



Reports Issued in March 1987

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Reports Issued in March 1987

National Defense

Iran Arms Sales: DOD's Transfer of Arms to the Central Intelligence Agency

GAO/NSIAD-87-114, Mar. 13.

This report specifically addresses the Department of Defense's transfer of 2,008 tow missiles and 3,976 Hawk spare parts to the Central Intelligence Agency pursuant to a January 18, 1986 presidential order. GAO concludes that (1) DOD acted properly in treating the transfer of arms to the CIA as an interagency transfer governed by the Economy Act; (2) the pricing and congressional reporting requirements of the Arms Export Control Act—the legislation which normally governs DOD arms sales to foreign governments—do not apply to these transactions; (3) in managing these arms transfers, DOD bypassed its normal review and approval channels; (4) in pricing the tow missiles, DOD undercharged the CIA by \$2.1 million; and (5) although DOD covert arms transfers may ordinarily be subject to congressional notification requirements, in this case the President's finding ensured that the responsibility for meeting any such requirement remained with him.

Bradley Vehicle: Comparison to the M113A3 Armored Personnel Carrier

GAO/NSIAD-87-75FS, Feb. 4.

The Bradley, which carries up to nine infantry troops, is the Army's newest armored personnel carrier. The troops can either dismount to fight or fight from within the vehicle. The Bradley also carries an anti-tank tow missile launcher and, with its 25-mm. gun, can suppress enemy targets, such as fighting vehicles and bunkers. The M113A3 is the latest version of the M113 series of armored personnel carriers and is scheduled to begin deployment in April 1987. It can carry up to 11 infantrymen. Unlike the Bradley, however, it carries no heavy armament.

Chemical Warfare: Planning for Protective Chemical Shelters Needs to Be Improved

GAO/NSIAD-87-61, Feb. 13.

The Air Force has plans for at least three types of chemically protected structures at overseas bases. These are (1) existing facilities, (2) transportable systems, and (3) rest and relief facilities called the survivable collective protection system. For FY 1987-91, the Air Force plans to spend over \$1 billion to modify existing facilities and procure transportable shelters and SCPS for its worldwide forces; about \$636 million of this amount is for SCPS. The total cost for over 1,700 SCPS will be in

excess of \$800 million. A plan for supplying, maintaining, and operating these shelters has not been finalized. In addition, requirements were based on questionable analyses, resulting in an overstatement of the requirements. A full assessment is needed.

**Navy Contracting:
Competition in Providing
Maintenance for Navy
Aircraft**

GAO/NSIAD-87-62BR, Feb. 19.

Navy's concern with the rising cost of its existing sole-source contract plus the requirements of the 1984 Competition in Contracting Act led it to award competitively a contract to perform maintenance on its T-34C and T-44 trainer aircraft. GAO found that there was potential for cost savings under the competitive contract, but the quality of maintenance, as measured by aircraft readiness rates, deteriorated.

**Procurement:
Spare Parts Initiatives—Air
Force Implementation**

GAO/NSIAD-87-28, Feb. 13.

The Secretary of Defense requested each service and the Defense Logistics Agency to initiate comprehensive programs to fully address the problem of unwarranted price growth and excessive pricing on spare parts procurement. He established an Office of Spares Program Management and a resulting "spare parts initiatives" action plan was produced. GAO determined that during the 12-month period ending March 1985, 7 percent of procurements experienced price growth of 25 percent or more while 56 percent had either no price change or a price decrease. The initiatives are being implemented and it is likely that they have had an effect. However, inadequate price analyses occurred in large percentages and further improvement is needed.

**Military Airlift:
Air Force Analysis Supports
Acquisition of C-17 Aircraft**

GAO/NSIAD-87-97, Mar. 20.

To provide additional long-range airlift, the Air Force is developing and planning to buy 210 C-17 aircraft at a cost of about \$26 billion. Since this acquisition was proposed, there has been much debate about the validity of the Air Force's analysis, which shows the C-17 to be the most cost effective way for the Air Force to meet its airlift requirements. Assuming the C-17 comes close to meeting its cost and performance objectives and is used for routine direct delivery in wartime, it should provide overall advantages to the Air Force over the C-5, including lower life-cycle costs. But to reach the established airlift goal, total acquisition and life-cycle costs will likely exceed the amounts estimated

by the Air Force, regardless of whether it adopts the C-5 or the C-17 alternative.

**Military Airlift:
Management Controls Over
Charter Airlift Need to Be
Strengthened**

GAO/NSIAD-87-67, Mar. 6.

The Military Airlift Command and the Military Traffic Management Command need to make a number of improvements in controls over charter airlift operations to help ensure flight safety and increase flight quality. Improvements are also needed in procurement procedures so that charter airlines and air taxi operators follow contract terms covering flight safety and quality and in the monitoring of contract performance so that MAC and MTMC are following FAA safety regulations. Charter flight safety and quality need better DOD and FAA communication and coordination of their foreign airport security evaluation programs and on implementation of DOD recommendations on passenger airlift policies and procedures.

**Military Airspace:
Better Planning Is Needed
to Meet Future
Requirements**

Acc. No. 132478 (GAO/NSIAD-87-93), Mar. 23.

Comprehensive long-range airspace planning is needed to help ensure that the services' future airspace requirements are met. Such planning can also assist in deciding where new aircraft units and missions should be located and can help ensure that airspace proposals are initiated soon enough for airspace to be available when needed. Such planning should consider the current airspace inventory, mission training requirements, and other uses of the airspace. Although airspace requirements are smaller for the Army than for the Air Force and Navy, each service should develop and coordinate plans so that maximum sharing of airspace can be ensured. To the extent possible, airspace planning information should be shared with the Federal Aviation Administration and the states to promote cooperation and help meet the challenges of the future.

**Navy Construction:
Issues on the Proposed
Move of the Naval Support
Activity, Naples, Italy**

GAO/NSIAD-87-105BR, Mar. 6.

The Navy plans to move its Naval Support Activity Naples, Italy, from leased facilities in the Agnano area to a new facility it plans to construct near Capua. Navy estimates the relocation to cost \$358 million. The move is planned because the Agnano site is seriously threatened by seismic activity, is susceptible to terrorism and security threats, lacks

sufficient space and has other drawbacks which make it no longer adequate to support its mission, and is more costly to bring up to Navy standards than to relocate.

**Weapon Systems:
Status of the Army's Light
Helicopter Family Program**

GAO/NSIAD-87-117FS, Mar. 13.

The Army's Light Helicopter Family is to be a fleet of new helicopters with the advanced capabilities to perform several new missions. It will be the Army's most technically advanced helicopter if it is to perform these missions and survive against the expected threat weaponry of the 1990s. The LHX is scheduled for a full-scale development decision in April 1987, followed by development contract awards beginning in January 1988. The Army is planning to procure approximately 4,500 LHX helicopters at a total acquisition cost of \$44.9 billion in 1986 dollars.

**Defense Health Care:
CHAMPUS Reform
Initiative: Unresolved
Issues**

GAO/HRD-87-65BR, Mar. 4.

The Department of Defense has called for a major restructuring of the Civilian Health and Medical Program of the Uniformed Services using fixed-price contracts with private sector health providers for providing medical care to beneficiaries. CHAMPUS costs have risen from about \$1.2 billion in FY 1984 to about \$1.8 billion in FY 1986. The current CHAMPUS needs restructuring because of excessive costs, inadequate beneficiary access to care, poor coordination between CHAMPUS and military treatment facilities, little monitoring of quality of care provided by civilian providers, and complex administrative procedures. Issues needing resolution are the possibility of cost increases, the potential effects on beneficiary satisfaction, and a potential increase in program complexity.

