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**REPORT TO THE
COMMITTEES ON APPROPRIATIONS 095077
HOUSE OF REPRESENTATIVES
UNITED STATES SENATE**



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**Summaries Of GAO Conclusions
And Recommendations
On Appropriation Matters For
Civil Departments And Agencies**

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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Chairman, Senate Appropriations Committee
Chairman, House Appropriations Committee

This is our first annual report of summaries of GAO conclusions and recommendations on Federal civil departments and agencies operations which we believe will be of interest to your Committee in its review of budget requests for fiscal year 1976. Our reports have previously brought these matters to the attention of the Congress and departmental officials. We have not included suggested questions to be asked in appropriation hearings; however, we will suggest specific questions on the items summarized if you desire.

This report replaces our previous annual report of significant audit findings in the Federal civil departments and agencies. A report of conclusions and recommendations concerning the Department of Defense is being submitted separately.

We are sending copies of this report to the Federal civil departments and agencies so they may be in a position to answer any inquiries made on these issues during the appropriation hearings.

James B. Stata
Comptroller General
of the United States

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ABBREVIATIONS

AID Agency for International Development
CIA Central Intelligence Agency
DOD Department of Defense
EEA Emergency Employment Act of 1971
EHAP Experimental Housing Allowance Program
EPA Environmental Protection Agency
EOQ economic order quantity
FAA Federal Aviation Administration
FDA Food and Drug Administration
FDIC Federal Deposit Insurance Corporation
GAO General Accounting Office
GSA General Services Administration
HEW Department of Health, Education, and Welfare
HUD Department of Housing and Urban Development
NBS National Bureau of Standards
NHC Neighborhood Health Center
NOAA National Oceanic and Atmospheric Administration
OE Office of Education
OEO Office of Economic Opportunity
OMB Office of Management and Budget
OSHA Occupational Safety and Health Administration
R&D research and development
SRS Social and Rehabilitation Service
SSA Social Security Administration
VA Veterans Administration

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Emphasis needed on Government's
efforts to standardize data
elements and codes for computer
systems

GAO reported to the Congress on progress of the Federal program begun in 1965 to standardize data elements and codes used in computer operations. Such standardization could help reduce computer operations costs.

GAO found that Federal efforts in this area have been slow and not very successful. Because the Office of Management and Budget (OMB) gave the program low priority, initiative had been left to individual agencies. In May 1973 the President transferred responsibility for the program to the Secretary of Commerce.

GAO recommended that the Secretary of Commerce should:

- Determine where standards would be most beneficial and establish priorities.
- Issue policy delineating accepted theory and terminology and provide for the preparation of guidelines.
- Assign specific agencies responsibilities for developing codes and elements in specified areas.
- Monitor implementation.

The Secretary of Commerce said the Department considers this matter to be of high priority. The Secretary pointed out that recently approved Department regulations embodied recommendations contained in the GAO report. The Department noted that success will depend on the support and cooperation of various agencies. (B-115369, May 16, 1974.)

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Appropriations

Standardization efforts will affect various appropriations in each Federal agency.

Issue for consideration by
the Committees on Appropriations

Prompt implementation of standardized data elements and codes could reduce costs of Federal computer operations by eliminating unnecessary duplication and incompatibilities in collecting, processing, and disseminating data.

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Improvements needed in documenting
computer systems

Since 1971 GAO has pointed out some problems and added costs resulting from inadequate documentation of computer systems. Inadequate documentation has increased the cost of Federal operations, weakened management control, contributed to loss of funds and assets, and limited the potential for sharing computer programs.

The first problem to be faced is setting standards for good documentation. The National Bureau of Standards (NBS) has completed some work in this area and has additional work underway.

The second problem is to see that the work necessary for good documentation is performed. This can be done by having Government agencies establish review functions which will periodically check to see that the documentation has been completed.

In a report to Congress, GAO recommended that:

--NBS develop and issue documentation standards.

--When the standards become available, the General Services Administration (GSA) issue guidance to agencies for periodically reviewing the documentation of computer systems.

NBS and GSA agree with the recommendation. NBS expects to issue standards early in 1975. (B-115369, Oct. 8, 1974.)

Appropriations

Standardization efforts will affect various appropriations in each Federal agency.

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Issue for consideration by
the Committees on Appropriations

Adequate documentation of computer systems can save Government funds by facilitating use of the same programs by other Government users, thereby making it easier to revise systems. Audits of such systems would also be easier and less costly.

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Procurements of larger sedans in
lieu of compacts and subcompacts

At the request of the Ad Hoc Subcommittee on Government Vehicle Use, Senate Committee on Appropriations, GAO reviewed vehicle fleet management on a Government-wide basis. One of the areas that surfaced from this review was the type of passenger sedans procured for use by individual departments and agencies.

In January 1974 GSA issued Federal Management Circular 74-1 which required that, to conserve fuel, all sedans, with few exceptions, be replaced with compacts or subcompacts. Larger sedans could be obtained only by certifying to GSA by agency heads that such sedans were essential to the agencies' missions.

Since the Circular was issued, GSA has ordered 3,948 compacts and no larger sedans for use in their motor pools. Conversely, individual agencies have requested GSA to order 555 compacts and 2,990 larger sedans for their respective fleets. The requests for the larger sedans were certified by the agencies as being essential to their missions.

The procurement actions indicate that GSA believes compacts are adequate for their needs whereas individual agencies believe that larger sedans are needed to satisfy their requirements. (B-158712, Sept. 6, 1974.)

Appropriation

All departments and agencies requesting funds for vehicle procurement.

Issue for consideration by
the Committees on Appropriations

In view of the divergent opinions on the suitability of compacts to meet passenger vehicle requirements, the Committees may wish to discuss with individual agencies, during their appropriations hearings, their need for larger vehicles.

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Space and service allocation in Government
facilities for use by employees welfare and
recreation association

Although Federal agencies have generally encouraged the establishment of employees welfare and recreation associations, the agencies have not been uniform in providing the associations space and service. Consequently there is wide disparity among the associations and apparent inequities concerning their use of Federal property.

GAO concluded that there was a need for an overall Government policy that would provide guidance in allocating space and services in Government facilities for use by the associations.

GAO recommended that OMB, in conjunction with GSA, formulate (1) a policy which will provide for equitable assignment and use of Federal space by employee associations and (2) guidelines for determining fair and equitable charges, if any, for space and services furnished by the Government to such associations.

Officials of OMB, Atomic Energy Commission, National Aeronautics and Space Administration, the Departments of Agriculture and State, and GSA generally agreed with GAO's findings and conclusions. (B-112840, Mar. 18, 1974.)

In July 1974, GSA said it proposed to establish a task group to develop, in collaboration with OMB and the Civil Service Commission, a national policy on space used for employees' associations as well as other groups and activities, such as employee unions. Because of the broad aspects involved, GSA was unable to establish a timetable for implementation.

Appropriations

Various agency appropriations.

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Issue for consideration by
the Committees on Appropriations

As each agency usually provides facilities and services to employee organizations, the Committees should give this consideration in their deliberations on various appropriation bills.

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

Tools and techniques for improving
the efficiency of Federal automatic
data processing operations

GAO reported to the Congress on tools and techniques Federal agencies could use to improve the efficiency of their computer operations. Some agencies have used these methods and reported significant savings as a result.

OMB, NBS, and GSA have taken some steps to help agencies improve their computer operations. Most of these steps are oriented specifically toward using individual tools and do not address overall areas affecting computer efficiency or provide specific guidance in these areas.

GAO recommended that GSA give priority to preparing and issuing detailed guidance on methods available to increase system efficiency. GAO also recommended that GSA consider the extent to which agency managements have evaluated and improved the efficiency of their existing systems before approving procurement of additional or more powerful systems. GSA generally agreed with the content of the report and reported efforts to take action in the area consistent with the act which provides for economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing systems by Federal departments and agencies. (Public Law 89-306.) (B-115369, June 3, 1974.)

Appropriations

Various appropriations in each agency for equipment, support, and services.

Issues for consideration by
the Committees on Appropriations

1. Significant savings are possible by using the tools and techniques cited in the report to increase the efficiency of agencies' computer operations.

AGENCY-WIDE MATTERS AFFECTING APPROPRIATIONS OF
ALL OR MOST FEDERAL DEPARTMENTS AND AGENCIES

2. Agencies should evaluate and improve the efficiency of their existing systems before procuring additional or more powerful systems.

DEPARTMENT OF AGRICULTURE

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DEPARTMENT OF AGRICULTURE

FOOD AND NUTRITION SERVICE

Need to inform potentially eligible
Indians living on reservations of food
stamp program benefits and operations

In a May 1974 report to the Chairman, Senate Select Committee on Nutrition and Human Needs, GAO discussed the administration and effectiveness of the food distribution program and the food stamp program on selected Indian reservations in New Mexico and South Dakota.

The Agriculture and Consumer Protection Act of 1973 (Public Law 93-86, 87 Stat. 221) provided that, by July 1, 1974, the food stamp program was to replace the food distribution program in all political subdivisions of participating States, unless replacement could be demonstrated to be impossible or impracticable. Public Law 93-347 (88 Stat. 340), approved July 12, 1974, authorized Indian reservations not requesting a food stamp program to continue the food distribution program until July 1, 1977.

Because South Dakota's food stamp program outreach efforts had been limited, particularly with respect to Indians living on reservations, GAO recommended to the Secretary of Agriculture that, if reservations participating in the food distribution program were to be brought into the food stamp program, the Food and Nutrition Service, in cooperation with State administering agencies, make a concerted effort to inform potentially eligible Indians of its benefits and how it operates before the food stamp program starts.

In August 1974 the Department advised the Senate and House Committees on Government Operations and OMB that the Food Stamp Act, as amended, mandated that each State agency undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program. The Department said that, in new areas, such action begins prior to implementation of the program.

DEPARTMENT OF AGRICULTURE

GAO recognizes that the States, through agreement with the Food and Nutrition Service, have primary responsibility for their outreach efforts. GAO believes, however, that the Secretary is responsible for insuring that the States meet their obligation to inform those persons potentially eligible for the program of its benefits and how it operates. (A-51604, May 31, 1974.)

Appropriation

Agriculture--Environmental and Consumer Protection,
Food Stamp Program.

Issue for consideration by
the Committees on Appropriations

The success of the food stamp program is contingent, in part, on potential participants' awareness of the availability of the program and the benefits that the program will provide. Therefore, the Secretary should insure that the States conduct an outreach program adequate to do this.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

Increased emphasis needed on reforestation
and timber stand improvement backlog on
national forest land

GAO reported to the Congress that the growing demand for lumber and the increasing pressure to use productive timberland for other purposes added to the need for the Forest Service to accelerate reforestation and timber stand improvement work on the estimated 18-million-acre backlog of national forest land needing such work.

The backlog had persisted for many years, because (1) funds collected from timber purchasers for reforesting harvest areas were limited, (2) appropriations were not sufficient to both offset deficits in the collections and reduce the backlog, and (3) special legislation authorizing additional appropriations had not been used.

GAO presented for consideration by the Congress several alternatives for increasing funds to accelerate reforestation and timber stand improvement. One of these was to increase regular appropriations from general funds of the Treasury. The Department said that this was the most appropriate of the alternatives.

For fiscal year 1975, the Congress appropriated \$50.1 million for reforestation and timber stand improvement--\$14.8 million more than the administration had requested. Increased funding will be needed in future years to further reduce the backlog of land needing reforestation and timber stand improvement. (B-125053, Feb. 14, 1974.)

Appropriation

Department of Agriculture, Forest Service--Forest protection and utilization.

DEPARTMENT OF AGRICULTURE

Issue for consideration by
the Committees on Appropriations

Reducing the backlog of national forest land needing reforestation and timber stand improvement will require increased funding.

DEPARTMENT OF AGRICULTURE

SOIL CONSERVATION SERVICE

Need to increase progress in meeting objectives of the Great Plains Conservation Program

The Great Plains Conservation Program, administered by the Soil Conservation Service, provides technical assistance and direct cost sharing to help Great Plains landowners and operators to voluntarily carry out planned soil and water conservation practices.

Program accomplishments had been less than might have been expected in view of the program's legislative history, in part because since 1961 the Service had limited the Federal share for work under any one contract to \$25,000.

In a report to the Congress, GAO recommended that the Secretary of Agriculture increase the administrative limitation placed on the total amount of Federal financial assistance under any one cost-sharing contract to recognize cost increases since the limitation was established and to increase the rate of achieving important program objectives.

The Department recognized that the limitation on cost-shares under any one contract was a problem in certain instances but stated that any increase per contract would result in fewer contracts. (B-114833, June 28, 1973.)

Appropriation

Agriculture--Environmental and Consumer Protection,
Soil Conservation Service--Great Plains Conservation Program.

Issue for consideration by the Committees on Appropriations

If greater progress is to be made before the program's scheduled expiration date in 1981, the administrative limitation placed on the total amount of Federal financial assistance under any one cost-sharing contract should be increased. This could result in more funding being needed to achieve program objectives.

DEPARTMENT OF THE ARMY

C o n t e n t s

CORPS OF ENGINEERS (CIVIL FUNCTIONS)

Environmental and economic issues regarding the
planned construction of Spewrell Bluff Dam in
Georgia

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DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS (CIVIL FUNCTIONS)

Environmental and economic issues of
planned construction of Spewrell Bluff
Dam in Georgia

At the request of Senator Herman E. Talmadge, GAO reported on the environmental and economic issues associated with the Corps of Engineers' planned construction of the Spewrell Bluff Dam project on the Flint River near Thomaston, Georgia.

The State of Georgia, certain Federal agencies, and other groups have stated that the project will have a significant impact on the environment and have argued against its construction. GAO concluded that (1) many of the environmental concerns have evolved during project planning and have not been fully resolved by the Corps in its detailed planning, (2) additional assessments are necessary to fully determine the project's potential environmental effects, (3) the adequacy of the Corps' supporting documentation for and reasonableness of the estimated benefits claimed for certain project purposes was questionable, and (4) the final cost of the project might be considerably higher than the latest estimate.

The Corps generally agreed with the conclusions regarding the need for additional studies pertaining to the environmental issues and to supporting data for claimed benefits. However, the Corps stated that, in the normal progression of the project, the data would have been routinely prepared.

Because the Governor of Georgia withdrew State support for the project, the Corps shelved the project. (B-177442, June 13, 1974.)

Appropriation

Department of the Army, Corps of Engineers--Civil Construction, General.

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS, (CIVIL FUNCTIONS) (continued)

Issue for Consideration by
the Committees on Appropriations

If the project is reactivated, the Corps should conduct additional assessments to fully determine the project's potential adverse environmental impacts and the measures and costs of preventing or mitigating such impacts and report this information to the Congress.

DEPARTMENT OF COMMERCE

C o n t e n t s

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Need for the establishment of fees for market news
reports provided subscribers

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DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Need for the establishment of fees for
market news reports provided subscribers

GAO reported to the Secretary of Commerce that the National Oceanic and Atmospheric Administration (NOAA) provides market news reports to subscribers, at no cost, to aid them in marketing fish and fish products. For fiscal year 1974, about \$600,000 was budgeted to provide the reports to about 11,000 subscribers. The budget did not include annual mailing costs of about \$126,000.

The agency has not charged for this service on the premise that it is provided in the public interest. GAO believes that direct benefits accrue to fishermen, wholesalers, processors, and others engaged in marketing fish and fish products but that few benefits accrue to the general public. GAO believes that the Government's general policy for charging fees--title V of the Independent Offices Appropriation Act of 1952 (31 U.S.C. 483a), commonly called the User Charge Act, and OMB Circular No. A-25, dated September 23, 1959, as amended--would be applicable in this case.

GAO recommended that the Secretary of Commerce direct NOAA to establish fees for the service the market news reports render to fishermen, wholesalers, processors, and others engaged in marketing fish and fish products. NOAA partially agreed with the recommendation and was taking steps to establish fees to recover some of the costs of providing the service. (B-177024, May 31, 1974.)

Appropriation

Operations, Research, and Facilities--Promote and Develop Fishery Products and Research Pertaining to American Fisheries.

DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (continued)

Issue for consideration by
the Committees on Appropriations

Need to establish fees for market news reports in conformity with the Government's general policy concerning user charges.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

ALCOHOL, DRUG ABUSE, AND
MENTAL HEALTH ADMINISTRATION

Need to consider level of funding for
carrying out provisions of Community
Mental Health Centers Act

The Community Mental Health Centers program provides Federal grant assistance for the construction and initial staffing of community mental health centers. The purpose of this program--which represents a new approach in mental health care--is to make it possible for the mentally ill to be treated in their own communities.

To assist the Congress in its deliberations on extending or modifying the Community Mental Health Centers Act, GAO reported on the program's administration, management activities, and use of construction grants by selected centers.

GAO concluded that, although the centers had increased the accessibility, quantity, and type of community services available and had enhanced the responsiveness of mental health services to individual needs, improvement was needed in some program areas for continued progress toward accomplishing program objectives. GAO also concluded that, without continued Federal assistance, some services--especially those which provided little or no revenue--would probably be curtailed or eliminated at many centers.

GAO recommended that the Secretary of Health, Education, and Welfare direct the National Institute of Mental Health to take the necessary action to improve program administration in such areas as planning, financing, monitoring and evaluation, coordination of services, and construction of centers.

The Department of Health, Education, and Welfare (HEW) generally agreed with GAO's recommendations and stated that a number of corrective efforts had been undertaken and others would be initiated. (B-164031(5), Aug. 27, 1974.)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

ALCOHOL, DRUG ABUSE, AND MENTAL
HEALTH ADMINISTRATION (continued)

Appropriation

Department of Health, Education, and Welfare--Alcohol,
Drug Abuse, and Mental Health Administration.

Issue for consideration by
the Committees on Appropriations

The level of funding required by HEW to carry out the provisions of the Community Mental Health Centers Act should be considered in conjunction with legislation to extend or modify the Community Mental Health Centers program.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FOOD AND DRUG ADMINISTRATION

Assessment of FDA's handling of
reports on adverse reactions from
the use of drugs

The Food and Drug Administration (FDA) is responsible under the Federal Food, Drug, and Cosmetic Act for insuring that drugs involved in interstate commerce are safe and effective. Monitoring drugs to identify adverse reactions and, when warranted, taking regulatory action to protect the public is a fundamental part of this responsibility. Each year the use of drugs adversely affects an estimated 6 million people.

FDA's adverse drug reaction reporting system, which was established to assist in regulating drugs, has not been adequately used for its intended purpose. Some medical officers in FDA's regulatory divisions, which are responsible for taking needed action to regulate marketed drugs, (1) did not use it, (2) did not know it existed, or (3) were uncertain whether FDA had the burden of proving a specific drug caused an adverse reaction. Primary deficiencies of the reporting system were that the FDA's monitoring unit, which administers the system, (1) received only a limited number of adverse reaction reports, (2) did not always obtain additional information needed to evaluate reports received, (3) did not store centrally all information available within FDA, and (4) did not send complete information to the regulatory divisions nor send it on a systematic basis.

GAO, in a report to the Congress, recommended that the Secretary of Health, Education, and Welfare take several actions to improve the adverse drug reporting system and its use as an aid in regulating marketed drugs. HEW concurred in GAO's recommendations and advised that a number of corrective actions had been or would be taken. (B-164031 (2), Mar. 7, 1974.)

Appropriation

Agriculture--Environmental and Consumer Protection (FDA).

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FOOD AND DRUG ADMINISTRATION

Issue for consideration by
the Committees on Appropriations

FDA's adverse reaction reporting system has not been effective in assisting FDA in protecting the public from adverse reactions.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION

Congressional objectives of Federal
loans and scholarships to health
professions students not being met

GAO reported to the Congress on the Health Professions Student Assistance Program which gives long-term, low-interest loans and scholarships to health professions students. The appropriation authority for the program expired on June 30, 1974. The report evaluated the program as it related to the medical and dental professions.

