Impacts of Increased Fruit and Vegetable Imports

Acc. No. 135821 (GAO/RCED-88-149BR), May 10.

From 1980 through 1986, the U.S. agricultural trade surplus decreased from about \$19 billion to about \$5 billion, a result of declining exports and rising imports. The rise of imports has been particularly notable in the fruit and vegetable industries due to large increases in several commodities, including frozen concentrated orange juice and frozen broccoli. This report provides an overview of the extent to which fruit and vegetable imports rose during the period; factors contributing to the rise; and the impact of increased fruit and vegetable imports on consumers, producers, processors, and distributors.

Commerce and Housing Credit

**Thrift Industry:
Trends in Thrift Industry Performance: December 1977 Through June 1987**

Acc. No. 135818 (GAO/GGD-88-87BR), May 17.

Since 1977, the total number of thrifts has declined from 4,055 to 3,191, while total assets have grown from \$434.3 billion to \$1,202.8 billion. Although the industry as a whole returned to profitability after the crisis of 1981 to 1982, profitability has again declined. As of June 1987, there were 491 insolvent thrift institutions and an additional 463 low net worth institutions. Largely as a result of the losses of these poorly capitalized and insolvent thrifts, the industry incurred net losses of \$1.6

billion during the second quarter of 1987. There has been an overall decline of mortgage assets as a percent of total assets and a rise in the holding of mortgage-backed securities relative to mortgage loans. The industry has become less reliant on deposits as a source of funds over the decade, with the share of brokered deposits rising. While holdings of Federal Home Loan Bank advances show only a moderate increase as a percent of thrift assets, other forms of borrowing have increased steadily.

**High Yield Bonds:
Nature of the Market and
Effect on Federally
Insured Institutions**

Acc. No. 135880 (GAO/GGD-88-75), May 1988.

This publication contains the transcript of a joint public hearing that GAO held in conjunction with the Securities and Exchange Commission, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, the Department of the Treasury, and the Department of Labor. The hearing fulfilled part of GAO's responsibilities mandated in the Competitive Equality Banking Act of 1987 to study the high yield or "junk" bond market.

**Postal Procurement:
An Assessment of Postal
Purchasing Practices**

Acc. No. 135785 (GAO/GGD-88-65), May 12.

In May 1986, the Vice Chairman of the Postal Board of Governors resigned after pleading guilty to fraud involving a major planned procurement of multiline optical reading equipment. Criminal investigations have uncovered contract kickbacks and raised questions concerning the role of the Postal Service procurement process. Weaknesses in postal procurement practices occurred despite the application of acceptable internal controls. The Postal Service has initiated several actions to improve the procurement process, including creation of a new procurement manual.

**Leverage Contracts:
Commodity Futures
Trading Commission's
Regulation of Leverage
Contracts**

GAO/GGD-88-41, Apr. 14.

Leverage contracts, instruments for investing in precious metals, are sold through Leverage Transaction Merchants and are registered with and regulated by the Commodity Futures Trading Commission. CFTC has taken the necessary oversight and review steps to determine LTM compliance with applicable laws and regulations, and when violations have been uncovered, they have been corrected by the LTMS. However, GAO

has some reservations about the extent of certain CFTC sales practice examinations and procedures. On the topic of third-party financing of precious metals, CFTC issued an interpretative letter in 1985 stating that financing arrangements of this type are neither futures contracts nor leverage contracts. Under this interpretation, these programs are essentially cash transactions that are not covered by the Commodity Exchange Act and thus, not within the purview of CFTC.

Transportation

Microwave Landing Systems: Additional Systems Should Not Be Procured Unless Benefits Proven

GAO/RCED-88-118, May 16.

