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REPORT TO THE HOUSE AND SENATE COMMITTEES ON APPROPRIATIONS

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

Summaries Of Conclusions And Recommendations On The Operations Of Civil Departments And Agencies

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COMPTROLLER GENERAL OF THE UNITED STATES
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Chairman, Senate Appropriations Committee
Chairman, House Appropriations Committee

This is our annual report of summaries of GAO conclusions and recommendations resulting from our audits and other review work in Federal civil departments and agencies which we believe will be of interest to your Committees in their review of budget requests for fiscal year 1977. 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.

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.

Elmer B. Staats
Comptroller General
of the United States

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ABBREVIATIONS

ADP	automatic data processing
AMTRAK	National Railroad Passenger Corporation
ASCS	Agricultural Stabilization and Conservation Service
CCC	Commodity Credit Corporation
CSC	Civil Service Commission
DOD	Department of Defense
EPA	Environmental Protection Agency
ERDA	Energy Research and Development Administration
FAA	Federal Aviation Administration
FDA	Food and Drug Administration
FDIC	Federal Deposit Insurance Corporation
FEA	Federal Energy Administration
FmHA	Farmers Home Administration
FPC	Federal Power Commission
GAO	General Accounting Office
GSA	General Services Administration

GETA	Government Employees Training Act
HEW	Department of Health, Education, and Welfare
IPA	Intergovernmental Personnel Act
MMIS	Medicaid Management Information System
NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organization
OE	Office of Education
OMB	Office of Management and Budget
OSHA	Occupational Safety and Health Act
R&D	research and development
SBA	Small Business Administration
SCS	Soil Conservation Service
SRS	Social and Rehabilitation Service
SSA	Social Security Administration
UMTA	Urban Mass Transportation Administration
VA	Veterans Administration

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

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

Coordinated Federal retirement systems policy needed

The Federal Government operates 10 retirement systems covering approximately 5.9 million civilian and military personnel. No uniform practices or principles exist for financing these Federal retirement systems. Some operate on a contributory basis; others do not. Some provide for fully funding benefits as they accrue; some provide for partial funding; and others are completely unfunded. At the end of fiscal year 1973, the unfunded liability of these systems was estimated to be $201 billion.

Lacking a coherent, coordinated Federal retirement policy, programs have evolved and developed piecemeal, creating duplicate and inconsistent benefits. In addition, the Congress does not receive complete or consistently developed current and projected financial information on these retirement systems.

In its report to the Congress, GAO recommended that the appropriate committees hold hearings to develop legislation which would establish (1) an overall Federal retirement policy providing objectives and principles to guide future development and improvement of Government retirement systems and (2) a centralized mechanism to monitor the development, interrelationship, and cost of retirement programs and to improve the reporting of financial data. (FPCD-74-93, July 30, 1974.)

Appropriations

All department and agency requests for funds for retirement benefits or retirement systems operation.

Issues for consideration by the Committees on Appropriations

1. The Congress should assume a major role in establishing a coordinated Federal retirement systems policy.

2. The Congress should require a centralized mechanism to monitor the development, interrelationship, and cost of Federal retirement systems and to improve the methods for reporting financial data.

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

Fundamental changes needed to achieve a uniform Government-wide overseas benefits and allowances system for U.S. employees

GAO reviewed the system of benefits and allowances for Government civilian employees overseas and found many differences in types and amounts of allowances available and paid to these overseas employees in different agencies and within the same departments. The benefits and allowances system has evolved into a form that is inflexible and difficult to manage, resulting in inequities, morale problems, and excessive costs.

GAO recommended that the Director of the Office of Management and Budget (OMB) decide to whom to give the responsibility for developing and monitoring the implementation of uniform policies and standards for overseas allowances. GAO also recommended that the Director require clarification of the fundamental purpose of each allowance and benefit, development of objective standards for evaluating and reporting on their effectiveness, and adoption of a flexible system for paying overseas premiums which will be responsive to recruitment and retention needs and to changes in the employment market.

An interagency committee was convened to study GAO's recommendations. (ID-74-67, Sept. 9, 1974, and ID-74-67A, Oct. 10, 1974.)

Appropriations

Operating expenses (various agencies).

Issues for consideration by the Committees on Appropriations

Actions have been started to correct certain inequities involving civilian personnel. The Congress may wish to review these actions in connection with future authorization and appropriation requests.

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

Further actions needed to centralize procurement of automatic data processing equipment to comply with objectives of Public Law 89-306

Public Law 89-306 (Brooks Bill) directs the General Services Administration (GSA) to coordinate and provide for the economical and efficient procurement of the Government's general purpose automatic data processing (ADP) equipment. GAO reported that some progress has been made toward that goal but concluded more could be realized if the major objectives of the law were fully accomplished and two basic concepts were put into practice:

--Central procurement by a "single purchaser."

--Full use of the ADP Fund for all acquisitions of computer equipment.

GAO recommended that the Congress require the Director, OMB, and the Administrator of General Services to (1) prepare and submit a financial plan to accomplish the major objectives of Public Law 89-306 (including alternative ways of capitalizing the Fund) and (2) advise it periodically of progress or problems in accomplishing the plan. (LCD-74-115, Oct. 1, 1975.)

Appropriations

GSA--ADP Fund. All departments and agencies requesting funds for ADP procurement, maintenance, and operations.

Issue for consideration by the Committees on Appropriations

Ten years have passed since the Brooks Bill became law. It has not been fully implemented because OMB does not believe the law requires central procurement by a "single purchaser" and full use of the Fund. Legislative history, however, clearly shows that both concepts were considered essential.

Experience during the 10-year period shows that procurements made directly by agencies might have cost less had GSA procured the equipment and, therefore, the savings intended by the Brooks Bill are not being fully realized.

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

Holiday administration overseas: improvements needed to achieve more equitable treatment of employees

In a report to the Congress on holiday administration policies and practices of various U.S. agencies overseas, GAO concluded that the degree to which holidays are being observed overseas may be inappropriate. The number of holidays granted employees in a given country varies widely between agencies, between posts, and between American and alien employees.

GAO recommended that the Director of the Office of Management and Budget:

--Establish common policies and standards governing holiday administration overseas.

--Establish a ceiling on the total number of holidays that can be observed overseas.

--Authorize the Ambassador or Senior Officer to establish the holidays to be observed.

--Consider the appropriateness of legislation excluding premium pay for work on U.S holidays at those posts where host country holidays are observed in lieu of American holidays. GAO also recommended that the Secretary of Defense develop reasonably uniform holiday schedules for Defense civilian and military personnel overseas and suggested several ways to achieve uniformity and coordination with civilian agency policies and practices. (ID-75-42, Mar. 17, 1975.)

Appropriations

Operating expenses (various agencies).

Issues for consideration by the Committees on Appropriations

If the longstanding congressional aim of equality is to be achieved, the Congress should closely monitor executive branch action to develop and implement policies to correct holiday administration inequities overseas.

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

Multiyear leasing of automatic data processing equipment should result in significant savings

On the basis of a review of automatic data processing (ADP) equipment installed under short term leases, GAO reported in 1971 that the Government was spending amounts substantially greater than it would under firm-term multiyear leases. GAO concluded that the use of multiyear leases had become essential if the Government was to make maximum use of the limited funds for acquiring ADP equipment.

GAO recommended, therefore, that the Congress consider legislation authorizing the General Services Administration (GSA), through the ADP Fund, to contract on a multiyear basis without having to obligate the total anticipated payments at the time of entering into the leases.

GAO commented that such use of the ADP Fund would not disturb agencies' traditional financial patterns. GSA would enter into multiyear leases and obligate the ADP Fund for 1-year periods. Agencies would, in turn, lease the equipment from GSA and reimburse the ADP Fund from their 1-year funds but would still receive the multiyear leasing discounts. (B-115369, Apr. 30, 1971.)

Appropriations

GSA, ADP Fund. All departments and agencies requesting funds for ADP procurement.

Issues for consideration by the Committees on Appropriations

In the 93d Congress, Senate bill S.2785 was introduced to provide the authority GAO recommended. The bill was the subject of hearings in March 1974 by the Ad Hoc Subcommittee on Federal Procurement of the Senate Committee on Government Operations. It was passed by the Senate but no action was taken by the House.

S.1260 was introduced in the 94th Congress with the same language as the previous bill; it was passed by the Senate and referred to the House Committee on Government Operations. Congressional control would be retained under the bill since it provides that the unfunded portion of the Government's obligation under the multiyear leases shall not exceed the amount specified in the annual appropriation act.

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

Need to reduce funding uncertainties associated with Federal assistance programs

GAO reported to the Congress that State and local governments have substantial problems identifying, obtaining, and using Federal assistance. Because of funding uncertainties, available assistance is often learned of too late or offered under time constraints which sometimes prevent State and local governments from taking advantage of it.

Delays in notifications and allocations of funds to State and local governments and other grantees can also lead to poor planning, program delays, and waste in the administration of Federal assistance programs. Such delays can also adversely affect Federal agencies' ability to plan and implement programs.

GAO recommended that the Congress, to relieve the time pressure on its deliberations and to eliminate funding uncertainties resulting from delays in the passage of authorization and appropriation bills, consider greater use of (1) advance funding and (2) authorizations and appropriations covering more than 1 fiscal year. GAO added that, because these measures would tend to restrict budget flexibility and the Congress' ability to respond to changing national priorities and economic conditions, they should be considered primarily for those Federal programs and activities, including grants-in-aid to State and local governments, for which firm planning before the beginning of the appropriation year is a major factor in successful execution. (GGD-75-75, Aug. 19, 1975.)

Appropriations

Various agency appropriations.

Issue for consideration by the Committees on Appropriations

The use of advance funding and authorizations and appropriations covering more than 1 fiscal year should be considered case by case, weighing their restrictive effect on the flexibility of Federal fiscal policy against recipients' need for greater certainty about future funding levels of Federal assistance.

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

Procurement of large sedans instead 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 Government-wide. One area that surfaced during this review was the type of passenger sedan procured by individual departments and agencies.

In January 1974 the General Services Administration (GSA) issued Federal Management Circular 74-1, which required that, to conserve fuel, all sedans (with few exceptions) be replaced with compacts or subcompacts. Large sedans could be obtained only if agency heads certified to GSA that such sedans were essential to the agencies' missions.

Since the Circular was issued, GSA has ordered only compacts for its motor pools. Conversely, other agencies have requested GSA to order significant numbers of large sedans for their respective fleets, certifying that the sedans are essential to their missions. (LCD-74-224, Sept. 6, 1974.)

Appropriations

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 the need for large vehicles with individual agencies during their appropriations hearings.

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DEPARTMENT OF AGRICULTURE

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DEPARTMENT OF AGRICULTURE

COMMODITY CREDIT CORPORATION

Hazard insurance coverage should be eliminated on grain for which the Commodity Credit Corporation pays storage charges

In a January 1975 report to the Congress, GAO recommended that the Commodity Credit Corporation (CCC) eliminate hazard insurance coverage on grain for which it paid storage charges and obtain a commensurate reduction in storage rates. GAO pointed out that the Federal Government generally has followed a policy of assuming its own risks rather than paying for commercial insurance protection and that, over a 5-year period, CCC collections on insured losses had amounted to only 33 cents per dollar of premium.

GAO said that this was an opportune time for CCC to assume its insurable hazard risks and become able to economize should grain price-support operations again reach a substantial level because

--grain stocks in which CCC had an insurable interest were at a low level,

--CCC's assumption of its insurable risks would have only minimal impact on insurance companies' premium incomes, and

--the Department had announced that in July 1975 it would change from paying storage at a uniform rate to all warehousemen to paying storage at rates based on offers from individual warehousemen.

In June 1975 the Department said that, although it agreed with the facts in the report, it disagreed with the recommendation as it applied to current and anticipated future inventory activities. It said that it would reconsider the applicability of the recommendation after it had evaluated the new offer-rate system; however, it cited several reservations about CCC's assuming insurable risks.

In an August 1975 report to CCC's President--copies of which were sent to interested congressional committees--GAO:

--Questioned the bases for the reservations.

--Said it believed the principle of risk assumption was valid.

--Said the present time was excellent for adopting a self-insurance policy and strongly recommended its adoption at the earliest opportunity.

(RED-75-320, Jan. 10, 1975, and RED-76-12, Aug. 6, 1975.)

Appropriation

Reimbursement for net realized losses, CCC (Department of Agriculture).

Issue for consideration by the Committees on Appropriations

CCC could reduce its operating costs by assuming hazard risks on grain for which it pays storage charges.

DEPARTMENT OF AGRICULTURE

EXTENSION SERVICE

Programs needed to overcome problems impeding economic improvement of small farms

GAO reported to the Congress that the consensus of knowledgeable Government and non-Government people was that, although various factors contributed to small farmers having relatively low volumes of farm sales, the failure to use available technology and efficient management practices effectively was a primary one.

Demonstration projects sponsored by cooperative extension organizations and the Tennessee Valley Authority had shown that some small farmers could increase the productivity of their land and increase their incomes. More complete data on small farmers is needed, however, to determine the type and extent of assistance which would be useful and to plan extension and research programs oriented to the specific, known needs of small farmers.

GAO recommended that the Department:

--Identify small farmers who depend on the farm as their primary source of income and categorize them according to their resources, abilities, educational experience, and willingness to improve their operations by using available technology and efficient management practices.

--Estimate the costs and benefits of programs needed to extend training and technical assistance to small farmers having the potential for improvement and present the information to the Congress for consideration.

The Department disagreed that it should extend training and technical assistance to small farmers. (RED-76-2, Aug. 15, 1975.)

Appropriation

Extension Service (Department of Agriculture).

Issues for consideration by the Committees on Appropriations

1. Many small farmers might be able to increase the productivity of the land under their management if programs were initiated to educate them in the use of new and improved agricultural technology and efficient management practices. Helping small farmers to better utilize their land would increase their incomes and aid in meeting the world's food and fiber needs.

2. Additional funds might be required to implement programs extending training and technical assistance to small farmers having the potential for improvement.

DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

Efforts should be made to increase use of commercial financing

Commercial lending agencies are a primary credit source in rural America. To the extent that potential Farmers Home Administration (FmHA) borrowers can obtain available commercial funds and that FmHA can reduce some of its employees' loanmaking and servicing activity, scarce Federal resources can be directed to assisting rural residents who are unable to obtain other financing. Several methods are available to increase lending opportunities for rural commercial lenders, including joint Federal/private financing and federally guaranteed financing.

FmHA employees, however, are not always aware of opportunities for involving commercial lenders in FmHA programs. For example, of 149 supervisors in 3 States who answered a GAO questionnaire, 58, or 39 percent, said they did not know their offices were authorized to make joint farm operating loans with commercial lenders. Most supervisors knew about the guaranteed loan programs; however, at least 25 percent did not know about all of them.

Bankers' responses to an American Bankers Association survey indicated considerable interest in FmHA-guaranteed loans; however, about 30 percent of the bankers indicated they were not aware of these loans before the survey and only 20 percent felt they had a fairly good understanding of how they worked. The bankers also indicated that, before the programs can be fully effective, FmHA local offices need to know more about the programs and administer them more consistently.

In a report to the Subcommittees on Rural Development and on Agricultural Credit and Rural Electrification, Senate Committee on Agriculture and Forestry, GAO recommended that the Secretary of Agriculture have the Administrator, FmHA, initiate a training and publicity program to provide information to FmHA employees and to commercial lenders on the benefits of joint and guaranteed financing.

The Department said that it had been and still was the FmHA Administrator's policy to communicate such information through channels to FmHA employees in national and State training meetings and in orientation work with new employees. It said that the Administrator expected county FmHA personnel to contact local banks to acquaint them with

FmHA programs but that, as local lenders and county personnel change, the need for a continuing flow of information remains. (RED-76-16, Sept. 10, 1975.)

Appropriations

Agricultural Credit Insurance Fund, Rural Housing Insurance Fund, and Rural Development Insurance Fund, FmHA (Department of Agriculture).

Issue for consideration by the Committees on Appropriations

Increased involvement of commercial lenders in FmHA programs would permit better use of FmHA employees and would allow redirection of scarce Federal resources from rural residents who might be able to obtain commercial financing to those who are not.

DEPARTMENT OF AGRICULTURE

FOOD AND NUTRITION SERVICE

Need to measure and strengthen food stamp program effectiveness and eliminate inequities in eligibility

In a report to the Congress on its observations on the food stamp program, GAO pointed out a number of areas needing improvement.

Data needed to evaluate program effectiveness

The Food and Nutrition Service needed better data on the program's actual and potential program participants to gauge the effectiveness of the program's coverage and outreach efforts.

Department officials subsequently told GAO that, to update available program information, they were planning to obtain population estimates from local food stamp officials and to interview some statistically selected households for income and resources data.

Need to extend quality control coverage

The quality control system established by the Service to check on the integrity of the food stamp program did not cover public assistance and general assistance food stamp recipients--about half of all recipients. Department officials told GAO that the Department planned to extend the system to cover these recipients in July 1976.