**Financial Management:
Defense Accounting
Adjustments for Stock Fund
Obligations Are Illegal**

Acc. No. 132475 (GAO/AFMD-87-1), Mar. 11.

Department of Defense regulations require that obligations for purchases from stock funds be recorded at the time of delivery to the services, a policy that created problems. DOD has made several attempts to change the policy to allow service funds to be obligated upon placement of an order with a stock fund and requested \$194.6 million to fund the change for the Air Force and Army. GAO supports DOD's efforts to change the accounting policy but finds the changes illegal because they do not comply with legal documentation requirements. DOD should ensure future obligation adjustments comply with all existing legal

requirements. The methods used by the Air Force and the Army to inform the Congress were inadequate and the information provided insufficient. Additional controls are needed.

**System Effectiveness:
Making Air Force's
Acquisition Management
Information System More
Useful**

Acc. No. 132379 (GAO/IMTEC-87-11), Mar. 11.

The Air Force Acquisition Management Information System helps manage contract initiation, administration, and disbursement functions through the use of continuously updated data bases with communication capabilities between procurement and contract administration personnel. GAO found the system saved users significant time when retrieving contract information. However, use of the system was hampered because (1) the system's data bases are inaccurate and incomplete and (2) potential users lack training. The system was not as effective as it could have been because the lack of a required disaster recovery plan hampered the ensurance of continuing computer support in the event of a disaster and because required audits had not been performed to make sure that the system's needed internal controls were in place and functioning properly.

**Family Housing:
Mainz and Wiesbaden
Requirements Overstated**

Acc. No. 132428 (GAO/NSIAD-87-69), Mar. 16.

Housing requirements for the Mainz and Wiesbaden military communities could be met without many of the planned leasing and construction projects outlined in FY 1986-1991 Family Housing Acquisition Plans. The Mainz plan did not consider the availability of housing in the adjacent Wiesbaden military community which would allow the cancellation of plans to build 20 units in Mainz in FY 1987 and 100 units in FY 1989 and which would allow a reduction in the need to acquire over 340 lease or build-to-lease units from FY 1986 through 1991 in the Mainz Acquisition Plan. Sufficient local economy housing existed in Wiesbaden to eliminate the planned conversion of 96 attics to apartments.

International Affairs

International Trade: Synopsis of Recent GAO Reports on Trade Issues

Acc. No. 132430 (GAO/NSIAD-87-103BR), Mar. 17.

Proposals now before the Senate and House would significantly amend current laws that seek to remedy unfair foreign trade practices, to offset the effects of foreign subsidization or dumping of products on U.S. markets, to protect U.S.-held intellectual property rights, and to provide effective safeguard relief to industries that are injured by imports. Additionally, the United States has entered into a new round of multilateral trade negotiations. To assist in consideration of this legislation, this report summarizes the principal conclusions and recommendation from GAO's recent reports and testimony that analyze U.S. international trade laws and policies.

International Trade: Observations on the Operations of the International Trade Commission

Acc. No. 132477 (GAO/NSIAD-87-80), Feb. 25.

The International Trade Commission is an independent federal agency that is responsible for implementing a variety of international trade laws. GAO's survey of programmatic activities revealed that (1) shortcomings exist in the process that ITC uses for assuring the reliability of data produced in its antidumping, countervailing duty, and import injury investigations and (2) some recurring reports might be eliminated, combined, or issued less frequently. GAO also found administrative control weaknesses in the areas of (1) national security documents and proprietary business information, (2) procurement, (3) property management, (4) lunch periods, and (5) other selected administrative activities. Its organizational and management structure for information resources is fragmented and its planning process has not been sufficient to provide the information needed for the systematic acquisition and use of information resources.

International Trade: Implementation of the Agricultural Export Enhancement Program

GAO/NSIAD-87-74BR, Mar. 17.

Although Agriculture's Export Enhancement Program in its restricted form appears to have increased selected U.S. agricultural exports in many targeted countries, there is little reason to believe that once the program expires, these gains in exports will be sustained in targeted markets without fundamental changes in the market. EEP has increased

Broadening

the financial cost of the European Community's Common Agricultural Policy, specifically through increased subsidy payments. It has thereby contributed to realizing agreement to include agricultural subsidies in the new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade. Broadcasting the EEP to other markets by making it an across-the-board program would eliminate charges of discrimination by traditional buyers and would increase competition and pressure on the European Community, but it would further antagonize non-subsidizing exporters who already are critical of the targeted program for undermining the world price structure.

**International Trade:
Review of Effectiveness of
FAS Cooperator Market
Development Program**

GAO/NSIAD-87-89, Mar. 17.

The Foreign Agricultural Service has placed few restrictions on how much total funding a cooperator—a private, nonprofit agricultural organization—can receive for a specific program or how long a cooperator can receive funding for that program. FAS has not established criteria for when cooperators should be expected to finance market development efforts on their own or identified what constitutes a successful program. FAS used funding incentives to redirect cooperator activities to coincide with recommendations made by the executive and legislative branches, rather than issuing more formal program directives. GAO believes that market development programs could be more beneficial and ensure more effective use of federal funds if FAS clarified program goals and established ground rules for continued program participation.

**International Trade:
Alternative Trading
Practices for International
Grain Trade**

GAO/NSIAD-87-90BR, Mar. 17.

Long-term bilateral grain agreements are used most extensively in countries where the government is directly involved in agricultural production and marketing. Three of the United States' four principal grain competitors—Argentina, Australia, and Canada—have government affiliated enterprises that play a major role in their grain trade. They have used long-term bilateral agreements more extensively than the United States in an attempt to both maintain and expand their market shares. Other countries have used both bilateral agreements and various forms of countertrade as alternative agricultural trading tools in competitive world market conditions, large foreign debt, and hard currency shortages faced by the less developed countries. Recent trends indicate

that world agriculture trade will witness continued usage of both bilateral agreements and countertrade as alternative means to stimulate exports.

**International Trade:
Activity Under Section 201
of the Trade Act of 1974**

GAO/NSIAD-87-96FS, Mar. 30.

Section 201 of the Trade Act of 1974 provides that formal procedures be established under which U.S. firms may petition the government for up to 5 years of relief from import competition. In response to a petition for relief, the International Trade Commission determines whether increased imports are a substantial cause or threat of serious injury to the domestic industry. When injury or threats are acknowledged, relief can be recommended in the form of new or increased import duties, tariff-rate quotas, quotas, trade adjustment assistance, or any combination of such measures. Sixty investigations were completed from January 1975 through January 1987. The number of petitions filed has declined over time with the President granting one or more forms of relief. The President provided no relief in 12 cases, determining that (1) import relief would not be in the nation's economic interest for 10 of the cases and (2) no injury was found to the domestic industry in two cases.

**Foreign Aid:
Information on U.S.
International Food
Assistance Programs**

GAO/NSIAD-87-94BR, Mar. 27.

Under Title I of Public Law 480 commodities provided on favorable credit terms are sold in-country and the recipient countries agree to use the local currency proceeds for certain purposes and to carry out self-help measures to enhance their economic development. GAO found (1) that negotiations of self-help measures did not significantly delay or jeopardize Title I concessional sales, (2) no evidence to show that self-help measures in Title I agreements have been used to expand local government involvement in agricultural markets, (3) that Agency for International Development missions, recipient governments, some private sector representatives, and most representatives of the responsible U.S. agencies view multiyear food aid commitments as a helpful tool for implementing policy reforms, and (4) that AID found problems in local currency controls.

**Travel Practices:
Private Funding of AID
Employees' Travel**

GAO/NSIAD-87-92, Mar. 12.