GAO concluded that the program did not have a significant impact on achieving the goals apparently intended by the Congress which were (1) to increase the output of medical and dental schools, (2) to improve the quality of medical and dental students, and (3) to induce medical and dental graduates to practice in geographic shortage areas. GAO found that the lack of teaching facilities and teachers--not students--has primarily limited the output of medical and dental schools. GAO estimated that about 30,000 medical and dental graduates obtained program loans from 1965 to 1972 but that only 86 physicians and 133 dentists had obtained cancellation for a portion of their loan for practicing in a shortage area as of October 1973. Lack of awareness of cancellation provisions appears to be a major problem.

The Congress also intended the program to increase the proportion of health professionals from low-income families. GAO recognized that while the program had increased the ability of such students to pursue health professions careers, its impact in this area could be improved. GAO also concluded that the administration and monitoring of the program needed improvement to insure (1) equitable distribution of financial assistance to students based upon their financial need and (2) coordination among various sources of aid--including Federal sources--to prevent duplicate awards to students.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION (continued)

HEW concurred with GAO's recommendations and agreed that the program did not have a significant impact on influencing medical and dental graduates to practice in shortage areas.

HEW disagreed with GAO's views on the impact the program had on increasing the output of medical and dental schools and improving the quality of medical and dental students and stated that the quantity and quality of medical and dental students have increased since enactment of the program legislation. HEW believed that the program had helped to attain these objectives but stated it was impossible to measure the extent it has done so because it is part of a multi-faceted program to increase and improve the health professions manpower pool.

GAO's view that the program had not had a significant impact on increasing the number and the quality of medical and dental students was based primarily on discussions with school officials and the answers to a questionnaire that was sent to students. Officials, for example, attributed the increase in the number of applicants and the quality of the applicants to factors other than the program. (B-164031 (2), May 24, 1974.)

Appropriation

Department of Health, Education, and Welfare, Health Resources Administration, Health Manpower.

Issues for consideration by
the Committees on Appropriations

1. Congressional goals can better be accomplished through other existing programs, such as the Federal assistance in construction of teaching facilities, federally insured loans, and the Shortage Area Scholarship Program.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION (continued)

2. If continued, Congressional goals could be served as well if the scholarship funds were added to loan funds and the scholarships eliminated. This may be warranted in view of the difficulties experienced in equitable distributions of scholarships and the excellent potential of all medical and dental students to repay loans upon graduation.

3. In view of the very high earning potential of medical and dental school graduates, the necessity of providing loans at interest rates lower than those available to the Government is unwarranted.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION

Better use should be made of physicians
and dentists in health centers

GAO reported to the Congress on the extent that physicians and dentists were being used at comprehensive health centers funded by the Office of Economic Opportunity (OEO) and HEW in fiscal year 1973. In fiscal year 1974, OEO's Comprehensive Health Services Program was transferred to HEW.

GAO concluded that (1) 11 of the 12 health centers reviewed were overstaffed with physicians, (2) all 10 centers with dental staffs were overstaffed with dentists, and (3) annual costs of the overstaffing at these centers exceeded \$1 million. The basic cause of the overstaffing was the failure to reduce staff after it became clear that the initial staffing levels were based on unrealistic expectations of demands for services.

GAO recommended that HEW establish criteria for using health center physicians and dentists and require that centers maintain a level of professional staffing based on realistic demands for their services.

HEW generally agreed with the recommendations.
(B-164031(2), Apr. 9, 1974.)

Appropriation

Department of Health, Education, and Welfare; Health Services Delivery.

Issue for consideration by
the Committees on Appropriations

With the current shortage of physicians and dentists in the United States, there is need to improve the use of professional medical personnel as well as to develop sound Federal health care program management practices.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION

Need for neighborhood health centers to seek increased third-party reimbursements and to improve administrative and operating practices

At the request of the Chairman, Subcommittee on Health, Senate Committee on Labor and Public Welfare, GAO reported on actions taken by HEW to implement its announced policy of eventually replacing direct Federal support in its health service delivery projects by increasing reimbursements from third-parties and other sources.

The Subcommittee was particularly interested in the potential impact of this policy on the Neighborhood Health Center (NHC) program funded under section 314(e) of the Public Health Service Act (42 U.S.C. 246(e)). NHCs provide, directly or indirectly, a range of services designed to meet the majority of health needs of a defined target population. These include, as a minimum, preventive, diagnostic, therapeutic, and general health maintenance services.

GAO reported to the Subcommittee that the administrative and operating practices followed by the NHCs and the nature of available third-party reimbursement programs severely limited the prospects of the NHCs to improve their level of self-support. In its selective review of five NHCs, GAO noted evidence of (1) lack of control over accounts receivable, (2) ineffective utilization of available health services, and (3) inadequate efforts to qualify for and utilize third-party reimbursements. GAO noted also that the NHCs were offering a variety of services, such as nutrition, optometry, and speech therapy, for which third-party reimbursement was not available, and that these services would have to be reduced or eliminated if greater reliance were placed on third-party reimbursement programs.

GAO expressed its belief that the NHCs could substantially increase their level of self-support by eliminating inefficient administrative and operating practices and by obtaining recognition as providers of services eligible under Federal and federally assisted programs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION (continued)

In following up on this matter, we were informed by HEW in June 1974 that they had been requested to prepare a report to the responsible legislative subcommittees in the Congress, detailing the progress made in furthering self-support efforts by the NHCs. (B-164031(2), May 2, 1974.)

Appropriation

Department of Health, Education, and Welfare--Health Services Administration.

Issue for consideration by
the Committees on Appropriations

The amount of funding required for the NHC program will depend on the progress made by the NHCs in achieving self-support through more efficient administrative and operating practices and increased reimbursements by third-parties and other sources.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION

Need to consider adequacy of resources
available for Indian health care

The Federal Government is responsible for providing comprehensive health care to American Indians and Alaska Natives (Indians), especially those living on reservations and in isolated villages where economic and educational disadvantages are prevalent. Because health is generally considered a vital factor affecting the ability of disadvantaged citizens to improve their circumstances, GAO reported on the progress being made to reduce certain major Indian health problems.

GAO concluded that, although the health of Indians had improved substantially since 1955--when HEW assumed responsibility for Indian health care--it was still significantly worse than that of the general population. The more significant problems were in areas such as (1) alcoholism and alcohol abuse, (2) environmentally related diseases such as infectious hepatitis, (3) maternal and child health, (4) otitis media, (5) tuberculosis, and (6) venereal disease.

For example, the death rate from tuberculosis was about four times greater for Indians than for the general population, and otitis media--inflammation of the middle ear--has been the number one reported disease for Indians, especially children, since 1964.

In its report to the Congress, GAO recommended that the Secretary of Health, Education, and Welfare direct the Indian Health Service to take corrective actions to improve the delivery of health services to Indians. HEW agreed with most of GAO's recommendations and reported actions taken or planned to implement them. HEW noted, however, that some implementing actions would be costly.

Although the actions taken or planned by HEW should improve the delivery of health services to Indians, GAO believes that further corrective action is required in certain program

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION (continued)

areas involving maternal and child health, otitis media, and tuberculosis. (B-164031(2), Mar. 11, 1974.)

Appropriations

Department of Health, Education, and Welfare--Health Services Administration, Indian Health Service (Department of the Interior and Related Agencies Appropriation Act).

Issue for consideration by
the Committees on Appropriations

Resources available to HEW may not be adequate to carry out its responsibilities to provide health care to Indians.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH

Slow progress likely in development of
standards for toxic substances and
harmful physical agents found in workplaces

The Occupational Safety and Health Act of 1970 requires that HEW and the Department of Labor carry out certain activities to protect American workers from health and safety hazards. Within HEW, the National Institute for Occupational Safety and Health is responsible for conducting research to develop health and safety standards for toxic substances and harmful physical agents and recommending these standards to the Secretary of Labor for promulgation and enforcement.

In a report to the Senate Committee on Labor and Public Welfare, GAO reported that the Institute had made little progress in developing and recommending comprehensive standards for toxic substances and harmful physical agents found in workplaces and that future progress most likely would be slow. A toxic substance can induce or cause illness, disease, injury, or death. A harmful physical agent is a source of energy--e.g., noise or heat--which can do the same. Progress was hindered by limited funding and HEW restrictions on hiring professional staff and maintaining a high average grade level.

Institute officials estimated that there were from 1,000 to 2,000 substances and agents which could have serious harmful effects on large number of workers and that the Institute would be able to produce comprehensive recommended standards during fiscal year 1974 for only 20 to 30 of them. Institute officials said their estimate of 20 to 30 recommended standards was contingent upon obtaining relief from personnel and grade level restrictions and obtaining increased funding. The Institute did not receive such relief or increased funding during fiscal year 1974 and produced only nine recommended standards.

GAO recommended that HEW consider the adequacy of the Institute's resources to effectively carry out its responsibilities.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH (con-
tinued)

HEW considered the recommendation and has requested 40 additional positions for fiscal year 1975. (B-163375, Sept. 28, 1973.)

Appropriation

Department of Health, Education, and Welfare, Center for Disease Control, Preventive Health Services.

Issue for consideration by
the Committees on Appropriations

The Institute may need increased funding and relief from hiring and grade level restrictions before it can make substantial progress toward developing the many recommended standards required to protect workers from toxic substances and harmful physical agents.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Rising costs of Guaranteed
Student Loan program

GAO reported to the Congress that the size and cost of the Guaranteed Student Loan program has increased rapidly over the last few years and that the program currently represents a major portion of the Government's efforts to assist individuals in obtaining an education. The Student Loan Insurance Fund is used to finance Federal insurance of students loans and Federal reinsurance of student loans insured by State or private nonprofit agencies. Higher Education appropriations are used to pay interest on eligible loans (over \$780 million from inception of the program to June 30, 1973). Administrative costs of the program are paid from appropriations for Salaries and Expenses.

GAO concluded that the Office of Education (OE) has not been able to make accurate estimates of defaults but that the default rates estimated by OE have risen rapidly as more information on program experience is developed. As of June 30, 1973, OE estimated that over \$302 million will be required to pay losses on loans expected to be defaulted in the future. Future appropriations will also be required to pay interest on loans currently insured or reinsured.

GAO recommended that the Secretary of Health, Education, and Welfare provide the Congress with consolidated information on the costs of the Guaranteed Student Loan program. This would enable both OE management and the Congress to evaluate the effectiveness of the Guaranteed Student Loan program in relation to its cost. (B-164031(1), Sept. 17, 1974.)

Appropriation

Office of Education--Student Loan Insurance Fund.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION (continued)

Issues for consideration by
the Committees on Appropriations

1. The estimated cost of the program is rising rapidly.
2. Consolidated information on costs of the program is not being provided to enable OE management and the Congress to evaluate the effectiveness of the program.
3. Most of the cost of the program will have to be paid from future appropriations.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Payment for drugs under the Medicaid
Program which are ineffective or have
little evidence of effectiveness

GAO reported to the Secretary of Health, Education, and Welfare that, during a survey of the administration of the Medicaid drug program, the three States included in the survey were spending significant amounts for prescription drugs that had been declared ineffective or possibly effective by the Food and Drug Administration (FDA). According to FDA, "ineffective" means that there is no acceptable evidence of effectiveness and "possibly effective" means that there is little evidence of effectiveness.

HEW had issued a regulation on October 8, 1971, prohibiting expenditure of Federal funds under its direct care programs for ineffective and possibly effective drugs except in certain conditions.

Although GAO had written to the Social and Rehabilitation Service (SRS) Administrator on May 9, 1972, recommending that similar regulations covering Medicaid expenditures be issued without delay, this has not been done. In letters to GAO dated June 13, 1972, and April 11, 1974, commenting on this report, the Administrator said that regulations had been prepared for publication. As of November 15, 1974, the regulation had not been published.

Based on available data relating to expenditures for the period September 1972 through August 1973 in California, Ohio, and Texas (the three States surveyed), GAO estimates an annual cost of about \$8.3 million for ineffective and possibly effective drugs in the three States. (B-164031(2), Feb. 15, 1974.)

Appropriation

Social and Rehabilitation Service--Public Assistance.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE (continued)

Issue for consideration by
the Committees on Appropriations

HEW should assure that Medicaid beneficiaries are not only protected from ineffective and possibly effective drugs but also that costs of assistance programs are not being applied wastefully and inappropriately.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE
SOCIAL SECURITY ADMINISTRATION

Home health care benefits
under Medicare and Medicaid
having limited effectiveness

GAO reported to the Congress on the limited effectiveness of the home health care program. The review was made because (1) it seemed that the number of agencies providing such care was declining with resultant cutbacks in service and (2) GAO wanted to see which elements of the benefits might relate to alternatives to institutional care.

Home health care, while not a substitute for appropriate institutional care, is generally a less expensive alternative when such care would meet the patient's needs. The Congress and the health field have realized the need for developing alternatives to institutional care.

Medicare (Social Security Administration--SSA)

GAO concluded that overall effectiveness of home health care has experienced significant difficulties in its early stage and, although some problems have been alleviated, obstacles remain. Specifically these are:

- Medicare coverage, oriented to skilled care, is not able to cover preventive care through non-skilled services.
- There are disparities in the extent of benefits paid for by intermediaries because of varying guidelines for the periods and the number of home health visits covered for various illnesses.
- Beneficiaries have been confused regarding limitations on benefits and coverage because SSA has not always clearly spelled out the entitlements.
- Physician involvement has been limited and hospitals have not always encouraged effective use of home care.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE
SOCIAL SECURITY ADMINISTRATION (continued)

--A major problem for home health agencies and beneficiaries has been denial of payments after services had been furnished. This problem has been reduced through legislation and by administrative action but some subjects still remain.

Medicaid (Social and Rehabilitation Service--SRS)

Home health care under Medicaid, although oriented somewhat differently than Medicare, includes many of Medicare's benefits and, in addition, allows preventive and non-skilled services. The potential for Medicaid, however, has not been developed because (1) services covered under States' programs vary significantly, (2) some States have adopted more restrictive Medicare eligibility criteria than that intended for Medicaid, and (3) States' payment rates have not been adequate.

- - - -

GAO made several recommendations to HEW regarding actions needed to be taken by SSA and SRS to improve effectiveness of the program and establish its use as an alternative to institutional care.

HEW generally agreed with the recommendations and has taken a number of implementing actions. (B-164031(3), July 9, 1974.)

Appropriations

Federal Hospital Insurance Trust Fund (Medicare).
Public Assistance (Medicaid).

Issues for consideration by
the Committees on Appropriations

1. The continually increasing costs of health care in general will require larger expenditures from the trust fund

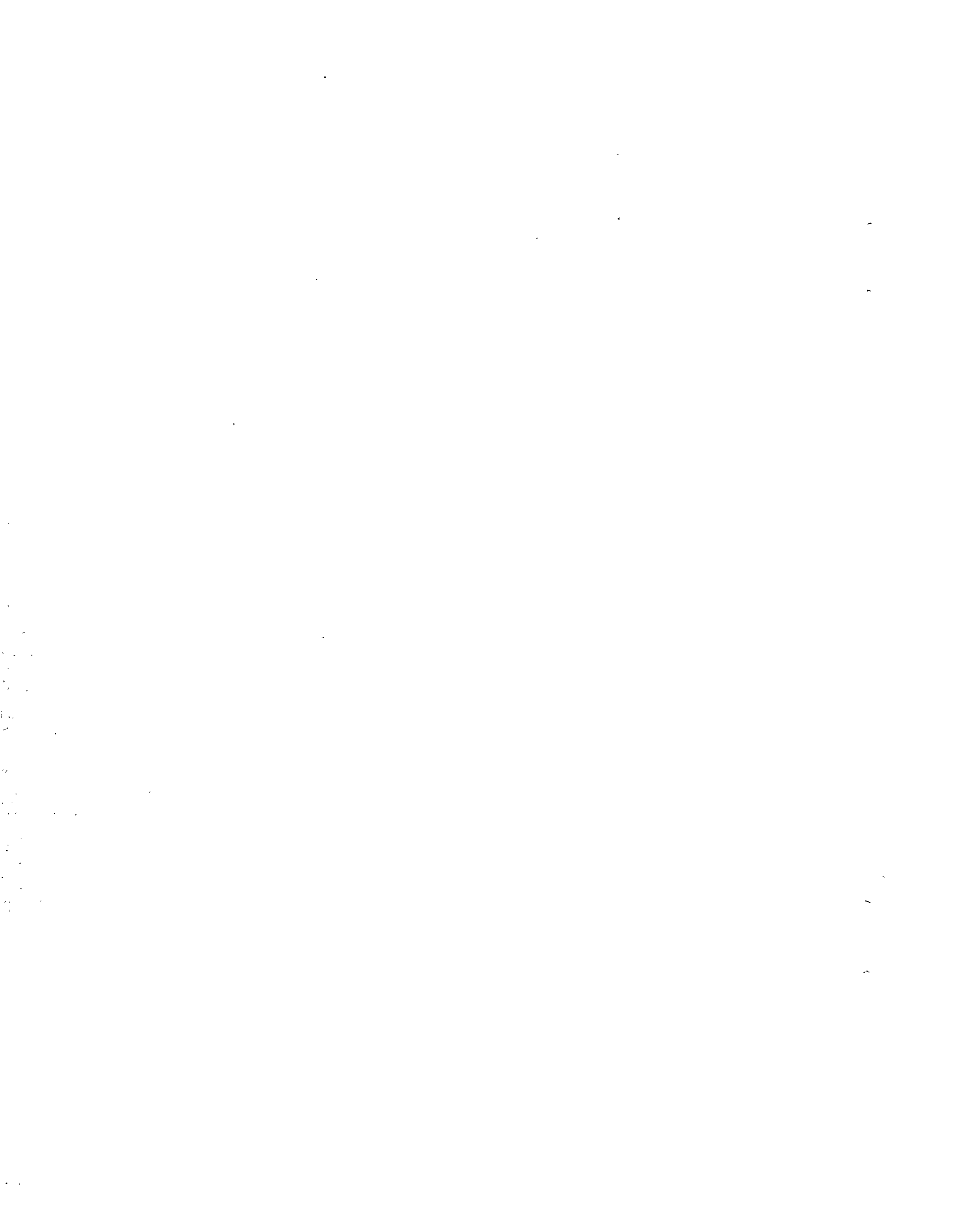
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

SOCIAL SECURITY ADMINISTRATION (continued)

for Medicare and for larger grants to States for Medicaid.

2. Much attention has been given to the need for developing alternatives to institutional care. Although home health care is not intended to be a substitute for appropriate institutional care, it offers in some instances a less expensive and/or more effective alternative to institutional care. HEW should assure that both Medicare and Medicaid programs include adequate provisions and guides for such alternative use.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION
SOCIAL AND REHABILITATION SERVICE

Need to exchange audit information
pertaining to Medicare and Medicaid
providers

GAO reported to the Congress on the need to more consistently reimburse health facilities under Medicare and Medicaid.

One matter discussed in the report was that there was no apparent systematic exchange of audit information between the Medicare and Medicaid programs. This situation existed in about 20 States and jurisdictions where there were no common audit arrangements or where audits were not made by the organization functioning as a Medicare intermediary and as a Medicaid fiscal agent. GAO concluded that combined program expenditures for payments to 27 hospitals would have been reduced by \$352,000 if SSA and SRS had used each other's audit adjustments in settling the hospitals' claims.

GAO recommended that the Secretary of HEW direct SSA and SRS to require a full exchange of Medicare and Medicaid audit information.

HEW indicated unwillingness to provide Medicare information free-of-charge to State Medicaid agencies because HEW believed it would hinder its progress in making common audit arrangements.

GAO believes that when audit information already developed by one federally supported program could be beneficial in reducing costs to another, such information should be exchanged, particularly since the Federal Government pays at least 50 percent of the allowable Medicaid administrative and medical assistance costs. (B-164031(4), Aug. 16, 1974.)

Appropriations

Social and Rehabilitation Service, Public Assistance.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

SOCIAL AND REHABILITATION SERVICE (continued)

Social Security Administration, Federal Hospital Insurance Trust Fund.