Inconsistent and inequitable eligibility requirements

The Service had established national income standards for determining food stamp eligibility, but these standards were applied only to non-public-assistance households. Public assistance households were eligible for food stamps without regard to income requirements. As a result, some public assistance households with incomes in excess of the national income standards could participate in the program while non-public-assistance households whose income exceeded the standards were ineligible. The Service is considering program revisions to eliminate this inequity. (RED-75-342, Feb. 28, 1975.)

Appropriation

Food stamp program, Food and Nutrition Service (Department of Agriculture).

Issues for consideration by the Committees on Appropriations

1. Data from other Federal departments and agencies and from States should be obtained and analyzed to establish the size and composition of various segments of the program's target population and to measure the extent of program coverage and the impact of contemplated program changes.

2. Complete quality control coverage for all food stamp households should be provided at the earliest possible date.

3. The Secretary of Agriculture, in consultation with the appropriate congressional committees and the Secretary of Health, Education, and Welfare, should revise the food stamp regulations to eliminate the inconsistencies in income criteria.

DEPARTMENT OF AGRICULTURE

FOOD AND NUTRITION SERVICE

Problems in administration of the summer feeding program for children

In a report to the Congress on the special summer feeding program for children, GAO pointed out several problems in reaching eligible children and in operations at feeding sites.

Need to intensify promotional efforts to attract summer feeding program sponsors

The effectiveness of the summer feeding program was difficult to assess because the Food and Nutrition Service and State agencies had identified neither the total number of children who were eligible nor their location. However, the number of needy children participating in the National School Lunch Program--which the summer program was intended to supplement--indicated that the summer program had achieved rather limited coverage, especially in areas other than large cities. State agencies could have done more to recruit sponsors in areas of low coverage.

State agencies generally directed their recruiting efforts to sponsors who had participated in the program in previous years. They attributed this limitation primarily to lack of staff, which was due, in turn, to insufficient administrative funds. The Department told GAO that it would continue to distribute material and improve guidance to its regional offices and State agencies to help inform potential sponsors of the program.

Better estimates needed of program costs to be incurred

Procedures for estimating program costs were inadequate to permit effective use of allocated funds and to maximize sponsor participation. In the six States GAO reviewed, about $8.5 million, or 29 percent of the $29.2 million allocated for the 1973 program, remained unspent--although additional eligible children could have been assisted if additional program sponsors or feeding sites had been approved. State officials said that the unspent funds resulted primarily from sponsors' cost estimates being inflated.

Service officials told GAO that, pending extension of the program beyond its September 1975 expiration date, the Service had not refined its estimating procedures, though

recommended in the GAO report. Public Law 94-105, enacted in October 1975, extended and amended the program.

Need for timely planning and monitoring

Although program administration had improved as Federal, State, and local agencies gained experience, further improvements were needed. For example, instances of noncompliance with program requirements continued to adversely affect operations at many feeding sites. These included (1) children taking meals from the sites, often because of inadequate eating facilities, (2) adults eating or taking meals intended for children, (3) meals being left over and wasted because deliveries to feeding sites were not adjusted to needs, and (4) meals being destroyed because of spoilage due to lack of refrigeration or unsanitary conditions.

GAO recommended that the Service help State agencies and sponsors institute (1) time-phased schedules for improved planning of summer programs and (2) an effective system of monitoring feeding sites. The Department cited several actions it had taken to upgrade program administration. (RED-75-336, Feb. 14, 1975.)

Appropriation

Child nutrition programs, Food and Nutrition Service (Department of Agriculture).

Issues for consideration by the Committees on Appropriations

1. The Service and State agencies need to intensify promotional efforts to secure additional program sponsors. Increased program participation, however, may increase program costs.

2. The Service needs to refine procedures for estimating program costs to permit effective use of allocated funds and to maximize sponsor participation.

3. The Service needs to improve its planning and monitoring activities to minimize deficiencies in feeding site operations and to insure efficient use of program funds.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

Forest Service efforts to change timber sale method

The primary timber sale method used in the Forest Service's western regions has been log measurement. Under this method a purchaser agrees to pay for logs on the basis of a Forest Service or scaling bureau estimate of the marketable volume of wood in logs that have been cut. In recent years the Service has been trying to increase its western regions' use of the tree measurement method of selling timber. Under this method the purchaser agrees to pay a specific amount for the timber in a sale area on the basis of a Forest Service estimate of the marketable volume of wood in the trees before they are cut down. Because of industry opposition to this method, the Service has attempted, through test sales, to obtain data to compare the two methods.

In a report to Senator Pete V. Domenici, GAO pointed out that, because the Service had not provided special funds and adequate guidelines and procedures for conducting test sales, (1) there had been inconsistencies among the regions in carrying out the test sales and (2) the relative accuracy and cost of the two methods had not been determined. The Service issued revised guidelines and procedures in March 1975 but had not established a test-sale program completion date or plans for special funding. Until the program is completed, the Service will not be able to provide well-documented evidence to settle the questions of effectiveness and costs of the two methods.

GAO recommended that the Service:

--Set dates for completing test sales.

--Provide its regions with the funds needed to conduct adequate and timely test sales.

--Evaluate and report the results of such sales to appropriate congressional committees.

--Use the tree measurement method for all forests, tree species, and timber conditions for which test sales have shown net benefits to be gained from use of this method and for which Service personnel have the capability to prepare tree measurement sales professionally and accurately.

(RED-75-396, July 16, 1975.)

Appropriation

Forest protection and utilization, Forest Service (Department of Agriculture).

Issue for consideration by the Committees on Appropriations

The Service needs to give its regions funds to conduct adequate and timely test sales to provide data sufficient to compare the accuracy and costs of the two sales methods.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

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

GAO reported to the Congress that the growing demand for timber and the increasing pressure to use productive timberland in various ways added to the need for the Forest Service to accelerate reforestation and timber stand improvement on the estimated 18-million-acre backlog of national forest.

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 Treasury general funds. The Department said this was the most appropriate alternative.

For fiscal year 1975, the Congress appropriated $50.1 million for reforestation and timber stand improvement--$14.8 million more than the administration requested. The administration requested $43.4 million for fiscal year 1976. Increased funding will be needed in future years to further reduce the backlog of land needing reforestation and timber stand improvement. (RED-74-195, Feb. 14, 1974.)

Appropriation

Forest protection and utilization, Forest Service (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

FOREST SERVICE

Need to direct cooperative forestry programs toward increasing softwood sawtimber supplies

In a report to the Chairman, Subcommittee on Conservation and Natural Resources, House Committee on Government Operations, GAO said the effectiveness of the Cooperative Forest Management and Forestry Incentives Programs in increasing the supply of softwood sawtimber could be increased by modifying planning, fund allocation, and reporting procedures. GAO recommended that the Forest Service and the Agricultural Stabilization and Conservation Service:

--Establish specific annual goals for increasing the supply of softwood sawtimber on private, nonindustrial forest land.

--Evaluate the effectiveness of the programs in accomplishing their goals.

--Report the results to the Congress.

--Base fund allocations on contributions toward meeting previously established goals and the capability to meet current goals. Forest Service officials told GAO they generally agreed with the recommendations.

(RED-75-258, Oct. 8, 1974.)

Appropriation

Forest protection and utilization, Forest Service (Department of Agriculture).

Issue for consideration by the Committees on Appropriations

Evaluating the results of meeting specific program objectives would provide a better basis for reporting accomplishments to the Congress for its use in considering budget requests.

DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT SERVICE

Need to quantify goals and develop a national plan for rural development

To make rural America a better place to live and work, the Federal Government has carried out many programs. The Rural Development Act of 1972 and other legislation has committed the Nation to revitalizing and developing rural areas to achieve a balanced national growth.

GAO reported to the Congress that the statutory commitment to rural development had not been fully supported by Government actions. The Department of Agriculture, to carry out its leadership and coordination responsibilities under the Rural Development Act, needed to quantify the employment, income, population, housing, and community services and facilities goals called for by the act, on both a national and regional basis, so that progress toward them could be measured and reported on. Quantified goals also were needed to effectively plan the Nation's rural development effort, to guide the commitment of Federal resources, and to help State and local governments develop their goals and plans.

GAO recommended that the Secretary of Agriculture:

--Quantify national and regional rural development goals for matters specified in the 1972 act, using available information.

--Develop a national rural development plan describing how and when established goals would be met and what resources would be needed to meet them.

The Department stated that, although the act does not require it, the second annual goals report would try to quantify and regionalize goals where feasible. The Department submitted the second report to the Congress on June 26, 1975; however, the report did not try to quantify all possible goals.

The Department disagreed with GAO's recommendation to develop a national rural development plan on the basis that such a plan would not be consistent with the principles of local self-determination and individual choice. (RED-75-288, Jan. 8, 1975.)

Appropriation

Rural Development Service (Department of Agriculture).

Issue for consideration by the Committees on Appropriations

To help in allocating scarce resources among competing activities, planning of the Nation's rural development efforts is needed. Such planning would assist in decision-making by establishing guidelines for what and how much will be done and who will be responsible.

DEPARTMENT OF AGRICULTURE

SOIL CONSERVATION SERVICE

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

The Great Plains Conservation Program, scheduled to expire in 1981, provides technical assistance and direct cost sharing to help Great Plains landowners and operators voluntarily carry out planned soil and water conservation practices.

In view of the program's legislative history, program accomplishments had been less than might have been expected--in part because since 1961 the Soil Conservation 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 speed the achievement of important program objectives.

The Department recognized that limiting cost shares under any one contract was sometimes a problem but stated that any increase per contract would result in fewer contracts. Service officials told GAO in September 1975 that the Service was considering raising the Federal financial assistance above $25,000 a contract. (RED-73-132, June 28, 1973.)

Appropriation

Great Plains Conservation Program, Soil Conservation Service (Department of Agriculture).

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. However, this could result in more funding being needed to achieve program objectives.

DEPARTMENT OF AGRICULTURE

SOIL CONSERVATION SERVICE, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, AND EXTENSION SERVICE

Action needed to discourage removal of trees that shelter cropland in the Great Plains

Under a variety of Federal programs over the past 100 years, millions of trees were planted on the Great Plains. Many of these were planted to form field windbreaks to help reduce wind erosion. GAO reported to the Congress that, in recent years, some windbreaks, particularly those planted in the 1930s and early 1940s, had been removed to make more land available for production or to install and use irrigation systems. Normal deterioration of trees and poorly maintained windbreaks also had led indirectly to removal. Continued removals of windbreaks would make the erosion problem in the Great Plains more serious and result in the loss of a valuable resource which had taken many years to develop. No Federal or State program existed which was specifically designed to discourage windbreak removals or to assist farmers on a wide scale to renovate old windbreaks.

GAO recommended that the Secretary of Agriculture have the appropriate departmental agencies:

--Survey, especially in the Great Plains, the extent of windbreak removals and the renovation needed to preserve existing windbreaks.

--Encourage counties to carry out a cost-sharing windbreak renovation program.

--Initiate an educational program to support efforts to preserve and renovate existing windbreaks.

Agency officials generally agreed with GAO's recommendations.

As required by section 236 of the Legislative Reorganization Act of 1970, the Department informed the Senate and House Committees on Government Operations that:

1. The Soil Conservation Service (SCS), with assistance from the Agricultural Stabilization and Conservation Service (ASCS), will survey windbreak removals in Great Plains counties where windbreaks are important. The first survey will be completed late in 1976 and

will cover windbreak removals for calendar years 1974 through 1976.

2. In important windbreak counties, each conservation district which has entered into a memorandum of understanding with the Department will be asked to consider and include as part of its annual work plan steps to maintain, preserve, and renovate existing windbreaks.

3. SCS will include a national conservation practice called "windbreak renovation" in its programs.

4. ASCS, through the Agricultural Conservation Program, will place greater emphasis in future years on cost sharing for renovating windbreaks in the Great Plains area.

5. The Extension Service will continue to conduct an educational program on improving and preserving windbreaks.

6. SCS and ASCS will actively support educational programs on preserving and renovating existing windbreaks in the Great Plains area.

(RED-75-375, June 20, 1975.)

Appropriations

Department of Agriculture--Agricultural Conservation Program, ASCS; Conservation Operations and Great Plains Conservation Program, SCS; and Extension Service.

Issue for consideration by the Committees on Appropriations

Actions needed to preserve and renovate existing windbreaks may require increased funding.

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DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AND NATIONAL MARINE FISHERIES SERVICE

U.S. fishing industry can be strengthened by developing underutilized fish resources

Rehabilitating the U.S. fishing industry has long been a matter of concern to the Congress. The industry has not increased its harvests to meet the rising demand for fish. As a result, the United States has had to rely increasingly on imported fish products, causing a considerable adverse effect on the overall U.S. balance of payments.

GAO reported to the Congress that many fish species located in the U.S. coastal waters were not used commercially at all and many others were currently only partially used. Conversely, most of the well-accepted species of fish (e.g., haddock, cod, halibut, and salmon) were fished at, near, or in excess of their sustainable limit of production.

Developing the vast underused fish resources in commercial fisheries would increase the supply of fish and fish products available to the U.S. consumer and would strengthen the economic system of the domestic fishing industry. The National Marine Fisheries Service has helped the fishing industry overcome some barriers to developing new, expanded fisheries, but other barriers have been overlooked. The Service's organizational structure is not conducive to carrying out an integrated approach to fishery development and, therefore, limited funds have been expended for this purpose.

GAO recommended that the Secretary of Commerce direct the Service to complete its National Fisheries Plan--specifically, that section dealing with fishery development. The plan should (1) require development by species or groups of fish species with similar characteristics to identify all barriers to development and (2) establish criteria for determining which underused species have the highest potential for development. GAO also recommended that the Secretary provide for monitoring the implementation of the plan after it has been approved.

The Department of Commerce concurred in GAO's recommendations and was to take steps to implement them. (GGD-75-68, May 30, 1975.)

Appropriations

Operations, research, and facilities, National Oceanic and Atmopheric Administration (Department of Commerce).

Issue for consideration by the Committees on Appropriations

The Service should increase its efforts to help the U.S. fishing industry develop underutilized fish resources into viable commercial fisheries--thereby decreasing our reliance on imported fish products. The Secretary, therefore, should insure that the Service completes the national fisheries plan.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FOOD AND DRUG ADMINISTRATION

Public hazards from unsatisfactory medical diagnostic products

The Food and Drug Administration (FDA) has the responsibility for regulating in vitro diagnostic products used by physicians to analyze specimens taken from the body to determine the presence or absence of a disease or medical condition.

The Department of Health, Education, and Welfare's (HEW's) Center for Disease Control estimated that 25 percent of all diagnostic test results are unreliable and that erroneous diagnostic tests result in, among other things, unnecessary medical treatment, withholding of necessary medical treatment, and lost income, costing the U.S. economy $25 billion annually. At GAO's request, the Center tested 44 marketed in vitro diagnostic products to determine whether results of laboratory tests using the products would aid a physician in diagnosis. The Center judged that 32 of the products were unsatisfactory for diagnostic use.

FDA's efforts to regulate diagnostic products have been ineffective. In 1973, FDA issued regulations for their control; however, the regulations have not been effectively implemented. FDA's lack of authority in some areas has also hampered efforts in regulating these products.

HEW generally agreed with GAO's recommendations to strengthen FDA's program for controlling in vitro diagnostics. (MWD-75-52, Apr. 30, 1975.)

Appropriation

Environmental and consumer protection, FDA (Department of Agriculture and related agencies).

Issues for consideration by the Committees on Appropriations

FDA's regulation of diagnostic products needs to be strengthened. The enactment of legislation pending before the 94th Congress to amend the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301) would strengthen FDA's authority in this area.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION AND HEALTH SERVICES ADMINISTRATION

Progress and problems in training and using assistants to primary care physicians

From 1969 to 1974, HEW funded about 100 training programs for assistants to the primary care physician (physician extenders) through grants to universities and other nonprofit organizations. HEW support during this period totaled about $34 million.

In a report to the Congress, GAO pointed out a number of problems that must be overcome to achieve maximum results from these new health care professionals. These problems deal with (1) the length and type of training most appropriate for physician extenders, (2) the manner in which physician extenders are to be used to alleviate health manpower geographical distribution problems, and (3) the most appropriate manner of granting official recognition to physician extenders.

GAO recommended that HEW insure that physician extenders are (1) trained efficiently and economically, (2) granted appropriate and essential professional and legal recognition, and (3) deployed in health manpower shortage areas. HEW generally agreed with GAO's recommendations and advised it of actions taken or planned. (MWD-75-35, Apr. 8, 1975.)

Appropriations

HEW:

Health Resources Administration, health manpower

Health Services Administration, Indian Health Service (Department of the Interior and related agencies)

Issues for consideration by the Committees on Appropriations

The various problems noted above must be overcome to achieve maximum results from the physician extender programs.

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 help individuals obtain an education. The Student Loan Insurance Fund finances 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, special allowance payments to lenders, and claims arising from the death or disability of the borrower. From the beginning of the program through June 30, 1975, interest and special allowance costs totaled $1.1 billion and $260 million, respectively. The Student Loan Insurance Fund appropriation is used to pay claims arising from borrower defaults. Such claims amounted to over $400 million from the beginning of the program through May 1975. Administrative costs of the program are paid from appropriations for salaries and expenses.

