
March 1997

Reports and Testimony: February 1997

Highlights

High-Risk Series

Many crucial government programs remain vulnerable to waste, fraud, abuse, and mismanagement. In a 14-volume set of reports, GAO highlights 25 programs in six broad categories that are the focus of its concern and discusses progress made since the high-risk program began in 1990. Page 2.

Year 2000 Problem

Because most federal computers, like those in private industry, were programmed to record years in a two-digit format, the arrival of the year 2000 will create problems for older machines, a situation with wide ramifications for citizens who rely on government benefits. GAO has issued a draft guide to help federal agencies assess their managerial and technical response to this problem. Pages 3 and 15.

Telemedicine

Communications technology used to deliver medical care and information—telemedicine—is a promising field, attracting interest and funding from both the private sector and the government. Nine federal agencies have invested more than a half billion dollars in telemedicine projects since 1994, but a governmentwide strategy is needed to coordinate investment and maximize benefits. Page 9.

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Reports and Testimony: February 1997

Special Publications

High-Risk Series

Feb. 1997 (14 reports).

In 1990, GAO began a special effort to identify federal programs at high risk for waste, fraud, abuse, and mismanagement. GAO issued a series of reports in December 1992 on the fundamental causes of the problems in the high-risk areas; it followed up on the status of these areas in February 1995. This, GAO's third series of high-risk reports, revisits these troubled government programs and designates five additional areas as high-risk (defense infrastructure, information security, the year 2000 problem, supplemental security income, and the 2000 decennial census), bringing to 25 the number of high-risk programs on GAO's list. The high-risk series includes an overview, a quick reference guide, and 12 individual reports. The high-risk series may be ordered as a full set, a two-volume package including the overview and the quick reference guide, or as 12 separate reports describing in detail these vulnerable government programs. On the order form at the back of this publication, please check the box marked [GAO/HR-97-20SET](#) for the entire high-risk series or the box marked [GAO/HR-97-21SET](#) for the package consisting of the overview and the quick reference guide. Single reports may be ordered by checking the boxes that correspond to the report numbers listed below.

An Overview

[GAO/HR-97-1](#), Feb. 1997 (104 pages).

Quick Reference Guide

[GAO/HR-97-2](#), Feb. 1997 (148 pages).

Defense Financial Management

[GAO/HR-97-3](#), Feb. 1997 (50 pages).

Defense Contract Management

[GAO/HR-97-4](#), Feb. 1997 (28 pages).

Defense Inventory Management

[GAO/HR-97-5](#), Feb. 1997 (32 pages).

Defense Weapon Systems Acquisition

[GAO/HR-97-6](#), Feb. 1997 (41 pages).

Defense Infrastructure

[GAO/HR-97-7](#), Feb. 1997 (33 pages).

IRS Management

GAO/HR-97-8, Feb. 1997 (44 pages).

Information Management and Technology

GAO/HR-97-9, Feb. 1997 (69 pages).

Medicare

GAO/HR-97-10, Feb. 1997 (54 pages).

Student Financial Aid

GAO/HR-97-11, Feb. 1997 (58 pages).

Department of Housing and Urban Development

GAO/HR-97-12, Feb. 1997 (72 pages).

Department of Energy Contract Management

GAO/HR-97-13, Feb. 1997 (34 pages).

Superfund Program Management

GAO/HR-97-14, Feb. 1997 (42 pages).

GAO summarized the high-risk series in testimony before Congress; see:

High-Risk Areas: Update on Progress and Remaining Challenges, by Gene L. Dodaro, Assistant Comptroller General for Accounting and Information Management, before the Subcommittee on Government Management, Information and Technology, House Committee on Government Reform and Oversight. GAO/T-HR-97-22, Feb. 13 (17 pages).

**Year 2000 Computing Crisis:
An Assessment Guide**

GAO/AIMD-10.1.14, Feb. 1997 (32 pages).

Instead of a time of celebration, New Year's Day in the year 2000 could be a day of dread for computer system managers worldwide. As the new century approaches, there is widespread concern about what will happen at 12:01 on January 1, 2000. The problem is rooted in the way that dates are recorded and computed in many computer systems. In a two-digit format, the year 2000 is indistinguishable from 1900, 2001 from 1901, and so on. Every federal program is at risk of widespread system failures. For example, the Internal Revenue Service's tax systems could be unable to

process returns; payments to disabled veterans could be severely delayed; and federal systems used to track student education loans could produce erroneous information on loan status. Because converting systems to a four-digit year will be a massive undertaking for large systems, agencies must start now to address this problem. This guide provides a framework and a checklist for assessing the readiness of federal agencies to achieve year 2000 compliance. It provides information on the scope of the challenge and offers a structured approach for reviewing the adequacy of agency planning and management of the year 2000 problem.

Agriculture and Food

Commodity Programs: Impact of Support Provisions on Selected Commodity Prices

[GAO/RCED-97-45](#), Feb. 21 (52 pages).

Reform in U.S. agricultural policy began with passage of the 1985 farm act, which sought to make federal farm programs more market oriented and to reduce the amount of support that the government guarantees farmers for their commodities. The 1990 and 1996 farm acts continued to build on these efforts. However, Congress retained several income- and price-support provisions as a safety net for producers. In particular, nonrecourse loans with marketing loan provisions continue to be available for a number of commodities, including cotton, rice, wheat, feedgrains, and oilseeds. This report answers the following questions: (1) Do marketing loan provisions prevent loan rates from acting as price floors and do they allow U.S. prices to fall to levels that are closer to world prices? (2) How would lower loan rates affect the relationship between U.S. and world prices? (3) How would a lower loan rate affect step two payments for cotton exports and what impact have recent changes in the timing of payments had on the program's effectiveness? (4) What steps could be taken to make the peanut and sugar programs more market-oriented?

Testimony

Farm Loans: Information on the Status of USDA's Portfolio, by Robert A. Robinson, Director of Food and Agriculture Issues, before the Subcommittee on Forestry, Resource Conservation, and Research, House Committee on Agriculture. [GAO/T-RCED-97-78](#), Feb. 21 (six pages).

This testimony discusses the farm loan programs administered by the Agriculture Department's Farm Service Agency. GAO (1) summarizes its

January 1997 report ([GAO/RCED-97-35](#)), which updated earlier reports on the financial condition of the Service's farm loan portfolio, and (2) discusses changes to the farm loan programs that were mandated by the Federal Agriculture Improvement and Reform Act. Overall, GAO notes that a significant percentage of the Service's direct farm loan portfolio continues to be at risk because it is held by delinquent borrowers.

Budget and Spending

Testimony

Fiscal Year 1998 Budget Estimates for the U.S. General Accounting Office, by James F. Hinchman, Acting Comptroller General of the United States, before the Subcommittee on Legislative, House Committee on Appropriations. [GAO/T-OCG-97-1](#), Feb. 11 (nine pages).

During the past year, GAO marked two important milestones. Charles A. Bowsher retired as Comptroller General at the end of his 15-year term, and the agency celebrated its 75th anniversary. In fiscal year 1996, GAO issued more than 900 reports and testified about 200 times before various congressional committees. GAO's recommendations and audit findings resulted in financial benefits to the taxpayer of more than \$17 billion as well as many improvements to government operations. As a result of a 25-percent budget reduction during fiscal years 1996 and 1997, GAO's staffing is at its lowest level since before World War II. To maintain its strong tradition of service to Congress and the nation, GAO is seeking an increase in its appropriation for fiscal year 1998. This increase will finance mandatory increases in pay and benefits, the rising cost of goods and services that the agency purchases, information technology upgrades, and maintenance and repair of GAO's headquarters building.