The instrument landing system, part of the Federal Aviation Administration's national airspace system, is scheduled to be replaced with the microwave landing system. MLS offers potential operational and economic benefits in specialized approach capabilities and descent angle features which may increase airport capacity and reduce flight delays. However, FAA has not adequately demonstrated such benefits, nor addressed safety and reliability questions using MLS in challenging operational environments. The Air Transport Association, which represents most major U.S. airlines, believes there is little incentive for its members to install MLS avionics on their aircraft until the benefits are adequately demonstrated.

Airport Noise: FAA's Enforcement of Noise Rules at National Airport

GAO/RCED-88-117, Apr. 15.

The Federal Aviation Administration does not employ a systematic sample in monitoring compliance with its high density rule at National Airport nor does it maintain adequate records of its enforcement activities. Accordingly, it does not know how often the rule is violated or have any basis for evaluating its enforcement approach. FAA did directly monitor compliance with the National Airport noise abatement procedures until 1985, when its special monitoring equipment—in use since 1976—broke down. After that, FAA relied on voluntary operator compliance with this rule.

**Airspace Use:
Status of Proposals to
Expand Special Use
Airspace in North Carolina**

GAO/RCED-88-133FS, Apr. 29.

The Navy, Marine Corps, and Air Force are proposing additional special use airspace in eastern North Carolina for training. The Federal Aviation Administration has not fully evaluated or approved any of the three military proposals, although it is currently evaluating the Navy proposal. This fact sheet summarizes concerns over the proposals by local airport operators, tourist groups, and environmentalists.

**Bridge Condition
Assessment:
Inaccurate Data May
Cause Inequities in the
Apportionment of Federal-
Aid Funds**

Acc. No. 135864 (GAO/RCED-88-75), May 20.

In 1986 the national bridge inventory showed that over 240,000 of the nation's 575,000 bridges were deficient. The Federal Highway Administration reported that it would cost about \$51 billion to replace and rehabilitate those bridges. GAO believes that the inventory does not accurately identify bridge funding needs because it (1) is based on inaccurate, incomplete, and inconsistently reported state data and (2) does not distinguish bridges that require total replacement or rehabilitation from those that can be "fixed" with actions short of replacement or rehabilitation. FHWA was unaware of most of the errors in bridge data and inconsistencies in state data collection and reporting practices which GAO found. This points to the need for better FHWA and state management controls.

Social Services

**Low-Income Energy
Assistance:
State Responses to
Funding Reductions**

GAO/HRD-88-92BR, Apr. 29.

Appropriations for the Low Income Home Energy Assistance Program have declined each year since FY 1986, from a level of about \$2.0 billion to about \$1.5 billion in FY 1988. The President's budget for FY 1989 has proposed a further reduction to about \$1.2 billion. The reduction was proposed in recognition of the hundreds of millions of dollars in oil overcharge settlements available to states for this and certain other activities. GAO reviewed 13 states for information on the availability and use of oil overcharge funds; federal allotments to LIHEAP, total LIHEAP funding, and a projection of possible FY 1989 funding; the number of LIHEAP households provided heating assistance; heating benefit levels per household; LIHEAP transfers to and from other block grants; and perceptions of interest groups of past and proposed LIHEAP budget cuts.

**Welfare Eligibility:
Programs Treat Indian
Tribal Trust Fund
Payments Inconsistently**

Acc. No. 135844 (GAO/HRD-88-38), May 20.

Members of Indian tribes can qualify for federal welfare benefits while receiving significant payments from certain tribal trust funds because federal law requires these payments to be excluded when determining welfare eligibility. Over a 3-year period ended September 1986, about 184,000 members of 55 tribes received tribal trust fund distributions totaling \$247 million. About 18,600 members of 10 tribes received distributions exceeding \$2,000 per person, per year—one common interpretation of the \$2,000 exclusion. GAO found variations and inconsistencies with federal laws and regulations in the reported treatment of such exclusions and was unable to determine the reasons for the special exclusions of tribal trust fund distributions or why such distributions are required to be treated differently by Social Security Act and other federal welfare programs.