Issue for consideration by
the Committees on Appropriations

Savings available from exchanging audit information could be substantial and greatly exceed the revenue lost by providing audit information without charge.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING MANAGEMENT, HOUSING PAYMENTS

Opportunity for reducing interest costs

As authorized by sections 235 and 236 of the National Housing Act, the Department of Housing and Urban Development (HUD) makes monthly assistance payments to mortgagees so that low-income families may purchase or rent housing. HUD insures that the mortgage loans will be paid and charges the mortgagees for the insurance premiums. HUD's monthly assistance payments include the monthly amounts of the mortgage insurance premiums. Annually, on the anniversary month of each mortgage, the mortgagees pay the accumulated premium to HUD.

GAO reported to the Congress that, because HUD's monthly assistance payments include the mortgage insurance premiums, HUD is paying out funds which it must collect from the mortgagees and that the Government loses the use of such funds for an average of 6 months each year. GAO estimated that the interest costs applicable to the insurance premiums for the sections 235 and 236 mortgage balances of about \$11 billion would be at least \$1.6 million during fiscal year 1973. GAO proposed that HUD save such interest costs by deducting the premiums from the monthly assistance payments.

HUD did not agree with the proposal and stated procedures under the section 236 program already met the proposal objective. HUD stated that implementing the proposal for the section 235 program would offset any savings that would result because of the cost of the additional work necessary to implement the proposal. GAO disagreed and therefore recommended that the Congress authorize HUD to waive the mortgage insurance premiums for the sections 235 and 236 housing programs similar to the waiver of premiums provided for mortgages insured under the low- and moderate- income rental housing program authorized by section 221(d)(3) of the National Housing Act. (B-171630, Nov. 22, 1972.)

Appropriation

Department of Housing and Urban Development, Housing

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING MANAGEMENT, HOUSING PAYMENTS (continued)

Management, Housing Payments.

Issue for consideration by
the Committees on Appropriations

Significant savings are available if the Congress would waive the mortgage insurance premiums which are included in HUD's monthly assistance payments to mortgagees in the subsidized housing program.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PRODUCTION AND MORTGAGE CREDIT

Acquired units are not being used
to house those most in need

HUD assists local housing authorities in purchasing privately owned dwellings for rental to low-income families. As of June 30, 1971, HUD had assisted in the purchase of standard housing units requiring little or no rehabilitation to be used as low-rent housing at an estimated cost of about \$235 million.

Many of the occupants of the acquired housing units had previously lived in standard housing. Many had incomes exceeding those set for public housing eligibility. GAO suggested that the Congress consider requiring local housing authorities to give preference for admission to public housing to occupants of private substandard housing. (B-114863, Sept. 7, 1972.)

Appropriation

Department of Housing and Urban Development, Housing Production and Mortgage Credit--Federal Housing Administration.

Issue for consideration by
the Committees on Appropriations

The Congress should consider establishing priorities on admission to acquired public housing to insure that those most in need are given preference.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PRODUCTION AND MORTGAGE CREDIT

Experimental housing allowance program
should be completed before authorizing
a national program

In 1972 HUD began implementing one of the largest social experiments ever undertaken in the United States--the Experimental Housing Allowance Program (EHAP). EHAP, which was authorized by the Housing and Urban Development Act of 1970, was intended to provide low-income families with housing allowances to help rent housing of their choice in existing standard housing units.

GAO evaluated EHAP and analyzed other similar programs and provided the Congress with information thereon, as well as observations on the costs and some likely effects of a national housing allowance program.

Because the impact of a direct cash assistance program is unknown and because of the great cost involved, GAO recommended that the Congress, in considering future legislation authorizing a national housing allowance program, weigh the benefit that could be derived from waiting until EHAP is complete and more information is available on the likely impact of the program. Because the sites selected for EHAP were near average or above in terms of both housing quality and vacancy rates, GAO recommended that the Congress require HUD to provide assurances that the results achieved are representative of what might occur at other locations which have low housing quality and low vacancy rates and which are representative of many urban metropolitan areas.

HUD stated that the data that will be available will permit decisions regarding the first phase of a national housing allowance program by late 1974 or early 1975. HUD also stated that the criteria it used in selecting EHAP sites were adequate to insure that valid generalizations would be possible for most, if not all, sectors of the housing market. (B-171630, Mar. 28, 1974.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PRODUCTION AND MORTGAGE CREDIT (continued)

Appropriation

Department of Housing and Urban Development, Research and Technology and Housing Production and Mortgage Credit-- Federal Housing Administration.

Issues for consideration by
the Committees on Appropriations

1. The benefits that could be derived from waiting until EHAP is complete and more information is available on the likely impact of the program should be weighed by the Congress before authorizing and funding a national housing allowance program.

2. The Congress should require HUD to provide assurances that the results achieved are representative of what might occur at other locations which have low housing quality and low vacancy rates.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LIMITATIONS ON ADMINISTRATIVE AND
NONADMINISTRATIVE EXPENSES

Improvements needed in the overall management
of HUD-held multifamily mortgages

If the mortgagor on a HUD-insured multifamily mortgage defaults, the mortgagee may assign the mortgage note to HUD and collect insurance benefits. HUD may hold the mortgage and give the mortgagor an opportunity for reinstatement or proceed with acquisition of the property title through foreclosure. As of March 31, 1973, HUD held mortgages for 1,098 multifamily projects with outstanding principal balances of about \$1.2 billion.

GAO reported to the Chairman, Legal and Monetary Affairs Subcommittee, House Committee on Government Operations, that its review of selected activities of 15 projects had disclosed problems that would result in substantial future losses unless corrected. Controls over the receipt and disbursement of project funds had been inadequate, HUD had not adequately monitored the financial activities of defaulted projects, and workout arrangements had been allowed to continue long after it had become apparent that they were not successful. Because there were no specific factors which HUD field offices consistently considered in determining whether to foreclose a mortgage loan, foreclosure generally had been a last resort action resulting from the project owner's complete disregard of his financial obligation.

GAO recommended that HUD provide uniform guidance to its field offices for the management and monitoring of multifamily projects and require its officials to discontinue workout arrangements and seek other alternatives when it becomes apparent that the arrangement will not achieve prompt reinstatement. (B-114860, Mar. 14, 1974.)

GAO was later advised that HUD recognized that the management of mortgages in HUD field offices had been deficient and had taken action to strengthen the overall administration of HUD-held project mortgages. For example, a handbook

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LIMITATIONS ON ADMINISTRATIVE AND
NONADMINISTRATIVE EXPENSES (continued)

setting forth a new procedure for approving management fees was developed, a handbook change providing instructions to field offices on how to analyze accounting reports was completed, and workshops are being conducted to train field personnel in basic financial analysis. HUD advised the House Committee on Government Operations that work measurement and evaluation teams have been reviewing the housing management function in the field and that their reports may well lead to increased staff.

Appropriation

Department of Housing and Urban Development, Limitation on Administrative and Nonadministrative Expenses, Federal Housing Administration.

Issue for consideration by
the Committees on Appropriations

HUD will need authority to spend more funds to provide appropriate levels of staffing to monitor multifamily mortgages.

DEPARTMENT OF THE INTERIOR

C o n t e n t s

BUREAU OF RECLAMATION

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DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

Need for better construction cost
data for the Garrison Diversion Unit

GAO reported to the Chairman, Conservation and Natural Resources Subcommittee, House Committee on Government Operations, on the cost of constructing the Garrison Diversion Unit, a multipurpose water resources development project being constructed in North Dakota.

The Bureau of Reclamation had not followed its procedures for controlling and estimating total Federal obligations for the diversion unit. In its fiscal year 1975 budget submission, the Bureau probably had underestimated the total Federal obligations from about \$42.1 million to about \$66.1 million. As a result, the established congressional ceiling on appropriations for constructing the project may be exceeded. The Bureau was also considering alternative plans for settling a water quality dispute with Canada which, if adopted, would further increase the estimated cost of the Garrison Unit by about \$5 million to \$31 million.

GAO concluded that the Bureau should update the estimated total Federal obligations and advise the Congress promptly if the authorized congressional ceiling for the Garrison Unit will be exceeded. Because the Bureau may have to adopt an alternative plan for settling the water quality dispute with Canada, it should advise the Congress of the dispute and of its possible effect on project costs.

The Bureau plans to update the total Federal obligation and advise the Congress if the ceiling established by Congress will be exceeded. (B-164570, May 15, 1974.)

Appropriation

Department of the Interior, Bureau of Reclamation, Construction and Rehabilitation.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION (continued)

Issue for consideration by
the Committees on Appropriations

The Bureau may need funds above that authorized for constructing the Garrison Diversion Unit under Public Law 89-168, enacted August 5, 1965.

BEST DOCUMENT AVAILABLE

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

Managing recreation facilities at
Bureau of Reclamation reservoirs

GAO reported to the Chairman, Conservation and Natural Resources Subcommittee, House Committee on Government Operations, on the Bureau of Reclamation's policy of assigning management of recreation areas at its reservoirs to non-Federal agencies and on the Bureau's supervision of such management.

At several Bureau reservoirs, the Bureau had been unable to interest either Federal or non-Federal agencies in assuming responsibility for developing and operating recreation facilities. As a result, these reservoirs had limited recreation facilities. At a few reservoirs, particularly Lake Berryessa, California, public access to the lakes was restricted because concessioners had developed mobile-home parks.

GAO recommended that the Secretary of Interior:

- Obtain statutory authority to develop, operate, and maintain recreation facilities at Bureau reservoirs when other Federal or non-Federal agencies are either unwilling or unable to assume such responsibility or performance is unsatisfactory.
- Establish a policy on developing mobile-home parks at Bureau reservoirs to insure that such development does not restrict public access to and use of the reservoirs.
- Insure adequate development of public recreation facilities at Lake Berryessa.

The Bureau generally agreed with these recommendations. (B-174172, dated July 29, 1974.)

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION (continued)

Appropriation

Department of the Interior, Bureau of Reclamation,
Construction and Rehabilitation and Operation and Maintenance.

Issues for consideration by
the Committees on Appropriations

1. The Bureau of Reclamation may need additional funds if it obtains the statutory authority to develop, operate, and maintain recreation facilities at Bureau reservoirs when other Federal or non-Federal agencies are either unwilling or unable to assume such responsibility or when management by a non-Federal agency is unsatisfactory.

2. The Bureau is seeking legislative authority (House bill 15736) to construct up to \$3 million worth of short-term facilities for general public use at Lake Berryessa.

DEPARTMENT OF JUSTICE

C o n t e n t s

IMMIGRATION AND NATURALIZATION SERVICE

More needs to be done to reduce the number and
adverse impact of illegal aliens in the United
States

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DEPARTMENT OF JUSTICE

IMMIGRATION AND NATURALIZATION SERVICE

More needs to be done to reduce the
number and adverse impact of illegal
aliens in the United States

GAO reported to the Congress on the problems on the Immigration and Naturalization Service in preventing entry of, locating, apprehending, and expelling illegal aliens-- those deportable under the Immigration and Nationality Act. The number of illegal aliens located by the Service increased from about 200,000 in fiscal year 1968 to over 500,000 in fiscal year 1972.

GAO concluded that the Service did not have the illegal alien problem under control and that the problem had reached severe proportions. GAO found that (1) while the Service had little difficulty apprehending illegal aliens, the number actually located was constrained by available resources, (2) inadequate enforcement of immigration laws was contributing to the rise in illegal entries, and (3) an improved and more systematic information exchange between the Service and various Government agencies was needed concerning illegal aliens who fail to pay Federal income taxes and/or are on welfare. We further reported that many employers continued to hire illegal aliens for jobs even after repeated Service visits to discourage such employment and that, since no Federal law prohibited such employment, sanctions were needed to discourage such hiring.

The Service, the Internal Revenue Service of the Department of the Treasury, and HEW agreed with GAO's findings and conclusions and informed GAO that actions had been or would be taken to implement GAO's recommendations on the need for the coordination of efforts between these agencies to collect taxes from departing aliens and identify illegal aliens applying for or receiving welfare assistance.

GAO also recommended that the Senate give favorable consideration to aspects of House bill 982 passed May 3, 1974, which would make it unlawful to hire illegal aliens. (B-125051, July 31, 1973.)

DEPARTMENT OF JUSTICE

IMMIGRATION AND NATURALIZATION SERVICE (continued)

Appropriation

Department of Justice, Immigration and Naturalization Service, Salaries and Expenses.

Issue for consideration by
the Committees on Appropriations

The Immigration and Naturalization Service could apprehend more illegal aliens if it had more detention funds, space, investigators, border patrolmen, and transportation funds.

DEPARTMENT OF LABOR

C o n t e n t s

MANPOWER ADMINISTRATION

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OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

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DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

Reemployment assistance for engineers, scientists, and technicians unemployed because of aerospace and defense cutbacks

GAO reported to the Congress on the Technology Mobilization and Reemployment program authorized on April 2, 1971, which was intended to assist in reemploying the estimated 75,000 to 100,000 unemployed aerospace engineers, scientists, and technicians. The Department of Labor estimated that it would provide financial assistance to about 30,000 persons and that about 40,000 overall would be placed during the 2-year life of the program.

The program was to provide assistance in four ways: (1) job promotion and development, (2) grants to enable applicants to explore job opportunities outside their home areas, (3) grants to enable applicants to move their household goods in the event they obtained employment outside their home areas, and (4) special training when there was a strong prospect that such training would lead to permanent employment. GAO reviewed the program to determine how much assistance it provided and whether improvements could be made.

GAO concluded that the program was reasonably successful but that it fell short of estimated goals in terms of assisting applicants in finding jobs and providing financial assistance to participants because (1) job development activities were concentrated in areas where job openings were scarce and nationwide job development tools were not used adequately, (2) program officials did not determine why individuals on job search grants failed to obtain employment and did not make additional efforts to fill job openings for which grants were made, (3) there was a lack of posttraining placement assistance and insufficient job development activities necessary to identify areas where training could have resulted in suitable employment. The Department inadequately monitored the program, and various deficiencies remained uncorrected.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION (continued)

GAO made a number of recommendations to correct the deficiencies it reported and to improve future programs of this nature.

The Department agreed with the findings and said that, if the program were to continue, it would adopt GAO's recommendations. The Department, however, expressed the desire for a more permanent program and for a somewhat more expanded departmental role than our recommendations would accomplish. (B-133182, Dec. 5, 1973.)

Appropriation

Department of Labor--Manpower Administration.

Issue for consideration by
the Committees on Appropriations

Labor should increase its efforts in those areas which identify job openings and industries and public service areas that have significant potential for new job creation so that better progress could be achieved in accomplishing its objectives.

BEST DOCUMENT AVAILABLE

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

The Emergency Employment Act: Placing participants in nonsubsidized jobs and revising hiring requirements

GAO reported to the Chairman, Subcommittee on Employment, Poverty, and Migratory Labor, Senate Committee on Labor and Public Welfare, on the selection and enrollment of participants in programs under the Emergency Employment Act of 1971 (EEA).

GAO concluded that (1) counting other placements in the public and private sectors, placements totaled about 113,680, or 36 percent, of the cumulative regular participants as of June 1973, (2) with the passage of the Comprehensive Employment and Training Act of 1973, the problem of placing the remaining program participants may ease for those program agents who qualify for additional funds under the new act, (3) the major factor noted that impeded permanent placement was the Department's July 1972 freeze on hiring and the speed with which the program was implemented and the resulting lack of adequate planning. GAO also concluded that many States, counties, and cities had, or were in the process of, revising hiring requirements to more easily accommodate EEA participants. GAO recommended that the Department should monitor agent's plans and procedures and give program agents technical assistance in helping participants find nonsubsidized jobs.

The Department agreed with GAO's proposals and told of actions being taken to implement them. (B-163922, Mar. 29, 1974.)

Appropriation

Department of Labor--Manpower Administration.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION (continued)

Issue for consideration by
the Committees on Appropriations

Labor should emphasize to program agents the importance of developing detailed placement plans in future programs to make better progress in accomplishing its objectives.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

Restructured Neighborhood Youth Corps out-of-school program in urban areas

GAO reported to the Congress on the Neighborhood Youth Corps out-of-school program after the program was restructured. Cities included in the evaluation were Birmingham, Cleveland, Philadelphia, San Antonio, and San Francisco. The objectives of the restructured program were to place enrollees in suitable jobs, advanced training, or further education after they left the program in fiscal year 1973. On December 31, 1972, 24,600 youths were enrolled in the program.

GAO concluded that the Department had not set specific goals or measurement standards against which the program's accomplishments can be compared and that the projects had not accumulated adequate information on program results.

GAO also concluded that program implementation varied widely among the five projects in terms of program thrust, types of services offered, and the manner in which services were performed.

GAO recommended that the Department establish goals for measuring project success or require the project sponsors to establish such goals for their projects which are realistic for the labor-market area involved. GAO also made several recommendations to the Department aimed at improving the management of the program.

The Department generally concurred with GAO's recommendations and outlined various actions it was taking or planned to take to bring about improvements. (B-130515, April 2, 1974.)

Appropriation

Department of Labor--Manpower Administration.

BEST DOCUMENT AVAILABLE

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION (continued)

Issue for consideration by
the Committees on Appropriations

The Department should set specific goals or measurement standards against which program accomplishments should be compared so the Congress will know if the program was successfully meeting its objectives.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

BEST DOCUMENT AVAILABLE

Public employment programs in
selected rural and urban areas

GAO reported to the Chairman, Subcommittee on Employment, Poverty, and Migratory Labor, Senate Committee on Labor and Public Welfare on EEA public employment programs administered by cities and counties serving as program agents in selected rural and urban areas.

GAO concluded that (1) the program could be operated to serve pockets of high unemployment without serving the entire areas under their jurisdiction, (2) job selection was influenced by public service needs and the lack of funds for capital equipment, budgetary constraints, residency requirements, union pressures, and the need to rehire former city employees, (3) recruitment results appeared to be influenced by jobs selected by agents, salaries, and job requirements, (4) most of the program agents used little of the funds programmed for supportive services, including training, (5) the programs in the urban areas generally prevented a decrease in services whereas in the rural areas the program generally provided additional needed public services, and (6) prospects for meeting the Department's goal of placing 50 percent of the EEA participants in permanent jobs did not appear very promising because of civil service requirements, low turnover rates, and budgetary problems.

GAO recommended that the Department, in reviewing program agents' funding applications, establish procedures for insuring that funds are provided for supportive services, including training, only on the basis of specific plans showing how such funds are to be used.

The Department generally agreed with the recommendations. (B-163922, Aug. 1, 1973.)

Appropriation

Department of Labor--Manpower Administration.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION (continued)

Issue for consideration by
the Committees on Appropriations

The Department should program more carefully for training needs to insure that employment opportunities can be maximized from available funds.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

Legislation needed to simplify the Federal funding of State employment security agencies' administrative expenses

In administering the Federal-State Employment Security programs, the Department grants obligational authority to each State from several Federal fund sources and relies on the States to account for these funds. The Department is responsible for complying with the Antideficiency Act (31 U.S.C. 665) for each fund source.

GAO's review disclosed that legislation is needed to simplify the Federal funding of administrative expenses of State agencies, estimated at \$1 billion for fiscal year 1974. Without this legislation the Department is faced with the dilemma of either (1) requiring that State agencies correctly report the use of funds and thereby run the risk of violating the Antideficiency Act for particular fund sources or (2) allowing the State agencies to incorrectly report fund usages to avoid recording and disclosing such violations.

GAO recommended that the Secretary of Labor request and the Congress consider legislation to simplify the funding of administrative expenses for State employment security agencies. (B-115349, July 23, 1973.)

The Department agreed that the funding of administrative expenses of State agencies needs to be simplified and has requested joint funding legislation in a draft bill entitled the "Department of Labor Administrative Operations Fund Act of 1974."

Appropriations

Department of Labor:

Manpower Administration:

Limitation on grants to States for unemployment insurance and employment services.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION (continued)

Federal grants to States for employment services.
Manpower training services.

Bureau of Labor Statistics:
Salaries and expenses.

Department of Agriculture:
Food and Nutrition Service:
Food Stamp program.

Department of Health, Education, and Welfare:
Social and Rehabilitation Service:
Work incentives.
Social Security Administration:
Limitation on salaries and expenses.