Business, Industry, and Consumers

Small Business: Update on Information on SBA's Small Business Investment Company Programs

[GAO/RCED-97-55](#), Feb. 21 (28 pages).

The Small Business Investment Act of 1958 created a program to help small businesses obtain financing to start or expand their operations. Under the program, small business investment companies fund small

businesses by purchasing their stock or issuing them loans. In 1972, Congress amended the act to establish specialized small business investment companies to fund small businesses owned by socially or economically disadvantaged persons. This report updates information presented in a May 1995 GAO report ([GAO/RCED-95-146FS](#)) through fiscal year 1996. GAO provides information on (1) the programs' trends for fiscal years 1990 through 1996 in terms of the number, size, funding, and private capitalization of the investment companies; (2) the Small Business Administration's cumulative net program losses through fiscal year 1996 from liquidating investment companies, as well as specialized small business investment companies' participation in the Three Percent Stock Repurchase Program through December 1996; and (3) the investment companies' investment activities during fiscal years 1990 through 1996.

Civil Rights

Farm Programs: Efforts to Achieve Equitable Treatment of Minority Farmers

[GAO/RCED-97-41](#), Jan. 24 (16 pages).

Minority farmers have for years voiced concerns that officials at the U.S. Department of Agriculture (USDA) do not treat them in the same way as nonminority farmers in the conduct of the agency's programs, particularly in decisions made in USDA's county offices and district loan offices. This report reviews the efforts of the USDA's Farm Service Agency to conduct farm programs in an equitable manner. GAO (1) identifies the Farm Service Agency's efforts to treat minority and nonminority farmers alike in delivering program services; (2) examines the representation of minorities in county office staffing and on county committees in the counties with the highest numbers of minority farmers; and (3) examines data on the disposition of minority and nonminority farmers' applications for participation in the Agricultural Conservation Program and the direct loan program at the national level and in five county and five district loan offices.

Employment

National Service Programs: Role of State Commissions in Implementing the AmeriCorps Program

[GAO/HEHS-97-49](#), Feb. 20 (25 pages).

AmeriCorps—among the most significant national and community programs since the Civilian Conservation Corps of the 1930s—allows participants to earn education awards to help pay for postsecondary education in exchange for performing community service. In an era marked by shrinking federal budgets, AmeriCorps has experienced substantial budget increases relative to other domestic programs. Through fiscal year 1997, Congress has appropriated more than \$800 million to support about 100,000 AmeriCorps participants. Increasing concerns over costs and internal controls at AmeriCorps has been accompanied by considerable congressional oversight. Among the reforms contemplated during the 1996 appropriation process was to scale back AmeriCorps' federal bureaucracy and transfer more program management to state commissions. This report provides information on the following three issues: the statutory role of state commissions; state commission operations, including project-level outputs from national service projects within their purview, such as participant enrollment and expenditure data; and extending state commissions' administrative and oversight role over AmeriCorps and correspondingly decreasing the federal government's role.

Environmental Protection

Testimony

Superfund: Times to Assess and Clean Up Hazardous Waste Sites Exceed Program Goals, by Peter F. Guerrero, Director of Environmental Protection Issues, before the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, House Committee on Government Reform and Oversight. [GAO/T-RCED-97-69](#), Feb. 13 (13 pages).

For hazardous waste sites added in 1996 to the Environmental Protection Agency's (EPA) register of the nation's most contaminated locations, EPA took on average more than nine years to complete the process—from site discovery to final listing on the National Priorities List. Although this represents some improvement over 1995, it is still longer than earlier listing times. Cleanup times have also lengthened. From 1986 to 1989, cleanup projects were finished, on average, 3.9 years after sites were placed on the National Priorities List. By 1996, however, cleanup completions were averaging 10.6 years. The increasingly lengthy cleanups are a concern because of the amount of remaining listing and cleanup

activity still to be addressed in the Superfund Program. EPA has made progress at many sites, but construction work remains unfinished at about 800 sites on the National Priorities List, and as many as 2,300 sites could still be added to Superfund in the future. EPA officials believe that recent initiatives will speed up both site listings and cleanups.

Financial Management

Financial Management: An Overview of Finance and Accounting Activities in DOD

GAO/NSIAD/AIMD-97-61 Feb. 19 (56 pages).

Significant problems continue to plague financial operations at the Defense Department (DOD). This report discusses (1) DOD's rationale for creating the Defense Finance and Accounting Service, (2) the current size of DOD's finance and accounting infrastructure (e.g., locations, personnel, and systems) as compared with its size when the Service was created, and (3) the various finance and accounting activities performed by DOD personnel. Included is a list of reports GAO has issued over the years on DOD's financial management problems. A report in GAO's High-Risk Series entitled *Defense Financial Management (GAO/HR-97-3)*, found on page 2 of this publication, summarizes DOD's problems in this area and assesses DOD's approach to correcting them.

Government Operations

Cooperative Purchasing: Effects Are Likely to Vary Among Governments and Businesses

GAO/GGD-97-33, Feb. 10 (114 pages).

The National Performance Review reported in 1993 that consolidating government purchasing would benefit the taxpayer through greater volume discounts and simplified administration. The following year, Congress established a cooperative purchasing program to allow state and local governments, as well as Indian tribes and Puerto Rico, to purchase from federal supply schedules. However, Congress suspended the program in 1996 until its impact could be assessed. This report assesses the effects of the cooperative purchasing program on these nonfederal governments and federal agencies and on industry, including small businesses and dealers. GAO also assesses the preliminary implementation plan prepared by GSA. GAO concludes that although there is little risk to federal interests,

the benefits for nonfederal governments and the consequences for industry will likely vary.

Testimony

Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking, by James F. Hinchman, Acting Comptroller General of the United States, before the House Committee on Government Reform and Oversight. [GAO/T-GGD-97-43](#), Feb. 12 (21 pages).

Broad agreement exists that part of the solution to the government's fiscal problems lies in better management of its programs and activities. At the same time, the American people are rightly demanding that their government operate in a more efficient and businesslike manner. Faced with growing federal management problems, Congress put in place several reforms designed to give managers better information and improve decision making. One of these reforms—the Government Performance and Results Act (GPRA)—offers the promise of shifting the focus of federal management from a preoccupation with the number of tasks completed to actual results. This testimony by the Acting Comptroller General discusses how Congress can use GPRA to cut costs and boost performance in the federal government. The Acting Comptroller General provides an overview of the major management challenges facing federal agencies, discusses how GPRA can be used to address those challenges and better ensure that agencies become focused and results-driven, and makes suggestions that Congress could consider in deciding how it can use GPRA to enhance congressional oversight and decisionmaking.

Health

Telemedicine: Federal Strategy Is Needed to Guide Investments

[GAO/NSIAD/HEHS-97-67](#) Feb. 14 (103 pages).