**Impact Aid:
San Antonio Military
School Districts Can
Adjust to Reduced Federal
Assistance**

Acc. No. 135845 (GAO/HRD-88-63BR), May 19.

The Department of Education changed its method of determining impact aid funding levels to three military school districts located on Lackland Air Force Base, Randolph Field, and Fort Sam Houston, all in Bexar County, Texas. The result was reduced payments to these districts. Increasing federal funding to these school districts could enable them to continue operating as they are now, but such actions would perpetuate the funding inconsistencies between these and other nearby and heavily impacted school districts. To reduce their operating costs and avoid reductions in education services to the students, officials of the three districts would need to initiate discussions and negotiations with surrounding districts regarding consolidation or student transfers. These discussions should take place as soon as practicable to provide for a prompt, orderly resolution of the districts' projected funding problems.

**R & D Funding:
The Department of
Education in Perspective**

GAO/PEMD-88-18FS, May 13.

This fact sheet compares the history of fiscal resources for research and development in the Department of Education with budget histories of R & D in other departments and agencies. It also includes comparisons of budget resources for the Department of Education's statistics and evaluation functions with resources available for similar activities in other departments and agencies. In addition, it describes the correspondence between administration budget requests and congressional appropriations for education research and statistics.

Health

**Asbestos:
Growth of Federal Claims,
Court Cases, and Litigation
Costs**

GAO/HRD-88-53, Apr. 21.

Asbestos litigation is emerging as a large, complex, and costly problem for the federal government. Thousands of claimants are alleging injury from exposure to asbestos and have filed suits in state or federal courts or both against asbestos miners, manufacturers, suppliers, and processors. In addition, asbestos manufacturers and suppliers have sued the federal government because some of the alleged injuries are from asbestos materials used in ships and military products that the government ordered and purchased during and after World War II. Manufacturers and suppliers believe that the federal government should assume some of the risk of losses for the third-party personal injuries. This report gives the most current information on asbestos claims, costs for administering the claims, the Department of Justice's costs associated with defending and litigating asbestos court cases, and federal money paid for as a result of court awards and settlements.

**Medicare:
Improving Quality of Care
Assessment and Assurance**

Acc. No. 135693 (GAO/PEMD-88-10), May 2.

Systems with uncertain validity are being used to monitor Medicare quality of care making the accuracy of key information questionable. Further, the Department of Health and Human Services' strategy for developing quality assurance methods is inadequate to meet future program needs. Short-term efforts could lead to significant improvements but developing a comprehensive quality assurance research base and

creating a program for incorporating this knowledge into Medicare quality assurance efforts would require a long-term commitment that cannot be adequately supported by current resources.

**Health Insurance:
Risk Pools for the
Medically Uninsurable**

GAO/HRD-88-66BR, Apr. 13.

Risk pool programs provide health insurance to individuals who cannot obtain it because their health conditions make them unacceptable risks to private insurers. Despite high premiums, the programs require a subsidy. GAO's review of six state programs in Connecticut, Florida, Indiana, Minnesota, North Dakota, and Wisconsin revealed that the programs have consistently operated at a loss, paying an average of \$1.60 in claims for each dollar of premium income in 1986; private insurers nationally paid \$0.87 in claims per dollar of premium income during that year. The six programs insured about 20,000 individuals and the states have not determined the extent to which persons who cannot obtain insurance because of poor health are enrolling in risk pools.

**Minority Representation:
Efforts of the Alcohol,
Drug Abuse, and Mental
Health Administration**

Acc. No. 135789 (GAO/HRD-88-49), May 13.

The Alcohol, Drug Abuse, and Mental Health Administration, a component of the Public Health Service, was found to be not in total compliance with the Equal Employment Opportunity Commission's affirmative action requirements. Specifically, as of September 1987, ADAMHA employed 1,414 individuals and only 270 were minorities (19.1 percent); during FY 1982-87, it did not establish numerical goals and timetables for hiring, competitive promotions, and reassignments of minorities; during recent years, ADAMHA had no recruitment strategy to increase minority representation; and it did not compile and maintain required race and sex information on applicants in competitive vacancy announcement packages.