The Agency for International Development has issued guidelines requiring employees to seek advance determinations from the General Counsel that acceptance of payments from private organizations for travel would not create actual or apparent conflicts of interest. GAO found no evidence of actual conflicts of interest or improper conduct on the part of AID employees who had accepted payment for official travel from private organizations, regardless of whether or not the trips had been approved by the General Counsel. AID policies prohibit employees from accepting payment for personal travel from private organizations that have or seek contracts or grants from the Agency. It is the employees' responsibility to refuse payment for unofficial travel from organizations doing business with AID.

**Procurement:
State Department's
Purchase of Silverware for
Overseas Missions**

Acc. No. 132444 (GAO/NSIAD-87-47), Mar. 10.

The State Department's Office of Foreign Buildings Operations purchased four different patterns of silverware for eligible overseas diplomatic residences. When the supplier went out of business FBO tried to obtain ownership of the tools and dies so that it could continue to acquire the patterns, but was unsuccessful. FBO then decided to replace all silverware with one standard pattern—a purchase of over 72,000 pieces for over \$2 million. The dispute between FBO and the contractor over the ownership of the tools and dies could have been avoided had FBO adhered to the applicable procurement regulation and sound contracting practices. FBO needs to improve its internal controls and enforce established procedures concerning physical inventories, reconciliations, reporting, and authorized allowances.

**Science, Space, and
Technology**

**Space Funding:
NASA's Appropriations and
DOD's Funding Estimates
for Space Programs**

GAO/NSIAD-87-81FS, Feb. 26.

The National Aeronautics and Space Administration receives funding for its space program through Research and Development: Space Flight, Control and Data Communications; Construction of Facilities; and

Research and Program Management accounts. From FY 1981 through 1985, NASA's appropriations for space funding increased from \$5 billion to \$6.9 billion. During the same period, its reimbursements increased from \$723 million to \$1.8 billion. Department of Defense funding for its space programs is provided through its regular appropriations. From FY 1981 through 1985, DOD's estimates for space funding increased from \$4.8 billion to \$12.8 billion, an increase attributed to its reliance on space, strategic modernization, and the fact that DOD maintains operational capabilities requiring replenishment and upgrade to current systems. DOD's estimated funding for space programs has exceeded NASA's appropriations since FY 1982.

**U.S. Science and
Engineering Base:
A Synthesis of Concerns
About Budget and Policy
Development**

GAO/RCED-87-65, Mar. 25.

Concern is growing about the health of the U.S. science and engineering base and questions about the adequacy of federal support and relative priorities for resource allocations reflected in the federal budget are being raised and debated. This study addresses the challenge the country faces in identifying potential improvements in the framework and process for federal policy and budget decisions affecting the U.S. science and engineering base. Essential functions, such as integrated planning, interagency coordination, and comprehensive oversight have not been adequately achieved and the need for long-range planning and general oversight of federally sponsored research and development within the executive and legislative branches and for budget reform to facilitate those processes are needed.

Energy

**Nuclear Health and Safety:
DOE's Progress in
Implementing Its 1985
Initiatives**

Acc. No. 132294 (GAO/RCED-87-73FS), Mar. 3.

The Department of Energy announced several initiatives to strengthen its environmental, safety, and health programs with progress in implementing all but one of the initiatives. Specifically, the reorganization of ES&H activities is essentially complete; DOE has revised six ES&H orders governing the conduct of DOE operations; field work for DOE's environmental surveys has been completed at eight facilities with interim reports scheduled to be available early in 1987; safety technical

appraisals have been completed for 10 DOE facilities; an ES&H information reporting and tracking system is operational; and DOE has issued a number of memorandums to field offices governing various environmental aspects of DOE operations. DOE has not yet developed a plan setting forth specific ES&H training needs.

**Nuclear Waste:
Status of DOE's Nuclear
Waste Site Characterization
Activities**

GAO/RCED-87-103FS, Mar. 20.

Three potential nuclear waste repository sites have been selected to carry out characterization activities—the detailed geological testing to determine the suitability of each site as a repository. The sites are Hanford in south-central Washington State, Yucca Mountain in southern Nevada, and Deaf Smith in the Texas Panhandle. Two key issues affecting the total program are the estimations of the site characterization completion date and costs and DOE's relationship with the Nuclear Regulatory Commission which has been limited and its relations with affected states and Indian tribes which continue to be difficult.

**Oil Reserve:
Status of Strategic
Petroleum Reserve
Activities as of
December 31, 1986**

GAO/RCED-87-101FS, Mar. 2.

The Department of Energy said that the FY 1988 Strategic Petroleum Reserve budget does not provide funds for developing oil storage capacity beyond 580 million barrels. DOE's progress in developing, operating, and filling the SPR and in complying with the applicable law are highlighted in this fact sheet as follows: As of Dec. 1986, the SPR inventory totaled 511.6 million barrels of oil and during the quarter DOE added about 56,300 barrels per day; for FY 1987, DOE did not request additional appropriated funds for oil-fill acquisition; the FY 1988 budget request of \$270 million proposes an oil-fill acquisition rate of 35,000 barrels per day; DOE signed agreements with Transworld Oil U.S.A., Inc., to purchase 3.65 million barrels of domestically produced oil and with PEMEX for 23.7 million barrels of oil; and Boeing, the prime contractor for the management, operation, and maintenance of the SPR, was awarded 65 percent of the \$2.6 million award fee available for the second 6-month award fee period.

Reduction-In-Force
Activities:

Department of Energy's
Actions Generally Comply
With Requirements

GAO/RCED-87-25, Jan. 30.

Department of Energy reductions-in-force and related contract-out actions at the Western Area Power Administration and the Morgantown Energy Technology Center complied with A-76 (Performance of Commercial Activities) requirements. The one exception was that Western officials did not fully comply with the requirement to inventory or schedule for review all potentially affected positions prior to contracting out the work of those positions. As a result all interested parties may not have been informed of planned or potential contracting actions. Because of its RIF and contract actions, Western only partly achieved DOE's stated objectives of increased efficiency, productivity, and cost reductions expected to result from the ceiling reduction. By contracting for most of the work previously done by employees, Western, in effect, reduced its costs by less than 3 full-time equivalent positions instead of the 13 positions involved in the DOE-directed ceiling reduction.

Natural Resources and
Environment

Hazardous Waste:
Uncertainties of Existing
Data

GAO/PEMD-87-11BR, Feb. 18.

GAO is not able to determine whether the nation has sufficient capacity to manage the volume of hazardous waste being produced now and projected for the future because of inadequacies in the national data base. Further, these inadequacies severely constrain the planning and management of future hazardous waste production. Significant data gaps, methodological problems, and other issues prohibit (1) reliance on available information to provide estimates of the total volume of hazardous waste and (2) determination of whether future treatment, storage, and disposal capacity will be quantitatively adequate to meet the volume of hazardous waste generated.

Superfund:
Funding for the Agency for
Toxic Substances and
Disease Registry

GAO/RCED-87-112BR, Mar. 13.

Neither the Environmental Protection Agency nor the Office of Management and Budget is violating the law by reviewing or revising the Agency for Toxic Substances and Disease Registry's budget request

before the President submits it to the Congress. The review also does not violate section 111(h) of the Superfund Amendments and Reauthorization Act of 1986 which secures minimum funding for ATSDR that can only be changed by Congress. However, GAO believes that this provision prohibits EPA from specifying how ATSDR should spend Superfund money. It is therefore recommending that EPA not place any restrictions on the use of funds earmarked for ATSDR under section 111(h) of SARA.

**U.S. Fishing Fees:
Implications of Increases on
Japan and the Merits of
Other Fee Systems**

GAO/RCED-87-86BR, Mar. 19.