Telemedicine refers to the use of communications technology to help deliver medical care regardless of the distance that separates doctor and patient. Collectively, the public and private sectors have funded hundreds of telemedicine projects that could improve, and perhaps change significantly, how health care is provided in the future. The total amount of the investment, however, is unknown. GAO identified nine federal departments and independent agencies that have invested upwards of \$646 million in telemedicine projects during fiscal years 1994 through 1996. The Defense Department is the largest federal investor with

\$262 million and considered a leader in developing this technology. Opportunities exist for federal agencies to share lessons learned and exchange technology, but no governmentwide strategy exists to ensure that the maximum benefits are gained from the many federal telemedicine efforts. Telemedicine technology today is not only better than it was a decade ago, it is becoming cheaper. However, the expansion of telemedicine is hampered by legal and regulatory, financial, technical, and cultural barriers facing health care providers. The questions facing telemedicine today involve not so much whether it can be done but rather where investments should be made and who should make them. The solution lies in the public and private sectors' ability to devise a way to share information and overcome barriers. The goal is to ensure the creation of an affordable telecommunications infrastructure and that the true merits and cost benefits of telemedicine are attained in the most appropriate manner.

**Pharmacy Benefit Managers:
FEHBP Plans Satisfied With Savings and Services, but Retail
Pharmacies Have Concerns**

GAO/HEHS-97-47, Feb. 21 (24 pages).

The three Federal Employees Health Benefits Program (FEHBP) plans that GAO studied contracted with pharmacy benefit managers to control soaring pharmacy benefit payments. The plans estimate that the pharmacy benefit managers saved them more than \$600 million in 1995 by obtaining manufacturer and pharmacy discounts and by managing drug utilization. The pharmacy benefit managers met most of the performance standards specified in their 1995 contracts, and the plans believe that these managers have provided plan enrollees with high-quality pharmacy service. Surveys of plan enrollees also indicate a high degree of satisfaction. However, the plans' decision to use pharmacy benefit managers to control costs can shift business away from retail pharmacies. Moreover, pharmacy benefit managers and plan officials, as well as industry experts, acknowledge that any additional efforts to control FEHBP pharmacy benefit costs in the future might require plans to adopt more restrictive cost-containment procedures that could possibly limit enrollees' access to drugs and pharmacy services and reduce enrollees' satisfaction with their pharmacy benefits.

Testimony

Rural Health Clinics: Rising Program Expenditures Not Focused on
Improving Care in Isolated Areas, by Bernice Steinhardt, Director of

Health Service Quality and Public Health Issues, before the Subcommittee on Human Resources, House Committee on Government Reform and Oversight. [GAO/T-HEHS-97-65](#), Feb. 13 (eight pages).

This testimony summarizes GAO's recent report on the rural health clinic program. (See [GAO/HEHS-97-24](#), Nov. 1996.) This program, established two decades ago, allows higher Medicare and Medicaid reimbursements to support health care professionals in underserved areas that are too sparsely populated to sustain a physician's practice. GAO addresses two main questions: Is the program serving a Medicaid and Medicare population that would otherwise have difficulty obtaining primary care? Are adequate controls in place to ensure that Medicare and Medicaid payments to rural health clinics are reasonable and necessary? In brief, the answer to both questions is "no." GAO found that most clinics are in fairly well-populated areas that already have extensive health care delivery systems in place. Controls over the amounts that these clinics receive from Medicare and Medicaid are weak or nonexistent, resulting in reimbursements that are in some cases more than five times higher than those paid to other providers. These financial benefits are provided indefinitely, even after an area may no longer be rural or underserved.

Medicare HMOs: HCFA Could Promptly Reduce Excess Payments by Improving Accuracy of County Payment Rates, by William J. Scanlon, Director of Health Financing and Systems Issues, before the Subcommittee on Health, House Committee on Ways and Means. [GAO/T-HEHS-97-78](#), Feb. 25 (seven pages); and

Medicare HMOs: HCFA Could Promptly Reduce Excess Payments by Improving Accuracy of County Payment Rates, by Jonathan Ratner, Associate Director for Health Financing and Systems Issues, before the Subcommittee on Health and Environment, House Committee on Commerce. [GAO/T-HEHS-97-82](#), Feb. 27 (seven pages).

This testimony discusses the rates that Medicare pays health maintenance organizations (HMO) in its risk contract program, Medicare's principal managed care option. Medicare's method for paying risk contract HMOs was designed to save the program five percent of the costs for beneficiaries who enroll in HMOs. However, GAO testified that HMO rate-setting problems have prevented Medicare from realizing this saving. The program's rate-setting methods have resulted in excess payments to HMOs because HMO enrollees would have cost Medicare less if they had stayed in the fee-for-service sector. A recent estimate placed the total

excess payments to HMOs at \$2 billion annually. GAO's method of calculating the county rate would reduce payments more for HMOs in counties with higher excess payments and less for HMOs in counties with lower excess payments. GAO's method represents a targeted approach to reducing excess payments and could lower Medicare expenditures by at least several hundred million dollars each year.

Housing

HUD: Field Directors' Views on Recent Management Initiatives

[GAO/RCED-97-34](#), Feb. 12 (40 pages).

In 1994, GAO designated the Department of Housing and Urban Development (HUD) a high-risk area because of deficiencies that made it vulnerable to waste, fraud, abuse, and mismanagement. These deficiencies were an ineffective organizational structure, insufficient staff skills, inadequate information and financial management systems, and weak internal controls. Since then, HUD has begun to (1) redesign its field structure, (2) increase its training efforts, (3) improve and integrate its management information systems, and (4) implement a new management approach that balances risks with results. In preparing its February 1997 high-risk series (see page 3 of this publication), GAO conducted a telephone survey of 155 directors in four of HUD's major program areas—single-family housing, multifamily housing, public housing, and community planning and development—at the agency's 40 largest field offices. This report discusses the directors' views on the corrective measures HUD has undertaken during the past two years.

Housing and Urban Development: Potential Implications of Legislation Proposing to Dismantle HUD

[GAO/RCED-97-36](#), Feb. 21 (128 pages).

The recent proposal to dismantle the Department of Housing and Urban Development (HUD)—S. 1145—reduces federal funding and makes basic changes to the federal role in housing and community development. If enacted, such a bill could have far-reaching effects on renters, communities, and would-be home buyers. Although the bill's voucher system to allow tenants to choose their residences could expand housing choices for renters in some areas, its phaseout of assistance for specific projects could reduce the supply of affordable housing in other areas. The

bill's creation of a block grant for community development would give the states and localities more choice in spending federal funds, but the total federal funding for community development programs would be cut by about 40 percent. Some beneficiaries of federal programs, such as the homeless, might receive less assistance in an open competition for funds at the local level. Also, small cities would see a significant reduction in federal funding for their projects. Other provisions in the bill seek to reduce the government's risk in insuring loans and guaranteeing mortgage-backed securities; however, these same provisions would make purchasing a home more difficult, especially for low-income and first-time buyers. Both the states and federal agencies that would take over HUD's functions generally believe that they could assume additional responsibilities if they also received additional resources. HUD contends that transferring its functions to other agencies would break up the network it has developed to implement its programs, could harm the delivery of services to its clients, and would eliminate the focus on housing and community development that it has provided as a cabinet-level agency.

**Public Housing:
Status of the HOPE VI Demonstration Project**

[GAO/RCED-97-44](#), Feb. 25 (32 pages).