GAO reported to the Congress that defaulted loan losses are climbing significantly in spite of the Office of Education's efforts to upgrade its debt collection program. The high default rate, estimated at 24.3 percent as of June 30, 1974, is greatly increasing the cost of the Guaranteed Student Loan program and will necessitate substantial future appropriations.

Also, the financial statements of the Student Loan Insurance Fund, as shown in the appendix to the Federal budget, do not include the program's unfunded estimated future losses. As a result, the budget statements show a much smaller net loss for fiscal year 1974 and do not show the $300 million deficit in the investment of the U.S. Government. Future appropriations will be needed to fund this deficit.

Public Law 92-318, which established the Student Loan Marketing Association as a secondary market and warehousing facility for student loans, does not grant GAO audit authority over the Association. Consequently, GAO informed the

pertinent committees that it believes the Congress should consider granting it the power to examine the records of the Association. (FOD-75-8, Feb. 12, 1975.)

Appropriation

HEW--Office of Education, Student Loan Insurance Fund.

Issues for consideration by the Committees on Appropriations

1. The estimated cost of the program is rising rapidly.

2. Most of the cost of the program will have to be paid from future appropriations.

3. GAO's ability to audit future financial statements will be impaired because of its lack of authority to audit the Student Loan Marketing Association.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Federal programs for the education of the handicapped: issues and problems

GAO reported to the Congress that about 80 percent of Federal education and training funds are allocated to States according to fixed formulas based on factors which may result in allocation inequities. States use various methods and criteria for distributing Federal funds but have made little effort to identify needs as a basis for allocating the funds. As a result, Federal agencies have no assurance that funds have been targeted to areas of highest need.

The Education Amendments of 1974 (Public Law 93-380) amended part B of the Education of the Handicapped Act to require that, starting with fiscal year 1976, funds be made available to States only after they submit an amendment to the required State plan which shows in detail the policies and procedures by which the States will insure that (1) all handicapped children receive education and (2) all handicapped children needing special education are identified and evaluated. The amended State plan must also establish a detailed timetable for providing full educational opportunity to all handicapped children.

GAO recommended that the Congress consider:

--Similarly adjusting titles I and III of the Elementary and Secondary Education Act; part B of the Vocational Education Act; and title I, part B, of the Rehabilitation Act of 1973--all of which earmark funds for the handicapped.

--Eliminating those formula allocation factors in the legislation which may result in unequal opportunities being made available to the handicapped. Such factors include population and per capita income, which may not always provide an accurate index of need and age ranges which are inconsistent with the intended target population.

(MWD-74-162, Dec. 15, 1974.)

Appropriations

HEW:

- Office of Education, education for the handicapped
- Office of Education, vocational education
- Office of Human Development, vocational rehabilitation

Issues for consideration by the Committees on Appropriations

If legislation earmarking funds for the handicapped is amended by making a comprehensive needs assessment a requirement for receiving funds, costs of programs for educating the handicapped could increase; therefore, the Congress may wish to increase the funding for those programs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Improved targeting of Federal funds for public library support

States receive Federal funds for public library support on a formula basis. They, in turn, prepare plans detailing how such funds will be distributed on the local level and used to achieve Federal program objectives. GAO reported to the Secretary of HEW that States were retaining large portions of Federal funds for administration, support services, and Statewide programs. This reduced the amount of funds available to provide new or improved library services at the local level--particularly for the urban and rural disadvantaged.

GAO proposed that a dollar or percentage limit be set on the amount of Federal funds that States could retain. HEW agreed that the proposal had merit but stated that such a limit should not include funds for State-provided services. HEW also stated that the limit would have to be set by legislative amendment.

GAO believes that such a limit should include Statewide services that serve the general population because such services are more properly funded by the States. (MWD-75-4, Dec. 30, 1974.)

Appropriation

HEW--Office of Education, library resources.

Issues for consideration by the Committees on Appropriations

A limit on the amount of Federal library support funds that could be retained at the State level would help insure that the legislation's target groups are served.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

What is the role of Federal assistance for vocational education?

GAO reported that the use of Federal vocational education funds has not been adequately evaluated at Federal, State, or local levels. The Office of Education has not provided adequate guidance to help insure accomplishment of congressional purposes.

Greater attention to systematic, coordinated, comprehensive planning at national, State, and local levels would improve the use of Federal funds for serving student and community needs.

The States reviewed distributed Federal funds in a variety of ways, many of which did not necessarily result in funds being targeted to geographical areas of need.

States and local agencies have not always considered the range of existing training resources which could provide expanded training options to a larger number of people. In many instances, secondary schools, community colleges, and area vocational-technical institutes could make better use of their own facilities as well as share each other's resources and those of federally-supported manpower programs, military installations, proprietary schools, or employer sites.

Changing manpower requirements need to be better addressed in many secondary and postsecondary occupational programs supported by Federal funds. Students often are enrolled in traditional courses and are not always able to find employment in fields for which they have been trained.

GAO also noted that such barriers as age, sex, and entrance requirements have restricted access to training and employment.

To expand vocational opportunities and to increase program effectiveness, GAO recommended that the Secretary of HEW take specific actions to improve present practices in planning programs, distributing funds, using resources, and relating training to employment. HEW generally concurred with GAO's recommendations and described actions taken or planned to implement them.

GAO suggested that the Congress consider amending the Vocational Education Act by:

--Setting a limit on the amount of Federal funds that can be retained at the State level so that more funds can be made available for direct services to participants at the local level.

--Requiring States to use a portion of Federal funds retained at the State level to improve the planning process.

--Requiring that Federal funds be used primarily to (1) develop and improve programs and (2) extend vocational opportunities. This can be done by limiting the amount of Federal funds that can be used to maintain existing activities.

--Adopting one or several options for providing programs and services for the disadvantaged and the handicapped if it believes these two groups should receive priority attention in the utilization of Federal funds.

--Requiring the Secretaries of HEW and of Labor to establish a planning process under which vocational education would be handled by the State Postsecondary Commissions authorized by the Education Amendments of 1972 and the Comprehensive Employment and Training Act of 1973 to insure that education and manpower efforts will be synchronized at all levels--secondary, postsecondary, and adult.

--Establishing a set-aside requirement to expand vocational offerings and strengthen programs through cooperative arrangements for use of other training facilities or resources.

--Establishing a legislative policy that Federal funds will not be used for construction except when the need for additional facilities has been justified through thorough consideration of alternatives.

--Requiring that Federal vocational funds directed to local education agency programs be used for those skill areas for which existing or anticipated job opportunities can be demonstrated.

--Requiring that work experience be an integral part of part B programs to the extent feasible.

--Requiring that schools take responsibility for job placement assistance and followup in federally supported vocational education programs.

The report also suggested that the Congress consider:

--Removing several barriers which inhibit persons from participating in vocational education.

--Amending the Federal Property and Administrative Services Act to make recipients of Federal vocational funds eligible to acquire Federal excess property.

(MWD-75-31, Dec. 31, 1974.)

Appropriation

HEW--Office of Education, occupational, vocational, and adult education.

Issues for consideration by the Committees on Appropriations

The Committees may want to consider the implications of the various GAO suggestions of legislative amendments discussed above.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Program progress in reducing illiteracy and improvements needed

GAO reported that, although the program has achieved positive results, it reaches only a small fraction of those needing it--particularly among the more educationally deficient.

Program management problems include:

--The Office of Education (OE) has not (1) established or directed States to establish realistic and measurable program goals or (2) given States definitive criteria to evaluate the program.

--Recruiting adults in the first priority group--those functioning at the fourth-grade level or below--has not been emphasized.

--Special projects have had limited benefits and project results have not been systematically disseminated.

--OE has not insured that the States coordinate adult education programs with related programs.

--Data reported by States and localities has been inaccurate and has tended to overstate program accomplishments.

GAO recommended steps OE should take to correct these and other program management problems. HEW agreed with these recommendations.

GAO suggested that the Congress consider amending the Adult Education Act to:

--Allow adults with high school diplomas to participate in the adult basic education program if they are functioning below that level.

--Revise the allotment formula to recognize the higher priority and higher costs of reaching adults with less than 8 years of schooling.

(MWD-75-61, June 4, 1975.)

Appropriation

HEW--OE, occupational, vocational, and adult education.

Issues for consideration by the Committees on Appropriations

If the program is to be improved, it will probably require additional funding.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PUBLIC HEALTH SERVICE, SOCIAL AND REHABILITATION SERVICE, AND SOCIAL SECURITY ADMINISTRATION

Federal fire safety requirements not met by many Medicare and Medicaid nursing homes

HEW needs to improve its (1) administration and enforcement of Federal fire safety requirements to insure the safety of nursing home patients and (2) monitoring of State inspection and certification activities. GAO reported to the Congress that many skilled nursing facilities

--did not meet fire safety standards;

--were improperly classified as to type of construction, resulting in some being improperly exempted from sprinkler requirements;

--were improperly granted sprinkler-requirement waivers; and

--had not corrected fire safety deficiencies.

HEW did not agree that it (1) had not effectively administered and enforced Federal fire safety requirements and (2) had not adequately monitored States' inspection and certification activities. HEW also said that, although some fire safety problems were still unresolved, its efforts had resulted in safer nursing home environments.

GAO did not try to evaluate HEW's efforts over a period of time but, rather, tried to find out whether fire safety requirements were being met at the time of its review. Although improvements may have been made during recent years, much still needs to be done.

One of the major problems was that sprinkler-requirement waivers were improperly granted--partly because no sprinkler-equivalency standards had been established for other than one specific type of construction. HEW did not agree with GAO's recommendation that it should establish such standards for other types of construction; it believed that each building should be evaluated individually.

GAO found also that inspectors' opinions varied as to whether a sprinkler waiver adversely affected patient health and safety. HEW has not taken action to insure that an acceptable level of protection is available to patients in nursing homes waived from the automatic sprinkler requirement. (MWD-75-46, Mar. 18, 1975.)

Appropriations

HEW:

- Assistant Secretary for Health--salaries and expenses
- Social and Rehabilitation Service--public assistance and salaries and expenses
- Social Security Administration--Federal Hospital Insurance Fund (Medicare) and salaries and expenses

Issues for consideration by the Committees on Appropriations

In approving budget requests for Medicare, Medicaid, and related administrative expenses, the Committees might wish to assure that progress is being made in improving the safety of nursing home residents. This matter has received national attention and perhaps should be given some priority. Increased State, Social Security Administration, and Social and Rehabilitation Service efforts toward solutions, however, may result in increased administrative expenses and budget requests.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PUBLIC HEALTH SERVICE, SOCIAL AND REHABILITATION SERVICE, AND SOCIAL SECURITY ADMINISTRATION

Increased compliance needed with nursing home health and sanitary standards

HEW regulations require that a physician visit Medicaid skilled nursing facility patients once every 30 days for the first 90 days of their stay and no less than once every 60 days thereafter. GAO examined medical records at 115 skilled nursing facilities and found that 1 or more patients in 60 facilities were not visited by a physician within a 60-day interval.

In October 1974 HEW issued regulations requiring that, by December 1975, skilled nursing facilities had to retain full- or part-time medical directors, depending on the needs of patients in the facilities. GAO recommended that implementation and enforcement of these regulations (1) be expedited and emphasized in those States and for those facilities not meeting Federal standards for physician care of patients and (2) include directions that any waivers of the requirement consider past compliance with these standards.

HEW guidelines recommend, but do not require, that a patient receive a minimum of 2.25 hours of nursing care per day. GAO determined that 9 States' standards provide for less than 2 hours of nursing care. GAO recommended that, in developing a uniform inspection and rating system, HEW review State standards for adequate nursing care to assure such standards are acceptable. (MWD-76-8, Aug. 18, 1975.)

Appropriations

HEW:

Assistant Secretary for Health, salaries and expenses

Social And Rehabilitation Service, public assistance and salaries and expenses

Social Security Administration, Federal Hospital Insurance Fund and salaries and expenses

Issues for consideration by the Committees on Appropriations

In approving budget requests for Medicare, Medicaid, and related administrative expenses, the Committees might wish to assure themselves that progress is being made in providing adequate care to patients in skilled nursing facilities.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Medicaid Management Information Systems

Section 235 of Public Law 92-603 allows HEW to reimburse the States for (1) 90 percent of the cost of designing, developing, and/or installing Medicaid Management Information Systems (MMIS) and (2) 75 percent of the cost of operating MMIS when approved by the Secretary of HEW. The Social and Rehabilitation Service (SRS) was delegated the responsibility for issuing regulations, approving designs, and reimbursing the States for the costs of developing and operating MMIS.

At the request of Senator Robert Taft, Jr., GAO reviewed SRS' implementation of section 235. At the time, only a few States had approved MMIS and none had been reimbursed by SRS. Progress had been impeded by such problems as delays in issuing regulations and guidelines and other administrative matters.

Although some problems have been resolved, GAO concluded that SRS had neither (1) adequate controls over Federal reimbursements to States for costs for operating existing MMIS nor (2) the staff to adequately review, approve, and pay for the MMIS required by section 235.

Information received from various States indicated that there were also problems in maintaining up-to-date eligibility files and in giving each recipient, as required by the Social Security Amendments of 1972, an explanation of Medicaid benefits paid on his behalf. The MMIS are required by law to include a means to provide this information promptly in writing.

A national health insurance program and health maintenance organizations could reduce the need for MMIS. Under a national health insurance program, Medicaid, as now administered by the States, would be substantially reduced because the States would pay only for those services not covered by the national health insurance program.

Medicaid-sponsored health maintenance organizations are relatively new and their full impact has not yet been realized. They could, however, reduce the need for MMIS because such organizations are paid a monthly per capita rate and do not bill on an individual fee-for-service basis. (MWD-75-6, Oct. 25, 1974.)

Appropriation

HEW, public assistance (Medicaid) and salaries and expenses.

Issues for consideration by the Committees on Appropriations

HEW should consider suspending further approval of MMIS until it has evaluated the possible effects of other programs, including national health insurance and health maintenance organizations. If HEW believes MMIS should be continued, however, the design, development, and installation of additional MMIS should not be approved until those currently being used in the States, including those partially paid for with Federal funds, are identified and adequate staff is made available to insure that the States' design, development, and implementation of MMIS complies with HEW's regulations and guidelines.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Payment for drugs under the Medicaid program which are ineffective or show little evidence of effectiveness

In February 1974, GAO reported to the Secretary of HEW that three States included in its survey of the administration of the Medicaid drug program were spending large amounts for prescription drugs that had been declared ineffective or possibly effective by the Food and Drug Administration. According to the Administration, "ineffective" means that there is no acceptable evidence of effectiveness and "possibly effective" means that there is little evidence of effectiveness.

On the basis of available data on Medicaid expenditures in California, Ohio, and Texas (the three States surveyed) for the period September 1972 through August 1973, GAO estimated that these States spent about $8.3 million annually for ineffective and possibly effective drugs. (B-164031(2), Feb. 15, 1974.)

Although HEW issued regulations in October 1971 prohibiting expenditures of Federal funds under its direct care programs for ineffective and possibly effective drugs, it had not issued similar regulations for Medicaid expenditures. As early as May 1972 GAO recommended that such regulations be issued; it has since monitored HEW's progress in doing so. As of the end of December 1975, such regulations had not been issued.

Appropriation

HEW--Social and Rehabilitation Service, public assistance and salaries and expenses.

Issues for consideration by the Committees on Appropriations

HEW should insure that Medicaid beneficiaries are not only protected from ineffective and possibly effective drugs but also that assistance program funds are not being applied wastefully and inappropriately.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Improvements needed in investigations of suspected fraud and abuse in the Medicaid program

States are responsible for administering their Medicaid programs. The Social and Rehabilitation Service (SRS) is responsible for administering Medicaid at the Federal level.

Numerous allegations of fraud and abuse in the Illinois Medicaid program led GAO to look into the program's capability to detect, prevent, and correct irregularities. GAO reported to the Subcommittee on Health, Senate Committee on Finance, that, in fraud and abuse matters, SRS did not have the means to (1) assist the States in identification, (2) insure States' compliance with regulations, (3) coordinate with Medicare officials, and (4) investigate suspected cases.

Statistics showed that from January 1, 1972, through December 31, 1974, 27 States referred 526 cases to State law enforcement officials and 208 of these cases were prosecuted--80 percent in California. Twenty States never referred a case for prosecution.

GAO reported that SRS had not (1) given sufficient attention to reviewing States' Medicaid operations, (2) obtained or analyzed data needed to indicate the effectiveness of State Medicaid programs, or (3) adequately considered recommendations made by consultants and by the HEW audit agency for correcting program deficiencies.

GAO's report included several recommendations to improve the handling of suspected fraud and abuse in the Medicaid program. These recommendations met agreement at both the Federal and State levels; however, not enough time has elapsed to evaluate the effectiveness of any actions taken. (MWD-75-74, Apr. 14, 1975.)

Appropriation

HEW--SRS, public assistance and salaries and expenses.