Concern has been expressed that increasing U.S. fishing fees may cause foreigners to reduce their fishing in U.S. waters, and that such a reduction may affect U.S. revenues and joint ventures whereby U.S. fishermen sell and transfer their catch while at sea to foreign processing vessels. In connection with this concern, GAO examined the Japanese consumption and supply trends for fish species from U.S. waters; alternative supplies of fish and fish products available to Japan; the percentage of U.S. fishing fees to the wholesale price of fish in Japan; Japan's probable actions with respect to (1) reducing its fishing in U.S. waters, (2) increasing its joint ventures with U.S. fishermen, and (3) increasing its purchases of U.S.-processed fish products; the principal types of fishing fee systems used in other countries; the advantages and disadvantages of a flat poundage fee system; and the advantages and disadvantages of the auction system proposed by the National Oceanic and Atmospheric Administration.

**Federal Land Acquisition:
Land Exchange Process
Working but Can Be
Improved**

GAO/RCED-87-9, Feb. 5.

As a result of federal budget cuts, the two largest federal land management agencies—the Bureau of Land Management and the Forest Service—are increasingly acquiring new federal lands through land exchanges rather than outright purchases. The exchange process is working well. Both agencies have established and followed procedures governing land exchanges, thereby protecting the public interest. Both notify and negotiate with state and local governments about exchange proposals early in the process, thereby avoiding disagreements later in the exchange process. However, BLM and the Forest Service do not consistently and reliably account for the land exchange processing costs. As a result, they cannot budget or plan for exchanges based on the best available cost information.

**Surface Mining:
State Management of
Abandoned Mine Land
Funds**

GAO/RCED-87-57, Feb. 6.

The Surface Mining Control and Reclamation Act of 1977 promotes the reclamation of areas severely damaged in the past by coal mining operations. GAO reviewed the reclamation programs in Colorado, Kentucky, Pennsylvania, West Virginia, and Wyoming and found that they implemented financial control procedures and practices to ensure that the expenditures of reclamation funds are proper. Only one state, however, is complying with all related grant payment, audit, and inventory requirements. The states are generally reclaiming eligible, high priority projects as required under the act and are managing their reclamation projects in compliance with federal requirements.

**Mine Safety:
Inspector Hiring, Penalty
Assessments, and Injury
Reporting**

GAO/HRD-87-71BR, Mar. 10.

The Mine Safety and Health Administration has undertaken an intensive inspector hiring program which will result in a force of 1,201, an increase of 90 over MSHA's 1986 ceiling. In calendar year 1986, MSHA assessed \$31,388 in penalties against mine operators for failing to report injuries. The consensus of labor organizations and mine associations is that higher fines are needed and that \$100 to \$500 per violation would make a difference in reporting accuracy. Underreporting occurs mostly for nonserious injuries and fatalities show large differences in what is reported; the indication is that small mines significantly underreport injuries.

**Mineral Resources:
Interior Has Improved Its
Administration of Coal
Exchanges**

GAO/RCED-87-53, Feb. 17.

Although the Bureau of Land Management established a number of procedures to improve its administration of coal exchanges, it has not developed criteria to evaluate fee exchanges for determining whether lease exchanges are in the public interest. Such determinations should not be based on judgments which may not be consistent and are potentially less reliable than those based on criteria. For both lease and fee exchanges, BLM does not have procedures to require that it identify alternatives when the lands selected by the exchange proponent are known to be of interest to other companies. Agencywide policy and procedures are needed to ensure that all BLM state offices consider the competitive nature of proposed exchange lands.

**Air Pollution:
EPA Enforcement of Air
Quality at the Port of
Stockton, California**

GAO/RCED-87-85FS, Feb. 20.

A controversy over whether the Port of Stockton in California is in compliance with air quality emission standards has been going on for years. The port believes it has received unwarranted scrutiny while other ports in California were violating air quality emission standards. But air pollution control officials maintained that repeated inspections were justified by past violations. EPA and the port agreed to settle the dispute by signing a consent decree whereby the port agreed to modify its operations, install additional air pollution control equipment, and pay a penalty for alleged past violations.

Agriculture

**Emergency Assistance:
Operation of USDA's
Livestock Feed Programs**

GAO/RCED-87-59, Mar. 6.

The U.S. Department of Agriculture operates feed assistance programs to help livestock producers preserve and maintain livestock in times of natural disaster. The programs have offered cash for purchasing and transporting livestock feeds, cash for transporting livestock to grazing areas, and feeds at reduced cost, or at no cost from commodity stocks. Of the seven emergency livestock feed assistance programs that USDA has operated, only three have been used since 1977—the Emergency Feed Assistance Program, the Emergency Feed Program, and the Herd Preservation Feed Grain Donation Program. EFAP provided about 4.8 million bushels of grain to about 3,400 producers in the four northern plains states during FY 1986. It also provides grains from Commodity Credit Corporation-owned inventories, whereas EFP provides cost reimbursement for feed purchased on the commercial market. Before selecting the program in response disaster emergencies, USDA considers the severity of the disaster and the cost of each program.

**Farm Payments:
Cost and Other Information
on USDA's Commodity
Certificates**

GAO/RCED-87-117BR, Mar. 26.

Through January 1987 the Commodity Credit Corporation issued about \$5.5 billion in commodity certificates to farm program participants in lieu of a portion of their cash payments. About \$3 billion of these certificates have been exchanged, with the remainder outstanding. GAO estimates that the \$3 billion in exchanged certificates will increase CCC's

net loan outlays by about \$3.1 billion to \$3.6 billion. Compared with the approximately \$3 billion in cash program payment outlays avoided by issuing certificates, this is a net increase in total CCC outlays of about \$107 million to \$653 million. However, while certificates have resulted in additional loan outlays, they have also created certain benefits for farmers, the grain industry, and the government.

**Farmers Home
Administration:
Information on Agricultural
Credit Provided to Indians
on 14 Reservations**

GAO/RCED-87-79BR, Mar. 11.

There is a potential loss through foreclosure of reservation land owned by Indians as collateral when obtaining Farmers Home Administration farm loans. Among the financially distressed borrowers are individual Indians who pledged land located on reservations as security for farm program loans. This report provides statistics about past, current, and predicted losses of land pledged by these Indians borrowers as security for FmHA farm loans; a description of options available to help Indians avoid the loss of reservation land; historical information about the use of Indian Tribal Land Acquisition Program and information about tribal interest in its future use; the working relationship between FmHA and the Bureau of Indian Affairs in issuing, servicing, and foreclosing on FmHA farm program loans to Indian borrowers; and FmHA and BIA views on possibly shifting FmHA loan functions to BIA for farm loans made to Indians.

**Anti-Deficiency Act:
Agriculture's Food and
Nutrition Service Violates
the Anti-Deficiency Act**

GAO/AFMD-87-20, Mar. 17.

The Child Nutrition Programs are in violation of the Anti-Deficiency Act because, since FY 1983, they have been paying for meals provided as part of the programs in September of each fiscal year with funds from the subsequent year's appropriation without the authority to do so. The Food and Nutrition Service has not reported the deficiency as required by the Anti-Deficiency Act, nor has it acted to correct the situation. Further, the Service has not determined the exact amount of the cumulative shortfall as of the end of FY 1986 nor requested a supplemental to eliminate the shortfall as expected by the Congress.

Commerce and Housing Credit

Thrift Industry: The Treasury/Federal Home Loan Bank Board Plan for FSLIC Recapitalization

Acc. No. 132441 (GAO/GGD-87-46BR), Mar. 3.