In 1992, the National Commission on Severely Distressed Public Housing reported that about six percent of the nation's public housing could be considered severely distressed and that traditional methods of revitalizing this housing had been ineffective. In response, Congress created the HOPE VI program to address the following three conditions common to severely distressed areas: (1) physically deteriorated buildings, (2) residents living in despair and needing high levels of social and support services, and (3) economically and socially distressed surrounding communities. Of the \$1.58 billion appropriated by Congress for the HOPE VI program for fiscal years 1993-1995, the Department of Housing and Urban Development (HUD) had awarded \$1.54 billion for capital improvements and community and support services as of September 30, 1996. Congress also earmarked \$5 million for HUD to provide technical support to housing authorities. HUD has identified several innovative approaches used by HOPE VI grantees to implement their projects, including Cleveland's concept of centralizing social services and Milwaukee's street layout to reduce density and enhance neighborhood security. HUD is conducting a phased 10-year evaluation of the program; in August 1996, it completed a baseline study of

15 HOPE VI activities and plans 5-year and 10-year followup evaluations of these activities.

Income Security

Social Security Administration: Significant Challenges Await New Commissioner

[GAO/HEHS-97-53](#), Feb. 20 (32 pages).

The Social Security Administration (SSA) is ahead of many federal agencies in developing strategic plans; measuring its service to the public; and producing complete, accurate, and timely financial statements. This gives SSA a sound foundation from which to manage significant current and future challenges. The aging of the baby boomers, coupled with longer life expectancy and the declining ratio of contributing workers to beneficiaries, will place unprecedented strains on the social security program in the 21st century. SSA, however, has yet to do the research, analysis, and evaluation needed to inform the public debate on the future financing of social security—the most critical long-term issue confronting the agency. Also challenging SSA have been disability caseloads that have soared by nearly 70 percent during the past decade. At this critical juncture, leadership is essential so that SSA can take the following steps to ensure success in the years ahead: inform the national debate on social security financial issues; complete its redesign of the disability claims process and promote return to work in its disability programs; enhance efforts to ensure program integrity, while quickly and effectively implementing many reforms; and make the technology enhancements and workforce decisions needed to meet increasing workloads with fewer resources.

Information Management

Air Traffic Control: Complete and Enforced Architecture Needed for FAA Systems Modernization

[GAO/AIMD-97-30](#), Feb. 3 (65 pages).

The Federal Aviation Administration (FAA) lacks a complete systems architecture, or overall blueprint, to guide its development of interrelated systems comprising the air traffic control system. The lack of such an architecture allows incompatibilities to persist among air traffic control systems, which in turn result in higher-than-necessary development,

integration, and maintenance costs. Because of the size, complexity, and importance of FAA's air traffic control modernization effort, GAO reviewed it to determine (1) whether FAA has a target architecture(s) and associated subarchitectures to guide the development of its air traffic control systems and (2) what, if any, architectural incompatibilities exist among air traffic control systems.

Testimony

Year 2000 Computing Crisis: Strong Leadership Today Needed to Prevent Future Disruption of Government Services, by Joel C. Willemsen, Director of Information Resources Management Issues, before the Subcommittee on Government Management, Information, and Technology, House Committee on Government Reform and Oversight. [GAO/T-AIMD-97-51](#), Feb. 24 (10 pages); and

Year 2000 Computing: Risk of Serious Disruption to Essential Government Functions Calls for Agency Action Now, by Joel C. Willemsen, Director of Information Resources Management Issues, before the National Commission on Restructuring the Internal Revenue Service. [GAO/T-AIMD-97-52](#), Feb. 27 (10 pages).

The "Year 2000" problem is rooted in the way that dates are recorded and computed in many computer systems. Existing systems typically use two digits to represent the year (e.g., 97 for 1997) to conserve electronic data storage and reduce operating costs. But with the start of a new century comes a new problem—does 01 mean 1901 or 2001? This ambiguity means that every government program that provides benefits—from social security to subsidized housing to student loans—is at risk of system failure. Many of the federal government's computer systems were developed 20 to 25 years ago, are poorly documented, and use computer languages that are often old and obsolete. The systems consist of tens or hundreds of computer programs, each with thousands or even millions of lines of code, each of which must be examined for date format problems. GAO has developed a guide that agencies can use to assess their readiness to achieve year 2000 compliance—defined as the ability of information systems to accurately process date data from, into, and between the twentieth and twenty-first centuries, including leap years. The framework laid out in the guide draws on best practices identified by federal agencies and the information technology industry. GAO has also added the year 2000 problem to its list of high-risk programs. (See [GAO/AIMD-10.1.14](#) and [GAO/HR-97-9](#) on page 3 of this publication.)

International Affairs

Export Finance: Federal Efforts to Support Working Capital Needs of Small Businesses

GAO/NSIAD-97-20, Feb. 13 (53 pages).

This report reviews current government programs that provide export working capital for small- and medium-sized enterprises. GAO (1) describes federal and state approaches for providing export working capital, (2) assesses federal efforts to harmonize the export working capital programs of the U.S. Export-Import Bank and the Small Business Administration (SBA), (3) discusses issues associated with the increasing number of cooperative agreements with lenders and devolving greater responsibility for export working capital programs to the states, and (4) examines the potential implications of transferring SBA's export working capital program to Eximbank.

Haiti: U.S. Response to Allegations of an Assassination Plot

GAO/NSIAD-97-87, Feb. 14 (six pages).

In March 1995, a prominent attorney and critic of the Haitian government—Mrs. Mireille Durocher Bertin—was assassinated. This report discusses how the U.S. government handled the allegations it received about a plot to kill her. GAO answers the following questions: Who decided that the government of Haiti was responsible for warning Mrs. Bertin of the assassination plot? Were other approaches to handling the assassination plot allegations considered? What information was available to U.S. decisionmakers on the involvement of Haitian officials in political violence? Was Mrs. Bertin warned of the assassination plot? Did the Haitian government investigate the assassination plot allegations? Are there any U.S. laws or regulations on notifying targets of assassination plots? Since Mrs. Bertin's death, has the United States warned any persons in Haiti of threats against their lives?

Weapons of Mass Destruction: DOD Reporting on Cooperative Threat Reduction Assistance Has Improved

GAO/NSIAD-97-84, Feb. 27 (six pages).

The law requires the Defense Department (DOD) to report annually on cooperative threat reduction assistance provided to the newly independent states of the former Soviet Union. GAO must assess DOD's report within 30 days after it has been issued. This report discusses whether DOD's report (1) contains current and complete data on cooperative threat reduction assistance deliveries, including their location and condition; (2) presents the best available sources of information to show what assistance was accounted for and how it was used; (3) provides an overall determination of assistance use; and (4) lists planned audits and examinations for the coming year. GAO also follows up on DOD's implementation of recommendations GAO previously made to improve DOD's annual reports.

**United Nations:
U.S. Participation in Five Affiliated International Organizations**

GAO/NSIAD-97-2, Feb. 27 (84 pages).