Government Contractors:
Criteria Needed for
Allowable Employee
Health Care Costs

Acc. No. 135787 (GAO/HRD-88-27), May 12.

From 1981-85, the government reimbursed its 10 largest contractors about \$4.5 billion for their employee health care costs. The government's costs would have been about \$1.2 billion less if the contractors' costs were those of a typical manufacturing firm and up to \$2.0 billion less if they were that of the federal employees' health program. Because of the concentration of government business among contractors with higher health care, the government's actual costs exceeded the average costs incurred by the 10 contractors by about \$524 million. Without consistent qualitative criteria for evaluating the reasonableness of compensation costs on an element-by-element basis, revisions to the Federal Acquisition Regulations will make it difficult for the government to sustain a challenge to a contractor's costs.

Consumer Product Safety
Commission:
Personnel Resources and
Other Matters

GAO/HRD-88-57FS, Apr. 7.

This fact sheet provides information on (1) personnel resources and the overall decline in staffing at the Consumer Product Safety Commission between 1981 and 1987, (2) the decline in staffing in the CPSC Directorate for Compliance and Administrative Litigation between 1980 and 1987, and (3) the extent and duration of details and reassignments of Compliance Directorate and Senior Executive Service employees.

Income Security

Department of Labor:
Pension Plans and
Corporate Takeovers

GAO/HRD-88-58, Mar. 31.

The Employee Retirement Income Security Act of 1974 covers approximately 915,000 private pension plans and 4.5 million health and welfare plans, and has an estimated 75 million participants and about \$1.6 trillion in assets. As of December 1986, private pension plans held about 17 percent of all corporate stock and 7.6 percent of taxable bonds traded in the financial markets. Because of the extent of this investment, some pension plans have become involved in corporate takeovers. This report discusses how the Department of Labor becomes aware of takeovers involving pension plans; its investigations of the potential misuse of pension plan assets in corporate takeovers; and its positions on takeover issues in legal cases and in advisory opinions and letters.

**ADP Budget:
Trends in SSA's
Information Technology
Systems Budget.**

GAO/IMTEC-88-33FS, Apr. 20.

The Social Security Administration's Information Technology Systems account is comprised of funds for ADP acquisitions, ongoing ADP operations and maintenance, telephone equipment purchases, and telephone operations and maintenance. While expenditures for the overall account have only increased from \$196 million in FY 1985 to \$221 million for FY 1989, the percent of funds allocated to the individual components has changed significantly. Telephone system expenditures increased from 34 percent to an estimated 47 percent, while ADP expenditures decreased from 66 percent to 53 percent. SSA's carryover authority reached a high of \$220 million; the congress reduced SSA's new budget authority to \$53 million for FY 1988 which SSA will use to fund activities under the administrative expenses appropriation.

Veterans Affairs

**Veterans Administration:
Identifying Physicians
With License Sanctions—
An Incomplete Process**

Acc. No. 135788 (GAO/HRD 88-47), May 13.

In 1986, the Veterans Administration identified 93 VA physicians with sanctions against their licenses. It plans to repeat the audit every two years. VA's data base, or methodology, however, did not include two categories of physicians—contract physicians and physicians providing services in a VA medical center without compensation by VA; for categories included in the data base, some physicians were omitted. VA has decided not to include non-VA physicians who provide care to veterans on a fee-for-service basis outside VA medical centers; this would exclude 28,000 physicians from the computer match. GAO believes that future computer matches should include all physicians authorized or paid by VA to provide care to veterans, including fee-basis physicians.

Administration of Justice

Immigration Service: INS' Technology Selection Process Is Weak, Informal, and Inconsistently Applied

GAO/PEMD-88-16, Apr. 22.