Office of Emergency Preparedness:
Disaster relief.

Issues for consideration by
the Committees on Appropriations

The Congress should consider some form of joint funding legislation to permit State agencies to obligate administrative expenses against a single allocation of funds. The following alternatives could be considered:

- Limiting the Department's responsibility under the Antideficiency Act to total funds available to State administration instead of to each available fund source.
- Establishing an administrative operations fund.
- Providing one appropriation for all State agency administrative expenses.
- Providing some other type of joint funding.

DEPARTMENT OF LABOR

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

More concerted effort needed by the
Federal Government on occupational safety
and health programs for Federal employees

Section 19 of the Occupational Safety and Health Act of 1970 requires each Federal agency to establish and maintain an effective and comprehensive occupational safety and health program--consistent with standards promulgated by the Secretary of Labor--and to provide safe and healthful work conditions for Federal employees. The Occupational Safety and Health Administration (OSHA) is required by executive order to issue regulations to provide guidance to Federal agencies in fulfilling their responsibilities under the act.

In a report to the Senate Committee on Labor and Public Welfare, GAO stated that much more needed to be done if the Federal Government were to insure that its own agencies were complying with the standards which it was enforcing in the private sector and if Federal employees were to be assured of safe and healthful workplace conditions.

GAO inspected several Federal workplaces and found instances of noncompliance sufficiently severe that, had they been found in private businesses, OSHA could have assessed monetary penalties. GAO noted that most Federal agencies it surveyed used only part-time inspectors and their safety programs lacked consistency and overall direction. Also, OSHA had not provided leadership to effect uniform Federal policy and had not evaluated each Federal agency's program annually as required.

GAO made several recommendations to strengthen OSHA's leadership role. The Department advised GAO that OSHA had taken or planned to take various actions as GAO suggested.

GAO recommended also that the Senate Committee on Labor and Public Welfare consider having the act amended to bring

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (continued)

Federal workplaces under the inspection responsibility of OSHA. The inspections should supplement, and not replace, inspections by the agencies' own personnel. (B-163375, Mar. 15, 1973.)

Appropriation

Department of Labor, Occupational Safety and Health Administration, Training, Education and Information.

Issue for consideration by
the Committees on Appropriations

The Occupational Safety and Health Administration could help insure safe and healthful Federal workplaces if it had the legislative authority to supplement each agencies' inspections of its workplaces.

DEPARTMENT OF STATE

Improvements needed in managing U.S. participation
in international organizations

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DEPARTMENT OF STATE

Improvements needed in managing
U.S. participation in international
organizations

GAO reported (B-168767, Mar. 18, 1970) that the United States loses control over funds contributed to international organizations and that the Department of State could not assure the Congress that U.S. contributions were efficiently and effectively used.

GAO's principal recommendations for improving U.S. participation centered on

- developing policy objectives and priorities to guide U.S. officials dealing with the organization,
- acquiring and effectively using information from the organizations,
- arranging for adequate independent reviews and evaluations, and
- having the organizations employ more U.S. nationals.

In a followup report (B-168767, July 18, 1974) GAO found that, although increased emphasis on multilateral assistance makes the need to correct the conditions that prompted these recommendations more urgent than ever, progress has been slow and no single recommendation has been put fully into effect.

Until the objectives of the GAO recommendations have been fully met, the Congress cannot be assured that U.S. contributions to international organizations are efficiently and effectively used.

Appropriation

Department of State, Foreign Assistance - Voluntary contributions to international organizations.

DEPARTMENT OF STATE

Issue for consideration by
the Committees on Appropriations

Continuous overview of the international organizations' operations is necessary to insure efficient and effective management.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Need for establishing development
criteria for ending U.S. assistance
to recipient countries

GAO reported to the Congress in 1973 that the need for concessional assistance to Brazil is questionable due to the significant improvement in Brazil's economic growth. GAO noted that U.S. program managers have not addressed the question of when a foreign aid recipient like Brazil reaches a point in its development when it no longer needs further U.S. concessional assistance. GAO believes the Congress should require the Department of State and the Agency for International Development (AID) to identify precisely and objectively that point at which a country such as Brazil no longer requires U.S. concessional assistance.

Both the Department of State and AID stated that the question of termination of U.S. bilateral assistance with regard to several nations has been addressed by AID. The agencies further added that their experience on a country-by-country basis has shown that there is no simple formula whereby such decisions can be reached. They stated that developing nations differ greatly and the circumstances under which U.S. assistance is provided vary widely from country to country. Therefore determining the time when concessional assistance is no longer required must be dealt with on a country-by-country basis.

GAO agrees that this decision should be on a country-by-country basis. However, as part of their normal program process, the agencies should use, (in addition to the security and political factors), a method whereby program managers can consider development criteria to assist them in identifying objectively the point when a country no longer needs concessional assistance. GAO believes the potential savings resulting from timely phase-out of U.S. foreign assistance programs more than offset the difficulties involved in making these decisions. (B-133283, July 30, 1973.)

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Appropriation

Department of State, Agency for International Development, Foreign Assistance and Related Programs.

Issue for consideration by
the Committees on Appropriations

Savings in foreign assistance funds could be achieved by more timely phase-out of U.S. assistance programs. The Department of State and AID should identify precisely and objectively that point at which a country no longer requires U.S. concessional assistance.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Nonutilization of U.S. furnished
construction equipment

GAO reported to the Administrator, AID, on the utilization of approximately \$19.6 million worth of used military construction equipment AID furnished, in 1972, to the Vietnam Engineering and Construction Company, a corporation owned by the Government of Vietnam. The equipment was placed in a rental pool for use by construction contractors on various highway and bridge projects in Vietnam.

GAO concluded that equipment furnished by AID remained idle as much as 90 to 96 percent of the time that it was in the rental pool. The United States would have lost its right to recover the equipment by July 1974. As a result of our review, the AID mission in Vietnam took action to recover and redistribute about \$4.3 million worth of the equipment.

GAO recognized the AID's recovery actions as being significant. We noted, however, that at least \$11.2 million worth of equipment still remained inadequately utilized and not recovered while the United States was about to lose its right to recover any additional amounts of the equipment.

GAO recommended that AID take immediate action to recover and redistribute the remaining unutilized equipment before the United States lost its right to the equipment.

AID generally agreed with GAO's recommendation and took action to (1) extend the length of time under which the United States retained title to the equipment and (2) recover about an additional \$2 million worth of unutilized equipment. AID agreed to continue monitoring the utilization of the remaining equipment.

Appropriation

Department of State, Agency for International Development--Foreign Assistance Act.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Issue for consideration by
the Committees on Appropriations

Significant savings are available through recovery of the unutilized construction rental pool equipment. The recovered equipment can be redistributed to meet other priority needs.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Opportunities to reduce costs for
concessional AID loans to Brazil

GAO reported to the Congress that United States bilateral concessional aid is unnecessary for Brazil because (1) it has one of the fastest growing economies in the world and (2) it has access to capital from foreign investment and multilateral agencies.

AID has made more than \$1.3 billion in concessional loans and about \$200 million in grants to Brazil. Under the loan agreements, AID can seek renegotiation of its concessional loans in the event that there is any significant improvement in the internal and external economic and financial position and prospect of the country of the borrower. This has happened in Brazil as there is strong evidence that Brazil's economic achievements are solid and stable.

One way the United States could reduce costs is by reducing its debt service costs for its concessional loan programs to Brazil. For example, a United States Treasury computation made for GAO in August 1973 of 11 loans made since 1970 totaling about \$175 million showed that the United States would save about \$94 million in debt service cost over the loans' 40-year life if the interest rates were increased to cover the amounts paid by the United States to service these loans.

GAO recommended that the Secretary of State and the Administrator of AID initiate discussions with the Government of Brazil to renegotiate better loan terms, including either accelerated repayment or increased interest rates to cover the costs incurred by the United States Government to service the concessional aid loans.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

State Department and AID believe that the United States should not seek to renegotiate past concessional loans to Brazil. The agencies stated that AID has not yet invoked the renegotiation clause for any concessional loans to countries which have experienced major economic and financial improvement. They also stated that the criteria for determining such improvement are subject to interpretation. The various indices of economic well-being in Brazil's situation are mixed. (B-133283, Aug. 26, 1974.)

Appropriation

Department of State, Agency for International Development--

Foreign Assistance and Related Programs Appropriations.

Issue for consideration by
the Committee on Appropriations

The Congress may wish to direct AID to review its policy toward renegotiating these loans as well as concessional loans to other countries making economic progress. Such review, among other things, should identify measurable criteria and guidelines to be used in determining which loans could be renegotiated.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Recission of the opium poppy
growing ban by Turkey

GAO reported that the principal reasons cited by the Turkish Government for rescinding its opium poppy ban were (1) the change in Government from a military-backed regime that enacted the ban to a democratically elected one which felt no obligation to maintain it, (2) a growing worldwide shortage of opium gum for licit drug production, and (3) the undue hardship imposed on the Turkish economy and the Turkish farmer by the ban.

While the Turkish Government maintained that it had no formal agreement with the United States concerning the ban, it did sign agreements with the United State concerning crop substitution assistance programs. These agreements incorporate the earlier U.S. Ambassador's memorandum of understanding by specific reference and hence, the memorandum has been considered by the United State as a binding agreement.

The Turkish decision to ban opium production resulted in a pledge of U.S. grant assistance totaling \$35.7 million to compensate Turkey for losses of free foreign exchange as a result of lost legal sales, to provide for income replacement for Turkish farmers affected by the ban and for implementing controls in poppy growing areas as well as crop substitution. Of the \$35.7 million pledged by the United States, \$15.6 million had been released to Turkey for use in implementing the listed objectives. Although the crop substitution program has been slow, progress has been made with the money spent so far.

GAO believes that it is important, first of all, to promote negotiations with the Turkish Government at the highest possible echelons. GAO also believes that, whether Turkey resumes opium production, the United States should urge the Turkish Government to pursue the full development of income replacement projects already implemented as well as proposed agricultural activities which would result in a reduction of opium poppy growing. (B-173123, Sept. 9, 1973.)

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Appropriation

Department of State, Agency for International Development--

Foreign Assistance and Related Programs Appropriation.

Issue for consideration by
the Committees on Appropriations

Whether U.S. funds should be made available for continued support toward the elimination of opium poppy growing in Turkey.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Restrictions on U.S. procurement activities in Thailand hinders competition and increases costs

U.S. Forces occupy military bases in Thailand jointly with Thai Forces. Although the United States paid much of the construction costs of these bases, it has no formal agreement with Thailand covering the status of U.S. Forces there or giving the United States sufficient access to the bases. The United States does, however, use the bases rent free. Generally, only Thai base commanders have been authorized to grant access rights to bases occupied by U.S. Forces to contractors with which U.S. military organizations do business. These commanders can thus select the contractors that may do business with the U.S. military organizations, irrespective of the rates the contractors charge. Because of this restriction on the U.S. Forces, maintenance and other types of service contracts have been awarded to contractors that have charged the U.S. Forces excessively high rates. GAO identified a few examples of excess costs (estimated at \$373,000) that had resulted from this situation.

Decrees by the Thai Government have given the Government-owned Express Transportation Organization of Thailand sole control over certain cargo-hauling activities and stevedoring services at Thai ports. Because of this monopoly, the United States has had to pay considerably more for those services than it would have paid under competitive procurement. GAO identified one stevedoring contract in which excess cost amounted to \$475,000.

In a report to Congress, GAO recommended that the Secretaries of State and Defense make every effort to negotiate agreements with the Thai Government that will resolve the sole-source procurement and access-to-base situations. If such an agreement or agreements cannot be negotiated, they should determine the estimated yearly amount of the excess costs, report them as additional assistance to Thailand, and pay for them from foreign assistance appropriation. The

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Department of State generally agreed with the finding, but not with the recommendations. (The details of their disagreement are classified.) GAO believes that the Department of State does not plan to actively negotiate agreements to resolve the source procurement and access-to-base situations. (B-133258, June 5, 1974--classified.)

Appropriations

Department of State, Agency for International Development--

Foreign Assistance and Related Programs Appropriation Act.

Issue for consideration by
the Committees on Appropriation

Require assurance from Department of Defense and Agency for International Development that the additional costs are properly accounted for as additional assistance and that foreign assistance funds allocated for Thailand are used to pay for them.

DEPARTMENT OF TRANSPORTATION

C o n t e n t s

FEDERAL AVIATION ADMINISTRATION

Identifying and correcting safety defects on
light aircraft

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NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Need to improve benefit cost analyses of motor
vehicle safety standards

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DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

Identifying and correcting safety defects on light aircraft

At the request of the Chairman, Government Activities Subcommittee, House Committee on Government Operations, GAO reviewed the Federal Aviation Administration's (FAA's) aircraft safety regulatory activities involving selected manufacturers of light aircraft to whom FAA had delegated certain authority for determining that their aircraft met Government regulations.

FAA had not implemented a program to independently flight-test major inservice light aircraft for the adverse flight characteristics identified in the Government's 1967 and 1968 aircraft design-induced pilot error studies.

In a number of cases, aircraft certified by the Government as air-worthy were later found to have design weaknesses. Although some aircraft with design weaknesses were certified after the Government participated directly in design development and testing of the aircraft, most of them were certified under delegation procedures whereby manufacturers determined whether the aircraft complied with applicable Government regulations. After it became known that aircraft had been manufactured with design weaknesses, FAA and manufacturers usually had delayed modifying the designs to correct the weaknesses.

GAO recommended that the Secretary of Transportation require FAA to:

1. Participate fully in flight and other critical testing of newly designed or modified light aircraft before they are type certified for mass production.
2. Establish procedures for systematically monitoring manufacturers' problems in interpreting FAA light aircraft safety regulations.

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION (continued)

3. Establish criteria for guiding regional offices in identifying design weaknesses promptly, assessing seriousness of weaknesses in relation to safety, and undertaking effective and prompt corrective action.

The Department generally agreed with the thrust of the recommendations.

FAA subsequently requested funds in 1975 for 46 new positions to test newly designed or modified light aircraft but has taken no action on the other recommendations. (B-164497(1), June 8, 1973.)

Appropriation

Federal Aviation Administration--Operations.

Issues for consideration by
the Committees on Appropriations

FAA should (1) more actively participate in the design and flight testing leading to certification of new and modified light aircraft, (2) establish procedures for systematically monitoring manufacturers' interpretations of light aircraft safety regulations, and (3) establish criteria for guiding regional offices in identifying and correcting design weaknesses.

DEPARTMENT OF TRANSPORTATION

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Need to improve benefit cost analyses
of motor vehicle safety standards

At the request of the Chairman, Senate Committee on Commerce, GAO reviewed the National Highway Traffic Safety Administration's capability for making benefit-cost analyses of motor vehicle safety standards. The Safety Administration uses benefit-cost analyses primarily to establish an order of priority for planning and implementing safety standards. It also uses these analyses, along with other factors, to evaluate merits of a proposed safety standard.

A benefit-cost analyses involves estimating, in dollars, the benefits from establishing a standard and the cost to comply with the standard. The Safety Administration measures benefits by estimating how much accidents, fatalities, injuries, and property damage will cost society and by evaluating a standard's effectiveness in reducing such costs. Compliance costs are measured by estimating the consumer's cost for a safety improvement required by the standard.

GAO concluded that (1) the Safety Administration's estimate of motor vehicle accident costs was significantly higher than the estimates of such costs by the National Safety Council and a committee of the Office of Science and Technology because of variances in data sources, statistical bases, assumptions, and calculations of cost, (2) available accident data was of limited value for projecting the effectiveness of proposed safety standards because of the inherent problems associated with data collection and the lack of sufficient information on the causes of accidents, and (3) the Safety Administration was not in a good position to defend its cost and leadtime estimates because it lacked specific detailed data necessary for such estimates.

GAO recommended that the Secretary of Transportation (1) explore with the Safety Administration ways in which the development of an authoritative accident cause data system

DEPARTMENT OF TRANSPORTATION

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (continued)

might be expedited and (2) require the Safety Administration to make an intensive, concerted effort to obtain cost and leadtime data from major domestic and foreign motor vehicle manufacturers on a continuous basis.

The Department said essentially it was doing as much as it could to develop and use benefit-cost analyses and that continued use of the analyses depended a great deal on the availability of manpower and resources and on industry's cooperation. (B-164497(3), July 22, 1974.)

Appropriation

National Highway Traffic Safety Administration--Traffic and Highway Safety.

Issues for consideration by
the Committees on Appropriations

1. The Safety Administration needs to reevaluate the data, data bases, and assumptions used in estimating accident costs.

2. The Safety Administration may need funds above the current level to develop reliable data for use in making benefit-cost analyses of automobile safety standards.

DEPARTMENT OF THE TREASURY

C o n t e n t s

BUREAU OF THE MINT

Economies available through productivity improvements of men, materials, and machines 96

BUREAU OF PUBLIC DEBT

Unclaimed savings bonds should be returned to veterans and other individuals 98

DEPARTMENT OF THE TREASURY

BUREAU OF THE MINT

Economies available through productivity
improvements of men, materials, and machines

GAO reviewed the operations at the Bureau of the Mint at its Philadelphia location to determine that location's organizational efficiency and how this level of efficiency affects the number and cost of items produced by the Mint.

GAO concluded that the Mint needs to improve its data base in the areas of productivity measurements, equipment utilization, and labor utilization to provide management with data to measure operating efficiency. The Mint also needs to study the product mix and the impact a change in Mint's current production procedures would have on the Bureau of the Mint plans to increase total Bureau production capacity; e.g., the construction of a new Mint in Denver. The current procedures are to produce some products in-house and procuring other products from commercial sources.

GAO recommended that the Mint (1) develop accurate measures of Mint productivity, (2) develop labor and machine standards, (3) develop a comprehensive program to evaluate equipment utilization and justifications, and (4) determine the lowest cost product mix.

The Mint agreed with the recommendations. GAO also suggested that the Mint reevaluate its need for in-house strip production. The Mint did not agree with this recommendation.

Appropriation

Department of the Treasury--Bureau of the Mint.

DEPARTMENT OF THE TREASURY

BUREAU OF THE MINT (continued)

Issues for consideration by
the Committees on Appropriations

1. Significant savings are possible if the Mint improved its productivity, equipment utilization, and work measurement system and produced coins according to the lowest cost product mix.

2. The Mint should study the cost effectiveness of buying strip rather than producing it in-house. If cost is advantageous, the freed space could be used for coin production, thus reducing the need for a new Denver Mint.

DEPARTMENT OF THE TREASURY

BUREAU OF THE PUBLIC DEBT

Unclaimed savings bonds should be
returned to veterans and other
individuals

GAO reported to the Congress that, at November 30, 1972, over 700,000 U.S. savings bonds with an estimated face value of about \$50 million remained unclaimed by their owners, including veterans of World War II, Korea, and Vietnam. Thousands of these bonds had been held in safekeeping by the Department of the Treasury and Federal Reserve banks for over 30 years.

The policies and procedures of the Treasury and the Federal Reserve banks, since the establishment of the safekeeping program in 1935, had provided for returning bonds to the owners only on request.

Treasury officials informed GAO that one of the reasons they had not taken any action to return the bonds in safekeeping was the difficulty in locating most of the owners who had purchased bonds as long as 30 years ago. However, on the basis of a test GAO made with the cooperation of the Veterans Administration, it appeared that bond owners' addresses could be obtained for between 60 and 70 percent of the inactive bond accounts in the custody of the Treasury. Interviews with several veterans having bonds in safekeeping disclosed they either had forgotten or were not aware of the bonds they had in safekeeping.

From the information disclosed by its review, GAO concluded that the policy for safekeeping savings bonds which provided only for custodial responsibility and did not provide for trying to locate owners deserved reconsideration.

Accordingly, GAO's report to the Congress recommended that the Secretary of the Treasury (1) attempt to locate, with the assistance of appropriate Government agencies, persons having savings bonds in safekeeping and return the bonds to the owners and (2) explore the potential of using veterans' publications when veterans cannot be located

DEPARTMENT OF THE TREASURY

BUREAU OF THE PUBLIC DEBT (continued)

through the records of Government agencies. To insure that the bonds are returned efficiently and economically, GAO also recommended that the Treasury centralize the records and administration of the safekeeping program in a single Treasury organization.