This report provides information on management, administrative, and program reforms in five organizations at the United Nations: the World Health Organization, the Pan American Health Organization, the International Labor Organization, the U.N. Conference on Trade and Development, and the U.N. Population Fund. Although it is acknowledged that the organizations are not operating as effectively and efficiently as they should be, the State Department believes that continued membership in the five organizations is important to the United States because their activities contribute to U.S. security, prosperity, safety, and health. The policies and agendas of each of the five coincide with U.S. foreign policy objectives and provide significant benefits, such as setting international standards for living and working conditions; improving global health; and collecting, analyzing, and disseminating global information on trade, health, population, and employment. They also provide opportunities for joint research among technical experts to combat deadly diseases, such as AIDS and the Ebola virus. The five organizations have begun to address weaknesses in the management and administration of their programs, such as the lack of budget transparency and the overlap of programs and activities. These weaknesses have been the subject of frequent criticism by Congress, the State Department, and others.

Testimony

World Trade Organization: Observations on the Ministerial Meeting in Singapore, by JayEtta Z. Hecker, Associate Director for International

Relations and Trade Issues, before the Subcommittee on Trade, House Committee on Ways and Means. [GAO/T-NSIAD-97-92](#), Feb. 26 (14 pages).

This testimony presents GAO's observations on the results of the World Trade Organization's ministerial meeting in Singapore that took place in December 1996. GAO discusses (1) trade liberalization, (2) implementation of the Uruguay Round agreements, (3) areas of ongoing World Trade Organization negotiation, and (4) emerging trade issues that are being debated in the World Trade Organization and other international forums.

Justice and Law Enforcement

Defense of Marriage Act: Federal Benefits, Rights, and Privileges Contingent on Marital Status

[GAO/OGC-97-16](#), Jan. 31 (58 pages).

The Defense of Marriage Act, which became law in 1996, defines "marriage" as a "legal union between one man and one woman as husband and wife"; similarly, it defines "spouse" as "a person of the opposite sex who is a husband or a wife." The legislation potentially affects the interpretation of a wide variety of federal laws in which marital status is a factor. This report identifies federal laws in which benefits, rights, and privileges are contingent on marital status. GAO divides its discussion into 13 categories: social security, housing, and food stamps; veterans' benefits; taxation; federal civilian and military service benefits; employment benefits; immigration, naturalization, and aliens; Indians; trade, commerce, and intellectual property; financial disclosure and conflict of interest; crimes and family violence; loans, guarantees, and payments in agriculture; federal natural resources; and miscellaneous laws.

Drug Control: Long-Standing Problems Hinder U.S. International Efforts

[GAO/NSIAD-97-75](#), Feb. 27 (48 pages).

The United States has spent billions of dollars on international drug control and interdiction efforts but illegal drugs still flow into this country. A major factor is that international drug-trafficking organizations have become sophisticated, multibillion-dollar industries capable of changing tactics to elude new U.S. drug control efforts and corrupting the institutions of drug-producing and transit countries. U.S. efforts have also

been hampered by competing foreign policy objectives, inconsistent funding for U.S. international drug control plans, and a lack of ways to measure the success of counternarcotics efforts. Although no panacea exists that will curb illegal drug trafficking, a multiyear plan that sets out funding needs linked to goals and objectives would provide a more consistent approach to drug control efforts. GAO also believes that improved use of technology and intelligence and the development of a centralized “lessons learned” system could bolster counternarcotics efforts.

National Defense

Export Controls: Change in Export Licensing Jurisdiction for Two Sensitive Dual-Use Items

GAO/NSIAD-97-24, Jan. 14 (27 pages).

Jurisdiction over the licensing of exports with military applications is split between two agencies. The State Department licenses munitions, which have military uses, while the Commerce Department licenses most dual-use items, which have both commercial and military applications. In March 1996, the executive branch announced that licensing jurisdiction for two items—commercial jet engine hot section technology and commercial communications satellites—would shift from State to Commerce. This report examines the implications of this change in export licensing jurisdiction. GAO (1) assesses the military sensitivity of the two items, (2) discusses the executive branch’s rationale for the change in jurisdiction, (3) compares the licensing systems that the two agencies use to control exports, and (4) analyzes proposed changes in Commerce controls for these two items.

Chemical Weapons and Materiel: Key Factors Affecting Disposal Costs and Schedule

GAO/NSIAD-97-18, Feb. 10 (72 pages).

Destroying the stockpile of U.S. chemical munitions will exceed the Army’s estimate of nearly \$25 billion and will take longer than planned because of public concerns over the safety of incineration, compliance with environmental laws, and the introduction of alternative disposal technologies. The costs and schedule of the disposal program are largely driven by whether states and local communities agree with the proposed

disposal method at the remaining stockpile sites. Reaching agreement has consistently taken longer than the Army had anticipated. Recognizing the difficulty of satisfying public concerns about specific disposal locations, suggestions have been made by Congress, the Defense Department (DOD), and others to change the program's basic approach to destruction. However, these proposals entail trade-offs and would require changes in existing legal requirements. These suggestions have included deferring plans for additional disposal facilities until an acceptable alternative to incineration is developed, consolidating disposal operations at a national or regional site, destroying selected nonstockpile chemical warfare materiel in stockpile disposal facilities, establishing a centralized disposal facility for nonstockpile materiel, and changing existing laws to standardize environmental requirements. Notwithstanding these overarching issues, DOD and the Army have taken steps to improve program management.

**U.S.-Japan Fighter Aircraft:
Agreement on F-2 Production**

GAO/NSIAD-97-76, Feb. 11 (28 pages).

Under an agreement with Japan, U.S. companies are to receive 40 percent of the production work to develop Japan's new F-2 fighter aircraft, which is based on the American F-16. However, the Air Force's plans to monitor the production agreements cannot ensure that U.S. firms will receive their allotted share—currently worth an estimated \$4.1 billion. This unclassified version of a classified GAO report examines the status of the F-2 program as development nears completion. GAO discusses (1) the proportion of production work that will be done in the United States and how the U.S. workshare will be calculated and monitored, (2) the status of technology transfers from Japan to the United States and whether these technologies are of interest to the U.S. government and industry, and (3) the program's potential contributions to Japan's future aerospace plans.

**Contingency Operations:
Opportunities to Improve the Logistics Civil
Augmentation Program**

GAO/NSIAD-97-63, Feb. 11 (37 pages).

Despite escalating costs associated with the use of civilian contractors to provide logistics and engineering services in support of contingency

operations in Bosnia and elsewhere, the Army lacks basic financial systems to track how contractor funds are being spent and contractor monitoring systems to evaluate contractor performance. The Army has traditionally employed civilian contractors to augment military forces. For example, civilian contractors were used extensively in the Korean and Vietnam Wars. In the case of Bosnia, the Army's latest estimate for contractor support has risen to \$461.5 million—about \$111 million more than the Army's original estimate. This report makes several recommendations for improving the program from a doctrine, cost control, and contract oversight standpoint. GAO also discusses the potential for unnecessary overhead costs and duplication resulting from the Navy and the Air Force introducing similar support contract programs.

**Weapons Acquisition:
Better Use of Limited DOD Acquisition Funding Would Reduce Costs**

GAO/NSIAD-97-23, Feb. 13 (26 pages).

The Defense Department (DOD) is wasting billions of dollars by buying large numbers of weapons before they are fully tested—a practice that results in substantial inventories of unsatisfactory weapons requiring costly modifications and, in some cases, deployment of substandard weapons to combat forces. For example, the Air Force's C-17 airlift aircraft, the Navy's T45A trainer aircraft, and the Army's Family of Medium Tactical Vehicles encountered problems during test and evaluation that required major changes after significant quantities had been purchased during low-rate initial production. If DOD bought minimal quantities of untested weapons during low-rate initial production, more funds would be available to buy other proven weapons in full-rate production at more efficient rates and at lower costs.