The Immigration and Naturalization Service has no standard procedures for selecting potentially useful technologies for enforcement activities. In some instances, the technology appears to have been selected prior to an adequate determination of the need and in other instances, the need was adequately determined prior to selection of a technological solution. Inventories that are kept by regional offices are often incomplete or out-dated. GAO identified several current practices that hamper the effective selection of technology and the processes used by Customs, the Department of Defense, and the Federal Bureau of Investigation indicate that these practices could be modified and instituted at INS to improve the technology selection practice.

ADP Architecture: Study Made for Immigration and Naturalization Service Needs Validation

GAO/IMTEC-88-21, Apr. 25.

The Federal Computer Performance Evaluation and Simulation Center analyzed and evaluated a number of possible ADP system architectures for the Immigration and Naturalization Service in terms of cost, performance, and other characteristics. It was also to determine which architecture best satisfies INS' current and projected information processing needs. The project team concluded that a three-tiered architecture comprised of central, region, and local components would best serve INS' ADP requirements. GAO concurs. GAO disagrees, however, with the recommendation to implement local processing capabilities of a lookout system at two airports of entry. INS similarly disagrees. Implementation of a local version of the lookout system at the Nogales port of entry would be feasible and not questioned.

General Government

CPA Audit Quality: A Status Report on the Accounting Profession's Enforcement Efforts

GAO/AFMD-88-28, Apr. 25.

Each year, federal funds recipients at the state and local level pay nonfederal auditors between \$100 million and \$200 million to perform these audits of billions of dollars in federal assistance. GAO previously found that some of these audits were not conducted in accordance with established audit standards and, accordingly referred a number of CPAs to state boards of accountancy or to the American Institute of Certified Public Accountants. These organizations took disciplinary actions on many of the referrals are now developing programs to improve audit quality by enhancing the enforcement process. The initiatives include streamlining the referral process, taking a more proactive role in reviewing CPAs' work, and debarring CPAs who perform poor quality audits from governmental audits for specified periods.

CPA Audit Quality: Improved Controls Are Needed to Ensure Quality Audits of Federal Loan Programs

Acc. No. 135729 (GAO/AFMD-88-3), May 2.

The federal government relies to a large extent on certified public accountants to audit several hundred billion dollars in federal funds provided to participants in guaranteed and insured loan programs but these audits are not always performed in a quality manner. Agencies administering these loan programs should ensure that they have controls for (1) receiving CPA audit reports on time and for following up on reports that are not submitted on time, (2) reviewing the reports for audit quality, (3) providing adequate written guidance to CPAs for performing governmental audits, and (4) requiring CPAs to follow generally accepted government auditing standards.

Tax Administration: Opportunities Exist for Improving IRS' Administration of Alien Taxpayer Programs

GAO/GGD-88-54, Apr. 11.

The Internal Revenue Service lacks sufficient information to determine whether nonresident aliens working in the United States are properly meeting their U.S. tax responsibilities. IRS has mechanisms in place designed to help ensure an alien's compliance with U.S. tax requirements before leaving the United States. Those mechanisms include a statutory provision that is not being actively enforced and may be

impractical to enforce and two programs directed at nonresident aliens that are not being administered in accordance with procedures.

**Federal Productivity:
DOD Functions With
Savings Potential From
Private Sector Cost
Comparisons**

GAO/GGD-88-63FS, Apr. 8.

Before comparing in-house to private sector costs to perform an activity, Circular A-76 requires managers of the existing in-house operation to conduct a management efficiency study in which organizational structure, staffing, and operating procedures are reviewed. This fact sheet focuses solely on functions carried out by the Department of Defense. GAO found that supply, warehousing, and distribution; facilities, grounds, and utilities maintenance; and equipment maintenance could have the greatest potential for savings from future applications of the A-76 cost comparisons. Studies of functions involving education and training, audiovisual, transport, and supply, warehousing, and distribution services identified the potential for high rates of staff year reduction.