Pursuant to GAO's recommendations, Treasury initiated several actions to effect the return of the unclaimed savings bonds to their owners. (B-179225, Aug. 10, 1973.)

To determine what action could be taken to expedite the return of the bonds, the Subcommittee on Legal and Monetary Affairs, House Government Operations Committee, held hearings on August 8, 1974.

Appropriation

Department of the Treasury and Bureau of the Public Debt--Administering the Public Debt.

Issue for consideration by the Committees on Appropriations

In August 1974, the Treasury still had over 400,000 unclaimed bonds to return to their owners or heirs. Based on the outcome of a current pilot test, the Treasury plans to prepare a cost analysis to determine the additional funds needed to return these bonds and request a supplemental appropriation.

ATOMIC ENERGY COMMISSION¹

C o n t e n t s

DIRECTOR OF REGULATION

Improper use of contractor-furnished employees at
AEC's regulatory organization

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¹The Energy Reorganization Act of 1974, approved October 11, 1974, provides for reorganizing and consolidating certain functions of the Federal Government, including those of the Atomic Energy Commission in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission.

ATOMIC ENERGY COMMISSION

CONTRACTING

Improper use of contractor-furnished employees at AEC's regulatory organization

GAO reported to the Chairman, AEC, that using contractor-furnished employees rather than Federal employees to assist AEC in its licensing activities was improper and considerably more costly than using Federal employees.

As of September 1973, AEC had 98 contractor-furnished employees performing functions normally performed by Federal employees. AEC was planning to use each of these employees for a 2-year period, and its total out-of-pocket cost would have been about \$1.8 million more than if Federal employees were used. AEC agreed that use of contractor-furnished employees was more costly but said the use of such employees was necessary in light of a backlog of licensing applications and the energy requirements of the Nation.

AEC terminated its use of 21 of the 98 employees and planned to phase out the remaining employees during fiscal year 1975. AEC agreed to seek specific authorization from the Congress in the event it decided to extend the terms of these employees or to use additional contractor-furnished employees. (B-164105, Nov. 1, 1973.)

Appropriation

Atomic Energy Commission, Public Works.

Issue for consideration by the Committees on Appropriations

Significant savings are available if AEC carries out its plans for phasing out use of contractor-furnished employees by the end of fiscal year 1975.

CIVIL SERVICE COMMISSION

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CIVIL SERVICE COMMISSION

Improvements needed in conducting the survey of non-Federal salaries used as basis for adjusting Federal white-collar salaries

The principle that salaries for Federal white-collar employees should be comparable with salaries paid in private enterprise for the same levels of work is established by law. GAO is making a comprehensive review of the comparability process for adjusting Federal white-collar salaries. The first phase of the review dealt with the design and conduct of the annual survey of non-Federal salaries which is used as the basis for assessing and adjusting Federal white-collar salaries.

In its report to the Congress GAO stated that there is a need to supplement and strengthen the design and data-gathering process of the annual survey to better accomplish the basic purposes for which the principle of comparability was adopted. Also, more emphasis should be given to compensation evaluation and research in order that timely changes in the comparability process can be made.

GAO reported that the occupational composition of the jobs selected for survey were not sufficiently representative of the variety of Federal jobs at the GS-5, GS-7, GS-9, and GS-15 work levels. The job mixes at certain of those levels contained disproportionate numbers of jobs which were highly paid in the private sector. This resulted in an upward bias of the average work level rates.

Although the annual survey is designed to estimate the national salary rates in the private sector for selected jobs comparable to those in the Federal sector, the scope of the survey includes only the salaries of about 25 percent of non-Federal sector white-collar employees. Employees of State and local governments, nonprofit organizations, and some industries are excluded. The rationale for many of the exclusions no longer seems valid. Including a more representative cross section of the non-Federal sector would allow the survey to reflect, proportionately, employment and pay for each of the major segments of the non-Federal sector.

CIVIL SERVICE COMMISSION

With respect to the actual conduct of the survey, performed by the Bureau of Labor Statistics under the guidance of the Civil Service Commission, GAO recommended that (1) the comparability process include a means of measuring nonsampling errors to determine the degree of data reliability, (2) certain job definitions be clarified, and (3) certain surveyed jobs be reevaluated to see if they are really susceptible to being surveyed by the current job-matching techniques. Also, the Civil Service Commission should redesign the survey universe to cover the broadest feasible representation of the non-Federal sector and, after testing and evaluation of the new design, implement the design changes which can be made administratively and propose to the Congress legislation to broaden the comparability principle to include State and local governments and nonprofit organizations.

The Civil Service Commission generally agreed with GAO's conclusions and recommendations. It has requested and received a supplemental appropriation to cover the costs of studying the feasibility of implementing the recommendations along with other matters relating to Federal compensation policies and procedures. (B-167266, May 11, 1973.)

Appropriation

Civil Service Commission, Salaries and Expenses.

Issue for consideration by the Committees on Appropriations

The Civil Service Commission with approval of OMB and the cooperation of the Bureau of Labor Statistics, should supplement and strengthen the design and data-gathering process of the annual survey of private sector pay to provide a better base for adjusting Federal pay.

DISTRICT OF COLUMBIA GOVERNMENT

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DISTRICT OF COLUMBIA GOVERNMENT

ENVIRONMENTAL SERVICES

Inefficient and costly collection of refuse in the District of Columbia

GAO reported to the Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations, that District refuse collection employees were paid for 40 hours a week but worked an average of only 24.5 hours a week because the collection routes were not structured to require 40 hours of work. GAO estimated that collection employees were paid about \$1.1 million a year for hours not worked. GAO stated that the District should start negotiating with the union the needed changes in collection crews' work task to improve collection crew productivity.

The Senate Committee on Appropriations in its report on the fiscal year 1974 Appropriations Bill stated that it expects the District to justify all positions in the refuse collection program in the next budget request and that it looks forward to seeing positive results in the form of higher productivity standards. The Committee report on the 1975 Appropriations Bill urged the Department of Environmental Services to continue to explore ways to increase the productivity of refuse collection crews.

The District agreed to take action to increase productivity of collection crews. (B-118638, May 2, 1973.)

Appropriation

District of Columbia--General Operating Expenses,
Environmental Services.

Issue for consideration by the Committee on Appropriations

More efficient and economical refuse collection program would result if collection crews' productivity were increased.

DISTRICT OF COLUMBIA GOVERNMENT

HUMAN RESOURCES

Improper use of grant funds,
accounting shortcomings, and
staff shortages at Forest Haven

GAO reported to Senator Hubert H. Humphrey, pursuant to his request, on the possible misuse of funds and the effects of staff shortages at Forest Haven, a residential facility for the mentally retarded operated by the Government of the District of Columbia.

GAO found that HEW grant funds had been improperly used at Forest Haven, numerous shortcomings existed in the accounting data for Forest Haven, and staff vacancies and shortages had resulted in excessive overtime costs and were hampering efforts to provide needed services to residents.

In separate correspondence, GAO recommended that HEW examine the possible misuse of its grant funds at Forest Haven and that the Government of the District of Columbia study the adequacy of the accounting procedures and controls for Forest Haven and increase staffing levels at the facility.

HEW has requested its Audit Agency to examine the use of HEW grant funds at Forest Haven, but as of November 1974 the audit had not been performed.

The Government of the District of Columbia reported that it has returned \$67,314 in HEW grant funds that were identified by GAO as improperly used. The District Government also reported making improvements in its accounting procedures and controls and increased staffing levels at Forest Haven. (B-118638, Apr. 1, 1974.)

Appropriation

District of Columbia Government, Department of Human Resources.

DISTRICT OF COLUMBIA GOVERNMENT

HUMAN RESOURCES (continued)

Issue for consideration by
the Committees on Appropriations

The District of Columbia needs sufficient funds to hire the necessary staff at Forest Haven to provide needed services to residents and to improve conditions at the facility.

DISTRICT OF COLUMBIA GOVERNMENT

HUMAN RESOURCES

BEST DOCUMENT AVAILABLE

Problems associated with
the individual agency and program
approach for providing health services
in outpatient health centers

GAO reported to the Congress that the delivery systems for providing basic health services to eligible persons in outpatient health centers in the District of Columbia under existing programs (seven Federal and one District) were uncoordinated and no one organization had authority over all centers. The individual agency and program approach resulted in (1) an imbalance in the location of outpatient health centers with the capability in some areas to provide more health care than residents were actively seeking and a lack of capability in other areas to provide sufficient health care, (2) comprehensive health services not being provided in many centers, (3) underuse of outpatient health services in certain centers, and (4) centers followed varying practices for maintaining and retaining patient's medical records.

GAO recommended that the District of Columbia Government prepare a comprehensive action plan for delivering outpatient health services and seek authority from the Federal agencies to enable the District Government to carry out the plan effectively.

GAO reported also that Federal grants which are designated for a specific purpose may lessen the opportunity for localities to develop an effective comprehensive action plan for delivering outpatient health services.

The Commissioner of the District of Columbia agreed with GAO's recommendations and stated that his Department of Human Resources would appoint a task force to prepare the recommended action plan.

A task force was subsequently established by the District's Department of Human Resources to develop and prepare a comprehensive action plan, addressing the problems discussed in GAO's report. (B-118638, July 31, 1973.)

DISTRICT OF COLUMBIA GOVERNMENT

HUMAN RESOURCES (continued)

Appropriation

District of Columbia Government, General Operating Expenses, Human Resources.

Issues for consideration by
the Committees on Appropriations

1. To effectively provide for an outpatient health care delivery system, the District of Columbia's Department of Human Resources should prepare a comprehensive action plan.

2. The District of Columbia Government should seek authority from the Federal agencies to enable it to carry out the comprehensive action plan effectively.

DISTRICT OF COLUMBIA GOVERNMENT

MANPOWER ADMINISTRATION

Problems associated with providing
Federal programs for manpower services
for the disadvantaged
on an individual program approach

GAO reported to the Congress that a maze of individual and uncoordinated local delivery systems existed in the District of Columbia for providing similar job training and employment services to the same group of District of Columbia residents. The providing of such services on an individual program approach resulted in a complex, confusing, and uncoordinated effort to assist persons in becoming gainfully employed.

GAO recommended that the District of Columbia's Manpower Advisory Committee, as the planning group for manpower programs, should take certain actions to help alleviate some of the problems caused by these programs. These actions would include (1) a coordinated outreach-intake system for determining persons in need of a job training and employment services, (2) assessment techniques for determining the capabilities of such persons, (3) periodically disseminating information on training information available under all programs, and (4) effective use of academic and occupational training facilities.

GAO recommended also that the Congress consider legislation to rearrange the federally assisted manpower programs through consolidation or through such other means that it may consider appropriate to assist in overcoming the problems described in GAO's report.

The Commissioner of the District of Columbia agreed with GAO's recommendations and directed the Manpower Advisory Committee to develop a comprehensive plan for providing manpower services in the District. (B-146879, Jan. 30, 1973.)

DISTRICT OF COLUMBIA GOVERNMENT

MANPOWER ADMINISTRATION (continued)

Appropriation

District of Columbia Government, Operating Expenses,
District of Columbia Manpower Administration.

Issue for consideration by
the Committees on Appropriations

To effectively provide for manpower services for the disadvantaged, the District of Columbia's Manpower Advisory Committee should develop a comprehensive plan addressing the problems discussed in GAO's report.

DISTRICT OF COLUMBIA GOVERNMENT

PUBLIC SAFETY

Better security needed at Lorton correctional institutions

GAO reported to Congressman Stanford E. Parris on the problems of inmates escaping from the District of Columbia's five correctional institutions at Lorton, Virginia, and other problems contributing to weak security at the institutions.

Physical plant security

GAO concluded that improving some physical plant features would help prevent perimeter escapes--specifically there was a need for (1) another fence around one institution, (2) roads around several institutions for patrolling the perimeter, and (3) improved lighting inside and along the fence lines.

Improved management

GAO concluded also that better management was needed to prevent escapes and to tighten security at the institutions. The Department of Corrections had no system for finding out what inmates were doing while on leave or whether the leaves were assisting in rehabilitating inmates, although hundreds of inmates were leaving the institutions daily and most escapes occurred from authorized leaves. Control over inmates within the institution was also weak. Assaults by inmates on other inmates and correctional officers had been increasing causing deaths and serious injuries. Other controls, such as those preventing inmates from using narcotics, were inadequate.

The Commissioner of the District of Columbia directed a staff office to look into these problems. It confirmed GAO's findings that management improvements were needed.

GAO recommended that the Commissioner take effective action to correct the serious management problems noted in their review.

DISTRICT OF COLUMBIA GOVERNMENT

PUBLIC SAFETY (continued)

The report of the Senate Committee on Appropriations for the District's fiscal year 1975 appropriations stated that the District's action on the GAO report fell short of effectively resolving the management problems in the Department. The Committee report stated that increased funding alone was not the answer. The Committee commented that it expected that a portion of the increase, included in the appropriations bill, would be used to establish a specific staff with specific responsibility for addressing, on a systematic and continuing basis, the concerns voiced in the GAO report. (B-118638, June 21, 1974.)

Appropriation

District of Columbia, General Operating Expenses, Public Safety.

Issues for consideration by
the Committees on Appropriations

1. The District may need funds to improve physical plan security at Lorton correctional institutions.
2. Followup on actions taken by the Department of Corrections in response to Senate Appropriation Committee recommendation that fiscal 1975 funds be used to establish a centralized management system to insure that adequate security is maintained at Lorton.

DISTRICT OF COLUMBIA GOVERNMENT

PUBLIC SAFETY

Development of staffing plan to determine
manpower requirements--D.C. Courts

GAO reported to the Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations, that the D.C. Courts had not developed standards to determine the number of staff needed to effectively operate a court system.

The Senate Committee on Appropriations in its report on the District Appropriation Bill for 1974 stated that it was not satisfied with the courts' justification for staffing increases and that an overall staffing plan should be developed. The Committee stated that future staffing requests should be justified on the basis of a realistic and comprehensive staffing plan.

In its report on the District Appropriation Bill for 1975, the Committee stated that the courts' staffing requirements have been based on workload estimates that have proved to be higher than workload experienced and requested a review of the workload and staffing requirements of the District of Columbia Courts. (B-175428, May 10, 1973.)

Appropriation

District of Columbia--General Operating Expenses,
Public Safety.

Issue for consideration by
the Committees on Appropriations

Significant savings in court operating costs would occur through development of a reasonable and comprehensive staffing plan for determining staff requirements.

DISTRICT OF COLUMBIA GOVERNMENT

PUBLIC SAFETY

Manpower utilization changes
in the Police Department
should increase effectiveness
and result in cost savings

GAO reported to the Commissioner of the District of Columbia that (1) significant disparities existed between workloads and officer assignments by time of day and day of week, which, if reduced, should increase the Department's effectiveness in preventing crime and responding promptly when crimes are committed and (2) savings in annual salary costs of about \$400,000 could be realized by converting to civilian positions 427 administrative support and clerical positions filled by officers.

GAO recommended that the Commissioner:

- Provide direction and assistance, as necessary, to develop appropriate workload-officer assignment reporting system and insure that the Patrol Division's officer assignments are revised to correspond as closely as practicable with workloads.
- Request congressional authorization for civilians to replace, where economically desirable and technically feasible, police officers in administrative support, clerical, and technical positions; propose funding the additional civilian positions through reduction in police positions (such actions should not lessen effectiveness because the number of officers on the streets would not be reduced); and provide the City Council and the Congress with the justification concerning any determination that police officers be retained in administrative support, technical, and clerical positions.

The Department generally agreed with GAO's findings. However, the Commissioner has not responded formally to GAO on the recommendations. (B-118638, Dec. 21, 1973.)

DISTRICT OF COLUMBIA GOVERNMENT

PUBLIC SAFETY (continued)

The District requested and received authorization in connection with the approval of its fiscal year 1975 budget to convert 100 police officer positions to civilian positions. It attributed annual salary savings of \$100,000 to the conversion and stated that more positions had been identified for conversion but that it was believed desirable to make the conversions in stages.

Appropriation

District of Columbia--General Operating Expenses, Public Safety.

Issue for consideration by
the Committees on Appropriations

Additional savings can be realized through conversion of police positions to civilian positions.

ENVIRONMENTAL PROTECTION AGENCY

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ENVIRONMENTAL PROTECTION AGENCY

ABATEMENT AND CONTROL AND ENFORCEMENT

Pesticides: Action needed to protect the consumer from defective products

The Federal Insecticide, Fungicide and Rodenticide Act, as amended, is intended to protect consumers from adulterated, misbranded, or illegally marketed pesticides in interstate commerce. Recent amendments make the act applicable to all pesticides whether they are shipped interstate or intrastate. Responsibility for enforcing this law rests with the Environmental Protection Agency (EPA).

GAO reported to the Congress that consumers cannot be sure the pesticides they use are safe and effective because of inadequate EPA efforts to determine whether registered pesticides were marketed in accordance with provisions of the act. Specifically, GAO stated that:

- An inadequate sampling program resulted in some pesticides being repeatedly sampled while others were never sampled.
- Import market surveillance program should be expanded.
- Most pesticide samples were not tested for safety and effectiveness.
- The effective life of decomposable pesticides should be determined and shown on labels.
- Pesticides which have been found to be repeatedly defective, especially disinfectants and rodenticides, should be tested by EPA before being registered.
- Manufacturers should be requested to recall product lots from which ineffective pesticides samples were collected.

ENVIRONMENTAL PROTECTION AGENCY

ABATEMENT AND CONTROL AND ENFORCEMENT (continued)

- Manufacturers should be notified of all deficiencies found in their pesticides.
- Cooperative agreements should be entered into with the States for a national market surveillance program.
- Enforcement alternatives of canceling registrations and recalling products are not effectively used to prevent the marketing of repeatedly ineffective pesticides.
- The public is not normally notified when ineffective or chemically deficient pesticides are found on the market.

EPA generally agreed with GAO's conclusions and recommendations. (B-133192, May 23, 1974.)

Appropriations

Environmental Protection Agency, Abatement and Control.
Environmental Protection Agency, Enforcement.

Issue for consideration by
the Committees on Appropriations

The suggestions made by GAO for an effective program to adequately protect consumers will require a number of changes, some of which may necessitate the expenditure of additional funds.

ENVIRONMENTAL PROTECTION AGENCY

ENFORCEMENT

Assessment of Federal and State enforcement efforts to control air pollution from stationary sources

GAO reported to the Congress that EPA and seven States covered by its review generally relied heavily on voluntary compliance with laws and regulations for controlling air pollution from stationary sources, such as industrial smoke stacks and municipal incinerators. The States are responsible for fully implementing plans to control air pollution and for enforcing compliance vigorously when polluters do not meet clean-air requirements. The Federal Government is responsible for enforcing the law when the States fail to act. Both levels of Government, however, had been reluctant to enforce air pollution control laws and regulations.

EPA generally agreed that the States had not effectively enforced air pollution control laws and regulations but stated that local air pollution control agencies had. EPA stated also that it had begun to implement national standards and major enforcement actions. (B-166506, Aug. 23, 1973.)

Appropriation

Environmental Protection Agency, Enforcement.

Issue for consideration by the Committees on Appropriations

One of the factors contributing to the limited effectiveness of State air pollution control programs was insufficient resources.

ENVIRONMENTAL PROTECTION AGENCY

RESEARCH AND DEVELOPMENT

Federal and State efforts to control water pollution caused by acid drainage from mines

At the request of the Chairman of the Conservation and National Resources Subcommittee, House Committee on Government Operations, GAO reported on Federal and State efforts to control water pollution caused by acid drainage from mines. Federal agencies GAO identified as having such control programs included EPA, the Department of the Interior, the Department of Agriculture, Tennessee Valley Authority, Corps of Engineers, and Appalachian Regional Commission. During fiscal years 1967-72, these agencies assisted in funding 101 research development and demonstration projects totaling about \$15.8 million to find new processes to control acid drainage. EPA funded 76 of these for which the Federal share was about \$11.5 million.