Issues for consideration by the Committees on Appropriations

HEW has estimated that, in fiscal year 1976, total Medicaid costs will exceed $13 billion, of which the Federal share will be more than $7 billion. Program costs could be reduced

if actual or probable fraud and abuse could be adequately controlled. In any event, more needs to be known about the impact fraud and abuse has had or is likely to have on program funds and the cost of administration.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Deficiencies in determining payments to prepaid health plans under California's Medicaid program

California normally bases payment for Medicaid recipients enrolled in prepaid health plans on State estimates of the cost of providing similar services to Medicaid recipients under the fee-for-service health delivery system.

GAO reported to the Chairman, Senate Committee on Finance, that HEW should require the Administrator of the Social and Rehabilitation Service to

--assure that per capita payment rates for prepaid health plans reflect the differences in the need for and the use of services between the prepaid plan population and other Medicaid recipients,

--determine and recover payments made in excess of amounts allowable under HEW regulations, and

--determine and recover duplicate payments made by the State.

HEW officials generally concurred in the conclusions and recommendations. (MWD-76-15, Aug. 29, 1975.)

Appropriation

HEW--Social and Rehabilitation Service, public assistance and salaries and expenses.

Issue for consideration by the Committees on Appropriations

HEW should assure that the Federal Government contributes its share to State Medicaid payments to prepaid health plans established in accordance with Federal and State regulations.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Ineligible recipients are receiving benefits under Medicaid

GAO reported to the Secretary of HEW that the Federal Medicaid program in New York City was erroneously charged for:

--State home relief recipients who were ineligible for Federal benefits.

--Payments on behalf of medically needy persons regardless of their liability for at least some of their medical expenses.

--Payments on behalf of people whose incomes were higher than reported and who were, thus, ineligible for assistance.

New York City did not exercise the required internal controls over its Medicaid computer operations. Moreover, neither New York State nor the Social and Rehabilitation Service (SRS) took the necessary steps to insure the city's compliance.

GAO recommended that the Secretary of HEW direct the Administrator, SRS, to:

--Require SRS regional offices to review internal controls over States' Medicaid automated claims-processing systems.

--Encourage States to verify client-supplied earnings data against data from other sources by using available computer systems.

(MWD-76-45, Oct. 17, 1975.)

Appropriation

HEW--SRS, public assistance and salaries and expenses.

Issues for consideration by the Committees on Appropriations

In approving appropriations for Medicaid and related administrative expenses, the Committees might wish to obtain assurance that progress is being made in making payments only to persons eligible for medical assistance under the Medicaid program.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Problems with reimbursements for inpatient hospital services under Medicaid

HEW needs to more actively monitor and evaluate State reimbursement of hospitals under Medicaid. In May 1975, GAO reported that some States were

--making overpayments to hospitals because they failed to make adjustments for the nursing salary cost differential,

--failing to recover overpayments and to reimburse for underpayments on a timely basis, and

--not making tentative or final settlements with hospitals.

HEW agreed that it needed to (1) more closely monitor State reimbursements for inpatient hospital services to insure that tentative or final settlements were made with hospitals as required by Federal regulations, (2) recover amounts due the Federal Government because of States' failure to release Medicaid claims so they could be adjusted for the nursing salary cost differential, and (3) insure that the outstanding overpayments and underpayments discussed in the report were collected or paid. (MWD-75-73, May 9, 1975.)

Appropriation

HEW--public assistance (Medicaid) and salaries and expenses.

Issues for consideration by the Committees on Appropriations

HEW should assure that reimbursements for inpatient hospital services are being made in accordance with Federal regulations and that the Federal Government is not sharing in overpayments to hosptials for an unreasonable amount of time.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE AND SOCIAL SECURITY ADMINISTRATION

Home health care benefits under Medicare and Medicaid are having limited effectiveness

GAO reported to the Congress on the limited effectiveness of the home health care program provided under both Medicare and Medicaid. Home health care, while not a substitute for appropriate institutional care, is generally considered to be a less expensive alternative when it can meet patients' needs. The Congress and the health field have realized the need for developing such alternatives.

GAO reported that Medicare home health coverage, established in 1967, had experienced much difficulty in its early stage. Some problems had been alleviated, but others continued to diminish its overall effectiveness.

The potential of Medicaid home health coverage, which was established in 1970, had not been fully developed, partly because HEW had not provided adequate guidance on the program's objectives and scope.

GAO made several recommendations to HEW for actions to be taken by the Social and Rehabilitation Service (SRS) and the Social Security Administration (SSA) to improve the effectiveness of home health care.

SSA acted promptly and positively to implement most of GAO's recommendations; however, SRS has not sufficiently acted to (1) convince States that home health care is generally less expensive, (2) clarify for the States the specific home health services that can be federally reimbursed, and (3) encourage and help home health care agencies to increase States' awareness and support of home health care. (MWD-74-179, July 9, 1974.)

Appropriations

HEW:

SRS, public assistance and salaries and expenses

SSA, Federal Hospital Insurance Fund and salaries and expenses

Issues for consideration by
the Committees on Appropriations

1. Facing constantly rising health costs, the Congress has continually looked for means to minimize the impact of health care on the Federal budget without impairing the delivery and quality of services. Expanded utilization of home health care where appropriate, through intensified efforts by Federal Government and State institutions, appears to be a means to achieve this.

2. The Congress is considering legislation which would place more emphasis on home health care. H.R. 9829, "The National Home Health Care Act of 1975," would liberalize and broaden the coverage of home health services and require their inclusion in State Medicaid programs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Collection of overpayments under part A of the Medicare program

As of March 31, 1973, approximately $188 million in overpayments resulting from part A of the Medicare program was outstanding. Many of these overpayments were made during Medicare's early years.

GAO reported to the Secretary of HEW that there were lengthy delays in processing these overpayments. These delays caused concern because, in the absence of court decisions, numerous questions surround the applicability of the 6-year statute of limitations to Medicare claims.

The Federal Claims Collection Act and implementing standards govern the collection of Medicare claims and provide for aggressive collection on a timely basis. GAO recommended that the Secretary require that these collection standards be met.

HEW said it agreed with GAO's recommendations for timely processing of Medicare claims and for compliance with the Federal Claims Collection Act and implementing standards. (TCD-75-4, Apr. 4, 1975.)

Appropriation

HEW--Social Security Administration, Federal Hospital Insurance Trust Fund.

Issues for consideration by the Committees on Appropriations

The timely processing of Medicare claims in accordance with established collection standards would prevent claims from being barred from enforced collection proceedings and should lead to increased receipts. The receipts would then be credited to the trust fund.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Performance of the Social Security Administration compared with that of private fiscal intermediaries in dealing with institutional providers of Medicare services

HEW spent $304 million during fiscal year 1975 to administer the Federal Hospital Insurance Program.

HEW contracts with private organizations, generally health insurance companies, to act as fiscal intermediaries for institutional providers. Providers can also choose to deal directly with the Government rather than through an intermediary. The providers are served by the Division of Direct Reimbursement of the Social Security Administration's (SSA's) Bureau of Health Insurance. GAO compared the Division's performance and cost for 1973 with that of four contract intermediaries--Mutual of Omaha Insurance Company, Travelers Insurance Company, and the Maryland and Chicago Blue Cross plans.

GAO reported to the Chairman, Committee on Ways and Means, House of Representatives, that the Division of Direct Reimbursement and such intermediaries as Travelers Insurance Company and Mutual of Omaha Insurance Company can be expected to have higher bill-processing costs than Blue Cross plans because they serve providers in several States. Blue Cross plans primarily serve providers in only one State or part of a State. The higher costs result from a need for field offices and distant travel. In many States, SSA, Travelers, or Mutual serve only one or two providers.

Section 1816 of the Social Security Act permits providers to select their intermediaries. GAO recommended that the Committee consider amending the Social Security Act to allow HEW to redesignate an intermediary when, because of geographic dispersion, a provider's selection appears to inhibit efficient administration.

GAO also reported that the Division of Direct Reimbursement's costs exceeded the costs of the intermediaries. Higher salaries and lower productivity appear to be major reasons for the higher costs of the Division, which, unlike the intermediaries, had no production standards.

GAO recommended that HEW instruct SSA to (1) require the Division to develop cost data similar to that developed by private intermediaries and (2) evaluate the Division's performance the same way it evaluates the private intermediaries' performance.

HEW did not agree with the method GAO used to compare the Division with private intermediaries. HEW provided data to show that the Division's cost per bill has dropped substantially since 1973. GAO has not verified this data, however. (MWD-76-7, Sept. 30, 1975.)

Appropriation

HEW--SSA, Federal Hospital Insurance Trust Fund and administrative expenses.

Issues for consideration by the Committees on Appropriations

1. Administrative expenses could be reduced if the Social Security Act was amended to allow the Secretary, HEW, to redesignate an intermediary when, because of geographic dispersion, the provider's selection appears to inhibit efficient administration.

2. HEW should require the Division of Direct Reimbursement to develop certain cost data so SSA can evaluate its performance and cost effectiveness.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DEPARTMENT-WIDE

Efforts to assess the environmental impact of proposed projects have been ineffective

In July 1975, GAO reported to the Congress that, in the 5 years since the passage of the National Environmental Policy Act, the Department of Housing and Urban Development had not developed and implemented an adequate program for assessing the environmental impacts of projects proposed for its approval.

GAO recommended that the Department:

--Elevate the environmental assessment function to the highest practical independent organizational level.

--Emphasize to management the need to give higher priority to complying with requirements of the National Environmental Policy Act.

--Require clearance personnel to make more effective use of the environmental expertise available in other Federal, State, or local agencies.

--Set up a specially designed training program to periodically instruct personnel in performing more adequate clearances.

The Department generally disagreed with GAO's findings and its proposals for corrective action.

Under regulations for implementing the Housing and Community Development Act of 1974, the Department has made localities responsible for assessing the environmental impacts of projects to be funded with community development block grants. Department offices, however, retain responsibility for the function for housing assistance or insurance projects, which accounted for most actions before passage of the 1974 act. (RED-75-393, July 22, 1975.)

Appropriation

Department of Housing and Urban Development--community planning and development, salaries and expenses.

Issues for consideration by the Committees on Appropriations

1. The Department could substantially improve its implementation of the National Environmental Policy Act by (1) elevating the environmental clearance function, (2) emphasizing to management the need to give higher priority to complying with requirements of the act, (3) requiring clearance personnel to make more effective use of environmental expertise available, and (4) establishing a training program to instruct personnel in performing clearances.

2. In view of the Department's lack of priority and emphasis on assessing the environmental impacts of projects which it approves, localities may not be effectively carrying out their responsibilities for the environmental review of proposed projects.

DEPARTMENT OF THE INTERIOR

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DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

Managing recreation facilities at Bureau of Reclamation reservoirs

GAO reported to the Chairman of the Conservation, Energy, and Natural Resources Subcommittee, House Committee on Government Operations, on (1) the Bureau's policy of assigning management of recreation areas at its reservoirs to non-Federal agencies and (2) its supervision of such management.

At several 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. Also, at a few reservoirs, public access to the lakes was restricted because concessioners had developed mobile home parks.

GAO recommended that the Secretary of the Interior:

--Obtain statutory authority to develop, operate, and maintain recreation facilities at Bureau reservoirs when (1) other Federal or non-Federal agencies are either unwilling or unable to assume such responsibility or (2) management by a non-Federal agency would be unsatisfactory.

--Establish a policy on developing mobile home parks at Bureau reservoirs to insure that such development does not restrict public use of the reservoirs.

The Bureau generally agreed with the recommendations. The Department advised the Subcommittee that a legislative proposal was being developed to provide the needed statutory authority and that its regulations were being revised to cover mobile homes in its cabin site policy. (RED-74-235, July 29, 1974.)

Appropriation

Department of the Interior--Bureau of Reclamation, construction and rehabilitation and operation and maintenance.

Issues for consideration by the Committees on Appropriations

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 would be unsatisfactory.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

More effective procedures needed for establishing payment terms and development periods for irrigation projects

GAO reported to the Secretary of the Interior on the Bureau of Reclamation's procedures and practices for determining the payment terms and development periods used to recover that portion of multipurpose water resource project costs allocated to irrigation.

Water users are required to repay, over a period of about 50 years, only that part of irrigation costs which they have the ability to pay. A development period, not to exceed 10 years, is allowed for the irrigators to develop their land and achieve the financial position necessary to meet any added costs before the start of the repayment period. The irrigators' ability to pay is determined by estimating the difference between their incomes with and without an irrigation project. Such determinations involve projections of farm sizes, type and quantity of crops, and crop prices. Thus, the determinations are based on subjective evaluations--each of which can substantially affect the amounts determined to be available for repayment.

GAO concluded that financial data applicable to all farm sizes and types of crops had not been used in computing irrigators' ability to pay and that inconsistent criteria had been used for establishing development periods. Also the Bureau's long term contracts with irrigation districts in the Pacific Northwest, Upper Colorado, and Mid-Pacific regions generally did not contain provisions for adjusting the construction cost obligation and water rates during the 40-year life of the water contracts. Finally, the subjective nature of the Bureau's determinations of the irrigation districts' ability to pay and the changing economic conditions that occur over a long period indicate that the determinations should be periodically updated.

GAO recommended that the Bureau be required to:

--Prepare and issue to its regional offices uniform guidelines for establishing irrigation payment terms and development periods.

--Make provisions in future irrigation contracts for periodically adjusting the total construction cost

obligation and the related water rates and other payments on the basis of changes in irrigators' ability to pay.

Interior told GAO that more uniform and equitable criteria for water contracts was being developed with the help of the Office of Management and Budget. The criteria will include a provision for regularly reviewing ability-to-pay determinations for water service. (RED-75-372, May 23, 1975.)

Appropriation

Department of the Interior--Bureau of Reclamation, construction and rehabilitation and operation and maintenance.

Issues for consideration by the Committees on Appropriations

To insure more equitable treatment of all multipurpose water resource project customers and to avoid interest costs to the Government which result from unnecessarily long development periods, the Committees may want to inquire into the status of the development and implementation of Interior's uniform guidelines for determining irrigators' ability to pay and development periods. The guidelines should include a provision for regularly reviewing and updating the results of their application.

DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

Problems in identifying, developing, and using geothermal resources

GAO reported to the Congress on the potential for developing geothermal resources as a source of energy and water, the progress in such development, and several problems being encountered. Reliable information on the extent and locations of resources was not available and technological and environmental problems remained unsolved.

The U.S. Geological Survey classified as known geothermal resource areas Federal lands with prospects good enough to warrant expenditures by private interests. GAO recommended that Interior:

--Improve its methods for designating known geothermal resource areas by obtaining subsurface data when practicable and analyzing the geology of any area where noncompetitive leasing bids overlap before assigning a value to the land and offering it for lease.

--Strengthen leasing regulations by increasing the level of required expenditures by lessees and specifying minimum development actions to be taken.

--Consider making special arrangements for leasing lands where ownership of geothermal resources is disputed by providing that all rents, royalties, and bonuses will be held in escrow pending title resolution.

--Propose legislation to (1) classify geothermal resources in a special class if the lack of a clear classification hampers development and (2) clarify Interior's authority for offshore geothermal leasing if such sites are considered worth developing.

In comments dated July 25, 1975, Interior said that:

--The Geological Survey was developing a research and development program to test the effectiveness of drilling in evaluating potential geothermal resources. Information obtained from this research and development would also provide a basis for estimating the cost-effectiveness of drilling in connection with leasing.

--It did not plan to raise the level of required expenditures or specify minimum development action; however, it would continue to collect and analyze drilling cost data to insure that expenditure requirements were adequate.

--It would place all monies for rents, royalties, and bonuses in escrow pending resolution of title questions. This would be done in connection with a lease sale expected in late 1975.

--If future legal challenges develop over classifying geothermal resources and hamper development, Interior would consider introducing legislation to resolve the matter. It was not interested in developing offshore resources; however, it would consider introducing legislation to clarify its authority to make leases after determining whether the leasing authority under the Geothermal Steam Act of 1970 extends to offshore lands. (RED-75-330, Mar. 6, 1975.)

Appropriation

Department of the Interior--Geological Survey; survey, investigations, and research.

Issues for consideration by the Committees on Appropriations

To insure timely development and use of geothermal resources, Interior needs to complete its studies on identifying known geothermal resource areas, collecting and analyzing drilling cost data, leasing lands where title disputes exist, and considering the need for legislation to classify geothermal resources and to clarify Interior's authority for offshore geothermal leasing.

DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

Administration of concessions in the national parks

The Concessions Policy Act of 1965 (16 U.S.C. 20) established detailed policies and procedures for administering concessions in the national parks. It provides that concessions should be limited to those necessary and appropriate for public use and enjoyment but which preserve the natural setting of the areas. The act also provides guidance on concession contracts, awards, and profits; extensions and renewals of concession contracts; and franchise fees.

In a report to the Conservation, Energy and Natural Resources Subcommittee of the House Committee on Government Operations and the Subcommittee on Energy and Environment of the House Committee on Small Business, GAO noted that the Park Service had not kept track of

--concessioner prices to be sure that they were appropriate,

--the upkeep of Government-owned facilities used by concessioners to be sure they were maintained properly and were safe for occupancy, and

--the use of parks for conventions.