Primary reserves of the Federal Savings and Loan Insurance Corporation, which insures the safety of savings in thrifts and home-financing institutions, have fallen below \$2 billion and even after necessary additions to the reserve for contingent liabilities, FSLIC may have a negative net worth of more than \$3 billion. It needs \$23.5 billion or more in order to deal with the known problems in the thrift industry. The proposed recapitalization plan is designed to provide additional reserves to FSLIC—it is to be industry financed, requiring no additional federal contribution; FSLIC expenditures from the recapitalized fund are not to contribute to an increase in the federal budget deficit; and it needs to raise sufficient funds to deal with the known industry problems. FSLIC recapitalization attempts to satisfy these objectives by combining FSLIC income from insurance premiums and investments, by money contributions from the Federal Home Loan Bank Board, and by long-term borrowing in the capital markets in order to raise \$25 to \$30 billion over 5 years.

Telephone Communications: Issues Affecting Rural Telephone Service

GAO/RCED-87-74, Mar. 17.

About 1,400 local telephone companies face regulatory and technological changes because of a more competitive telephone industry structure. Small rural companies could have more difficulty in adjusting to some changes because they serve low-density areas and tend to have high fixed costs. Major issues relating to these small companies concern whether (1) local rates will increase significantly, (2) long-distance rates will increase if urban and rural costs are no longer averaged in setting long-distance rates, (3) subscribers will benefit from the competition of long-distance companies, and (4) technological improvements will lower the cost of telephone service. GAO conducted case studies at 10 small rural telephone companies and found that they had not experienced significant adverse effects from the many regulatory changes. However, the companies see much uncertainty over the future direction of regulation and the industry. They believe local rates may eventually have to be increased.

Transportation

Drinking-Age Laws: An Evaluation Synthesis of Their Impact on Highway Safety

GAO/PEMD-87-10, Mar. 16.

Raising the drinking age has a direct effect on reducing alcohol-related traffic accidents among youths affected by the laws, on average, across the states. This evidence also supports the finding that states can generally expect reductions in their traffic accidents, but the magnitude of effects depends on the outcome measured and the characteristics of the state. Available evidence suggests that raising the drinking age also results in a decline in alcohol consumption and in driving after drinking for the age group affected by the law. However, the limited quantity and quality of evaluations for these outcomes warrant caution in generalizing from results. Evidence is insufficient to draw conclusions about the effects of raising the drinking age on youths 16 to 17 years old, border crossings, and other related matters. However, literature reviews of earlier evaluations of the effects of lowering the drinking age do give evidence that traffic-accident outcomes increased as a result of changes in the law.

Conrail Sale: DOT's Selection of Investment Banks to Underwrite the Sale of Conrail

GAO/RCED-87-88, Feb. 17.

The Department of Transportation selected six investment banks to serve as co-lead managers for the sale of the government's interest in Conrail. GAO determined that DOT's selection complied with the Conrail Privatization Act and that the selection process was fair and proper. The privatization act directs the sale by means of a public offering and does not require the Secretary of Transportation to use any particular "process" to select the co-lead managers. GAO believes that it is in the public's best interests to make such decisions only after giving notice to interested parties and providing all an equal opportunity to be heard. DOT did establish such a process, which was fair and proper.

**Trucking Regulation:
Price Competition and
Market Structure in the
Trucking Industry**

GAO/RCED-87-16, Feb. 27.

GAO could find no conclusive evidence of predatory pricing—the practice of setting prices below cost so as to drive smaller firms out of the market—in the trucking industry. Most carriers believe that some carriers set prices below cost either inadvertently, or temporarily as a promotion device. Available data suggest that all regions of the country have experienced some increase in the market shares of the largest firms in the industry since 1980. Theoretically, this increase in concentration may reduce competition though it may also increase efficiency.

**Aviation Acquisition:
Improved Process Needs to
Be Followed**

GAO/RCED-87-8, Mar. 26.

The Federal Aviation Administration has undertaken a major overhaul of its air traffic control system to meet an increased demand of daily flights throughout the United States and plans to spend over \$16 billion by the year 2000 to upgrade and modernize facilities and equipment. The Department of Transportation has designated 11 major system projects for FAA's National Airspace System modernization plan but none of these 11 projects were submitted for approval at either of the first two key decision points in the A-109 acquisition process—the principal process for acquiring major systems in the federal government. Projects were submitted with unreliable cost and schedule estimates, justifications required major revisions, and required project documentation was missing. Recent improvements in incorporating A-109 principles and requirements into the acquisition process will have only a limited effect on the 11 major systems because they are already in the final acquisition phases.

**Housing and
Community
Development**

**Rural Housing:
Impact of Refinancing and
Selling FmHA Section 502
Homeownership Loans**

GAO/RCED-87-54, Mar. 31.

The Omnibus Budget Reconciliation Act of 1986 requires the Secretary of Agriculture to sell rural housing loans in amounts sufficient to reduce FY 1987 outlays by over \$1.7 billion. GAO believes that greater savings

could be achieved through refinancing section 502 loans because refinancing, compared with loan sales, should increase revenues. To meet the targeted outlay reduction, priority should be given to refinancing section 502 loans. However, the Congress would have to amend the Omnibus Reconciliation Act of 1986 in order to count refinancing proceeds toward the targeted outlay reduction.

**Public Housing:
Conditions at the Laurel
Park Project in St.
Petersburg, Florida**

GAO/RCED-87-33, Feb. 4.

In December 1985 HUD awarded the Housing Authority of the City of St. Petersburg \$771,426 in special funds to repair leaking roofs and bathroom plumbing and for other purposes at Laurel Park's public housing project. Living conditions deteriorated to the extent that these repairs were needed because the housing agency's maintenance program did not identify and/or respond to needs in an effective or timely manner and because the housing agency had not been successful in receiving modernization funds. Other reasons cited were the perceived inadequacy of the annual Housing and Urban Development operating subsidy and the housing agency's relatively small operating reserve. Laurel Park was built in the 1940s and has not been comprehensively modernized since its acquisition by the St. Petersburg housing agency in 1966.

Social Services

**Grant Formulas:
A Catalog of Federal Aid to
States and Localities**

GAO/HRD-87-28, Mar. 23.

Formula grants are grants in which a structured mathematical statement and data elements are used to (1) allocate funds to eligible recipients, or (2) determine a potential grant recipient's eligibility to receive funds, or both. This report is a resource document that provides information about the mathematical structure and statistical data used in formulas to allocate federal aid to state and local governments. In addition to explaining formula allocations, the report provides information on the agencies and congressional committees that have jurisdiction over these programs, the amount of dollars allocated through the programs, and the sources and timeliness of the statistical data used in making funding allocations.

**Bilingual Education:
A New Look at the
Research Evidence**

GAO/PEMD-87-12BR, Mar. 10.

The Bilingual Education Act authorizes funds for programs in U.S. schools for children whose English is limited and requires that, in most projects funded under the act, the children's native language be used to the extent necessary. GAO drew on 10 experts' opinions and only two agree with the Department of Education that there is insufficient evidence to support the law's requirement of the use of native language to the extent necessary to reach the objective of learning English. Seven of the 10 believe that the department is incorrect in characterizing the evidence as showing the promise of teaching methods that do not use native languages. Few agree with the department's suggestions that long-term school problems experienced by Hispanic youths are associated with native-language instruction and few agree with the department's general interpretation that evidence in this field is too ambiguous to permit conclusions.

**University Funding:
Information on the Role of
Peer Review at NSF and
NIH**

GAO/RCED-87-87FS, Mar. 26.

This fact sheet reviews previous studies of the relationship between the award process and distribution of federal research funds and describes certain award procedures at the National Institutes of Health and the National Science Foundation. The fairness and effectiveness of that part of the award process is known as "peer review" and GAO focuses on the role assigned to external scientists who review the research applications—the peer reviewers.

**Dislocated Workers:
Local Programs and
Outcomes Under the Job
Training Partnership Act**

Acc. No. 132317 (GAO/HRD-87-41), Mar. 5.