GAO also visited Illinois, Kentucky, Maryland, Ohio, Pennsylvania, and West Virginia. Pennsylvania was the only State visited which supported a research and development program directly related to controlling acid drainage. Funds for this program totaled \$5.6 million of which about \$3.1 million was provided by EPA.

GAO reported that EPA's progress to solve the acid drainage problem has been slow. EPA officials estimated that about \$129 million would be needed to develop and demonstrate the additional technology required and that, on the basis of current and anticipated funding levels, this technology could not be developed and demonstrated before the early 1990s.

Action programs requiring permits for active mines were being used by the six States visited for preventing or controlling acid water pollution. Pennsylvania and Maryland had action programs for abandoned mines that were funded at \$150 million and \$5 million, respectively. These programs included identifying the sources of acid pollution, determining

ENVIRONMENTAL PROTECTION AGENCY

RESEARCH AND DEVELOPMENT (continued)

and implementing the control techniques most applicable in each case, and monitoring results. EPA and other Federal agencies generally do not have the authority to conduct action programs to control acid drainage from abandoned mines.

GAO concluded that, until significantly more Federal and State funds are made available for the development of additional technology and for an action program to systematically identify and control acid drainage from abandoned mines, only limited progress will be made toward reducing pollution caused by discharges of acid into the Nation's streams, rivers, lakes, and ponds.

EPA generally agreed with the conclusion. (B-166506, Aug. 14, 1973.)

Appropriation

Environmental Protection Agency, Research and Development.

Issue for consideration by the Committees on Appropriations

Until significantly more Federal funds are made available only limited progress will be made toward reducing pollution caused by discharges of acid into the Nation's streams, rivers, lakes, and ponds.

ENVIRONMENTAL PROTECTION AGENCY

RESEARCH AND DEVELOPMENT

Research and demonstration programs to achieve water quality goals: What the Federal Government needs to do

GAO reported to the Congress on research and development (R&D) programs related to prevention and control of water pollution to determine whether they were producing the results necessary to help clean up the Nation's waterways. The 1972 amendments to the Federal Water Pollution Control Act directed the Comptroller General to study and report on Federal R&D programs to find new ways to make the waters of the United States cleaner.

GAO concluded that Federal R&D programs have contributed to improving the quality of some of our waterways but that (1) much more remains to be done to achieve national water quality goals established by the act (2) at current funding levels (for example, only \$9.5 million or 28 percent of \$34.5 million requested by EPA program directors was funded by EPA in fiscal year 1973 for municipal pollution control technology development), it is doubtful that the 1985 national goal of eliminating the discharge of pollutants into navigable waters will be met, and (3) both management and coordination of Federal R&D programs need to be improved.

GAO recommended that EPA prepare an R&D strategy to carry out its R&D requirements under the 1972 amendments, estimate the amount of money needed to meet these requirements, and present this information to the Congress. GAO also made several recommendations to EPA and OMB aimed at improving the management and coordination of water pollution R&D programs.

EPA generally agreed with the recommendations. (B-166506, Jan. 16, 1974.)

Appropriation

Environmental Protection Agency, Research and Development.

ENVIRONMENTAL PROTECTION AGENCY

RESEARCH AND DEVELOPMENT (continued)

Issues for consideration by
the Committees on Appropriations

1. EPA will need funds above the current level to meet the 1985 national goal of eliminating the discharge of pollutants into navigable waters.

2. EPA should prepare its R&D strategy to carry out the requirements under the act so the Congress will know what is required to meet the national goal.

ENVIRONMENTAL PROTECTION AGENCY

WATER SUPPLY

Improved Federal and State programs
needed to insure the purity and safety
of drinking water in the United States

Because of public and congressional concern over the purity and safety of drinking water, GAO reviewed and evaluated the adequacy of Federal, State, and local programs for insuring that the public was being provided drinking water of acceptable quality.

GAO concluded that potentially dangerous water was being delivered to some consumers, particularly by small systems serving populations of 5,000 or less. Federal authority to regulate drinking water was restricted to the drinking water used on interstate carriers--planes, buses, trains, vessels--and to domestic and imported bottled drinking water sold interstate. EPA's administration of the interstate carrier water supply program, in some cases, was inadequate and needed to be improved. In addition, present legislation does not authorize the Federal Government (1) to take action to correct the bacteriological problems or (2) to restrict the use of the water by the communities served by the systems. The Federal Government did not have a formal program for monitoring the quality of bottled water and FDA had not established standards for bottled water quality.

GAO recommended that the Administrator, EPA, improve EPA's administration of the interstate carrier water supply program by making sure that:

- Laboratories used to conduct bacteriological test analyses are certified every 3 years.
- More frequent sanitary surveys of the supply systems are made by EPA or the States.
- Classifications of systems are revised promptly when deficiencies are found.

ENVIRONMENTAL PROTECTION AGENCY

WATER SUPPLY (continued)

Also, the Secretary of Health, Education, and Welfare should require the Commissioner, FDA, to finalize the standards for bottled drinking water, define mineral water, and establish standards for mineral water.

EPA and FDA generally agreed with the recommendations. (B-166506, Nov. 15, 1973.)

Appropriation

Environmental Protection Agency, Water Supply.

Issue for consideration by
the Committees on Appropriations

Legislation currently being considered by the Congress would expand the water supply programs of the Federal Government and would therefore increase the appropriations needed to administer the program.

FEDERAL DEPOSIT INSURANCE CORPORATION

C o n t e n t s

Audit of Federal Deposit Insurance Corporation
limited by agency restriction on access to
bank examination records

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FEDERAL DEPOSIT INSURANCE CORPORATION

Audit of Federal Deposit Insurance Corporation limited by agency restrictions on access to bank examination records

As in previous years, GAO was unable to make a complete annual audit because the Federal Deposit Insurance Corporation (FDIC) would not permit unrestricted access to examination reports, files, and other records relative to the banks it insures. Without such access, GAO was unable to express an overall opinion on FDIC's financial statements.

GAO believes that access to these records is essential because they contain facts, opinions, and recommendations of vital importance to the conduct of FDIC's affairs. FDIC believes that the basic concept of confidentiality, regarding open bank data, is essential to the proper supervision of banks and to the functioning of deposit insurance.

Both FDIC and GAO believe that the law supports their respective positions on the access-to-records problem. The Chairman of the Board of Directors of FDIC advised GAO that legislative clarification eventually might be required if the problem were to be resolved; however, FDIC continues to restrict GAO's access to its records.

For GAO to more effectively carry out its responsibility, it recommended in its fiscal years 1971, 1972, and 1973 FDIC reports that the Congress enact legislation which would clarify the authority for access for purpose of audit to all books, documents, files, and other records of FDIC, including bank examination reports and related records of FDIC, the Federal Reserve banks, and the Comptroller of the Currency.

In an August 1, 1973, statement before the Subcommittee on Budgeting, Management, and Expenditures, Senate Committee on Government Operations, the Comptroller General reiterated the need for legislative action to clarify the access-to-records problems encountered at FDIC. He pointed out that repeated efforts to resolve the matter administratively have failed. No congressional action has been taken to clarify GAO's authority for access to the desired records. (B-114831, May 23, 1974.)

FEDERAL DEPOSIT INSURANCE CORPORATION

Appropriation

FDIC does not receive an appropriation; however, the committees can consider this issue when reviewing FDIC's budget proposals.

Issue for consideration by
the Committees on Appropriations

GAO cannot make a complete audit of FDIC unless the Congress enacts legislation clarifying GAO's access to records.

GENERAL SERVICES ADMINISTRATION

C o n t e n t s

FEDERAL SUPPLY SERVICE

Improvements needed in the system for collection and dissemination of statistics on procurement 132

Number of items in the Federal Supply Catalog can be reduced by GSA and DOD 133

PROPERTY MANAGEMENT AND DISPOSAL SERVICE

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PUBLIC BUILDINGS SERVICE

Changes in law recommended to enable GSA to be more effective in selling excess properties and in acquiring public building sites 137

GENERAL SERVICES ADMINISTRATION

FEDERAL SUPPLY SERVICE

Improvements needed in the system for collection and dissemination of statistics on procurement

GAO supports the recommendation of the Commission on Government Procurement for improving the system for collection and dissemination of procurement statistics by commodity and agency to meet congressional, executive branch, and industry needs.

In a report to the Administrator of GSA, GAO identified a number of additional data elements for inclusion in the system that it believes would be of interest to the Congress. The Administrator agreed to give these elements consideration in the implementation of the system. The system, as presently envisioned, would be managed by GSA who would issue appropriate statistical abstracts and respond to data requirements from the Congress. It is anticipated that the system will be partially implemented by July 1975. Copies of the report were furnished to the House and Senate Committees on Government Operations and Appropriations. (B-160725, June 18, 1974.)

Appropriation

Procurement and Operation and Maintenance (General Services Administration).

Issues for consideration by the Committees on Appropriations

1. The addition of a number of data elements for the collection and dissemination of procurement statistics could be more responsive to the information requirements of the Congress. As a result of these additions, a number of existing reports from executive agencies could be eliminated.
2. Additional funds will be required to establish, operate, and maintain the data bank.

GENERAL SERVICES ADMINISTRATION

FEDERAL SUPPLY SERVICE

Number of items in the Federal Supply Catalog can be reduced by GSA and DOD

Although \$42 million is being spent annually for various standardization projects, such as item reduction studies, these studies are not helping to reduce logistics workloads because GSA and the Department of Defense (DOD) do not follow through and actually eliminate items no longer needed. Many items are still active in the supply system years after they have been classified as nonpreferred.

DOD policy requires that, before preferred items are issued, nonpreferred items be issued until supplies are exhausted; this is known as the force issue concept. GSA does not have a force issue policy. DOD supply activities, however, generally do not follow the force issue concept. GSA and DOD practice is to issue only the item ordered.

If an estimated 178,000 nonpreferred items could be eliminated from the supply and catalog system, the Government could save \$22.3 million a year in supply management and cataloging costs.

GAO recommended that GSA and DOD work more closely on various aspects of item reduction and standardization and made several specific recommendations to achieve this. GSA and DOD agreed generally with GAO's recommendations. They did not agree with GAO's recommendation to adopt a force issue policy giving the item manager authority to issue all nonpreferred items before issuing the preferred item and making it the requisitioner's responsibility to justify any request which can be met only with the preferred item.

GSA's concern on the force issue policy is that its requisitioners have little knowledge as to the end use(s) of the items ordered and could neither justify the use of the preferred item or readily determine the technical acceptability of the nonpreferred item. GSA also believes that

GENERAL SERVICES ADMINISTRATION

FEDERAL SUPPLY SERVICE (continued)

the military decisions as to preferred and nonpreferred items is not representative of civil agency needs nor is it applicable to them.

GAO found that GSA and DOD are legislatively equal in responsibility for the item reduction program and have been directed to work together in all their standardization work. For example, in an item reduction study the interchangeability relationship between items are made and concurred in by all users. Any civil agency recorded as a user will be asked to respond to decisions being made in these studies.

The validity of these decisions have subsequently been proven when requisitioners have accepted over 90 percent of all substitute items offered. We believe the Government engineers and technicians can make the interchangeability decisions, record the decision in supply management records, and successfully operate under a revised force issue policy which will use, in a timely manner, nonpreferred assets and thus reduce the logistics costs of holding these items. (B-146778, Oct. 21, 1974.)

Appropriation

Federal Supply Service--Operating expenses.

Issue for consideration by the Committees on Appropriations

DOD, GSA, and other Government agencies should be able to improve logistics operations and save millions of dollars annually in operating costs by improving item reduction programs, particularly by implementing an effective force issue policy which would insure that the superseded items get issued before they become obsolete.

GENERAL SERVICES ADMINISTRATION

PROPERTY MANAGEMENT AND DISPOSAL SERVICE

Disposal of excess real property

Because the President believed that proper management and use of the Nation's resources required a continuing and critical review of agency needs for real property, he issued Executive Order 11508 in February 1970 which outlined a program for promptly identifying property no longer needed.

GAO concluded that the criteria, standards, and procedures for identifying unneeded real property were not specific enough to support the land-use evaluations required by this program. As a result, survey teams were evaluating land use without benefit of specific agency criteria on how much land was needed for various uses. In addition, GSA survey teams may not have used all available data for their evaluation because GSA prohibited them from discussing survey findings with local officials.

GAO recommended that the Administrator of General Services should (1) in coordination with executive agencies, establish more specific measures for effectively and economically using land and for determining when restrictive covenants would be adequate to control land use, (2) require survey teams to obtain all information necessary to conduct complete surveys, including information obtainable through discussions of facts with site officials, and (3) require that proposals to relocate agency activities be supported with information on potential sites and availability of funds for relocating.

GSA generally agreed with the recommendations.
(B-165511, July 10, 1974.)

Appropriation

General Services Administration--Disposal of surplus real and related personal property, operating expenses.

GENERAL SERVICES ADMINISTRATION

PROPERTY MANAGEMENT AND DISPOSAL SERVICE (continued)

Issue for consideration by
the Committee on Appropriations

GSA should (1) establish more specific measures for using land in a more effective and economic manner, (2) require survey teams to obtain all information necessary to conduct complete surveys, and (3) require that proposals to relocate agency activities be supported with information on potential sites and availability of funds for relocating.

GENERAL SERVICES ADMINISTRATION

PUBLIC BUILDINGS SERVICE

Changes in law recommended to enable GSA to be more effective in selling excess properties and in acquiring public building sites

GAO reported to the Congress that, under competitive bidding, the Government would have more assurance of receiving the highest value for excess property than it has under negotiated exchanges based on appraised fair market value.

Appraised values do not sufficiently insure that the Government is receiving the highest value obtainable because participation in an exchange is limited to one individual. In some cases former Government property was sold, shortly after an exchange, at prices much higher than the appraised value at which it had been exchanged.

To provide all interested parties an opportunity to acquire excess Government property in exchanges, the Congress should consider amending the law to permit GSA to offer such property at competitive bid and to deposit the cash proceeds into a building fund to be used, subject to annual appropriation acts, for acquiring public building sites. GAO also recommended that the Congress eliminate certain provisions of the law authorizing exchanges. (B-165511, Feb. 15, 1974.)

Appropriation

Treasury, Postal Service, and General Government.

Issue for consideration by the Committees on Appropriations

The net expenditures for site acquisitions should decrease if GSA had authority to sell excess property under competitive bidding and to use the proceeds to acquire sites for public buildings.

OFFICE OF MANAGEMENT AND BUDGET

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OFFICE OF MANAGEMENT AND BUDGET

Arbitrary personnel ceilings not most effective way to reduce civilian employment

During fiscal year 1972, Federal departments and agencies were directed by the President to reduce civilian employment by 5 percent to check the rise in the cost of Government. GAO reported to the Congress that accelerated actions taken primarily to reduce civilian employment to meet year-end personnel ceilings tended to be disruptive to the management of Government activities.

Personnel ceilings often were arbitrarily imposed by headquarters without corresponding reduction in workload. As a result, activities substituted other, often more costly, sources of manpower such as overtime, military personnel, or contracting for personal services; backlogs increased; work was deferred or not done; and services were reduced or terminated. Employees having needed skills and experience retired sooner and in larger numbers than expected. Those who replaced retirees were not always the best qualified.

GAO recommended to OMB that, after the size of reductions in particular agencies has been determined, the Director should permit the agencies to reduce their employment levels through attrition and selective reductions in force rather than through reaching a specified level for a particular day. OMB has not informed GAO of any specific action planned on the recommendation. (B-180257, July 2, 1974.)

Appropriation

Office of Management and Budget.

Issue for consideration by the Committees on Appropriations

Reductions in levels of civilian employment can be counterproductive when carried out under arbitrary imposition of personnel ceilings.

OFFICE OF MANAGEMENT AND BUDGET

Need for improved management in
civil agencies for selection of
in-house or contractor performance
of support activities

As stated in OMB Circular A-76, the Government's policy for obtaining commercial or industrial products and services is to rely on the private enterprise system unless the national interest requires a Government agency to provide them directly. Each agency is required to maintain an inventory of commercial or industrial activities and to review each activity at least once every 3 years to justify in-house performance. The reviews should include cost studies whenever in-house performance is based on economy.

GAO reported to the Congress on the implementation of Circular A-76 at seven civil agencies whose annual operating costs of inventoried commercial or industrial activities totaled about \$300 million. These were the Atomic Energy Commission, the Bureau of Reclamation in the Department of Interior, HEW, Department of Labor, FAA in the Department of Transportation, the Public Buildings Service in GSA, and the National Aeronautics and Space Administration. In its report, GAO stated that six of the seven agencies had not complied with the Circular requirements for one or more of the following reasons. They had not

- supported justification for in-house performance of activities,
- inventoried and/or reviewed significant activities,
or
- completed reviews when required.

In addition, GAO observed that generally conversion of activities to contract performance had not been carried out as prescribed by Circular A-76, internal audit groups had not reviewed agencies' implementation of the Circular, and agencies' instructions implementing the Circular did not provide sufficient guidance.

OFFICE OF MANAGEMENT AND BUDGET

GAO's recommendations, which generally paralleled those of the entire Commission on Government Procurement, were that a new approach and stronger implementation were needed in the application of the Circular policies. GAO suggested that a senior member of OMB be assigned full time to this matter and that he be assisted by an interagency task force. Subsequently, such a task force was established under OMB's Chief, Procurement and Property Branch. This group is directing its efforts to achieve stronger implementation of Circular A-76. No date has been set for the final report of the task force. (B-158685, July 31, 1973.)

Appropriation

Office of Management and Budget.

Issue for consideration by the Committees on Appropriations

OMB, through the task force it created, can improve management control over selection of in-house or contractor performance of support activities by developing adequate procedures for Federal agencies to apply in implementing Circular A-76.

NATIONAL CREDIT UNION ADMINISTRATION

C o n t e n t s

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NATIONAL CREDIT UNION ADMINISTRATION

Examination of financial statements limited by restriction on access to credit union examination records

The 1970 revisions to the Federal Credit Union Act established the National Credit Union Administration as an independent agency. The Administration's primary missions are to promote a national system of cooperative thrift and credit organizations which are financially sound and prudently managed and provide a Federal system of share insurance to safeguard member savings in credit unions. The Administration conducts supervisory examinations of the operations of the approximately 12,800 active Federal credit unions. The reports and related data resulting from these examinations contain facts, opinions, and recommendations which are an essential and integral part of the operations of the Administration.

GAO requested unrestricted access to the Administration's examination reports, files, and other records. GAO believes that access to these records is essential to a meaningful audit of the financial operations and conditions of the Administration.

The Administration denied GAO unrestricted access to the requested data. The Administration believes that the Federal Credit Union Act does not provide for the sharing of the examination reports with GAO. The Administration feels that the confidentiality of the relationship between the credit unions would be compromised if the reports were reviewed by GAO.

GAO advised the Chairman, House Committee on Banking and Currency, by letter dated March 14, 1973, of the access-to-records issue. (B-164031(4), May 21, 1974.)

Appropriation

The Administration does not receive an appropriation; however, the committees can consider this issue in reviewing the Administration's budget proposals.

NATIONAL CREDIT UNION ADMINISTRATION

Issue for consideration by
the Committees on Appropriations

GAO cannot make a complete audit of the Administration unless the Congress enacts legislation clarifying GAO's access to records.

RENEGOTIATION BOARD

C o n t e n t s

Operations and activities of the Renegotiation
Board

146

RENEGOTIATION BOARD

Operations and activities of the Renegotiation Board

GAO reported on the operations and activities of the Renegotiation Board because of the continued congressional interest in eliminating excessive profits on national defense-related sales. The Board, an independent agency, was created under the Renegotiation Act of 1951 to eliminate contractors' excessive profits on defense and space contracts and related subcontracts. The current act has been extended 12 times and will expire on December 31, 1975, unless further extended.

GAO found that (1) contractors, which fail to submit filings, submit inadequate filings, or submit them late, are not penalized under the act, (2) the rationale for the new, durable, productive equipment exemption may not be valid, and (3) the minimum amounts of excessive profits below which the Board makes no collections may not be appropriate.