**C-17 Globemaster:
Support of Operation Joint Endeavor**

GAO/NSIAD-97-50, Feb. 14 (12 pages).

GAO found that the C-17 Globemaster aircraft accomplished everything it was asked to do while it was deployed in Bosnia. In particular, the C-17 was used to satisfy the Army's need for a high-capacity, short-distance air transport to move troops, equipment, and outsize cargo. However, the aircraft was not called upon to perform many tasks that it has had difficulty doing, or did not do, during testing. These include several tasks

that the Army considers important, such as landing on short, wet runways of about 3,000 feet; performing airdrops of both troops and equipment; or handling routine medical evacuations. At the end of fiscal year 1996, the Pentagon had spent \$20.5 billion to develop and purchase 28 C-17s; it plans to buy a total of 120 C-17s at an estimated cost of \$43 billion.

**Military Airlift:
Options Exist for Meeting Requirements While Acquiring
Fewer C-17s**

GAO/NSIAD-97-38, Feb. 19 (62 pages).

Congress, concerned about the C-17's history of cost, schedule, and performance problems, required the Defense Department to acquire a commercially available transport aircraft as a substitute for, or as a complement to, a fleet of C-17s. Despite possible cost savings from a mixed fleet of C-17s and commercial transport aircraft, the Defense Acquisition Board recommended in 1995 that the Air Force acquire 120 C-17s and no commercial planes. GAO believes that an option not considered by the Board—purchasing only 100 C-17s—could satisfy the military's airlift needs and save \$7 billion. The only mission that would require more than 100 C-17s is an extended range brigade airdrop to a small, austere airfield directly from the continental United States. A fleet consisting of 100 C-17s and modified C-5s could support an extended range airdrop to such an airfield until the Air Force begins replacing the C-5—now slated to begin in 2007. GAO cautions, however, that the aircraft's wake turbulence problem has forced the Army to restrict paratroopers from jumping from C-17s in close airdrop formations. Until this safety issue is resolved, the C-17 cannot be used to support the brigade airdrop mission.

**DOD Aviator Positions:
Training Requirements and Incentive Pay Could Be Reduced**

GAO/NSIAD-97-60, Feb. 19 (19 pages).

To retain skilled aviators, the Air Force, the Navy, and the Marine Corps in recent years paid more than \$200 million in incentives and bonuses to pilots and navigators holding jobs that do not require them to fly. Filling these positions with nonaviators could save millions of dollars in pay and training costs for aviators now assigned to nonflying jobs. This report discusses (1) the number of aviators who are assigned to nonflying

positions in the armed forces, (2) the amount of aviation career incentive pay and aviation continuation pay paid to aviators in nonflying positions, (3) whether the services implement such pay uniformly, and (4) whether the nonflying positions affect the number of aviators that the services plan to train to meet future requirements.

**Military Bases:
Cost to Maintain Inactive Ammunition Plants and Closed Bases
Could Be Reduced**

GAO/NSIAD-97-56, Feb. 20 (28 pages).

The yearly cost to maintain the Army's inactive ammunition plants, which has totaled about \$118 million since 1990, has decreased over the years. This decline is the result of various initiatives, including downsizing, reduced maintenance requirements, more rigorous contract negotiations with operating contractors, and the Armament Retooling and Manufacturing Support Act of 1992. That legislation provides financial incentives to ammunition plant contractors to reuse idle capacities by attracting commercial tenants to their facilities. The Army could further decrease its infrastructure costs by disposing of unneeded property at inactive Army ammunition plants. In addition, DOD should establish (1) incentives for communities to speed up the transfer of closed bases and (2) after the initial maintenance period has elapsed, criteria for a phased drawdown of maintenance until minimum levels are reached.

**Defense Health Program:
Future Costs Are Likely to Be Greater Than Estimated**

GAO/NSIAD-97-83BR, Feb. 21 (42 pages).

The Defense Department (DOD), which is counting on infrastructure savings to pay for new weapon systems, may have underestimated its health care budget by billions of dollars because of questionable assumptions about the future costs of medical treatment and possible savings from its new managed health care system. In addition to treating patients during wartime, DOD's medical system provides health care for active duty military personnel, their families, and retirees. GAO found that DOD did not factor in any cost growth due to advances in medical technology and the intensity of treatment. In addition, DOD claimed that its managed health care system would yield substantial savings by reducing

unnecessary treatments and testing—even though DOD did not use a formal methodology or analysis to arrive at such savings.

**Military Bases:
Mission Transfers Affecting Ellsworth Air Force Base**

GAO/NSIAD-97-58, Feb. 24 (12 pages).

This report examines the costs and benefits of several B-1B aircraft mission transfers affecting the Ellsworth Air Force Base, located in South Dakota. GAO discusses the (1) extent to which the Air Force analyzed the costs and benefits of the proposed jet engine intermediate maintenance consolidation at Dyess Air Force Base in Texas, (2) costs and benefits of transferring the Route Integration Instrumentation System from Ellsworth to Nellis Air Force Base in Nevada, and (3) reasons and costs to build facilities to house B-1B aircraft at Robins Air Force Base in Georgia.

**National Missile Defense:
Risk and Funding Implications for the Space-Based Infrared
Low Component**

GAO/NSIAD-97-16, Feb. 25 (31 pages).

The Defense Department (DOD) made plans in 1995 to launch the space and missile tracking system—the low satellite component of the Space-Based Infrared System—in fiscal year 2006. In February 1996, Congress directed DOD to restructure the program and deploy the first space and missile tracking system satellite in fiscal year 2002. DOD contends that accelerating deployment is not possible because technical, funding, and management problems have delayed the scheduled launch of two demonstration satellites, the results of which are necessary before deciding to begin fabricating operational space and missile tracking system satellites. However, DOD is planning to speed up deployment to fiscal year 2004 and has directed the Air Force to prepare cost estimates and program plans to support such deployment. This report reviews the space and missile tracking system to determine the effects of changing the deployment date from fiscal year 2006 (the original schedule) to fiscal years 2002, 2003, 2004, or 2005.

**Combat Air Power:
Joint Assessment of Air Superiority Can Be Improved**

GAO/NSIAD-97-77, Feb. 26 (56 pages).

One of the main objectives of U.S. combat air power is to achieve air superiority, which allows operations in the air and on land and sea without interference from an enemy's air forces, cruise missiles, and theater ballistic missiles. The Pentagon plans to spend more than \$43 billion through 2001 to acquire weapons systems to equip and modernize forces for the air superiority missions. This unclassified version of a classified report (1) identifies the overlap among the military services' planned capabilities and (2) determines whether the joint warfighting assessment process relating to air superiority was useful in making program and budget decisions about these capabilities.

**Defense Logistics:
Much of the Inventory Exceeds Current Needs**

GAO/NSIAD-97-71, Feb. 28 (32 pages).