**Senior Executive Service:
Reasons the Candidate
Development Program Has
Not Produced More SES
Appointees**

GAO/GGD-88-47, Apr. 20.

The Candidate Development Program identifies persons with Senior Executive Service potential and better prepares them for executive positions. It has not been a major source for SES appointments primarily because its candidates have not had the technical skills that SES appointing officials sought. Most agencies have not made a commitment to using the program as an SES source and the Office of Personnel Management, the agency responsible for administering the program, has done little to encourage such a commitment.

**Employee Involvement:
Issues for Agencies to
Consider in Designing and
Implementing Programs**

Acc. No. 135862 (GAO/GGD-88-82), May 23.

GAO surveyed 934 private and 19 federal agencies to determine the nature and extent of their employee involvement programs, the benefits perceived, and the factors promoting or hindering program adoption. GAO also examined the use of seven involvement practices—suggestion systems, survey feedback, quality circles, quality of work-life committees, job redesign, self managing teams, and employee participation groups. The information received identifies lessons learned that might help organizations desiring to expand their employee involvement efforts.

**Property Management:
Excess and Surplus
Personal Property
Transfers to Nonfederal
Organizations**

Acc. No. 135800 (GAO/GGD-88-68), May 13.

Federal personal property valued at \$243 million in FY 1976 that could have been used by federal agencies was transferred to nonfederal organizations. Since implementation of Public Law 94-519 the percentage and amounts of excess personal property provided to nonfederal organizations have shown an overall decrease. The amount of surplus personal property donated by the State Agencies decreased significantly during FY 1985—by \$42 million, or 14 percent from the previous year. This decrease has eroded the financial solvency of some of the State Agencies that depend on service charges to fund their operations.

**Government Loans:
Financial Information on
the Wolf Trap Foundation
for the Performing Arts**

GAO/AFMD-88-42FS, May 16.

The Wolf Trap Foundation for the Performing Arts is a nonprofit organization responsible for the programs and educational activities at Wolf Trap Farm Park in Fairfax County, Virginia. The park was established by an act of Congress from a private donation of over 100 acres of land and \$2 million to build the Filene Center for staging performances. A \$1,435,000 loan from the government helped finance reconstruction work on the Center but Foundation officials are unable to repay outstanding government loans because of its outlays and role in reconstruction efforts. The officials also contend that the entire debt should be forgiven due to the Foundation's fund-raising efforts and its reconstruction of the facility which had been self-insured by the government. GAO believes the entire debt could be forgiven, or it could be reconstructed over a longer period of time, or a portion of the debt could be repaid over a period of time and the remaining amount forgiven.

**Financial Audit:
Statement of
Accountability of the
House Finance Office for
Fiscal Year 1987**

GAO/AFMD-88-41, May 27.

The Finance Office is responsible for establishing and maintaining a system of internal accounting controls. Its unexpended balance for appropriations and other funds for FY 1987 was \$141,828,099.72. Total unexpended balance for allowances and expenses was \$52,508,820.78.

Congressional Testimony by GAO Officials

Status of DOD Efforts to Improve Accounting for Foreign Military Sales, by Frederick D. Wolf, Accounting and Financial Management Division, before the Legislation and National Security Subcommittee, House Committee on Government Operations, Mar. 31. GAO/T-AFMD-88-9.

U.S.-Korea M-16 Rifle Coproduction Program, by Joseph E. Kelley, National Security and International Affairs Division, before the Subcommittee on Investigations, House Committee on Armed Services, May 5. GAO/T-NSIAD-88-29A. Acc. No. 135715.

Trends and Impacts of Fruit and Vegetable Imports, by Brian P. Crowley, Resources, Community, and Economic Development Division, before the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture, May 10. GAO/RCED-88-40. Acc. No. 135754.

U.S. Defense Burden Sharing with Japan and NATO Allies, by Joseph E. Kelley, National Security and International Affairs Division, before the Defense Burden Sharing Panel, House Committee on Armed Services, May 10. GAO/T-NSIAD-88-31. Acc. No. 135765.