GAO recommended that the Congress (1) amend the act to hold contractors responsible for furnishing all data required by the Board and have them show reasonable cause why they did not furnish the data, (2) provide penalties for failure to file on time, (3) determine whether the new durable, productive equipment exemption is valid, (4) require the Board to obtain and analyze profit and cost data on standard commercial articles and services exempt from the act to determine whether significant amounts of excessive profits are escaping renegotiation, and (5) consider whether the minimum refunds are appropriate. GAO also believes the act should be extended for more than 2-year periods and that all Government agency contracts should be subject to the act. (B-163520, May 9, 1973.)

Appropriation

Renegotiation Board, Salaries and Expenses.

RENEGOTIATION BOARD

Issue for consideration by
the Committees on Appropriations

The recommendations are currently being studied by the staff of the Joint Committee on Internal Revenue Taxation. If these recommendations are ultimately enacted, the Renegotiation Board may need funds above the current levels. The same recommendations would probably cause additional funds to be received into the Treasury.

UNITED STATES INFORMATION AGENCY

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UNITED STATES INFORMATION AGENCY

Telling America's story to the world-- problems and issues

In a report to the Congress on the problems and issues facing the United States Information Agency in conducting its program, GAO concluded that, because of its oversight responsibilities, the Congress was in a good position to evaluate the varied aspects of the program and the related effects of political, economic, and strategic effects. The Director of the Agency stated, in October 1973, that while it might not be feasible for the Congress to play as detailed and useful a role in such technical matters as audience selection and media operations, a closer association of the Congress with the Agency in setting goals and the level of resources needed to achieve them could be beneficial. (B-118654, Mar. 25, 1974.)

Appropriation

United States Information Agency.

Issues for consideration by the Committees on Appropriations

1. Assessment of the objectives and goals established for the overseas information program.
2. Determination of the types of people to be reached, especially in light of the vast communication changes of the last two decades.
3. Establishment of policies and priorities for carrying out an information program.
4. Requirement for the United States Information Agency to develop a formal program evaluation system and report annually to the Congress the results of its evaluation efforts.

VETERANS ADMINISTRATION

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VETERANS ADMINISTRATION

MEDICAL CARE

Better planning and management needed to improve use of specialized medical services

VA established specialized medical services, including supervoltage therapy units and kidney transplant units which duplicate existing services, without adequately determining patient need. As a result some specialized services facilities were underused. For example:

- Cancer treating supervoltage equipment was used less than 50 percent at four of eight hospitals reviewed.
- One hospital (Manhattan VA Hospital) spent \$465,000 over a 3-year period to conduct a kidney transplant program. However, only two transplants were performed during that period.

GAO recommended that VA:

- Evaluate existing facilities for supervoltage therapy and decommission duplicative or underused facilities by (1) consolidating services, where possible, at VA hospitals within metropolitan areas and (2) closing underused services when the services are available at other Federal or community hospitals in the area.
- Evaluate the program for kidney transplants to redetermine the number and location of transplant centers needed and discontinue existing services which cannot be expected to meet VA workload criteria.

VA generally agreed with GAO's recommendations (B-133044, June 19, 1974) and subsequently took action to close some supervoltage therapy units and consolidate others.

VETERANS ADMINISTRATION

MEDICAL CARE (continued)

After GAO's review at the Manhattan VA Hospital, the VA Central Office withdrew funds for its kidney transplant program and advised GAO that the hospital is no longer considered a part of the kidney transplant program.

Appropriation

Veterans Administration, Medical Care.

Issue for consideration by
the Committees on Appropriations

Budget requests for funds for specialized medical services should include justification as to the need for the services.

VETERANS ADMINISTRATION

MEDICAL CARE

Better use of outpatient services and nursing care bed facilities could improve health care delivery to veterans

The VA outpatient program for medical and dental activities and the number of veterans treated for these activities have increased significantly over the last decade. GAO reported that the outpatient program has helped shorten the length of hospital stay; however, opportunities exist to further improve the program.

GAO recommended that the Administrator of Veterans Affairs:

- Require VA hospitals to revise their operating procedures so that inpatient physicians examine veterans on an outpatient basis before hospitalization. This would maximize the use of preadmission testing and other medical preparation.
- Require that scheduling procedures be established at VA hospitals to coordinate the patient's hospital admission date with the availability of surgical facilities.
- Take steps to insure that adequate funds are available to provide for additional nursing home beds.

VA generally agreed with GAO's recommendations (B-167656, Apr. 11, 1973) and subsequently took the following actions:

- Established an organizational model which is being tested at 12 VA stations which involve inpatient physicians in the admitting function.
- Reemphasized the coordination of hospital admissions with availability of surgical facilities to its field stations.

VETERANS ADMINISTRATION

MEDICAL CARE (continued)

VA stated that future expansion for additional nursing home beds will require construction of some new facilities.

Appropriation

Veterans Administration--Medical Care.

Issue for consideration by
the Committee on Appropriations

Whether veterans hospitalized are occupying a bed no longer than is medically required in order to keep the hospital operating costs to a minimum.

VETERANS ADMINISTRATION

MEDICAL CARE

Certain patients remain in VA spinal cord injury treatment centers longer than necessary

VA estimates that spinal cord patients generally reach a stabilized condition--not require the intensive medical and rehabilitational efforts of a specialized center--within 6 to 12 months after admission. Most of them return to their homes or enter substitute centers. However, about one-third of the stabilized patients in centers could be accommodated in lower level care facilities. Transfer of these patients would make more specialized beds available for newly injured veterans.

GAO recommended that VA make more effective use of centers by identifying patients who need less than the specialized care provided there and insuring that adequate facilities are available to provide the needed alternative less costly care. VA agreed that a high priority should be given to developing a range of community facilities for spinal cord patients. (B-133044, Mar. 20, 1974.)

Appropriation

Veterans Administration--Medical Care.

Issue for consideration by the Committees on Appropriations

Budget requests for funds for less costly care spinal cord facilities should be considered in relationship to its effect on the entire spinal cord program.

VETERANS ADMINISTRATION

MEDICAL CARE

Need for improvement in blood banking activities

VA considers blood from volunteers more desirable than paid donors because volunteer donors usually come from social and economic circumstances associated with a low incidence of hepatitis.

Although VA obtains most blood from volunteers, the supply could be increased by establishing a cooperative program with the military to obtain volunteer blood that exceeds military needs.

GAO recommended that VA increase the effectiveness of its acquisition of blood resources by establishing a program for coordinating blood bank activities with the military to take advantage of available volunteer blood. VA generally agreed with GAO's recommendation. (B-133044, Nov. 13, 1973.) VA informed GAO that arrangements have been negotiated locally with the military.

Appropriation

Veterans Administration--Medical Care.

Issue for consideration by the Committees on Appropriations

The supply of volunteer blood could be increased by expanding the program for blood cooperation with the military beyond just local arrangements.

VETERANS ADMINISTRATION

MEDICAL CARE

Proper use of the economic order quantity principle can lead to more savings

The economic order quantity (EOQ) principle is a mathematical device for determining the purchase quantity that will result in the lowest total costs for ordering and holding inventory to meet expected supply requirements.

The VA's Marketing Center could achieve savings in operating costs and reductions in inventory if it used the EOQ principle to determine purchase quantities. Federal Property Management Regulations require that all executive agencies use the principle to replenish inventories of stock.

In a report to the Congress, GAO recommended that the Administrator of Veterans Affairs work with the Marketing Center to implement a system using the EOQ principle.

The Administrator did not agree with GAO's recommendations stating that it had previously studied the adoption of EOQ at its central purchasing activity but decided it would not be desirable or profitable from the standpoint of savings.

GAO subsequently was advised that VA will request exemption from Federal Property Management Regulations requiring the use of EOQ. GAO believes an exemption for the VA is not appropriate because the economies available through the use of the EOQ principle are as applicable to the VA as they are to other Government departments and agencies. (B-133396, June 27, 1974.)

Appropriation

Veterans Administration--Medical Care.

VETERANS ADMINISTRATION

MEDICAL CARE (continued)

Issue for consideration by
the Committees on Appropriations

Savings could be realized through the use of the EOQ principle at the VA Marketing Center.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

C o n t e n t s

Improved system of reporting METRO's costs
and construction progress

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WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Improved system of reporting METRO's costs and construction progress

GAO reported to the Congress that the cost and construction status reports prepared by the staff of Washington Metropolitan Area Transit Authority (METRO) had not provided a complete picture of the Washington Regional Rapid Transit System, commonly called METRO. Reports submitted to the Authority's Board of Directors had not included estimated cost increases for work not yet under contract, amounting to about \$232 million as of June 30, 1973, and operational delays of several months that were known to the staff. The inclusion of these estimates in status reports would have alerted the Board to the need for planning to obtain the additional funds or to consider whether alternatives were available. The Federal Government and participating local governments also need such information since, under current arrangements, they will be called upon to finance increased costs or accept reductions in service.

On March 21, 1974, the Board passed a resolution that the METRO reporting system be expanded to provide quarterly status reports containing comparisons between original and total current cost estimates and planned and actual progress. The second quarterly report was issued on August 8, 1974. This report forecast a cost of about \$3,974 million, or about \$928 million in excess of the June 30, 1973, estimate of \$3,046 million. (B-141529, Mar. 13, 1974.)

Appropriation

Federal Contribution, Washington Metropolitan Area Transit Authority.

Issue for consideration by the Committees on Appropriations

The Transit Authority will need additional Federal financing to complete the planned construction of METRO.

VARIOUS DEPARTMENTS AND AGENCIES

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VARIOUS DEPARTMENTS AND AGENCIES

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VARIOUS DEPARTMENTS AND AGENCIES

(CENTRAL INTELLIGENCE AGENCY; DEPARTMENT OF DEFENSE; AND DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT)

Legislative ceiling on expenditures in Laos reduced costs but the ceiling was exceeded

GAO reported to the Congress on how the executive departments and agencies met the legislative requirement to limit expenditures in Laos to \$350 million for fiscal year 1972 and on whether the expenditure reports to the Congress were consistent and complete. The Department of State was delegated overall responsibility for ensuring that DOD, AID, and the Central Intelligence Agency (CIA) complied with this legislation.

The departments and agencies generally tried to develop systems to insure that all costs they considered within the reportable categories would be included. Nevertheless, an estimated \$28.2 million of assistance-related expenditures were not reported or were not reported adequately by the three agencies in fiscal year 1972. If these expenditures had been reported, the \$350 million ceiling established in section 505 of the Armed Forces appropriation authorization for 1972 would have been exceeded. For example, in fiscal year 1972:

- DOD and CIA did not report certain logistical support costs, including an estimated \$21.6 million for over-seas transportation.
- Commodity managers did not follow DOD guidelines for pricing ammunition expenditures.
- AID did not report about \$1.2 million for assistance-related administrative costs, \$441,263 for excess property acquired for Laos, and about \$440,000 for additional transportation costs on Public Law 480 commodities.

VARIOUS DEPARTMENTS AND AGENCIES

(CENTRAL INTELLIGENCE AGENCY; DEPARTMENT OF DEFENSE; AND DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT) (continued)

Despite the shortcomings in implementing the reporting requirement, imposing a ceiling on expenditures for Laos was beneficial. Program management efforts were intensified, expenditures were reduced, and the Congress was provided with additional information for use in discharging its oversight responsibilities.

GAO recommended that the Secretary of State coordinate the reporting guidelines with the Secretary of Defense, the Director of CIA, the Administrator of AID, and other agency heads to insure that any expenditure reports submitted to the Congress are complete and accurate and that, to the extent possible, accounting and reporting procedures are applied on a consistent basis by each agency. GAO recommended also that the Secretary of State inform the Congress of any inconsistent accounting and reporting methods used by reporting agencies and of the types and estimated amounts of expenditures which in the opinion of the agencies are not within the reportable categories.

The departments and agencies generally agreed with GAO's recommendations that, to the extent possible, accounting and reporting procedures should be applied on a consistent basis and that it should be noted on the reports when different methods are used. They also agreed that the Congress should be informed of the types and estimated amounts of expenditures, excluding the normal expenses of operating a diplomatic mission and those unrelated to assistance, which the contributing agencies believed were not within the reportable categories required by the legislation. (B-133003, June 6, 1974.)

Appropriations

Armed Forces appropriation authorization, and the Foreign Assistance and Related Programs Appropriation.

VARIOUS DEPARTMENTS AND AGENCIES

(CENTRAL INTELLIGENCE AGENCY; DEPARTMENT OF
DEFENSE; AND DEPARTMENT OF STATE, AGENCY FOR
INTERNATIONAL DEVELOPMENT) (continued)

Issue for consideration by
the Committees on Appropriations

Because of the peculiarities of this legislation which imposed an overall ceiling on expenditures from several appropriations without specifying a ceiling on expenditures from an individual agency's appropriation, it was not possible for GAO to determine which agency caused the ceiling to be exceeded or to ascertain specifically at what point in time the ceiling was exceeded. The difficulty of enforcing this ceiling suggests that, if the Congress wishes to impose in future legislation an overall ceiling on expenditures for a particular country, it may want to consider fixing, or delegating the responsibility for fixing, a specific allocation of the overall ceiling for each agency involved in that country.

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS (CIVIL FUNCTIONS),
DEPARTMENT OF AGRICULTURE, DEPARTMENT OF COMMERCE,
DEPARTMENT OF THE INTERIOR, AND
FEDERAL POWER COMMISSION)

Improved Federal efforts needed to
consider wildlife conservation on
an equal basis with other features
of water resource developments

GAO reported to the Chairman, Subcommittee on Fisheries and Wildlife Conservation and the Environment, House Committee on Merchant Marine and Fisheries, on how the Corps of Engineers (Civil Functions), Department of Agriculture, Department of Commerce, Department of Interior, and the Federal Power Commission were implementing sections 2 and 3 of the Fish and Wildlife Coordination Act. These sections of the act provide that wildlife conservation receive equal consideration and be coordinated with other features of federally funded or licensed water resource developments.

GAO concluded from the projects reviewed that (1) generally wildlife conservation had not been considered equally with other features of water resource developments, (2) there had been significant and numerous breakdowns in the coordination process between wildlife and development agencies, (3) the roles and responsibilities of the wildlife agencies needed to be clarified, and (4) there was a need for establishing criteria for determining the nature, extent, and justification of wildlife mitigation or enhancement measures.

GAO recommended that (1) the wildlife and development agencies, with the active participation of OMB, establish procedures to insure an adequate coordination process for carrying out the requirements of the act and criteria to determine mitigation and enhancement measures and (2) wildlife agencies seek to reach agreement on their respective roles and responsibilities and initiate efforts to obtain needed funds and personnel.

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS (CIVIL FUNCTIONS),
DEPARTMENT OF AGRICULTURE, DEPARTMENT OF COMMERCE
DEPARTMENT OF THE INTERIOR, AND
FEDERAL POWER COMMISSION) (continued)

The Federal agencies involved generally agreed with the recommendations. On June 26, 1974, the Subcommittee held hearings on the subject report and on various proposed amendments to the act. (B-118370, Mar. 8, 1974.)

Appropriations

Department of the Army, Corps of Engineers-Civil:
General Investigations
Construction General
(Corps' funds are transferred to the Department of the Interior, U.S. Fish and Wildlife Service).

Department of the Interior, U.S. Fish and Wildlife Service:
Resource Management.

Department of Commerce, National Oceanic and Atmospheric Administration:

National Marine Fisheries Service
Operations, Research and Facilities.

Issue for consideration by the Committees on Appropriations

Wildlife agencies will need funds and personnel above their current levels to effectively implement the act's requirements. The development and wildlife agencies should consult each other early in the planning stage of a water resource development proposal and the wildlife agencies should make the necessary wildlife studies so that a detailed wildlife report is available before a proposed development is authorized by the Congress or approved by others who approve water resource projects.

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS (CIVIL FUNCTIONS),
DEPARTMENT OF AGRICULTURE, DEPARTMENT
OF THE INTERIOR, AND TENNESSEE VALLEY
AUTHORITY)

Improvements needed in making
benefit-cost analyses for
Federal water resources projects

Federal water resources projects are seldom authorized unless their estimated benefits exceed their estimated costs. GAO reviewed methods and procedures used by the Bureau of Reclamation, Department of the Interior; the Corps of Engineers (Civil Functions); the Soil Conservation Service, Department of Agriculture; and the Tennessee Valley Authority for making benefit-cost analyses for water resources development projects which include purposes such as flood control, irrigation, power, recreation, fish and wildlife enhancement, and municipal and industrial water supply.

Because of the importance of the benefit-cost analysis to decisionmaking, benefits and costs should be determined by using uniform methods and procedures consistent with the governing criteria and considering all pertinent beneficial and adverse effects.

Executive branch policies, standards, and procedures for formulation, evaluation, and review of individual project plans for developing water resources were issued in May 1962 and printed as Senate Document 97.

GAO reported that:

1. Benefits were not computed in a consistent manner.
2. Benefits were not based on analysis of conditions with and without the project.
3. Benefit computations were not adequately supported.
4. Project costs and induced costs (uncompensated adverse effects caused by construction and operation of a project) were not fully considered in the benefit-cost determinations.

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS (CIVIL FUNCTIONS),
DEPARTMENT OF AGRICULTURE, DEPARTMENT
OF THE INTERIOR, AND TENNESSEE VALLEY
AUTHORITY) (continued)

Causes of the problems in the benefit-cost determination included:

1. Generalized and incomplete agency guidance and instructions.
2. Varying interpretations and inconsistent application of Senate Document 97 criteria and agency implementing procedures.
3. A lack of or incomplete studies and analyses by the agencies of data pertinent to making determinations and computations.

The Water Resources Council developed "Principles and Standards for Planning Water and Related Land Resources," which became effective on October 25, 1973, superseding Senate Document 97. These principles are intended to provide the broad policy for planning activities and the standards are intended to provide for uniformity and consistency in comparing, measuring, and judging beneficial and adverse effects of alternative plans.

As of August 1974, the Bureau, Corps, and Tennessee Valley Authority were developing procedures to implement the new principles and standards. The Soil Conservation Service's procedures had been reviewed for consistency with the principles and standards and had been approved by the Council.

GAO made the following recommendations to the Secretary of the Army, for the Corps of Engineers, and the Secretaries of Agriculture and the Interior, and the Chairman of the Board, Tennessee Valley Authority:

1. Revise or develop, as necessary, detailed procedures for making benefit-cost determinations and submit them to the Water Resources Council.

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS (CIVIL FUNCTIONS), DEPARTMENT OF AGRICULTURE, DEPARTMENT OF THE INTERIOR, AND TENNESSEE VALLEY AUTHORITY) (continued)

2. Periodically evaluate detailed procedures to recognize changed objectives, needs, and conditions and improved methods and procedures.
3. Strengthen internal management procedures for assessing (a) benefit-cost determinations for conformance to the governing principles and standards, (b) implementing detailed procedures, and (c) the completeness and adequacy of supporting documentation.

GAO also recommended that the Chairman, Water Resources Council, should have the Council:

1. Review the agencies' detailed procedures for uniformity and consistency with the principles and standards.
2. Periodically review the principles and standards to recognize changed objectives, needs, and conditions and improved methods and procedures.

The Council and agencies generally agreed with the conclusions and recommendations and stated that they were taking action to implement the recommendations. (B-167941, Sept. 20, 1974.)

Appropriations

Corps of Engineers - Civil Construction, General.
Department of Agriculture, Soil Conservation Service,
Watershed and Flood Prevention Operations.
Department of the Interior, Bureau of Reclamation,
Construction and Rehabilitation.
Tennessee Valley Authority,
Payment to Tennessee Valley Authority Fund.

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS (CIVIL FUNCTIONS),
DEPARTMENT OF AGRICULTURE, DEPARTMENT
OF THE INTERIOR, AND TENNESSEE VALLEY
AUTHORITY) (continued)

Issue for consideration by
the Committees on Appropriations

The adequacy of the corrective actions to be taken by the Council and the agencies should be considered when reviewing appropriation requests for Federal water resource projects.