Title 111 of the Job Training Partnership Act facilitates the reemployment of dislocated workers. Title 111 projects reported having placed 69 percent of their participants in jobs—a higher rate than was achieved by earlier employment and training programs. The average wage level of participants was \$6.61 per hour and the predominant service provided was job placement assistance; fewer older and less educated dislocated workers were enrolled in the program. Because states have a wide latitude in designing dislocated worker programs, there has been considerable variation in the approaches used to allocate funds to local projects, in the organizations operating projects, and the extent to which projects focused on specific business closures or layoffs. GAO found two issues of concern in the administration of title 111 projects: the need to speed up

implementation of title 111 projects in some states and the need to reevaluate the matching requirement.

**Welfare:
Issues to Consider in
Assessing Proposals for
Reform**

GAO/HRD-87-51BR, Feb. 19.

This report develops information on (1) major welfare system design issues and (2) the sources and income levels of sampled families receiving Aid to Families with Dependent Children. It is categorized into four areas: benefit targeting and adequacy, system complexity, work incentives versus dependency, and impact on the family unit. The issues are presented in terms of questions that should be considered in debating welfare reform.

**Personnel Practices:
Employee Allegations
Concerning OSHA Personnel
Practices**

GAO/HRD-87-5, Feb. 3.

Allegations concerning the possibility of widespread violations of civil service and ethics laws within the Department of Labor's Occupational Safety and Health Administration were brought to the attention of GAO by current and former OSHA employees. These allegations concerned professional differences between OSHA management and staff involving policy and scientific judgments made during the formulation and revision of OSHA standards; disagreements between OSHA management and staff concerning the qualifications of individuals who had been hired and promoted; actions taken to lessen the enforcement of OSHA standards; and miscellaneous personnel-related actions taken by OSHA officials, which were perceived to adversely affect agency operations. GAO concluded that most of the allegations did not appear to have merit, primarily because they were adequately explained by OSHA, or could not be substantiated.

Health

**Insurance Reserves:
Strategies for Regulating
the Federal Employees
Health Benefits Program**

GAO/HRD-87-10, Mar. 6.

The Federal Employees Health Benefits Program reserves have fluctuated widely from their targets, needing frequent and often substantial adjustment to keep them at, or near, the preferred levels. It is doubtful that premiums can be set accurately enough to avoid these fluctuations.

The Office of Personnel Management and the plans have three strategies to regulate reserves—adjusting future premiums, modifying future benefits, or giving refunds. GAO believes adjusting future premiums is the best strategy. Compared with the alternatives, premium adjustments are administratively easier, less costly, and make the fairest cost settlement between the government and enrollees. Only the future premium adjustment strategy divides a reserve shortage of surplus between the government and enrollees by the amount contributed. Modifying future benefits and giving refunds cause cost-shifting between the government and enrollees.

**Mental Health Care:
Licensing and Certification
Requirements for Staff in
State Hospitals**

GAO/HRD-87-38FS, Jan. 29.

GAO contacted the offices of 50 state mental health programs to find out if each kind of professional providing direct patient care in state mental hospitals was required to be licensed and/or certified in that state. Responses from 39 responding states showed that 100 percent of the states require physicians and nurses to be licensed; 27 (69 percent) of the responding states require that psychologists be licensed or certified; 15 (38 percent) of the responding states require that psychiatrists, in addition to being licensed, must be board eligible or board certified; and 13 (33 percent) of the responding states require that social workers be licensed, certified, or registered. Thirty-two states said that physicians who are not board-eligible or board-certified psychiatrists were permitted to provide psychiatric services.

**Medicaid:
Lessons Learned From
Arizona's Prepaid Program**

GAO/HRD-87-14, Mar. 6.

In 1985, the cost of providing medical care for low-income persons through the federally funded, state-administered Medicaid program was about \$38 billion. Resulting financial strains on both the federal and state governments have sparked national interest in ways to constrain these costs. The Arizona Health Care Cost Containment System was designed as a 3-year experimental project to provide Medicaid services in Arizona. The program experienced numerous start-up problems that have prevented an assessment of the effectiveness of its cost containment features. Other states considering prepaid Medicaid programs can learn from Arizona's problems. They should (1) develop adequate financial and utilization reporting systems and program controls before implementing the program; (2) establish penalties for noncompliance with reporting requirements; (3) establish requirements to demonstrate

the financial viability of prepaid health plans and devote adequate resources to monitoring health plans' performance; and design health plan procurements to promote competition.

**Worker Protection:
Selected National Institute
for Occupational Safety and
Health Activities**

GAO/HRD-87-44BR, Feb. 23.

This briefing report provides information on changes in the National Institute for Occupational Safety and Health administrative staff, since its headquarters moved from Rockville, Md., to Atlanta, Ga; NIOSH's efforts to fund a program for notifying individual workers of their potential exposure to health hazards in the workplace; NIOSH's use of \$1,500,000 in FY 1984 and \$750,000 in FY 1985 to expand its industry-wide study activities as the Congress intended; and the length of time selected agencies of the Department of Health and Human Services took to review, and approve for publication, reports and articles on their research activities.

Income Security

**Social Security
Administration:
Stable Leadership and
Better Management Needed
to Improve Effectiveness**

GAO/HRD-87-39, Mar. 18.

The Social Security Administration has serious management problems that are not clearly visible to the public, that have contributed to crisis situations in the past, and that could interfere with its ability to effectively accomplish its mission in the future. To fix these weaknesses and meet future challenges, SSA needs (1) both strong and stable leadership, a condition that has not existed for the past decade; (2) better management of its effort to modernize SSA computer systems so that progress in critical areas is improved; (3) better planning to prepare for a future in which its operational and human resource needs are likely to change; (4) more focus on financial management to alleviate problems caused by unclear and confusing responsibilities; (5) better controls over service delivery to identify inefficient and ineffective operations; and (6) better work force management to improve the work climate. Congressional actions are essential.

**Software Systems:
SSA Encountering
Significant Delays in Its
Claims Modernization
Project**

GAO/IMTEC-87-8, Dec. 22.

The Claims Modernization Project has been the Social Security Administration's primary software improvement project for the past 4 years but its accomplishments to date have been limited. GAO found that its scope has been scaled back from redesigning software that processes (1) new claims for benefits and (2) post-entitlement actions (changes to the records of individuals already receiving benefits) to only redesigning the software for new claims. Management attention is needed for SSA to avoid creating systems that are vulnerable to problems that it has experienced in the past. First, the agency continues to develop new software before completing standards for software documentation, testing, and validation. Second, a pilot test of the project has not tested all performance aspects of the hardware configuration and software components and has not provided conclusive information on how the reduced CMP will help SSA. Finally, SSA is making a hardware procurement large enough to support the original CMP—an action GAO has questioned in the past and still questions.

**ADP Budget:
SSA's Information
Technology Systems Budget
Requests and Obligations**

GAO/IMTEC-87-15FS, Mar. 10.

The Social Security Administration has obligated less funds each year than were approved in its annual Information Technology Systems budget. Consequently SSA has accumulated a considerable amount of carryover funds. SSA is also obligating a considerable amount of its ITS budget funds for unbudgeted projects—projects not included in the President's budget. Reasons have not been determined for the various trends or the effects, if any, of the budget actions.

**ADP Workstations:
SSA's Fiscal Year 1988
Furniture Request**

Acc. No. 132443 (GAO/IMTEC-87-14FS), Mar. 6.