Options for Changing Milk Marketing Orders, by Brian P. Crowley, Resources, Community, and Economic Development Division, before the Senate Committee on Agriculture, Nutrition, and Forestry, May 11. GAO/T-RCED-88-41. Acc. No. 135766.

Urban Mass Transportation Administration's Enforcement of Buy America Provisions of the Surface Transportation Assistance Act, by Victor S. Rezendes, Resources, Community, and Economic Development Division, before the Subcommittee on Investigations and Oversight, House Committee on Public Works and Transportation, May 12. GAO/T-RCED-88-33. Acc. No. 135791.

Technology Selection at INS Needs Improvement, by Eleanor Chelimsky, Program Evaluation and Methodology Division, before the Subcommittee on Government Information, Justice, and Agriculture, House Committee on Government Operations, May 12. GAO/T-PEMD-88-6. Acc. No. 135790.

Sport Fish Restoration Account, by Kenneth M. Mead, Resources, Community, and Economic Development Division, before the House Subcommittee on Fisheries and Wildlife Conservation and the House

Subcommittee on Coast Guard and Navigation, May 12. GAO/T-RCED-88-42. Acc. No. 135792.

Postal Service Operations, by L. Nye Stevens, General Government Division, before the Subcommittee on Federal Services, Post Office and Civil Service, Senate Committee on Governmental Affairs, May 16. GAO/T-GGD-88-34. Acc. No. 135808.

FAA's Implementation of the Expanded East Coast Plan, by Mary Hamilton, New York Regional Office, before the New Jersey Noise Control Council, May 16. GAO/T-RCED-88-39. Acc. No. 135809.

Fighting Groundwater Contamination: State Activities to Date and the Need for More Information From EPA, by Eleanor Chelimsky, Program Evaluation and Methodology Division, before the Subcommittee on Water Resources, Transportation, and Infrastructure, Senate Committee on Environment and Public Works, May 17. GAO/T-PEMD-88-7. Acc. No. 135812.

Inspector General Act Amendments of 1988, by Milton J. Socolar, Special Assistant to the Comptroller General, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, May 17. GAO/T-AFMD-88-11. Acc. No. 135810.

Renewal of Authorities for U.S. Participation in the International Energy Program, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Subcommittee on Energy and Power, House Committee on Energy and Commerce, May 17. GAO/T-NSIAD-88-32. Acc. No. 135811.

Banking: Government Check Cashing Issues, by Richard L. Fogel, General Government Division, before the Subcommittee on Consumer Affairs, Senate Committee on Banking, Housing and Urban Affairs, May 18. GAO/T-GGD-88-35. Acc. No. 135822.

Limited Federal Response to Reduce Radon Contamination in Housing, by John H. Luke, Resources, Community and Economic Development Division, before the Subcommittee on Superfund and Environmental Oversight, Senate Committee on Environment and Public Works, May 18. GAO/T-RCED-88-43. Acc. No. 135823.

The Federal Savings and Loan Insurance Corporation—Current Financial Condition and Outlook, by Frederick D. Wolf, Accounting and Financial Management Division, before the Senate Committee on Banking, Housing and Urban Affairs, May 19. GAO/T-AFMD-88-12. Acc. No. 135847.

Postal Service Operations, by L. Nye Stevens, General Government Division, before the Subcommittee on Postal Operations and Services and Subcommittee on Postal Personnel and Modernization, House Committee on Post Office and Civil Service, May 19. GAO/GGD-88-36. Acc. No. 135866.

Use of Information Technology in Hospitals, by Melroy D. Quasney, Information Management and Technology Division, before the Subcommittee on Education and Health, Joint Economic Committee, May 24. GAO/T-IMTEC-88-4.

H.R. 4481, The "Defense Savings Act," by Milton J. Socolar, Special Assistant to the Comptroller General, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, May 25. GAO/T-NSIAD-88-35.