Also, in judging the adequacy of franchise fees, the Park Service had no guidelines on an acceptable rate of return for the concessioners and the relative importance of gross sales, net profit, and return on investment. Consequently, the Park Service could not adequately determine whether park visitors, the concessioners, and the Government were being treated equitably. (RED-76-1, July 21, 1975.)

In joint hearings before the Subcommittees, the Park Service generally agreed with GAO's recommendations for improving administration of concessions but stated that additional personnel, including a professional concessions management staff in the field, would be necessary to implement many of the recommendations.

Appropriation

Operation of the national park system, National Park Service (Department of the Interior and related agencies).

Issues for consideration by the Committees on Appropriations

1. Improvements in the administration of concession operations in the national parks are needed to insure that park visitors, the concessioners, and the Government are treated equitably.

2. Additional Park Service personnel may be required to implement the needed improvements.

DEPARTMENT OF LABOR

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DEPARTMENT OF LABOR

EMPLOYMENT STANDARDS ADMINISTRATION

The equal employment opportunity program for Federal nonconstruction contractors can be improved

GAO reported to the Chairman, Subcommittee on Fiscal Policy of the Joint Economic Committee, and Senator Jacob K. Javits on how the equal employment opportunity program for Federal nonconstruction contractors can be improved. The Department of Labor issues program guidelines and supervises the program; 11 agencies (called compliance agencies) are responsible for administering the program in accordance with Labor guidelines.

GAO's review disclosed several problems in the administration of the program. GAO recommended that the Secretary of Labor:

--Promptly implement a system to measure progress of contractors in hiring and upgrading minorities and women.

--Place greater emphasis on monitoring the program.

--Provide adequate and timely guidance to compliance agencies.

--Establish training courses for compliance officers

--Sample and review contractors' affirmative action programs approved by compliance agencies.

--Require compliance agencies to take timely enforcement action against noncomplying contractors.

--Help compliance agencies to identify all contractors subject to the program.

--Perform tests to determine if Labor's contract preaward requirements are being met.

--Improve coordination with the Equal Employment Opportunity Commission.

The Department of Labor generally agreed with GAO's recommendations and said the majority of them have already been implemented or are in the process of being implemented. (MWD-75-63, Apr. 29, 1975.)

Appropriations

Department of Labor--Employment Standards Administration.

Other agencies--various agency appropriations.

Issues for consideration by the Committees on Appropriations

Labor should fully implement needed improvements to insure that maximum equal employment opportunity is secured for minorities and females.

DEPARTMENT OF LABOR

EMPLOYMENT STANDARDS ADMINISTRATION

How to improve administration of the Federal Employees' Compensation Benefits Program

The Department of Labor uses an Employees' Compensation Fund to pay benefits on behalf of Federal employees of various Government agencies, instrumentalities, and other organizations (referred to here as agencies) for disability or death due to injury or disease sustained in performing their duties. Each agency, however, must reimburse the Fund through Labor for benefit payments made. Certain agencies not wholly dependent on annual appropriations from the Congress are required by law to pay an additional amount for their fair share of the cost of administration.

GAO reported to the Congress that administrative costs could be reduced if agencies receiving appropriated funds were not required by the Federal Employees' Compensation Act to reimburse the Fund. In addition, because they are not specifically enumerated in the law, certain agencies not wholly dependent upon annual appropriations were not billed their fair share of the Fund's administrative costs.

GAO recommended that Labor (1) insure that all agencies that can be legally billed under the act are billed their fair share of the Fund's administrative costs, (2) identify additional agencies which should be required by law to pay their fair share, and (3) propose legislation to the Congress to have those agencies which should be required by law to pay but which cannot now be legally billed specifically enumerated in the act.

GAO suggested that the Congress consider amending the Federal Employees' Compensation Act to (1) make the fair share surcharge applicable to agencies identified by Labor and (2) strengthen the chargeback process for agencies dependent on appropriated funds.

Labor said that action was being taken to implement GAO's recommendations, but any action on eliminating the chargeback provision would have to await results of a Labor study. (MWD-75-23, Mar. 13, 1975.)

Appropriation

Department of Labor--Employment Standards Administration, special benefits.

Issues for consideration by the Committees on Appropriations

1. The Department of Labor is unable to obtain a fair share of Compensation Fund administrative costs from certain agencies.

2. Administrative costs could be reduced if agencies receiving appropriated funds were not required by the act to reimburse the Fund.

DEPARTMENT OF LABOR

EMPLOYMENT STANDARDS ADMINISTRATION

Data available to measure impact of minimum and overtime wage provisions of the Fair Labor Standards Act on working parents employing domestic service workers as babysitters

Members of Congress are concerned that extending minimum and overtime wage requirements to domestic service workers under the Fair Labor Standards Amendments of 1974 is adversely affecting the employment opportunities of full-time babysitters and working mothers. Legislation has been proposed in the 94th Congress which would exempt babysitters from coverage under the act.

GAO reported to the Subcommittee on Intergovernmental Relations and Human Resources, House Committee on Government Operations, that the impact of extending the minimum and overtime wage provisions on working parents employing domestic service workers as babysitters could not be accurately measured because adequate data was not available.

The Secretary of Labor (1) agreed that impact information was needed but that Labor's first priority would be to complete studies underway and others required by the 1974 amendments to the act, (2) said additional studies would be made when funds and personnel were available, and (3) said Labor would determine with the Census Bureau the earliest month a supplemental questionnaire could be added to the Current Population Survey to obtain the kind of data that would support an impact study.

The Census Bureau, however, informed Labor in July 1975 that it preferred not to conduct the supplemental survey because of apprehensions about the quality of data that would be collected. Labor advised GAO of this development and said it had no suggestions regarding an alternative source for the desired information. (MWD-75-75, June 3, 1975.)

Appropriation

Department of Labor--Employment Standards Administration, salaries and expenses.

Issues for consideration by the Committees on Appropriations

1. Adequate information is needed to measure the impact of minimum and overtime wage provisions on working parents employing domestic service workers as baby-sitters.

2. A reliable methodology will have to be developed and additional funds may be needed to obtain data to support an impact study.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

Department of Labor's past and future role in offender rehabilitation

For years the Department of Labor has used appropriated funds for research and demonstration pilot projects in various States to try to find ways of rehabilitating criminal offenders in State and county penal institutions. In addition, Labor has two other programs designed to improve coordination among Federal, State, and community agencies concerned with offender rehabilitation. Labor spent about $61.2 million in this area in fiscal years 1969-74.

GAO reported to the Secretary of Labor that (1) although programs dealing directly with offender rehabilitation reached sizable numbers of people, many were not reached; (2) it could not compare the results of various pilot projects because of deficiencies in the maintenance of records on what happended to offenders following their release from jail; (3) additional coordination with other agencies would be needed; and (4) under the Comprehensive Employment and Training Act of 1973, the Secretary of Labor had to insure that as a special target group, offenders were adequately provided for. It appears that pilot projects will again receive primary emphasis, at least at the start; however, GAO does not believe that, over the long run, pilot projects will adequately fulfill the Secretary's responsibility.

Decisions need to be made on which types or combinations of programs and components will be most effective. This is especially needed in view of the decentralized way manpower services are delivered under the Comprehensive Employment and Training Act of 1973.

GAO recommended that the Secretary of Labor (1) assess his Department's long-term role in offender rehabilitation, (2) further improve Labor's coordination of its efforts with other agencies, and (3) improve data collection so program evaluation can be more effective. Labor concurred with these recommendations. (MWD-75-91, Aug. 7, 1975.)

Appropriation

Department of Labor--Manpower Administration, comprehensive manpower assistance.

Issues for consideration by the Committees on Appropriations

1. The Congress may wish to consider the Department of Labor's long term role in offender rehabilitation.

2. The Department of Labor should improve data collection so that it can effectively evaluate offender rehabilitation programs.

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 Anti-Deficiency Act (31 U.S.C. 665) for each fund source.

GAO found 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 faces the dilemma of either (1) requiring that State agencies correctly report the use of funds and thereby run the risk of violating the Anti-Deficiency Act for particular fund sources or (2) allowing the State agencies to incorrectly report fund uses 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." However, the proposal in the draft bill does not respond to the GAO recommendation. Advised of this, the Secretary of Labor replied in November 1975 that the method of financing the programs had been greatly changed and

able. The Department plans to review the situation with the Appropriations Committees.

Appropriations

Department of Labor

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

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 Services:
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 Anti-Deficiency 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

Better occupational safety and health programs needed 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 its employees.

In a report to the Senate Committee on Labor and Public Welfare, GAO stated that the Federal Government needed to do much more to insure that (1) its agencies were complying with the standards which it was enforcing in the private sector and (2) Federal employees were working under safe and healthful conditions.

GAO inspected several Federal workplaces and found instances of noncompliance sufficiently serious that, had they been found in private businesses, the Occupational Safety and Health Administration (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 been a leader in implementing uniform Federal policy and had not evaluated each Federal agency's program annually as required.

GAO made several recommendations to strengthen OSHA's leadership and the Department told GAO that OSHA had taken or planned to take various actions GAO suggested.

GAO also recommended that the Senate Committee on Labor and Public Welfare consider having the act amended to bring Federal workplaces under the inspection responsibility of place, inspections by the agencies' own personnel. (B 1[illegible], Mar. 15, 1973.)

As a result of GAO's recommendations, OSHA coordinated the issuance of Executive Order 11807, dated September 28, 1974, and published safety and health regulations for Federal agencies in the Federal Register on October 9, 1974.

Appropriation

Department of Labor--OSHA, training, education, and information.

Issues for consideration by the Committees on Appropriations

OSHA could help insure safe and healthful conditions in Federal workplaces if it had the legislative authority to supplement each agency's inspections of its own workplaces.

DEPARTMENT OF STATE

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DEPARTMENT OF STATE

Acquiring and managing nonexpendable personal property overseas: a followup review

In a report to the Secretary of State on acquiring and managing nonexpendable personal property overseas, GAO concluded the Department has made some effort to improve the management and control of its personal property inventory but deficiencies similar to those reported in 1969 remain.

GAO recommended that the Secretary of State (1) put increased emphasis on developing a monetary property accounting system, (2) provide for more timely release of personal property funds, (3) insure that overseas posts receive thorough instructions in the use and importance of property records, follow inventory procedures, make reconciliations, and establish authorized levels of property support, and (4) instruct the Inspector General to more actively follow up on corrective actions taken to comply with State's internal audit recommendations. (ID-75-66, June 9, 1975.)

Appropriation

Operating expenses, Department of State.

Issue for consideration by the Committees on Appropriations

In connection with future authorization and appropriation requests, the Committees may wish to review the steps being taken to improve the management of nonexpendable personal property overseas.

DEPARTMENT OF STATE

Increasing world food supplies--crisis and challenge

One of the great challenges facing the world is how to feed a population which is expected to double in the next 25 years.

In this report GAO discussed the world food situation and the efforts of the United States, the multilateral development institutions, and other world governments to deal with the problems of increasing production, conserving supplies, and moderating population growth.

The report pointed to a special need to expand production in food-deficit countries. It also recognized the continued need for substantial food aid to those countries which do not have sufficient production capacity and are not able to pay for needed imports. Food problems, according to the report, cannot be dealt with by one nation alone; international cooperation is needed to focus attention on the problems and deal with them effectively.

Agency officials agreed with GAO's assessment of the world food situation and are working to improve current programs and devise new ones to meet the food challenge. (B-159652, Sept. 6, 1974.)

Appropriations

Department of State--contributions to international organizations.

Department of State--Agency for International Development, foreign assistance and related programs.

Issues for consideration by the Committees on Appropriations

The issues raised in this report are of current and continuing interest to the Congress. The proposed International Development and Food Assistance Act of 1975 calls for increased development assistance to deal with world food problems. Congress should keep informed of agency programs to increase agriculture development, to improve food storage and distribution, and to improve rural development in the lesser developed countries.

DEPARTMENT OF STATE

Issues related to U.S. military sales and assistance to Iran

The United States provided $6.9 billion in arms sales and military assistance to Iran during the 5 fiscal years 1970-75.

The Congress amended the Foreign Assistance Act in 1973 to shift, to the extent possible, the conduct of military sales to commercial channels. GAO reported to the Secretary of Defense and the Secretary of State that the majority of the sales to Iran continued to be conducted through Government channels. GAO suggested that, instead, consideration should be given to (1) helping Iran establish a mission in the United States for making military purchases directly from commercial suppliers or (2) providing procurement advisors who could deal directly with commercial suppliers. Additionally, the United States should consider selling Iran the residual rights to U.S. grant aid equipment still in Iran. Selling the rights would remove the present requirements for U.S. monitoring of the equipment.

Agency responses to the above suggestions are classified. Copies of the report, which contain the agency responses, were furnished to the House and Senate Committees on Government Operations and Appropriations. (ID-75-15, Oct. 21, 1974.)

Appropriations

Military personnel (Army) (Navy) (Air Force)
Operation and maintenance (Army) (Navy) (Air Force)
International security assistance
Advanced foreign military sales

Issues for consideration by the Committees on Appropriations

Although many cash sales are made under the Foreign Military Sales Act, the Congress does not systematically receive information on the volume and makeup of such cash sales or the nature of the military capability they provide the buyer. The executive branch should be required, therefore, to periodically give the Congress timely information on the volume and nature of major cash military sales that could materially increase the military capability of the purchasing nation.

DEPARTMENT OF STATE

Management of United Nations development assistance activities needs to be improved

The development assistance activities of the United Nations, with annual expenditures estimated at over $1 billion, are carried out by about 30 separate organizations or programs.

In a July 1975 report GAO noted that no single United Nations development program exists. Funds provided for development assistance are managed through a large, loosely coordinated complex of agencies, programs, committees, conferences, and boards. Numerous independent and semiautonomous agencies handle their own program.

GAO noted that some attempts had been made to improve the management of United Nations development assistance but pointed to problems in planning and project implementation and evaluation which needed to be corrected.

GAO recommended that the Secretary of State work to build the United Nations into a more effective system by improving country programing procedures, centralizing control of country programs, and improving the management system for reviewing and evaluating programs and projects.

The Department generally agreed with GAO's recommendations. (ID-75-73, July 3, 1975.)

Appropriations

Department of State--contributions to international organizations.

Department of State--Agency for International Development, foreign assistance and related programs.

Issue for consideration by the Committees on Appropriations

The Committees may wish to consider whether continuous overview of the operations of international organizations is necessary to insure efficient and effective development assistance program management.

DEPARTMENT OF STATE

Need to record obligations for separation allowances when incurred

Foreign national employees are entitled under local compensation plans to receive lump sum separation allowances when they resign, retire, or are otherwise separated from their jobs through no fault of their own. Because the separation allowances are covered by binding agreements and will be paid, with minor exceptions, to each employee eventually, liabilities for the allowances meet the criteria for valid obligations contained in section 1311 of the Supplemental Appropriation Act of 1955.

The Department of State, which provides accounting services at overseas locations for both itself and the U.S. Information Agency, does not record obligations for separation allowances at the time they are incurred. Instead, State records the obligations against current appropriations at the time the allowances are paid. As a result, the two agencies have understated the amount of obligations recorded and reported to the Congress by more than $7 million. GAO recommended that the Secretary of State direct the diplomatic posts to record all unrecorded obligations for separation allowances and record all future obligations when they are incurred.

The Department of State disagreed with the conclusions and recommendations in GAO's report. It said that separation allowances do not meet the criteria for valid obligations and that the method GAO recommended for recording the allowances will not improve administrative control over funds. The Department, therefore, will continue to record separation allowance obligations in the year in which the allowances are paid against the appropriation then current. (FGMSD-75-20, Feb. 13, 1975.)

In a followup report, GAO informed the Secretary of State that the Department of Defense, which employs most of the foreign nationals who are entitled to separation allowances, has accepted its recommendation to record obligations for separation allowances when they are incurred. GAO also told him the House Committee on Appropriations also expressed agreement with the recommendation in House Report No. 94-517, September 25, 1975. (FGMSD-76-25, Oct. 17, 1975.)

Appropriation

Salaries and expenses (Department of State and U.S. Information Agency).

Issue for consideration by the Committees on Appropriations

To properly account for separation allowance obligations and provide the Congress with information on this liability, the Department of State must (1) record all obligations for separation allowances as they are incurred and (2) record all obligations for separation allowances that were incurred in the past but have not yet been paid. The Department of State has not agreed to do this.

DEPARTMENT OF STATE

Need to reexamine some support costs which the United States provides to NATO

Like all member nations, the United States shares in the costs of operating the North Atlantic Treaty Organization (NATO). In fiscal year 1974 the major NATO budgets totaled about $481 million, of which the U.S. share was $135 million--about 28 percent.

GAO found an additional $325 million in annual NATO support costs assumed by the United States. Of the $325 million, the United States spends $135 million annually for providing direct staffing and representation to NATO, including related costs. GAO believes this cost could be reduced through consolidation or elimination of certain U.S. activities.

The remaining annual cost of $190 million for providing support to NATO nations which is excluded from NATO budgets could be reduced if cost sharing among NATO members increased. Due to the improved economic condition of the other NATO members, GAO recommended that Defense and State seek a more equitable sharing of the $190 million in costs.