Despite efforts to reduce its inventory of spare parts, clothing, medical supplies, and other support items, the Defense Department (DOD) still maintains more than \$41 billion worth of items that are obsolete or rarely used. In some cases, the military maintains enough excess inventory to supply U.S. troops for more than 100 years. DOD officials cite many reasons for having such a large amount of unneeded inventory on hand. The requirement changes involved recurring or nonrecurring demands that decreased, fluctuated, or did not materialize; parts or the systems on which the parts were used were obsolete; and weapon system programs were reduced. Other reasons include purchases to cover the expected life of weapon systems and adherence to minimum buy policies. Records indicate that the Army, the Navy, and the Air Force had a 20 years' supply of unneeded inventory—valued at more than \$28 million—on hand and another \$11 million worth of these same items on order. However, because the records for almost 40 percent of the reviewed items were in error, these items, in fact, did not have additional stock on order. In cases in which inventory was on order, the reasons included requirement changes, buys to cover the life of weapon systems, and adherence to minimum buy policies.

**Defense Budget:
Analysis of Operation and Maintenance Accounts for 1985-2001**

GAO/NSIAD-97-73, Feb. 28 (78 pages).

The Defense Department's (DOD) budget request for fiscal year 1997 includes \$89.2 billion for operation and maintenance accounts—about 37 percent of the military's budget request for that year. Because these funds represent the largest share of DOD's budget, this report (1) determines how annual funding relates to military and civilian personnel levels through fiscal year 2001, (2) identifies overall trends from fiscal years 1985 to 2001, and (3) identifies key drivers—areas in which most money has been budgeted—through fiscal year 2001. GAO highlights significant information that Congress can use to focus future budget deliberations. Throughout the report, GAO raises questions about reported trends in operation and maintenance. GAO also explains the reasons for major changes in funding because of migrations of funds between operations and maintenance programs and activities.

**Force Structure:
Army Support Forces Can Meet Two-Conflict Strategy With
Some Risks**

GAO/NSIAD-97-66, Feb. 28 (81 pages).

During the last two fiscal years, the Army has reduced its active military forces from 540,000 to 495,000. A key issue is whether the Army's active end strength should be reduced to help pay for force modernization. Last year, Congress established an active Army military personnel end strength floor of 495,000 out of concern that further cuts could undermine the Army's ability to respond to two nearly simultaneous regional conflicts, as well as to deploy to operations other than war. This report reviews (1) the extent to which the Army's process for assessing its active and reserve support forces resulted in sufficient force structure to meet the requirements of the national military strategy; (2) whether the Army's streamlining efforts have identified ways to reduce Army personnel resources devoted to institutional functions; and (3) the feasibility of reducing active Army end strength, a matter that Congress will review when it debates future Army end strength authorizations.

**Defense Health Care:
Dental Contractor Overcame Obstacles, but More Proactive
Oversight Needed**

GAO/HEHS-97-58, Feb. 28 (49 pages).

In 1985, Congress authorized the Defense Department (DOD) to establish a dental benefits program for family members of active duty service personnel who could no longer be accommodated on a space-available basis at military dental clinics. Through 2001, the plan will be run nationwide for DOD under a contract with United Concordia Companies, Inc. of Camp Hill, Pennsylvania. Concordia experienced a difficult and lengthy takeover from the incumbent contractor. In addition, Congress has raised concerns about the amounts that Concordia paid to dentists, the number of participating dentists, and the timeliness of claims processing and the restrictiveness of coverage. This report discusses whether (1) Concordia's fee allowances for participating and nonparticipating dentists are appropriate, (2) Concordia has established an adequate network of participating dentists, (3) Concordia's claims processing and marketing efforts meet contract requirements, and (4) DOD is ensuring that Concordia complies with contract requirements.

Testimony

Defense Health Care: Limits to Older Retirees' Access to Care and Proposals for Change, Stephen P. Backhus, Director of Veterans' Affairs and Military Health Care Issues, before the Subcommittee on Military Personnel, House Committee on National Security. GAO/T-HEHS-97-84, Feb. 27 (seven pages).

When space and resources are available in military medical facilities, military retirees may receive care at little or no cost. When resources are unavailable, retirees under age 65 can seek medical care from the private sector, and the Defense Department's (DOD) Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) will cover the cost. But retirees over age 65 lose the CHAMPUS benefit, and the only DOD-funded care is the space-available care at military facilities. In the last 10 years, one-third of military hospitals have been closed because of military downsizing, reducing space available for older retirees, a group that has grown 75 percent during the last 10 years to 1.2 million. In addition, DOD's managed health care system gives older retirees the lowest priority for access to space. GAO examines the costs and benefits of five proposed alternatives for addressing the issue of health care for older retirees:

(1) Medicare subvention, (2) enrollment in the Federal Employees Health Benefit Program, (3) CHAMPUS as a secondary payer, (4) Medigap policies, and (5) a mail order pharmacy benefit.

Natural Resources

Land Management Agencies: Information on Selected Administrative Policies and Practices

[GAO/RCED-97-40](#), Feb. 11 (26 pages).

The federal government owns and manages about 650 million acres of land in the United States—more than one quarter of the nation’s total land area. Ninety-six percent of the federal land is managed by four agencies: the National Park Service, the Fish and Wildlife Service, the Bureau of Land Management (BLM), and the Forest Service. In fiscal year 1995, the four agencies employed more than 75,000 full-time equivalent employees. Combined, the agencies received new budget authority in excess of \$8 billion. They provide some of their employees with rental housing, authority to use the agencies’ vehicles, and allowances to buy uniforms. The agencies also encourage and pay for some employees to move to different geographic locations during their careers. This report compares the four agencies’ policies and practices relating to (1) the reasons for and the costs of field-unit managers’ geographic relocations; (2) the authorization for and the quantity and condition of employees’ rental housing; (3) the requirements for providing employees’ uniforms and expenditures for them; and (4) the authorizations for employees’ home-to-work travel in agency vehicles. GAO also compares the processes by which BLM and the Forest Service issue grazing permits and highlights the similarities and differences between the two agencies’ grazing programs.

Testimony

Forest Service Decision-Making: Greater Clarity Needed on Mission Priorities, by Barry T. Hill, Associate Director for Energy, Resources, and Science Issues, before the Subcommittee on Forests and Public Lands, Senate Committee on Energy and Natural Resources. [GAO/T-RCED-97-81](#), Feb. 25 (12 pages).

The Forest Service’s decision-making process is costly and time-consuming and often fails to achieve its objectives. The agency has spent more than 20 years and about \$250 million developing multiyear plans to manage livestock grazing, recreation, wildlife and fish habitat, and

other uses on national forests. It also spend about \$250 million a year on environmental studies. However, according to an internal Forest Service report, inefficiencies within this process cost as much as \$100 million each year. GAO notes three underlying causes of inefficiency and ineffectiveness in the Forest Service's decision-making process. First, the agency has not given enough attention to improving its decision-making process, including strengthening its accountability for expenditures and performance. Second, issues that transcend the agency's administrative boundaries and jurisdiction have not been adequately addressed. Third, the requirements of many planning and environmental laws, enacted during the 1960s and 1970s, have not been harmonized.

National Parks: Park Service Needs Better Information to Preserve and Protect Resources, by Barry T. Hill, Associate Director for Energy, Resources, and Science Issues, before the Subcommittee on National Parks and Public Lands, House Committee on Resources. [GAO/T-RCED-97-76](#), Feb. 27 (eight pages).