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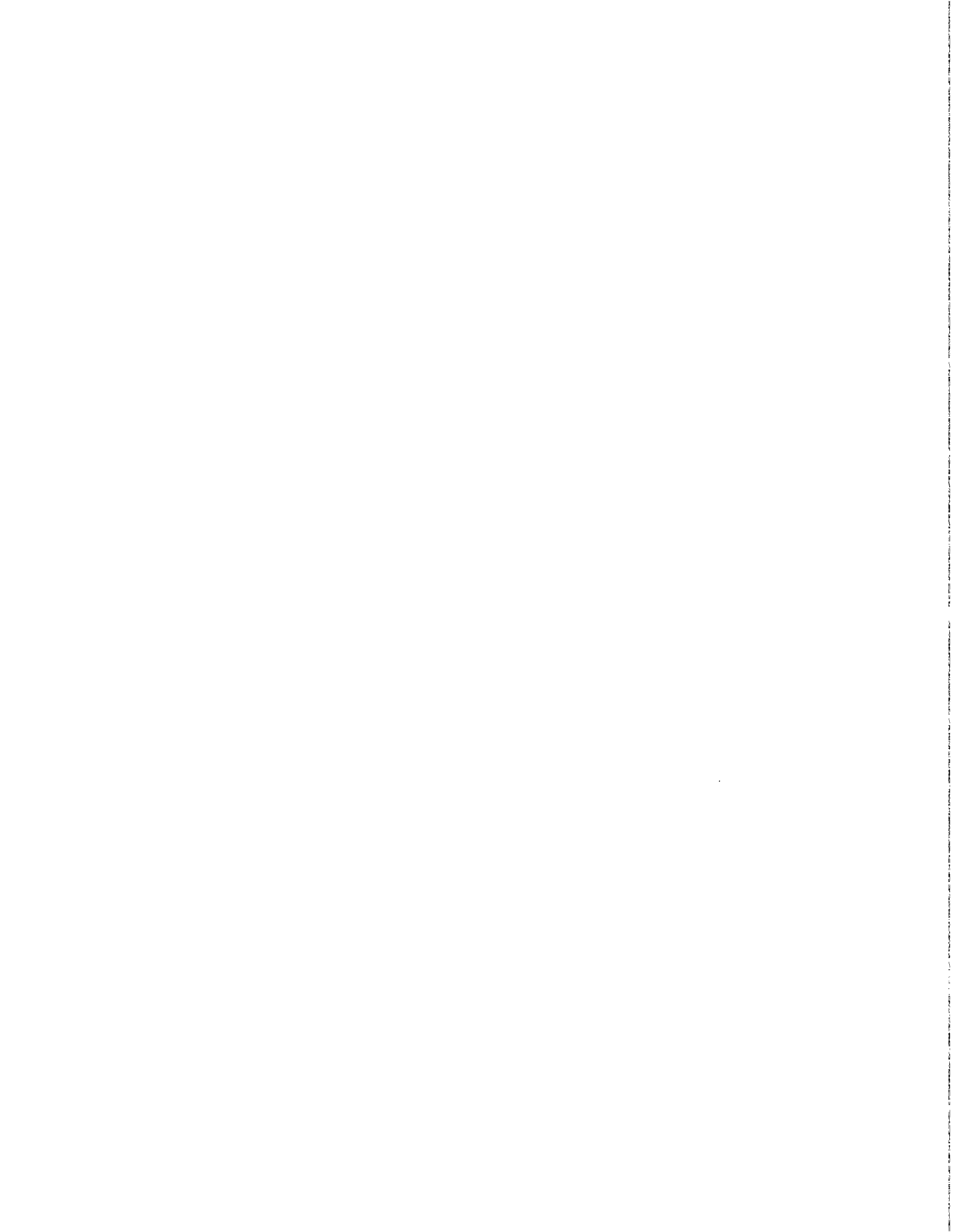
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