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS (CIVIL FUNCTIONS)
AND DEPARTMENT OF THE INTERIOR)

Pacific Northwest Hydro-Thermal
Power Program--A regional approach
to meeting electric power requirements

A Joint Power Planning Council--comprising 104 publicly owned utilities, 4 privately owned facilities, and the Bonneville Power Administration--developed the Hydro-Thermal Power Program in 1969 to meet growing electrical energy needs of the Pacific Northwest by integrating regional power resources. Under the program plan, the Corps of Engineers and the Bureau of Reclamation in the Department of Interior are to construct and operate hydro-electric generating facilities at existing and proposed Federal projects. The Bonneville Power Administration is to construct and operate most of the regional transmission facilities. GAO reported to the Congress on the program to assist it in considering the method and level of funding and priorities for planned Federal hydro-electric projects and related facilities in the Pacific Northwest region.

GAO concluded that, although the program had been successful in providing additional generating capacity, delays were experienced in providing this capacity. The delay resulted from problems in (1) obtaining funds for constructing the Federal hydro-electric projects to be provided under the program plan, (2) planning, designing, and constructing both Federal and non-Federal facilities, (3) obtaining public acceptance of a Federal hydro-electric project, and (4) meeting State air pollution control requirements for a thermal plant.

The Department of the Army, for the Corps of Engineers, and the Department of Interior agreed in general with GAO's findings.

The Bonneville Power Administration has developed a legislative proposal authorizing it to finance operation and maintenance expenses and additions to its transmission

VARIOUS DEPARTMENTS AND AGENCIES

(CORPS OF ENGINEERS
AND DEPARTMENT OF THE INTERIOR)

system by using its revenues and by selling revenue bonds to the Secretary of the Treasury. The proposal has been incorporated in H.R. 14168 and S.3362, introduced on April 10, and April 22, 1974. (B-114858, June 5, 1974.)

Appropriations

Bonneville Power Administration, System Construction.
Department of the Interior, Bureau of Reclamation,
Construction and Rehabilitation.
Corps of Engineers, General Construction.

Issue for consideration by
the Committees on Appropriations

The Committees may wish to consider the future method and level of funding Federal hydro-electric power facilities and transmission facilities in the Pacific Northwest.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE; DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE; DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT; DEPARTMENT OF TRANSPORTATION;
AND SMALL BUSINESS ADMINISTRATION)

Information on Federal Disaster Relief Program

GAO reported to the Senate and House Committees on Public Works; Senate and House Committees on Government Operations; Senate Committee on Banking, Housing, and Urban Affairs; and the Subcommittee on Investigation and Review, House Committee on Public Works, of the administration of disaster relief programs for aiding individuals, businesses, and State and local governments during the recovery period.

GAO concluded that:

1. Greater uniformity was needed in Federal disaster assistance programs. Because of differences between Small Business Administration and Farmers Home Administration disaster loan programs, victims sustaining similar damages from the same disaster received different amounts of assistance depending on which agency they applied to.
2. Although the Office of Emergency Preparedness was responsible for coordinating overall Federal disaster relief, there was little coordination of several programs involving large Federal expenditures.
3. HUD based relocation benefits on loss rather than on the increased cost to relocate.

Appropriations

Small Business Administration, Disaster Loan Fund.
Farmers Home Administration, Agricultural Credit Insurance Fund.
Funds Appropriated to the President, Disaster Relief.
Federal Highway Administration, Emergency Relief.
Office of Education, School Assistance in Federally
Affected Areas.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE; DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; DEPARTMENT OF TRANSPORTATION; AND SMALL BUSINESS ADMINISTRATION) (continued)

Issues for consideration by
the Committees on Appropriations

1. Whether more consistent and equitable treatment of disaster victims could be achieved through greater uniformity in administering disaster programs by the Small Business Administration and the Farmers Home Administration.

2. Whether the objectives of providing disaster relief could be better achieved by assigning the responsibilities of the Federal Disaster Assistance Administration, the Federal Highway Administration, and HEW to one agency.

3. Whether relocation payments for disaster-related projects should include the victim's losses.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE AND
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE)

Salmonella in raw meat and poultry: An assessment of the problem

Protecting consumers from food-borne illnesses caused by harmful bacteria, such as salmonella, is the responsibility of FDA, HEW, and the Animal and Plant Health Inspection Service of the Department of Agriculture.

Raw meat and poultry products being sold to the public are often salmonella-contaminated and pose a serious potential health problem. An estimated 2 million cases of human salmonellosis occur annually resulting in medical payments and lost working days costing at least \$300 million.

Controlling salmonellosis is complex because the bacteria is widely distributed in the environment. Although it appears to be unreasonable to expect eradication of salmonellosis, more can be done than is being done at present to reduce the incidence of infection. Federal efforts have not had a major impact on controlling salmonellosis in humans. Such efforts have been piecemeal because of the problem's complexity, the high estimated cost of undertaking a comprehensive approach to significantly reduce salmonella in the food chain, and the uncertainty that such an approach would significantly reduce the prevalence of human salmonellosis. Although FDA and the Inspection Service view consumer education as an essential and practical safeguard against salmonellosis, their programs to inform the public on such safeguards need to be improved.

In a report to the Congress, GAO recommended that the Secretaries of Agriculture and Health, Education, and Welfare take several actions to achieve more timely and effective control of the salmonella problem, including the strengthening of their programs to inform consumers of the potential health problems associated with handling raw meat and

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE AND DEPARTMENT
OF HEALTH, EDUCATION, AND WELFARE)

poultry and the precautions to take in handling them. The Departments agreed with most of the recommendations. (B-164031(2), July 22, 1974.)

Appropriations

Department of Agriculture--Environmental and Consumer Protection.

Department of Health, Education, and Welfare--Food and Drug Administration.

Issue for consideration by
the Committees on Appropriations

HEW and Agriculture need to strengthen their implementation of Federal laws and programs intended to protect the consumer from salmonella-contaminated products.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE AND
DEPARTMENT OF THE INTERIOR)

Modernization of 1872 mining law needed
to encourage domestic mineral production,
protect the environment, and improve
public land management

The Mining Law of 1872--which has remained fundamentally unchanged for over 100 years--was intended, in part, to promote the exploration and development of United States mineral ore sources.

GAO visits to various Federal offices and to a randomly selected sample of 240 mining claims and 93 "mineral patents" in 10 counties in Arizona, California, Colorado, and Wyoming showed (1) a general lack of mining activity, (2) inadequate reporting and record of claims, (3) evidence of environmental damage caused by pre-extraction mining activities, and (4) inadequate compensation to the Federal Government for minerals mined or for use of the lands. The Departments of Agriculture and the Interior generally agreed with GAO's facts and recommendations.

GAO's recommendations related to, among other things, enacting legislation to authorize establishment of a leasing permit system as a substitute for the provisions of the Mining Law of 1872. On August 2, 1974, the Chairman of the Senate Committee on Interior and Insular Affairs informed GAO that its report demonstrated the need to substantially change the 1872 law. He said that his Committee began consideration of legislation on this subject in 1974 and that he expected the Committee to continue this work in the next Congress.

GAO's report pointed out that, because of inadequate reporting and recording of claims, Federal agencies could not readily determine the existence of mining claims filed on Federal lands. As a result, mineral exploration activity on Federal land cannot be assessed and the use of mineral lands--such as oil shale lands--is hindered by the time-consuming and costly actions needed to clear title to lands covered by dormant mining claims.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE AND
DEPARTMENT OF THE INTERIOR) (continued)

Since 1968 the Department of the Interior had spent over 100 man-years and \$1.9 million to clear the titles to old mining claims on oil shale lands in Colorado, Utah, and Wyoming. However, about 50,000 of the 56,000 claims identified as of February 1974 still had to be cleared. Clearing title to these and other lands covered by mining claims could involve many legal maneuvers, contests, appeals, and reviews. Delays in clearing these mining claims could impede future efforts to establish an oil shale leasing program for commercial production on public lands and could impede development of a new fuel source to meet energy needs. (B-118678, July 25, 1974.)

Appropriations

Department of the Interior, Bureau of Land Management,
Management of Lands and Resources.

Department of Agriculture, Forest Service, Forest Pro-
tection and Utilization.

Issue for consideration by the Committees on Appropriations

Appropriations will be needed to continue, and possibly increase, Federal efforts to identify and clear titles to dormant mining claims.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE AND DEPARTMENT OF THE INTERIOR)

Need for guidance on the use of motorized equipment in wilderness and similar areas

The Department of Agriculture's Forest Service has imposed severe limitations on its employees' use of motorized equipment, such as trail machines, compacting equipment, power saws, and helicopters, in managing about 14 million acres of wilderness. These restrictions have created problems in protecting and preserving the areas and have resulted in additional costs. The National Park Service also restricts the use of certain machines in areas it manages under the wilderness concept.

The use of motorized equipment is not compatible with an ideal wilderness concept, but neither is the construction of trails, bridges, and other facilities and the presence of litter in wilderness areas. GAO believes that, once decisions have been made to construct such facilities and dispose of accumulated litter, economy and convenience should be considered, along with other factors, in deciding when to use motorized equipment.

Both the Forest Service and the National Park Service believe that their restrictions are consistent with the intent of the Wilderness Act of 1964. In a report to the Congress, GAO recommended that the Congress consider providing further guidance on the use of motorized equipment in wilderness areas. (B-125053, Oct. 29, 1970.)

Appropriations

Department of Agriculture and Related Agencies, Forest Service--Forest roads and trails.

Department of the Interior and Related Agencies, National Park Service--Road construction.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF AGRICULTURE AND
DEPARTMENT OF THE INTERIOR) (continued)

Issue for consideration by
the Committees on Appropriations

Substantial savings are available through use of certain motorized equipment for protecting and preserving wilderness and similar areas.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF DEFENSE AND
DEPARTMENT OF STATE)

Taiwan should pay for U.S.
military assistance

Since 1966 U.S. military resources transferred to Taiwan have averaged about \$150 million a year. About \$100 million of resources was transferred in fiscal year 1974. The actual net costs to the United States, however, are much less because Taiwan has been gradually shifting from predominantly grant aid to other forms of assistance, such as credit sales.

Nevertheless, some grant assistance still continues at a cost to the United States of about \$17 million a year, including transportation of previously funded equipment, training of nationals, U.S. administrative support, and donations from the sale of U.S.-furnished surplus property.

In 1972 Taiwan's trade surplus with the United States reached \$660 million and is expected to increase. In mid-1973, Taiwan's foreign exchange reserves amounted to \$1.1 billion. Their gross national product has reached \$7 billion and is growing at a rate of about 11 percent a year. On the basis of these factors showing Taiwan as having a healthy economy, GAO believes Taiwan can and should pay for the cost of continuing U.S. military assistance.

GAO recommended the Secretaries of Defense and State periodically review U.S. relations with Taiwan and--when in their judgment the political, military, and economic factors permit--consult with Taiwan officials in an effort to have that country pay all expenses incurred by the United States in providing them with military assistance.

Department of State plans and views were provided to GAO in a classified response. GAO still believes that the role of advisory staff and long-time cooperation with Taiwan make it reasonable to seek full reimbursement for cost of military assistance to Taiwan. (B-125087, July 22, 1974.)

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF DEFENSE AND
DEPARTMENT OF STATE) (continued)

Appropriations

Department of State--Foreign Assistance and Related Appropriations.

Issue for consideration by
the Committees on Appropriations

Future executive branch budgetary requests for military assistance to Taiwan should be measured against Taiwan's ability to pay. The Taiwan experience should give the Congress a perspective to judge continued need for military assistance to other countries.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF DEFENSE AND
DEPARTMENT OF STATE)

U.S. assistance to the
Khmer Republic (Cambodia)

GAO reported to the Congress on problems concerning compliance with the congressional restrictions and on management deficiencies impairing the effectiveness and efficiency of U.S. assistance programs.

GAO concluded that not all costs of U.S. activities in Cambodia were reported to the Congress, even though expenditure reports were prepared to comply with the legislation. GAO also concluded that, while Military Equipment Delivery Team members were not assigned as advisors to Cambodian combat units, they were acting beyond their primary function of auditing and monitoring equipment deliveries.

Procedures for receipt, transfer, and maintenance of equipment provided under the Military Assistance Program were inadequate in 1971 and 1972, but by 1973 considerable improvements had been made. Other areas reported on by GAO included (1) the failure of the Military Equipment Delivery Team to cancel a \$1.4 million requisition for construction equipment even though it knew AID had already provided equipment to satisfy the requirement, (2) the improper purchase by Cambodian military personnel of military equipment which had been provided by the United States to the South Vietnamese Armed Forces, and (3) the payment of as many as 100,000 "phantom troops."

GAO recommended that the Secretaries of State and Defense fully inform the Congress of the type and organizational level of advisory assistance provided to the Cambodian military and that the Secretary of State apply and report all cost against the dollar ceiling, including those funded outside the Foreign Assistance Act and Public Law 480. GAO also recommended several actions to be taken by the Administrator of AID and the Secretary of Defense to correct the problems discussed in the report.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF DEFENSE AND
DEPARTMENT OF STATE) (continued)

The agencies generally agreed with the recommendations except that the Secretaries of State and Defense did not believe that the Military Equipment Delivery Team was performing advisory functions which conflict with legislative restrictions. (B-169832, Oct. 10, 1973.)

Appropriations

Department of State--Foreign Assistance and Related Programs Appropriations.

Issue for consideration by the Committees on Appropriations

The Committee should require that the Secretaries of State and Defense provide a full accounting of the type and organizational level of advisory assistance provided to the Cambodian military to insure compliance with the legislative restrictions against providing such advisory assistance.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF DEFENSE, GENERAL SERVICES ADMINISTRATION,
AND OFFICE OF MANAGEMENT AND BUDGET)

Testing of management by fiscal controls and without personnel ceilings

In 1970 the military departments began a demonstration project in which ten research laboratories were to operate solely under financial control for 2 or 3 years. This undertaking, called Project REFLEX, was to be a test of the management and control of laboratory operations without the constraints of personnel ceilings. Management was to be able to adjust personnel levels to match workload requirements and available funds.

GAO reported to the Congress that the program did not operate totally without constraints during the test period as planned. Hiring freezes were imposed and, in some cases, ceilings were only partially lifted. Government-wide programs for reducing employment and average grade levels also impacted the program. In addition, Civil Service and departmental regulations limited the ability of laboratories to hire or separate employees.

While extensive efforts had been made to develop techniques for measuring project success, no such indices had been arrived at by the time of GAO's review. Nevertheless, benefits had been realized. Workload planning improved, delegation of responsibility was encouraged, advancement of new technology in-house improved, more effective technical direction given to contractors, costly and time-consuming administration of personnel ceilings was avoided, and management options in workforce sources increased.

GAO recommended that the project be continued at the department laboratories and that the test be extended to other Federal laboratories and to other types of activities. GAO suggested that, as the focal point of the Government for policy leadership in respect to overall management improvements, OMB, delegating responsibilities to GSA as appropriate, (1) develop common criteria and guidelines for implementing

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF DEFENSE, GENERAL SERVICES ADMINISTRATION,
AND OFFICE OF MANAGEMENT AND BUDGET) (continued)

a program of managing through fiscal control, (2) encourage agencies to institute such programs, and (3) monitor operation of agency programs and evaluate results.

DOD endorsed the recommendations of the report and has authorized and encouraged the military departments to continue the operation of Project REFLEX. OMB, in agreement with the general objectives of the project, has asked GSA to determine whether or not objective measures of productivity can be developed for the REFLEX concept and to outline an appropriate approach for implementing the test in other Federal agencies. (B-165959, June 21, 1974.)

Appropriations

Department of Defense, General Services Administration, and the Office of Management and Budget.

Issue for consideration by
the Committees on Appropriations

In view of the management improvements that may be achieved, testing of the use of fiscal controls without personnel ceilings should be continued in the military departments and expanded to other agencies.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND DEPARTMENT OF THE INTERIOR)

Greater benefits to more people through better uses of outdoor recreation grants

GAO reported to the Congress that recreation project grant programs of the Department of the Interior and HUD had not been fully successful in meeting urban recreation needs primarily because the Land and Water Conservation Fund Act (1) requires that 40 percent of Federal grant funds be apportioned equally to all States and (2) limits the apportionment to any State to 7 percent of the funds available to all States. Also, low-income, densely populated communities which need additional recreation facilities have not applied for grants in many cases because they lack the required 50-percent local matching funds.

The Department of the Interior had proposed legislation which would revise the allocation formula by increasing apportionments to the more populous States. Because GAO believed that the proposed legislation had merit, GAO recommended that the Congress consider amending the applicable laws to provide for a flexible matching formula to allow the Department of the Interior to make grants of more or less than 50 percent on the basis of financial needs. As of November 15, 1974, the legislation proposed by the Department has not yet been enacted. Subsequent to GAO's report, HUD discontinued making grants for recreation projects under the Open Space Land Program. (B-176823, Oct. 5, 1972.) Under the Housing and Urban Development Act of 1974, however, recreation projects can be funded through a block grant program.

Appropriations

Land and Water Conservation, Bureau of Outdoor Recreation, Department of the Interior.

Community Development Block Grants, Department of Housing and Urban Development.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND DEPARTMENT OF THE INTERIOR) (continued)

Issue for consideration by
the Committees on Appropriations

Recreation grant programs of the Department of the Interior have not been fully successful in meeting urban recreation needs because of legislative restrictions on the apportionment of Federal grant funds. The Committees may wish to take this into consideration in determining the amount to be appropriated for recreation grants.

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND
VETERANS ADMINISTRATION)

Reducing costs in acquiring properties
resulting from defaults on home loans

When a borrower defaults on a HUD-insured or Veterans Administration (VA)-guaranteed loan, the lender terminates the loan, acquires the property, and generally conveys the property to HUD or VA in exchange for insurance or guaranty payments. When the borrower defaults on a VA-financed loan, VA terminates the loan and acquires the property.

GAO found that the Government could reduce foreclosure costs on HUD-insured, VA-guaranteed, and VA-financed loans by wider use of the "power of sale" method of foreclosure. Defaulted loans generally are terminated by foreclosures conducted in accordance with State statutes. In the District of Columbia and in the 26 States which authorize the use of the power-of-sale method of foreclosure, foreclosures are generally less costly and less time consuming than the judicial and other methods of foreclosure authorized by the other 24 States. The power-of-sale foreclosures can be completed without court action.

GAO reported that costs could further be reduced by HUD's and VA's greater emphasis on the "voluntary deed" method of terminating such loans.

GAO recommended that the Congress enact legislation which would establish a Federal power-of-sale foreclosure law for all federally financed, insured, or guaranteed home mortgages.

HUD expressed support for new initiatives to encourage mortgagees to accept voluntary deeds but stated that mortgagees are well aware of the costs involved in either the voluntary deed or the foreclosure method. HUD also stated that it planned to amend its mortgage instructions to require justifications from mortgagees for foreclosing in

VARIOUS DEPARTMENTS AND AGENCIES

(DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND VETERANS ADMINISTRATION) (continued)

lieu of accepting voluntary deeds, but it has not yet done so. VA stated that its existing policy was adequate. GAO believes HUD and VA need to encourage mortgagees to seek a greater number of voluntary deeds, especially in those States where it would result in reducing property acquisition costs.

HUD and VA generally agreed with GAO's recommendation that the Congress establish a Federal power-of-sale foreclosure law for all federally financed, insured, or guaranteed home mortgages. (B-114860, Oct. 20, 1972.)

Appropriations

Department of Housing and Urban Development, Limitation on administrative and nonadministrative expenses, Federal Housing Administration.

Veterans Administration, Loan guaranty revolving fund (Limitation on Obligations).

Issues for consideration by the Committees on Appropriations

1. Property acquisition costs could be reduced if HUD and VA would encourage mortgagees to seek a greater number of voluntary deeds rather than foreclose.

2. If the Congress enacted a Federal power-of-sale foreclosure law for all federally financed, insured, or guaranteed home mortgages, HUD and VA could reduce foreclosure costs.

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