GAO also recommended that the Congress require all NATO-related costs, regardless of appropriation, to be identified in annual security assistance program presentations. (ID-75-72, Aug. 25, 1975.)

Appropriations

Various separate NATO-related appropriations.

Issues for consideration by the Committees on Appropriations

Since the agencies apparently plan to take no action on GAO's recommendations, the Committees should consider them when making future NATO-related appropriations for defense and military assistance programs.

DEPARTMENT OF STATE

Taiwan should pay for U.S. military assistance

Since 1966 U.S. military resources transferred to Taiwan have averaged a cost of about $150 million a year. About $100 million in resources was transferred in fiscal year 1974. The actual net costs to the United States, however, are much less because military assistance to 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. In mid-1973, Taiwan's foreign exchange reserves amounted to $1.1 billion. Its 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, GAO believes Taiwan can and should pay for 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 for all military assistance provided to it by the United States.

Department of State comments to GAO were classified. GAO still believes that the United States' provision of advisory staff to Taiwan and its longtime cooperation with that country make it reasonable to seek full reimbursement for the cost of military assistance to Taiwan. (ID-74-50, July 22, 1974.)

In September 1974, the Department of State terminated an arrangement that granted the proceeds from the sale of surplus property to Taiwan. As a result, the proceeds will accrue to the United States.

Appropriation

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 with which to judge continued need for military assistance to other countries.

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DEPARTMENT OF TRANSPORTATION

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DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

Improvements needed in the administration of programs to raise standards of safety at major U.S. airports

The Airport and Airway Development Act of 1970 authorized the Federal Aviation Administration (FAA) to establish minimum safety standards for the operation of airports and to award operating certificates to airports meeting these standards. The airports receiving certificates were to be those serving air carriers that had certificates of convenience and necessity issued by the Civil Aeronautics Board.

GAO reported that the program had upgraded airport safety through such improvements as more and better fire-fighting and rescue equipment, less hazardous obstructions to aircraft, and more and better emergency plans. GAO could not determine whether the safety level was adequate, however, because FAA had no objective bases for establishing what the standards of safety at airports should be. Standards were vague (in some cases, not required) and many exemptions had been granted.

GAO recommended that the Secretary of Transportation require FAA to

--reevaluate the bases of its standards for airport safety and the effects of exemptions,

--adopt a standard for measuring runway friction,

--develop specific criteria to replace generalities used in the standards,

--develop standards for airports to be awarded limited certificates,

--inspect airports on site for compliance with standards before certification, and

--include in its certification program airports which serve commuter air carriers exclusively.

The Department of Transportation agreed with some of GAO's recommendations and said that plans would be developed to implement them. The Department said further tests were needed for measuring runway friction and that additional legislative authority was necessary. (RED-76-5, Aug. 8, 1975.)

Appropriations

Operations, FAA (fiscal year).

Grants-in-aid for airports, Airport and Airway Trust Fund, FAA.

Issue for consideration by the Committees on Appropriations

Policy guidance is needed to assure that the Department acts promptly to comply with recommendations to improve airport safety.

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

Aircraft midair collisions: a continuing problem

The Federal Aviation Administration (FAA) has been studying the midair collision problem for almost two decades. Meanwhile the problem persists, despite improvements in the Nation's air traffic control system.

Numerous solutions have been proposed, but none are ready for nationwide implementation. Solutions proposed fall into two broad categories: ground-controlled and airborne. Both of these types of systems will be costly for the user and the Government.

Because of the human and monetary cost potential of future accidents, controversy over which solution is best, and the large investment necessary to implement any solution, GAO reported to the Secretary of Transportation that FAA must act soon to comprehensively analyze the possible solutions. This analysis should include a determination of (1) what airspace and types of aircraft are to be covered by the solution and (2) total costs for implementing either an airborne or ground-controlled solution.

FAA agreed with the recommendations and said it had begun an indepth analysis of the alternate solutions and had obtained much information concerning costs and the potential effectiveness of airborne and ground-based systems. (PSAD-75-15, Oct. 23, 1974.)

Appropriation

Facilities, engineering, and development, FAA (Department of Transportation).

Issue for consideration by the Committees on Appropriations

Monitoring of this program may be necessary to assure that the best solution, in terms of cost and effectiveness, is selected.

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

Increased efforts needed to solve the unsafe bridge problem

The Federal Highway Administration estimated, on the basis of bridge inventory information provided by the States, that about 32,400 bridges on the Federal aid highway systems were unsafe because of structural deficiencies, physical deterioration, or functional obsolescence. These unsafe bridges represented about 14 percent of the 230,000 bridges reported on the Federal aid systems as of September 30, 1974, and would cost about $10.4 billion to replace.

GAO reported that:

1. At the rate of financing under a special program authorized by the Congress, it would take 80 years to replace all of the unsafe bridges.

2. Only about 1 percent of total funds obligated under the Federal aid highway construction programs (excluding the Interstate System) to build new roads or to reconstruct and improve existing roads was used to replace bridges.

3. Comprehensive bridge replacement and safety improvement data was not compiled centrally and related to the unsafe bridges in the inventory. The Highway Administration, therefore, could not analyze what was being done to render bridges safer or what remained to be done and to plan and report accordingly.

GAO recommended that the Secretary of Transportation direct the Administrator of the Federal Highway Administration to:

--Encourage States to replace, repair, or improve the conditions of unsafe bridges with other Federal aid funds.

--Request each State to comprehensively analyze its needs for adequate safety improvements and/or replacement of unsafe bridges and to report its plans to the Administration.

--Analyze the States' reported plans and prepare a plan of national priorities to assist the States.

--Request the States to report on safety improvements and replacements under all Federal and State highway programs so this information can be analyzed periodically and reported to the Congress.

--Direct the Federal Highway Administration regions and divisions to insure that the replacement of structurally deficient bridges is being given adequate priority in relation to other construction projects. (RED-75-385, July 2, 1975.)

The Federal Highway Administration had approved additional bridge projects under the special bridge replacement program. It stated that GAO's recommendations to improve the bridge inventory system would be implemented when the President's 1975 highway bill was enacted. The Administration appeared to be reluctant, however, to interfere with the States' plans to use other Federal aid highway programs to replace or improve unsafe bridges.

Appropriation

Highway Trust Fund, Federal Highway Administration (Department of Transportation).

Issues for consideration by the Committees on Appropriations

Obsolete bridges are one of the most serious problems on the Nation's system of roads and streets. Policy guidance is needed to assure that the Department gives adequate priority under all Federal aid highway programs to replacing or improving such bridges.

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

Status of construction and the effect of inflation on the costs and completion date of the Interstate Highway System

The Federal Highway Administration estimated the Interstate Highway System's cost, as of January 1, 1974, to be $89.2 billion--an increase of 137 percent over the original 1958 estimate.

GAO reviewed the status of the system and analyzed the costs and some of the principal problems that had increased costs and delayed completion of the system. GAO updated the interstate cost estimate for 1974 construction price increases and estimated it to be about $100 billion, of which $39 billion was for work remaining to be done. GAO also reported that:

1. A moderate rate of inflation would add $11 to $14 billion to the cost and delay completion by 2 to 5 years.

2. Construction progress measured in miles opened to traffic slowed considerably after 1970, principally because of highway design changes to improve safety and increase traffic capacity, statutory sociological and environmental requirements, rising costs unmatched by increased funding, and more complex projects and public opposition as the system moved into metropolitan areas.

3. The scope and costs of work required to complete the system should be evaluated in light of the Nation's need to conserve energy, including reducing fuel consumption; to improve mass transit facilities; and to encourage carpooling.

Unfinished work should be evaluated by category, such as significant gaps in Interstate System travel, safety-related work, and controversial urban sections. (RED-76-19, Sept. 4, 1975.)

Appropriation

Highway Trust Fund, Federal Highway Administration (Department of Transportation).

Issues for consideration by the Committees on Appropriations

1. The Secretary of Transportation should analyze and report to the Congress on the needs and costs of the Interstate Highway System in light of current prices and traffic forecasts and provide cost estimates of rehabilitation work needed on Federal aid highways. Such an analysis would help the Congress decide on the scope of the system, the types of work to be given priority, and levels of financing.

2. The Congress may wish to consider some alternatives to the change of apportionment date proposed by the President since it would delay by 9 months the next availability of new interstate funds to the States.

DEPARTMENT OF TRANSPORTATION

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

AMTRAK procurement practices need strengthening

AMTRAK relies heavily upon Federal grant appropriations and Federal guaranteed loans as sources of financing operations and capital acquisitions, but it is not required to follow Federal procurement laws or regulations.

In a staff study to the House and Senate Appropriations Committees and legislative oversight committees and subcommittees, GAO reported that (1) AMTRAK's procurement practices did not adequately assure that fair and reasonable prices would be paid for new locomotives and rail passenger cars and (2) the adequacy of competition was questionable. As a matter of public policy, GAO believes that goods and services financed with appropriated funds should be procured by procedures that assure fair and reasonable prices.

AMTRAK officials believed they had obtained such assurance through adequate competition and negotiations. They reported their views to the House Subcommittee on Transportation Appropriations on May 12, 1975. (PSAD staff study, Sept. 26, 1974.)

Appropriation

AMTRAK grants, Federal Railroad Administration (Department of Transportation).

Issues for consideration by the Committees on Appropriations

1. AMTRAK should be in a negotiating position equal to that of its contractors. This could be better achieved by obtaining cost data when the adequacy of competition is doubtful.

2. Clauses should be inserted into major equipment contracts providing AMTRAK and GAO access to contractors' records.

DEPARTMENT OF TRANSPORTATION

UNITED STATES COAST GUARD

Need to redirect the development of vessel traffic systems

The Ports and Waterways Safety Act of 1972 was enacted by the Congress to reduce the loss of life, injuries, and damage to property and the environment resulting from the steadily increasing number of serious vessel accidents in U.S. waters. The act authorized the U.S. Coast Guard, Department of Transportation, to

--establish, operate, and maintain vessel traffic services and systems and

--control vessel traffic when conditions are hazardous or congested.

GAO reported that the Coast Guard had been planning, developing, or operating costly and highly sophisticated electronic vessel traffic systems in six U.S. ports: San Francisco; Puget Sound (Seattle); Houston-Galveston; New York; New Orleans; and Valdez, Alaska. Only two of these systems were in operation.

GAO believed that greater emphasis should be placed on developing basic traffic systems in more ports and waterways than on developing sophisticated systems in a few ports. The development and operation of basic systems would also provide a better data base for adding sophisticated elements to a system. Vessel movement regulations can play an important role in improving the safety of marine traffic in U.S. ports and waterways, whether or not their traffic density warrants a complete vessel traffic system.

GAO recommended that the Secretary of Transportation require the Coast Guard to:

--Redirect its traffic program to emphasize the development of basic vessel traffic systems in U.S. ports and waterways and defer plans for further electronic surveillance in Houston-Galveston, New Orleans, and the East River and Newark Bay in New York.

--Adhere strictly to a phased approach, by first operating and evaluating the effectiveness of basic systems before adding more sophisticated elements.

--Give national emphasis and direction to establishing vessel traffic regulations as authorized by the 1972 act.

The Department stated that it could not accept the recommendations entirely but that the Coast Guard intended to insure that its vessel traffic system decisions were made on a port-by-port basis and were visible and comprehensive. (RED-75-319, Jan. 21, 1975.)

The House Subcommittee on Coast Guard and Navigation, Committee on Merchant Marine and Fisheries, indicated in June 1975 that it:

--Would consider the issue raised in the report.

--Planned to visit many U.S. ports to see what type of vessel traffic system was needed.

--Would probably hold hearings on the matter.

Appropriation

Acquisition, construction, improvements, research, development, testing, and evaluation--Coast Guard.

Issues for consideration by the Committees on Appropriations

Greater progress can be made in vessel traffic safety by more effectively using existing regulatory authority and installing less sophisticated systems in more ports, pending development of reliable electronic systems.

DEPARTMENT OF TRANSPORTATION

URBAN MASS TRANSPORTATION ADMINISTRATION

Need to strengthen procedures governing third-party procurement contracts under Federal grants

The Urban Mass Transportation Administration (UMTA) granted Connecticut $49.6 million to help purchase 100 passenger cars from General Electric for $63.9 million. GAO reported to the Secretary of Transportation that the procurement contract did not conform to sound contracting principles for the following reasons:

1. The payment schedule provided funds to the contractor in excess of the contractor's expenditure schedule.

2. The payments were made without contract provisions which protected the Government and the grantee if the contract was not completed.

3. The sole-source award was made without assurance to UMTA that adequate cost and pricing data had been submitted by the contractor.

GAO recommended that UMTA develop more specific third-party contracting procedures for use by grantees, prescribing conditions and limitations for advance payments and the negotiation of sole-source procurements.

The Department of Transportation stated that, although it agreed with certain specifics of the report, it did not believe that contracting procedures needed improvement. (RED-76-15, Sept. 17, 1975.)

Appropriation

Urban Mass Transportation Fund, Urban Mass Transportation. Administration--Department of Transportation.

Issue for consideration by the Committees on Appropriations

The adoption of contracting requirements for Federal grantees, similar to the requirements in the Federal procurement regulations, would assure better control over awards of contracts financed under grant programs and reduce Federal interest costs from unnecessary advance payments.

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DEPARTMENT OF THE TREASURY

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DEPARTMENT OF THE TREASURY

Need for a uniform method for paying interest on Government trust funds

Trust fund receipts are deposited in the general account of the Treasurer of the United States. To the extent trust fund balances are not needed for trust fund purposes, such balances are available for general government purposes and reduce the amount of funds the Treasury would otherwise have to borrow from the public. Most borrowings from the trust funds are evidenced by special obligations issued by the Treasury which have fixed interest and maturity dates. The basis for the interest rates is prescribed by statute for 11 of 17 major trust funds. Interest rates are established administratively for the six remaining major trust funds.

The interest rates established by law or administratively are not uniform; in recent years the relationship between lender and borrower has not been equitable.

A better system would be to pay interest to each fund at stated intervals on average balances at rates determined by the Secretary of the Treasury after considering the market yields of Treasury securities.

GAO recommended that the Congress consider enacting a law to provide that the major trust funds, rather than being invested in specific Government securities, be paid interest on the trust fund balances used for nontrust purposes. GAO also recommended that the Congress consider whether any other trust or special funds should be included in this law.

The Department disagreed, stating that the system recommended is not supported by adequate analysis. However, GAO believes it has demonstrated the need for a uniform method for paying interest on Government trust funds. (GGD-75-34, Jan. 10, 1975.)

Appropriations

Appropriations of various agencies with major trust funds.

Issue for consideration by the Committees on Appropriations

The Committees may wish to consider the need to establish a uniform system to pay interest on borrowings from trust funds.

DEPARTMENT OF THE TREASURY

Opportunities for increasing computer use by sharing time with other agencies

GAO recommended to the Secretary of the Treasury several ways for improving the use of an IBM 370/155 computer system owned and operated by the Bureau of the Mint. Treasury concurred with GAO's recommendation that the Mint share its excess computer time with other agencies.

In early 1974, to make use of some of this excess time, the Treasury cancelled a request from the U.S. Customs Service to acquire an IBM 370/155 for a 2-year interim period and directed Customs to use the Mint's computer. The Treasury expected to save about $325,000 by this action. (FGMSD-75-19, Mar. 20, 1975.)

In April 1975, Customs again requested a 370/155 for a 2-year interim period. This time, however, Treasury approved the request on the basis that it could save nearly $1.4 million. The Customs computer was installed in August 1975. Treasury has subsequently acknowledged that the Mint computer is still underutilized.

Appropriation

Department of the Treasury--Customs Service, salaries and expenses.

Issues for consideration by the Committees on Appropriations

The Committees may wish to question Treasury on (1) its plans for increasing the use of the Mint's computer and (2) Customs' need for a new computer when excess time is available on the Mint's computer system.

BOARD FOR INTERNATIONAL BROADCASTING

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BOARD FOR INTERNATIONAL BROADCASTING

Need for establishing legislative authority and a contingency fund to cope with foreign exchange rate fluctuations

Radio Liberty and Radio Free Europe, funded by U.S. Government grants from the Board for International Broadcasting, spend about 85 percent of their funds overseas--principally in Spain, Portugal, and West Germany. The Radios have been experiencing problems in maintaining their full level of operations because of wide fluctuations in the foreign exchange rates between the dollar and the West German mark.

In a letter to the Chairman, House Appropriations Subcommittee for State, Justice, Commerce and the Judiciary, the Comptroller General suggested some legislative language to give the Office of Management and Budget authority to maintain, with the use of a contingency fund, a level of operations for the Radios consistent with the appropriations provided by the Congress.

Copies of the letter were furnished to the Senate Committee on Appropriations and the House Committee on International Relations. The House International Relations Committee initially amended the Board's authorizing legislation (H.R. 4699) to incorporate the recommendation objective in June 1975. But in the subsequent legislative process authorizing funds for the Board and the Radios (S. 2230, Public Law 94-104, Oct. 6, 1975) the amendment was excluded. The proposal will probably be considered again in the next authorization process. (B-173239, Apr. 11, 1975.)