The National Park Service is the caretaker of many of this country's most precious natural and cultural resources, which range from natural areas, such as Yellowstone and Yosemite National Parks; to urban areas, such as Gateway National Recreation Area in Brooklyn, New York; to national battlefields, historic sites, and monuments. The agency's mission is to provide for the public's enjoyment of these resources while also preserving and protecting these treasures so that they can be enjoyed by future generations. This testimony draws on three recent GAO reports ([GAO/RCED-94-59](#), Jan. 1994, [GAO/RCED-95-238](#), Aug. 1995, and [GAO/RCED-96-202](#), Aug. 1996) and discusses the Park Service's knowledge of the condition of the resources that it is entrusted to protect within the National Park System.

Social Services

Child Welfare: States' Progress in Implementing Family Preservation and Support Services

[GAO/HEHS-97-34](#), Feb. 18 (40 pages).

To help keep families together, Congress passed legislation in 1993 that provided states with \$930 million over five years for family preservation and support services. These services typically target families already in crisis whose children would otherwise be removed from home. Forty-four

states said that they have launched new programs. For example, some states now offer programs in which counselors are available 24 hours a day to work with families having a history of child abuse. Forty-seven states report improving or expanding existing programs. For example, adding a service like childcare could enhance a family resources center that already provides an array of services, such as parenting classes, afterschool activities, and family counseling. Early results from 10 states suggest some success, such as preventing child removal and continued maltreatment. Although it is too soon to know the overall impact of these programs, federal and state officials report that the extensive community and interagency collaboration required by the law has improved identification of service needs, setting of priorities, and receipt of services by at-risk families otherwise overlooked.

Testimony

Foster Care: State Efforts to Expedite Permanency Hearings and Placement Decisions, by Mark V. Nadel, Associate Director for Income Security Issues, before the Subcommittee on Human Resources, House Committee on Ways and Means. [GAO/T-HEHS-97-76](#), Feb. 27 (12 pages).

The federal government's tab for foster care totaled nearly \$3.1 billion in fiscal year 1995; it is estimated to rise to almost \$4.8 billion in 2001. Available data suggest that more than 40 percent of foster children stay in care for two years or more. Moreover, almost 30 percent of children were placed in at least three different settings while in foster care. This situation is not in the best interests of children who, without benefit of permanent homes and stable caregivers, may be more likely to develop psychological or physical problems. This testimony discusses (1) state efforts to reduce the time frames within which hearings must be held to determine permanent placements for foster children, (2) state initiatives designed to speed permanent placements for foster children and the effectiveness of these efforts, and (3) key factors that facilitate changes in this part of the child welfare system.

Transportation

**Urban Transportation:
Challenges to Widespread Deployment of Intelligent
Transportation Systems**

[GAO/RCED-97-74](#), Feb. 27 (24 pages).

The Department of Transportation has received \$1.3 billion to promote the use of computers and telecommunications technologies to improve the safety and efficiency of surface transportation. The wide array of intelligent transportation system technologies includes automated toll collection systems that eliminate the need for vehicles to stop at toll booths, real-time information on traffic conditions and transit schedules for travelers, and automated traffic management systems that can adjust traffic signals to respond to real-time traffic conditions. This report discusses (1) how the Department has changed the focus of the intelligent transportation systems program since Congress passed the Intermodal Surface Transportation Efficiency Act in 1991; (2) progress in deploying integrated intelligent transportation systems and the key factors affecting deployment, including the status of the national architecture and technical standards; and (3) the ways in which the federal government can facilitate the deployment of intelligent transportation systems.

**Transportation Infrastructure:
Managing the Costs of Large-Dollar Highway Projects**

GAO/RCED-97-47, Feb. 28 (44 pages).

Each year, the federal government gives the states nearly \$20 billion to help build and repair the nation's highways. To meet the nation's transportation needs, states are planning or building large-dollar projects to both replace aging infrastructure and build new capacity. This report discusses (1) whether large-dollar highway projects—defined as costing more than \$100 million—experience cost growth, (2) how the Federal Highway Administration (FHWA) approves large-dollar highway projects and agrees to their costs, and (3) how FHWA ensures that project costs are controlled and that federal funds are used efficiently.

Testimony

FAA Financing: Issues and Options in Deciding to Reinstate or Replace the Airline Ticket Tax, by John H. Anderson, Jr., Director of Transportation Issues, before the Senate Committee on Finance. *GAO/T-RCED-97-56*, Feb. 4 (18 pages); and

Airport and Airway Trust Fund: Issues Related to Determining How Best to Finance FAA, by John H. Anderson, Jr., Director of Transportation Issues, before the Subcommittee on Aviation, House Committee on Transportation and Infrastructure. *GAO/T-RCED-97-59*, Feb. 5 (18 pages).

On December 31, 1996, the government's authority to collect the taxes that finance the Airport and Airway Trust Fund, which has historically provided about three-quarters of the Federal Aviation Administration's (FAA) funding, lapsed. A coalition of the nation's largest airlines has proposed replacing the tax on domestic airline tickets, which has been the Trust Fund's main source of revenue, with fees on domestic operations. The coalition airlines contend that they pay for more than their fair share of the costs incurred by FAA in running the airport and airway system and that competing low-fare airlines underpay. This testimony discusses (1) the status of the Trust Fund, (2) issues raised by the coalition's proposal, (3) potential effects of the coalition's proposal on domestic competition, and (4) potential competitive impacts of alternative options for financing FAA.

Transportation Infrastructure: States' Implementation of Transportation Management Systems, by Phyllis F. Scheinberg, Associate Director for Transportation Issues, before the Subcommittee on Transportation and Infrastructure, Senate Committee on Environment and Public Works. [GAO/T-RCED-97-79](#), Feb. 26 (15 pages).

The Intermodal Surface Transportation Efficiency Act of 1991 mandated six transportation management systems for managing highway pavement, bridges, highway safety, traffic congestion, public transportation facilities and equipment, and intermodal transportation facilities. These management systems are tools that provide information to help state and local officials select cost-effective policies, procedures, and projects to protect and improve the nation's transportation infrastructure. Recent legislation made the six systems optional, except for the congestion management system in some areas. This testimony, which draws on a January 1997 report ([GAO/RCED-97-32](#)), discusses the status of the states' implementation of the systems, how the states expect to use the systems, and the factors that have facilitated or hindered their development and implementation.

Veterans Affairs

VA Disability Compensation: Comparison of VA Benefits With Those of Workers' Compensation Programs

[GAO/HEHS-97-5](#), Feb. 14 (30 pages).

Federal and state workers' compensation programs provide economic support for persons with work-related illnesses or injuries, while the Department of Veterans Affairs' (VA) disability compensation program provides economic support for some veterans with service-connected conditions. In fiscal year 1995, VA paid \$11.5 billion to the 2.2 million veterans on its disability rolls. State workers' compensation programs annually paid workers' compensation indemnity benefits ranging from \$14.2 million for claims filed in Rhode Island to \$4.6 billion for claims filed in California. Between July 1995 and June 1996, the Labor Department paid \$1.29 billion for claims filed under the Federal Employees' Compensation Act, one of three workers' compensation programs it administers. This report compares (1) the criteria used by the VA disability compensation program and federal and state workers' compensation programs to determine compensation and (2) the compensation that individuals with selected work-related injuries and diseases would receive under VA's disability program and what they would receive for the same impairments under the Federal Employees' Compensation Act.

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