In its FY 1988 request, the Social Security Administration is asking that about \$30 million of \$64.5 million originally requested in FY 1987 for furniture and related expenses be made available for FY 1988 furniture purchases and that the remainder be made available for regular administrative expenses. In its justification for appropriations, SSA did not include complete Office of Inspector General findings on this and other related recommendations. The OIG report illustrates its concerns about SSA's furniture procurement plans.

**Social Security:
State Vocational
Rehabilitation Agencies'
Reimbursement for the
Disabled**

GAO/HRD-87-36BR, Feb. 3.

State vocational rehabilitation officials believe that current Social Security Administration funding provides little incentive to work with Social Security Disability Insurance program beneficiaries. They said that (1) SSDI beneficiaries often require special efforts to motivate because they are generally older and more severely disabled than other clients; they have economic disincentives to working since their post-rehabilitation earnings may be less than their lost SSDI benefits; (2) the criteria for SSA reimbursement are difficult to satisfy, leaving their agencies with uncertainty as to whether SSA will reimburse them; and (3) the procedures for claimant reimbursement are cumbersome, requiring information that agencies do not routinely provide for their other clients. Officials also said that they believed more SSDI beneficiaries would be rehabilitated if the Congress liberalized the reimbursement rules.

**District's Workforce:
Annual Report Required by
the District of Columbia
Retirement Reform Act**

Acc. No. 132442 (GAO/GGD-87-48), Mar. 18.

The District of Columbia Retirement Reform Act provides for the disability retirement rate of D.C. police officers and firefighters. The Comptroller General is required by the act to determine whether the annual federal payment of \$34,170,000 to the retirement fund is to be reduced. GAO concludes that no reduction is required in the FY 1988 federal payment to the District's police and firefighters retirement fund.

**Administration of
Justice**

**Criminal Aliens:
Majority Deported From the
New York City Area Not
Listed in INS' Information
Systems**

GAO/GGD-87-41BR, Mar. 3.

In many cases the Immigration and Naturalization Service has not entered information on deported aliens with criminal convictions into the two computer systems used by INS inspectors at New York City's John F. Kennedy International Airport to detect deported aliens trying to reenter the country. Deportation officers cite understaffing and unawareness of the importance of the National Automated Immigration Lookout System in preventing deported aliens from reentering the country. Where the fault lies is undeterminable but appropriate forms

should be completed and entered into NAILS for all aliens deported from New York.

**FBI Voice Privacy:
Cost, Status, and Future
Direction**

GAO/IMTEC-87-4, FEB. 27.

The Federal Bureau of Investigation's voice privacy program installed new communications technology that would protect its radio messages from interception by criminal elements, foreign intelligence activities, the news media, and the general public. The FBI has encountered significant delays and cost overruns in the program suggesting that it did not adequately analyze its needs before contracting for and acquiring its digital voice privacy program and that the original cost and time estimates were significantly understated. A similar situation could occur with the integrated voice privacy project. Nearly a year and a half after initiating it, the FBI does not have firm cost and time estimates. Yet the Bureau is already buying equipment for an integrated system test under its existing contracts and is planning to release a Request for Proposals for integrated systems in 10 new locations. Further study is needed before the voice privacy system is authorized.

General Government

**Status of Open
Recommendations:
Improving Operations of
Federal Departments and
Agencies**

GAO/OIRM-87-1, Feb. 27.

This annual GAO report summarizes the findings and open recommendations resulting from GAO's audits and other review work in the federal departments and agencies on which satisfactory legislative or administrative actions have not yet been completed. Details on the findings and recommendations can be found in the individual GAO reports which are cited in this summary.

**U.S. Government Securities:
Expanding Access to
Interdealer Brokers'
Services**

Acc. No. 132476 (GAO/GGD-87-42), Feb. 1987.

This report includes the transcript of a joint public hearing held by GAO in conjunction with the Department of the Treasury, the Federal Reserve System, and the Securities and Exchange Commission. Various market participants provided their views on whether access to one blind brokerage trading system should be expanded and whether the

interdealer brokers' quotation information should be made publicly available.

**Tax Policy:
Competition Between
Taxable Businesses and
Tax-Exempt Organizations**

GAO/GGD-87-40BR, Feb. 27.

Complete data do not exist to quantify the nature, extent, and impact of competition between taxable businesses and tax-exempt organization providing similar services. However, indications are that competition does exist and is increasing between the two and that it may be or is becoming a problem. This report provides information on (1) the evolution and growth of the tax-exempt community; (2) legislative and administrative efforts that address the issue of competition between the taxable business and tax-exempt communities; and (3) concerns voiced by representatives of selected taxable businesses and tax-exempt organizations on the competition issue.

**Presidential Inaugurations:
Legislation Is Needed to
Clarify Agencies' Support
Roles**

GAO/GGD-87-10, Feb. 27.

The inauguration of the President is dependent upon a substantial commitment of taxpayer-supported, federal agency resources. In 1985, seven federal agencies and the District of Columbia spent about \$16 million supporting President Reagan's second inauguration. Legislation is needed to clarify federal agencies' roles in inaugural planning and support activities, the nature of the inaugural event, and the Presidential Inaugural Committee for future inaugurations. The General Services Administration and the Department of Defense lack clear statutory authority to provide certain types of inaugural support. Under existing law, agencies may not use federal funds to support private concerns, and federal personnel may not perform services for private concerns even if the government is compensated or reimbursed in kind. Clarifying legislation is needed.

**Ethics Regulations:
Compartmentalization of
Agencies Under the Ethics
in Government Act**

GAO/GGD-87-25, Feb. 11.

One provision of federal conflict of interest law prohibits a former federal employee from contacting his former agency for 1 year after he leaves government service about any matter pending before that agency. The Office of Government Ethics can designate subunits of departments and agencies as separate agencies, thereby limiting the application of the law. GAO notes that OGE's designation of nine agencies with the

Executive Office of the President in 1983 was made without any explanation and did not appear to be supported by the descriptions of the units provided by the Counsel to the President. GAO also found that (1) OGE's reviews of agency requests for compartmentalization were largely undocumented; (2) the published list of agency designations contained errors, indicating the required review was not properly conducted or was not published accurately; and (3) OGE's reliance on agency requests for designations has resulted in uneven application of the no-contact restrictions.

**Procurement:
Suspension and Debarment
Procedures**

GAO/NSIAD-87-37BR, Feb. 13.

The current suspension and debarment regulations used in the major procuring agencies provide an effective tool for protecting the government against the risks associated with doing business with fraudulent, unethical, or nonperforming procurement contractors. These regulations and procedures have been tested and upheld in federal court. The process maintains an appropriate balance between protecting the government's interests in its contractual relationships, and providing contractors with due process. The regulations could be further strengthened by correcting deficiencies, and by closing loopholes and expanding the coverage. The Department of Defense has taken the most suspension and debarment actions against fraudulent since 1983. Of the five civilian agencies GAO reviewed, the General Services Administration accounted for most suspension and debarment actions. Health and Human Services took only one such action and the Department of Transportation took nine.

**Statistical Reports:
Information on Standard
Industrial Classification
Codes**

GAO/GGD-87-34BR, Jan. 30.

The Standard Industrial Classification is the statistical classification system underlying all establishment-based federal economic indicators. It is reviewed and revised periodically to reflect the changing structure of the national economy. This report reviews the rule-making process at the Environmental Protection Agency to determine how SIC-coded data are used to develop regulations; whether the impact a regulation can have on small industries is identified; and identify any adverse impact the process may have had on the handmade glass industry. The report also identifies the responsibilities assigned to the Office of Information and Regulatory Affairs under the Paperwork Reduction Act.

**Congressional
Testimony by GAO
Officials**

The Federal Savings and Loan Insurance Corporation—Financial Condition and Recapitalization Issues, by Frederick D. Wolf, Accounting and Financial Management Division, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance, House Committee on Banking, Finance and Urban Affairs, Mar. 3. GAO/T-AFMD-87-4.