Appropriation

Board for International Broadcasting grants and expenses.

Issues for consideration by the Committees on Appropriations

1. The Committees should consider the need to grant the Office of Management and Budget authority to operate a fund to deal with the fluctuation of foreign currency exchange rates.

2. Additional funds will be required to place the authority into operation.

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CIVIL SERVICE COMMISSION

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CIVIL SERVICE COMMISSION

Better evaluation needed for Federal civilian employee training

According to the Government Employees Training Act (GETA), each department and agency head has the primary responsibility for conducting training within his organization. Executive Order 11348 requires each agency head to plan, program, budget, operate, and evaluate training programs. Under GETA and the Executive order, the Civil Service Commission (CSC) is responsible for providing leadership and guidance to Federal training activities. Through its Bureau of Training, CSC plans and promotes the development, improvement, coordination, and evaluation of training activities.

GAO reported to the Congress that the evaluation requirements of GETA and the Executive order were not being met adequately. The extent and degree to which training cost data was being collected varied widely among agencies. In many cases data being gathered was insufficient for efficient cost control. Although most agencies had written training course plans, the plans often lacked the specific features necessary for future course evaluation. Performance was measured but the extent, the detail, the timing, and the scope of the measures used varied widely among agencies. In many cases, the use of these measures was so limited that effective evaluation would have been impossible.

GAO made several recommendations to alleviate these problems. CSC should work closely with the Federal departments and agencies, the report urged, to bring about the needed improvements. (FPCD-75-120, Aug. 12, 1975.)

Appropriation

CSC--salaries and expenses.

Issues to be considered by the Committees on Appropriations

Few, if any, Government agencies have resources sufficient to fund all needed training. Therefore, justifying the value of training by measuring performance improvements is essential to efficient and effective manpower management. CSC should monitor the evaluation of training in the departments and agencies and promote the application of effective evaluation methods and techniques.

CIVIL SERVICE COMMISSION

Improvements needed in conduct of personnel security investigations

Personnel security investigations were the subject of a GAO report to the Chairman, CSC. Civilian personnel investigations are conducted by CSC and agencies designated by it, such as the Defense Intelligence Agency, the Federal Bureau of Investigation, and the Departments of State and Treasury.

GAO concluded that the investigative agencies were not applying standards and procedures consistenly to all applicants for employment and to employees in the Federal Government, as required by investigative laws and Executive orders. The employing agencies differed extensively in determining who would be investigated, how they would be investigated, and the use made of investigative results.

GAO recommended that CSC assume a more active role in providing direction and guidance in selecting who will be investigated and how investigative results should be used. GAO also recommended that CSC assume complete responsibility for investigating all civil agencies, thereby insuring uniformity of the scope of investigations and a more economical and efficient investigative program.

For the most part, the investigative agencies agreed with the report's findings and conclusions but expressed some disagreement with the recommendation to centralize the civilian personnel investigative function. (FPCD-75-113, Dec. 2, 1974.)

Appropriation

CSC--salaries and expenses.

Issue for consideration by the Committees on Appropriations

CSC should assume complete responsibility for investigating civil agencies to promote more efficiency, economy, and effectiveness in the program.

CIVIL SERVICE COMMISSION

Need to improve the pay determination process for Federal blue-collar employees

Legislation approved in 1972 (5 U.S.C. 5341 et seq.) established the Federal wage system and enacted into law the principles, policies, and processes which previously had been handled administratively. The law provides for pay rates for Federal blue-collar employees to be fixed and adjusted from time to time by administrative action in accordance with local prevailing rates.

The legislative pay principle of comparability is not being attained, GAO reported to the Congress, because applying certain other legislative provisions results in pay rates for Federal blue-collar employees substantially higher than the rates of their private sector counterparts in the same localities. These other legislative provisions include (1) the pay range at each nonsupervisory grade is broadened to 16 percent with five equal steps, in contrast to which most private sector employees are paid under single-rate pay schedules, (2) under certain conditions private sector wage rates used in setting Federal rates may be based on private rates of other localities, and (3) Federal night differentials are based on a percentage of employees' scheduled wage rates. The report suggested that the Congress may wish to reconsider these legislative provisions.

Other improvements needed in the pay determination process include increasing the survey coverage to make it more representative of local prevailing wages and improving the data collection techniques. To insure that wage data is sufficiently representative, the report stated (1) the Congress may wish to consider allowing State and local governments to be included in the process and (2) CSC should make certain administrative changes in the survey. To improve the data collection process, CSC should establish a permanent body of carefully selected and thoroughly trained full-time collectors who, together with additional quality controls, would minimize the number of errors in the information base.

CSC generally agreed with most of GAO's recommendations; it has initiated projects to implement several of them and is studying others. Administration-supported legislation to repeal the provision allowing the use of private sector wages from other localities to set Federal wages (H.R. 8149) was introduced on June 23, 1975, and referred to the House Post Office and Civil Service Commission. (FPCD-75-122, June 3, 1975.)

Appropriation

CSC--salaries and expenses.

Issues to be considered by the Committees on Appropriations

1. CSC should make administrative changes in the annual wage survey to achieve more representative coverage and should improve data collection processes to minimize errors.

2. CSC should make legislative proposals amending existing law to bring the Federal wage system closer to the prevailing-rate concept.

CIVIL SERVICE COMMISSION

Problems in implementing the Intergovernmental Personnel Act of 1970

GAO reported to the Chairman, CSC, on progress and problems in implementing the Intergovernmental Personnel Act of 1970 (IPA). One section of IPA provides for the temporary assignment of employees of the Federal Government to State or local governments or vice versa.

Selection processes for temporary assignments vary among agencies but generally involve a three-way agreement among the employee, the Federal agency, and the State or local government. Although many assignments are arranged properly, others are made to

--resolve personality conflicts within a Federal agency,

--remove employees from specific positions,

--satisfy personal considerations,

--ease out employees nearing retirement, or

--meet manpower planning (ceiling) objectives.

The report included a number of recommendations directed at preventing improper assignments and CSC said that corrective measures would be instituted.

Another program problem area has been the difficulty in attracting State and local government employees for detail to Federal positions where their Federal counterparts received higher salaries or where the cost of living was greater. The report stated that, if the Congress acted favorably on amendments to the act proposed by CSC to allow supplementing the salaries of State and local government employees, this problem would be largely overcome. The legislation has passed in the House but has yet to be acted on by the Senate. (FPCD-75-85, Mar. 7, 1975.)

Appropriation

CSC--salaries and expenses.

Issues for consideration by the Committees on Appropriations

1. CSC should take such corrective actions as may be necessary, including the implementation of the recommendations in GAO's report, to improve the selection and assignment of IPA participants.

2. The Congress may wish to consider proposed amendments to IPA which would allow supplementing the salaries of State and local government employees assigned to Federal positions where their counterparts receive higher salaries or where the cost of living is higher.

CIVIL SERVICE COMMISSION

Upward mobility programs should be made more effective

GAO reported to the Congress that there are major weaknesses in the management of upward mobility programs in the Federal Government. The report called for CSC and all Federal departments and agencies to provide needed upward mobility opportunities to all employees as required by Executive Order 11478 and the Equal Employment Opportunity Act of 1972.

In a review of the upward mobility programs of 19 Federal agencies, GAO found that:

--Only limited upward mobility has been attained.

--Significant efforts had not been initiated by 10 agencies.

--In 9 agencies that had initiated significant efforts, programs were poorly planned and structured and were ineffective.

--Some agencies may have violated chapter 41, title 5, of the United States Code, which governs the training and education of Federal employees.

The report contained five recommendations to CSC for improving (1) upward mobility guidance to agencies and (2) agency program evaluation procedures. CSC informed GAO that action had been or would be taken to implement these recommendations. (FPCD-75-84, Apr. 29, 1975.)

Appropriation

CSC--salaries and expenses.

Issue for consideration by the Committees on Appropriations

CSC should take the necessary corrective actions, including implementation of the recommendations in GAO's report, to make Federal agency programs for employee upward mobility more effective.

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COMMODITY FUTURES TRADING COMMISSION

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COMMODITY FUTURES TRADING COMMISSION

Improvements needed in regulation of commodity futures trading

The Department of Agriculture's Commodity Exchange Authority was responsible for regulating commodity futures trading until April 21, 1975, when the newly established Commodity Futures Trading Commission became responsible. In a report to the Congress, GAO made several recommendations to the new Commission for administrative improvements, including (1) improving trade practice investigations by improving exchange records, using computers, and taking prompt action against violations, (2) completing complaint investigations promptly, (3) working with other Federal agencies to improve cash-pricing information, (4) redirecting its audit function to an oversight role and transferring primary responsibility for enforcing required financial provisions to the commodity exchanges, and (5) implementing a formal research program for commodity futures trading, including consideration of such areas as foreign and trader influence in the futures markets. (RED-75-370, June 24, 1975.)

Appropriation

Commodity Futures Trading Commission.

Issue for consideration by the Committees on Appropriations

The implementation of the recommendations should improve the regulation of commodity futures trading and increase public confidence in the market. To achieve this, however, additional funding may be required.

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DISTRICT OF COLUMBIA GOVERNMENT

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DISTRICT OF COLUMBIA GOVERNMENT

ALL DISTRICT AGENCIES

Opportunity to improve resource management by greater use of productivity techniques

GAO reported to the Congress and the Mayor and Council of the District of Columbia on the potential for the District Government to save money by using productivity techniques to manage its resources.

The Tax Audit and Liability Division, Department of Finance and Revenue, was selected to demonstrate the feasibility of utilizing productivity techniques because (1) its collection of taxes is critical to the city's obtaining needed revenues and (2) it had input and output data needed for productivity measurement readily available. The techniques showed, among other things, that (1) labor productivity for processing individual tax returns declined 40 percent between 1968 and 1972 and (2) audit effort to process individual tax returns increased between 1970 and 1971, although the best revenue payback was in corporation tax returns.

GAO did not look into the reasons for these productivity changes. Rather, the productivity changes were used to illustrate how productivity techniques can provide data to managers to use in problem identification. When confronted with this data, the manager must ask questions as to why these changes occurred. When these questions are answered, he must consider what changes, if any, he wants to make to produce the best return for the resources invested.

The techniques demonstrated in the Tax Audit and Liability Division can be used throughout the District of Columbia and other State and local governments in a productivity measurement system.

Since early 1973, the District has been developing a performance monitoring system; thus far, 240 measurements in 16 agencies, including the Department of Finance and Revenue, have been identified as part of the system. A reporting system for 14 agencies was instituted on July 1, 1975, and monitoring is to begin sometime later in fiscal year 1976.

Except in the use of trend analyses, the District's monitoring system and the techniques outlined in the report are similar; i.e., they both include (1) establishing measures

to be used, (2) defining productivity, and (3) collecting essential data elements for analyses. GAO recommended that the Mayor require the District Government to incorporate trend analyses into its performance monitoring system. (GGD-75-56, Apr. 16, 1975.)

Appropriations

District of Columbia Government--various District agencies.

Issue for consideration by the Committees on Appropriations

The report provided information on the District's effort and need to develop useful measures to increase productivity. In its August 4, 1972, report, the Joint Economic Committee of the Congress recommended that the District Government be used as a laboratory for developing such measures.

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 refuse collection employees' union to improve collection crew productivity.

In its report on the fiscal year 1974 appropriations bill, the Senate Committee on Appropriations stated that it expects the District to justify all refuse collection positions shown in the next budget request and that it looks forward to seeing 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 Committees on Appropriations

A 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 Department of Health, Education, and Welfare (HEW) grant funds had been improperly used at Forest Haven; numerous shortcomings existed in the accounting data for the facility; 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 the facility and increase its staffing levels.

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 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.

Issue for consideration by the Committees on Appropriations

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

DISTRICT OF COLUMBIA GOVERNMENT

HUMAN RESOURCES

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

GAO reported to the Congress that the existing programs (seven Federal and one District) for providing basic health services to eligible persons in outpatient health centers in the District of Columbia 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 sufficient capability in other areas, (2) comprehensive health services not being provided in many centers, (3) outpatient health services being underused in certain centers, and (4) centers following varying practices for maintaining and retaining patients' 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 carry out the plan effectively.

GAO reported also that Federal grants which are designated for a specific purpose may lessen opportunities 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.

Such a task force was subsequently established but, as of October 15, 1975, its plan had not been finalized. (B-118638, July 31, 1973.)

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 carry out the comprehensive action plan effectively.

DISTRICT OF COLUMBIA GOVERNMENT

PUBLIC SAFETY

Better security needed at Lorton correctional institutions

GAO reported to Congressman Stanford E. Parris on the problem 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 leave was assisting in rehabilitating inmates, although hundreds of inmates were leaving the institutions daily and most escapes occurred during authorized leave. 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. Also, inmates were not prevented from using narcotics.

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 its review.

The report of the Senate Committee on Appropriations on 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 of Corrections. The Committee report stated that increased funding alone was not the answer; a portion of the

increase should be used to establish a staff responsible 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 plant security at Lorton correctional institutions.

2. The Department of Corrections' actions in response to a Senate Committee on Appropriations recommendation that fiscal 1975 funds be used to establish a centralized management system at Lorton should be followed up.

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 on the number of staff needed to effectively operate a court system.

In its report on the District Appropriation Bill for 1974, the Senate Committee on Appropriations stated (1) it was not satisfied with the courts' justification for staffing increases and (2) 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. Therefore, it requested a review of the courts' workload and staffing requirements. (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 result from developing a reasonable and comprehensive 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 427 administrative support and clerical positions filled by officers to civilian positions.

GAO recommended that the Commissioner:

--Provide direction and assistance, as necessary, to develop a 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 for any determination that policy 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.)

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 it would make the conversions in stages.

Appropriation

District of Columbia--general operating expenses, public safety.

Issues for consideration by the Committees on Appropriations

1. The Department would be more effective if it planned its deployment of police officers to more closely correspond to periods when crimes are likely to be committed.

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

DISTRICT OF COLUMBIA GOVERNMENT

TAX ADMINISTRATION

Improvements needed in discovering and following up on individuals failing to file income tax returns

GAO reported to the Congress that the District had not (1) followed up on thousands of individuals who filed Federal income tax returns from District addresses but did not file District tax returns or (2) established a program to check filing and reporting on income not subject to tax withholding. Because these actions were not taken, millions of dollars in tax assessments were not received.

The District agreed with GAO's recommendations to expand the program for discovering and following up on potential nonfilers and indicated that any additional resources deemed necessary to implement them would be included in the fiscal year 1976 budget. Also, the District said that an evaluation of the potential for reallocating existing resources to the program would be made. No request for additional resources for the program was included in the fiscal year 1976 budget. The District indicated that it plans to make a more thorough followup of potential nonfilers for 1 year before it begins followup on another year. Such a procedure could improve voluntary compliance, which was the objective of our recommendations. (GGD-75-8, Mar. 20, 1975.)

Appropriation

District of Columbia Government, operating expenses (Finance and Revenue).

Issues for consideration by the Committees on Appropriations

1. The District must vigorously enforce its income tax laws to (1) obtain all tax revenues to which it is entitled and (2) insure equitable distribution of the tax burden among its residents.

2. Policy guidance is needed to avoid the possibly adverse effects on District revenues of District Government austerity measures (such as hiring freezes) being applied to areas of tax administration.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

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ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Cost and schedule estimates for the Nation's first liquid metal fast breeder reactor demonstration powerplant

The cost estimate for the Clinch River Breeder Reactor--the first liquid metal fast breeder reactor demonstration powerplant--evolved from $699 million in August 1972, to $2.1 billion in June 1974, to $1.5 billion in August 1974, and then to $1.736 billion in September 1974. The scheduled completion date has been delayed 3 years--from 1980 to 1983.

GAO reported to the Congress that it was unable to determine what price the project could be built for or when it would be finished. The methodology used in arriving at the $2.1 billion estimate was reasonable; however, the adjustments made to it increased the probability that cost overruns would occur. The schedule estimate had been prepared in detail, but there were potential problems of additional delays and increased costs in the overall liquid metal fast breeder reactor program.

The Energy Research and Development Administration (ERDA) said it agreed with the facts as presented by GAO. (RED-75-358, May 22, 1975.)

Appropriation

Plant and capital equipment, Civilian Reactor Research and Development Program (ERDA).

Issue for consideration by the Committees on Appropriations

In light of past increases and problems noted in the report, it is doubtful whether successful completion of the project can be achieved within projected funding levels.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Dow Chemical Company's use of Government funds in managing the Energy Research and Development Administration's Rocky Flats Plant

GAO reviewed an ERDA staff study about allegations that the Dow Chemical Company's Rocky Flats Division had misused Government funds in managing ERDA's Rocky Flats Plant. The ERDA staff study concluded that "no basis was found to support an assumption that Government funds were misused at the Rocky Flats Plant."