Department of the Army's Chemical Munitions Disposal Program, by Thomas J. Brew, National Security and International Affairs Division, before the Subcommittee on Military Construction, Senate Committee on Appropriations, Mar. 3. GAO/T-NSIAD-87-6. Acc. No. 132295.

Education's Chapter 1 and 2 Programs and Local Dropout Prevention and Reentry Programs, by William J. Gainer, Human Resources Division, before the Subcommittee on Elementary, Secondary, and Vocational Education, House Committee on Education and Labor, Mar. 3. GAO/T-HRD-87-2. Acc. No. 132318.

Department of the Army's Chemical Munitions Disposal Program, by Thomas J. Brew, National Security and International Affairs Division, before the Subcommittee on Investigations, House Committee on Armed Services, Mar. 4. GAO/T-NSIAD-87-7. Acc. No. 132296.

Proposals for Improved Credit Program Budgeting, by Frederick D. Wolf, Accounting and Financial Management Division, before the Senate Committee on the Budget, Mar. 4. GAO/T-AFMD-87-5. Acc. No. 132319.

Fiscal Year 1988 Budget Estimates for the General Accounting Office, by Charles A. Bowsher, Comptroller General of the United States, before the Subcommittee on Legislative Branch, Senate Committee on Appropriations, Mar. 5. GAO/OCG-87-5, Mar. 5. Acc. No. 132393.

The National Highway Traffic Safety Administration's Oversight and Management of its Vehicle Safety Compliance and Gray Market Programs, by Herbert R. McLure, Resources, Community and Economic Development Division, before the Subcommittee on Consumer, Senate Committee on Commerce, Science, and Transportation, Mar. 6. GAO/T-RCED-87-3.

The Government's Loan Asset Sales Pilot Program, by Frederick D. Wolf, Accounting and Financial Management Division, before the House Committee on Small Business, Mar. 10. GAO/T-AFMD-87-6.

Loss Ratios on Medigap Insurance, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Health, House Committee on Ways and Means, Mar. 10. GAO/T-HRD-87-3.

Status of the Farmers Home Administration's Farm Loan Portfolio and Farm Loan-Making Criteria and Policies, by Brian P. Crowley, Resources, Community, and Economic Development Division, before the Senate Committee on Agriculture, Nutrition, and Forestry, Mar. 11. GAO/T-RCED-87-6.

Implementation of the Foreign Availability Provisions of the Export Administration Act, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Subcommittee on International Economic Policy and Trade, House Committee on Foreign Affairs, Mar. 11. GAO/T-NSIAD-87-8.

Personnel Management Issues in the Foreign Commercial Service, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Subcommittee on Commerce, Consumer, and Monetary Affairs, House Committee on Government Operations, Mar. 11. GAO/T-NSIAD-87-12.

State Department's Procurement of Silverware for Overseas Missions, by Joan M. McCabe, National Security and International Affairs Division, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, Mar. 11. GAO/T-NSIAD-87-10.

Lobbying and Political Activities of Tax-Exempt Organizations, by Jennie S. Stathis, General Government Division, before the Subcommittee on Oversight, House Committee on Ways and Means, Mar. 12. GAO/T-GGD-87-3.

Management and Safety Issues Concerning DOE's Production Reactors at Savannah River, S.C., by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Senate Committee on Governmental Affairs, Mar. 12. GAO/T-RCED-87-5. Acc. No. 132383.

Status of Census Bureau Plans and Preparations for the 1990 Census, by Gene L. Dodaro, General Government Division, before the Subcommittee on Census and Population, House Committee on Post Office and Civil Service, and Subcommittee on Federal Services, Post Office and Civil

Service, Senate Committee on Governmental Affairs, Mar. 12. GAO/T-GGD-87-6. Acc. No. 132382.

The Export Enhancement Program, U.S. Foreign Agricultural Market Development Cooperator Program, Long Term Bilateral Grain Agreements and Countertrade, Alternative Agricultural Trade Legislation Proposals, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Subcommittee on Domestic and Foreign Marketing and Product Promotion, Senate Committee on Agriculture, Nutrition, and Forestry, Mar. 12. GAO/T-NSIAD-87-9. Acc. No. 132395.

CHAMPUS Reform Initiative: Unresolved Issues, by David P. Baine, Human Resources Division, before the Subcommittee on Military Personnel and Compensation, House Committee on Armed Services, Mar. 12. GAO/T-HRD-87-4. Acc. No. 132394.

Environmental, Safety, and Health Aspects of the Department of Energy's Nuclear Defense Complex, by J. Dexter Peach, Resources, Community, and Economic Development Division, before the Senate Committee on Governmental Affairs Division, Mar. 12. GAO/T-RCED-87-4. Acc. No. 132384.

Millions in Seized Cash Can Be Deposited Faster, by Gene L. Dodaro, General Government Division, before the Senate Subcommittee on Federal Spending, Budget and Accounting, Mar. 13, GAO/T-GGD-87-7. Acc. No. 132459.

The Merits of Establishing a Business Information Returns Program, by Jennie S. Stathis, General Government Division, before the Subcommittee on Commerce, Consumer and Monetary Affairs. House Committee on Government Operations, Mar. 17. GAO/T-GGD-87-4. Acc. No. 132408.

Section 301 of the Trade Act of 1974, As Amended, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Senate Committee on Finance, Mar. 17. GAO/T-NSIAD-87-17. Acc. No. 132407.

Environmental Aspects of the Department of Energy's Nuclear Defense Activities, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Senate Committee on Governmental Affairs Division, Mar. 17. GAO/T-RCED-87-7. Acc. No. 132405.

Export Control of Commercial Goods and Technology, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Subcommittee on International Finance & Monetary Policy, Senate Committee on Banking, Housing and Urban Affairs, Mar. 17. GAO/T-NSIAD-87-13. Acc. No. 132406.

The Export Enhancement Program, U.S. Foreign Agricultural Market Development Cooperator Program, Long-Term Bilateral Grain Agreements and Countertrade, and Alternative Agricultural Trade Legislation Proposals, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Subcommittee on Department Operations, Research, and Foreign Agriculture, House Committee on Agriculture, Mar. 17. GAO/T-NSIAD-87-15. Acc. No. 132431.

Adequacy of the National Security Council Study for Setting National Defense Stockpile Goals, by Martin M. Ferber, National Security and International Affairs Division, before the Subcommittee on Seapower and Strategic and Critical Materials, House Committee on Armed Services, Mar. 18. GAO/T-NSIAD-87-18. Acc. No. 132446.

The U.S. Customs Service's Command, Control, Communications, and Intelligence Center Program, by Arnold P. Jones, General Government Division, before the Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, Mar. 18. GAO/T-GGD-87-8. Acc. No. 132434.

DOD's Acquisition of the Composite Health Care System, by Melroy D. Quasney, Information Management and Technology Division, before the Subcommittee on Manpower and Personnel, Senate Committee on Armed Services, Mar. 18. GAO/T-IMTEC-87-3. Acc. No. 132447.

Navy's RDT&E Reprogramming, by Donna Heivilin, National Security and International Affairs Division, before the Subcommittee on Research and Development, House Committee on Armed Services, Mar. 18. GAO/T-NSIAD-87-16. Acc. No. 132439.

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Implementation of the Federal Employees' Retirement System Act of 1986, by William J. Anderson, General Government Division, before the House Committee on Post Office and Civil Service, Mar. 25. GAO/T-GGD-87-10. Acc. No. 132483.

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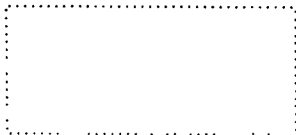
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