GAO noted that Dow had charged to an ERDA account about $260,000 in expenses for 400 trainees in a "Management Skills Exchange" program and about $22,000 in expenses for 20 employees for the "Salaried Operations Roadshow" after Dow had announced in March 1974 that it did not intend to continue as the operating contractor at Rocky Flats after June 30, 1975. The "Management Skills Exchange" program and "Salaried Operations Roadshows" were oriented primarily to division management philosophy and to Dow's corporate history and techniques for measuring salaried operation performance, respectively. ERDA commented that knowledge of Dow's corporate philosophy practices and procedures by supervisors remaining at Rocky Flats could insure a more orderly transition of contractors. GAO also found about $600 in unallowable costs charged to ERDA, which Dow subsequently refunded.

GAO concluded that ERDA should evaluate the adequacy of its procedures for monitoring management activities and associated costs during a reasonable period before the termination of its operating contracts. ERDA agreed to evaluate these matters during its closeout audit of the Rocky Flats contract and to assess the adequacy of its monitoring procedures. (RED-76-20, Aug. 29, 1975.)

Appropriation

Operating expenses, nuclear weapons programs (ERDA).

Issue for consideration by the Committees on Appropriations

Closer observance by ERDA of contractor costs during a reasonable period before the termination of operating contracts could result in the identification of unallowable costs.

ENVIRONMENTAL PROTECTION AGENCY

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ENVIRONMENTAL PROTECTION AGENCY

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 in 1973 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 the Environmental Protection Agency (EPA), the Department of the Interior, the Department of Agriculture, the Tennessee Valley Authority, the Corps of Engineers, and the Appalachian Regional Commission. During fiscal years 1967-72, these agencies assisted in funding 101 research and 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.

Subsequent to fiscal year 1972, EPA funded an additional 48 research and development and demonstration projects during fiscal years 1973-75, for which the Federal share was about $7.5 million out of a total cost of approximately $17.1 million.

During its review GAO 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.

According to EPA, Pennsylvania continues to be the only State GAO visited that supports an acid drainage research and development program.

GAO reported that EPA's progress toward solving the acid drainage problem had 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.

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. (RED-73-92, Aug. 14, 1973.)

Appropriation

EPA--research and development.

Issue for consideration by the Committees on Appropriations

The rate of research by EPA remains slow. 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

Implementation of Federal Water Pollution Control Act Amendments of 1972 is slow

GAO reported to the Chairman, Subcommittee on Environmental Pollution, Senate Committee on Public Works, on its review of EPA's policies, procedures, and regulations for implementing provisions of the Federal Water Pollution Control Act Amendments of 1972.

The 1972 amendments established a national goal of eliminating discharge of pollutants into navigable waters by 1985 and an interim goal of providing water quality sufficient for protection and propagation of fish, shellfish, and wildlife and for recreation by 1983. To carry out these goals, section 208 of the 1972 amendments provides for the development and implementation of areawide waste treatment management plans by a single representative organization.

Section 208 required EPA to publish applicable guidelines by January 16, 1973, but EPA was unable to publish them in final form until September 14, 1973. Because of the late publication of the final guidelines, the complexity of administrative requirements which must be met to qualify projects for funding, and the 1972 amendments requiring grantees to meet many new and changing requirements, many States and municipalities were unable to qualify their projects for section 208 funding. As a result, many localities did not receive Federal funds because the 1972 amendments did not extend funding for section 208 beyond fiscal year 1975.

With regard to funding under section 208, the Congress authorized EPA to award designated areawide planning agencies grants totaling $50 million, $100 million, and $150 million for fiscal years 1973, 1974, and 1975, respectively. GAO's subsequent review showed that, of the $300 million authorized, only $163 million had been obligated.

As of June 30, 1975, 149 organizations had been approved by EPA to receive funds under section 208 of the 1972 amendments. According to EPA, there were approximately 100 additional organizations which should have been designated and applications had been received from 23 such organizations.

EPA's comments on GAO's report did not contain any specific references to the slow implementation of section 208 of the 1972 amendments. (RED-75-291, Dec. 20, 1974.)

Appropriation

EPA--abatement and control.

Issue for consideration by the Committees on Appropriations

In order to achieve the 1983 and 1985 goals, the Congress may want to consider authorizing additional funds for section 208 of the 1972 amendments in order to fund the projects for which applications were not submitted in a timely manner for approval by EPA.

ENVIRONMENTAL PROTECTION AGENCY

Potential of value analysis for reducing waste treatment plant costs

At the request of the Chairman, Senate Committee on Public Works, GAO studied and reported to the Congress on the potential of value analysis, a cost control technique, to reduce federally assisted municipal waste treatment plant construction costs. Value analysis is a systematic, organized approach for getting the utmost value out of each dollar the Government spends.

EPA had estimated that $107 billion would be required to construct municipal waste treatment facilities. GAO's review indicated that value analysis during the design phase could potentially minimize the costs of such facilities, not only for construction but also for operating, maintaining, and replacing the facilities.

Both EPA and State agencies had relied on consulting engineers to design cost-effective, structurally sound waste treatment facilities. Of the 22 consulting engineering firms GAO visited, none had used the value analysis approach to reduce or minimize the cost of waste treatment plants.

EPA did not have an extensive value analysis program for its construction grant program. GAO reported that EPA's delay in developing and establishing such a program could be costly in terms of lost opportunities for cost savings.

GAO recommended that EPA establish and implement a value analysis program and incorporate it into its construction grant program to insure that treatment facilities are constructed at lowest cost. GAO recommended also that EPA finalize its regulations requiring municipalities to use methods other than the percentage-of-construction-cost method in procuring professional services for designing waste treatment facilities because, under that method, firms have little incentive for reducing costs and thereby reducing their fees.

EPA generally agreed that it needed some form of value analysis program. It said that it was strongly committed to having value analysis as part of its construction grant program but was having problems incorporating value analysis into the program. (RED-75-367, May 8, 1975.)

Appropriation

EPA--construction grants.

Issue for consideration by the Committees on Appropriations

EPA would be able to fund more projects from the appropriation it receives if it had an effective value analysis program.

ENVIRONMENTAL PROTECTION AGENCY

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

The 1972 amendments to the Federal Water Pollution Control Act established the goals of (1) eliminating the discharge of pollutants into navigable waters by 1985 and (2) achieving water quality sufficient for protecting aquatic life and for recreation by 1983. The attainment of these goals will require an ambitious research and demonstration program within a relatively short period of time.

In 1974 GAO reported to the Congress on research and development (R&D) programs relating to prevention and control of water pollution. GAO concluded that Federal R&D programs had contributed to improving the quality of some of our waterways but that:

1. Much more remained to be done to achieve national water quality goals established by the act.

2. At current funding levels it was doubtful that the 1985 national goal of eliminating the discharge of pollutants into navigable waters would be met. (For example, only $9.5 million of $34.5 million requested by EPA program directors was funded by EPA in fiscal year 1973 for municipal pollution control technology development. For fiscal years 1974 and 1975, $10.8 million and $9.9 million was requested, respectively, and the funding for these years was $7.8 million and $10.2 million, respectively.

3. EPA should 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.

While EPA generally agreed with GAO's conclusions and recommendations, EPA had not prepared a cost estimate and strategy regarding R&D efforts needed to carry out its R&D requirements under the 1972 amendments. In addition, at current funding levels--$40 to $50 million annually--it was doubtful that EPA's R&D program would provide the information needed to meet the 1985 national goal of eliminating the discharge of pollutants into navigable waters.

The 1972 amendments established a commission (the National Commission on Water Quality) to study the technological

aspects of achieving the effluent limitations and goals set forth for 1983, as well as all aspects of the economic, social, and environmental effects of achieving these limitations and goals. (RED-74-184, Jan. 16, 1974.)

Appropriation

EPA--research and development.

Issues for consideration by the Committees on Appropriations

1. EPA may need funds above the current level of $40-$50 million to meet the 1985 national goal of eliminating the discharge of pollutants into navigable waters.

2. EPA still needs to prepare an R&D strategy and cost estimate for carrying out the R&D requirements under the act so the Congress will know what is required to meet the national goal.

3. If the Congress finds it necessary, as a result of the Commission's study, to reassess and revise legislative goals, the Congressional Budget Office should explore with EPA the direction of Federal water pollution control programs--in terms of priorities and funding levels--to meet the revised goals.

ENVIRONMENTAL PROTECTION AGENCY

Using solid waste to conserve resources and to create energy

Recovery of materials and energy from solid waste--resource recovery--reduces the volume of such waste requiring disposal and helps conserve dwindling material resources. In a report to the Congress, GAO suggested that EPA continue to promote development of materials-energy recovery systems, noting that such systems

--reduce air pollution,

--dispose of waste without using quantities of scarce land,

--generate energy, and

--recover material resources.

EPA had been slow in implementing the resource recovery provisions of the Resource Recovery Act of 1970, generally because of delays in becoming effectively organized. Two years after the passage of the act, EPA had awarded grants of about $20.4 million for four resource recovery demonstration projects--the only grants awarded under the act.

The largest grant--$9 million--had been awarded to the State of Delaware. GAO questioned the need for the project because it was similar to a system planned for Bridgeport, Connecticut. Since the Bridgeport system was scheduled to be operational in 1977--2 years before the Delaware project--GAO suggested that EPA attempt to obtain data from the Bridgeport system and pointed out that other benefits of the Delaware project had been or would be demonstrated before the project became operational. EPA maintained the position that funding for the Delaware project was justified. Since issuance of the report, the project has had a number of problems that will delay its completion beyond 1979.

Although EPA had provided some assistance to State and local communities, GAO recommended that EPA expand its assistance to them to solve their waste problems through establishing resource recovery systems.

EPA generally agreed that expanded assistance should be given to States and local communities. In September 1975, GAO was informed that EPA was considering increasing its resources for providing such assistance. (RED-75-326, Feb. 27, 1975.)

Appropriations

EPA, abatement and control.
EPA, research and development.

Issues for consideration by the Committees on Appropriations

1. The appropriateness of EPA's decision to finance a $9 million demonstration project before determining that the necessary economical and technical data could not be obtained from another source should be considered.

2. Expanded assistance to State and local communities will require additional funds.

FEDERAL DEPOSIT INSURANCE CORPORATION

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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 prior 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 confidentiality of 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 to resolve the problem; however, FDIC continues to restrict GAO's access to its records.

To more effectively carry out its responsibility, GAO recommended in its fiscal years 1971 through 1974 FDIC reports that the Congress enact legislation which would clarify its authority to audit all books, documents, files, and other FDIC records, including bank examination reports and related records of the Federal Reserve banks and the Comptroller of the Currency.

No congressional action has been taken to clarify GAO's authority for access to the desired records. (FOD-75-9, June 11, 1975.)

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.

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FEDERAL ENERGY ADMINISTRATION

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FEDERAL ENERGY ADMINISTRATION

OFFICE OF INTERGOVERNMENTAL REGIONAL AND SPECIAL PROGRAMS

The Federal Energy Administration's State set-aside program

Under the State set-aside program, each State Office of Petroleum Allocation withholds monthly from the normal distribution a predetermined percentage of available fuels. The State Offices are directed to use the set-aside fuel to resolve emergencies and hardships due to fuel shortages.

In a May 1975 report to the Administrator of the Federal Energy Administration (FEA), GAO recognized the important role played by the State Offices in alleviating temporary shortages of petroleum products during the embargo. However, because of the increased availability of petroleum products and the lax manner in which the program was being administered, GAO recommended that FEA reevaluate its set-aside program and consider (1) reducing the amount of fuel allocated to the set-aside program, (2) restricting the program to those petroleum products for which hardship or emergency requirements exist, or (3) stopping the program until such time as a shortage may again develop.

FEA agreed with GAO's recommendations and plans to hold regionalized public hearings to assist in determining the course of action it will take. (OSP-75-13, May 8, 1975.)

Appropriation

FEA--salaries and expenses.

Issue for consideration by the Committes on Appropriations

In view of the increased availability of petroleum products, FEA should reevaluate the need for its State set-aside program.

FEDERAL ENERGY ADMINISTRATION

OFFICE OF REGULATORY PROGRAMS

The Federal Energy Administration's Project Utility

In December 1974 FEA initiated special investigations to uncover potentially widespread price-gouging activities involving sales of fuel oil to public utilities. The investigation program was subsequently named Project Utility.

In a July 1975 report to the Administrator of FEA, GAO recommended that FEA return to a balanced compliance program by phasing out Project Utility as a special effort and including any remaining utility cases in its wholesale investigation program. Such a balanced compliance program would include compliance investigations of producers, refiners, wholesalers, and retailers. In addition, GAO recommended refining wholesale investigations by implementing consistent criteria for selecting suppliers and identifying suspicious transactions.

FEA stated that it generally agreed with GAO's recommendations and that steps had been taken to implement them. FEA added that Project Utility would be continued as a special effort until December 31, 1975, and, at that time, would be included as part of the wholesale investigations program. (OSP-76-2, July 15, 1975.)

Appropriation

FEA--salaries and expenses.

Issue for consideration by the Committees on Appropriations

FEA can maximize its investigative resources by having a balanced compliance program which includes producers, refiners, wholesalers, and retailers.

FEDERAL POWER COMMISSION

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FEDERAL POWER COMMISSION

Need for the Federal Power Commission to evaluate the effectiveness of the natural gas curtailment policy

At the request of Congressman Pierre S. du Pont, GAO reviewed the Federal Power Commission's (FPC's) efforts to implement its natural gas curtailment policy.

FPC lacks authority to obtain the necessary information to evaluate the effectiveness of its natural gas curtailment policy. Without reliable information on how natural gas is being used and on the economic impact that gas shortages are having on areas of the Nation, FPC is not in a position to determine if interstate pipeline companies are effectively carrying out approved curtailment plans or to make decisions about future use of natural gas. FPC, with the Federal Energy Administration, is attempting to obtain the needed information.

GAO recommended that the Chairman, FPC, report to the Congress on the results of the FPC-Federal Energy Administration coordinated effort to obtain the natural gas curtailment data needed to evaluate the effectiveness of FPC's curtailment policy. GAO recommended also that, if the desired results are not obtained or if FPC finds the effort too impracticable, the FPC Chairman seek legislative revisions to the Natural Gas Act to expand FPC's authority to obtain information on (1) natural gas sales by intrastate pipeline and distributing companies and (2) the end use of the gas by consumers who purchase it from interstate and intrastate pipeline and distributing companies.

FPC advised GAO of recent actions it had taken to increase the amount and reliability of the data it depended upon in formulating curtailment policies. FPC believed, however, that expansion of its authority to obtain natural gas data would facilitate the discharge of its statutory responsibilities. Copies of the report were furnished to the House and Senate Committees on Government Operations and Appropriations. (RED-76-18, Sept. 19, 1975.)

Appropriation

Natural gas pipeline regulation (FPC).

Issue for consideration by the Committees on Appropriations

FPC may need additional funding if the Natural Gas Act is revised to expand its authority to obtain needed end-use and economic impact information.

FEDERAL POWER COMMISSION

Problems in licensing hydroelectric projects

GAO reported to the Congress that FPC's backlog of hydroelectric project applications had grown steadily--from 219 at June 30, 1963, to 502 at December 31, 1974.

GAO concluded that the age of the applications and the slow rate at which they were being acted upon were matters for concern because licensing hydroelectric projects offers the prospect of considerable public benefits, such as increased electric power and recreation facilities.

GAO recommended that, to speed applications processing for hydroelectric projects, the Chairman, FPC:

--Establish followup procedures and standards insuring that information needed to process applications is pursued aggressively.

--Establish a realistic program for prosecuting those delaying the licensing program.

--Formalize the role of other Federal agencies in the licensing process by entering into interagency agreements.

In addition, GAO recommended that FPC systematically evaluate constructed projects to insure that all projects under its jurisdiction are licensed.

The Chairman generally agreed with the recommendations and said that he planned to implement them. (RED-76-13, Sept. 23, 1975.)

Appropriation

Hydroelectric power regulation (FPC).

Issue for consideration by the Committees on Appropriations

FPC may require increased funding and additional manpower if the backlog of hydroelectric project applications is to be reduced in a timely manner.

FEDERAL POWER COMMISSION

Reliable contract sales data needed for projecting amounts of natural gas that could be deregulated

In response to the joint request of Senator Henry M. Jackson and Congressman John E. Moss, GAO provided information, based on FPC data, on interstate pipeline company contracts and on the amount of natural gas which could be expected to be released from Federal price regulations upon expiration of the contracts from 1975 to 1985.

GAO concluded that the reliability of FPC's data was questionable because FPC had made only a limited verification to determine if the data was complete and accurate. Although the data had been obtained by FPC primarily for establishing just and reasonable gas rates, it nevertheless became critical to various deregulation studies on which important decisions may be based.

GAO recommended that the Chairman, FPC, institute procedures aimed at (1) keeping FPC apprised of the status of gas flowing under contracts subject to its jurisdiction and (2) independently verifying, at least on a sample basis, that the data received is complete, accurate, and reliable.

The Chairman, FPC, expressed general agreement with GAO's recommendation and described the actions that had been taken or were planned to implement it. The Chairman said that the large volume of data filed with FPC dictates selective verification within existing manpower and budget limitations. The Chairman explained that the usefulness of any increased level of reliability or accuracy, through intensified verification measures, must be balanced against the required increases in manpower and budget or the decrease in the timeliness of the data. Copies of the report were furnished to the House and Senate Committees on Government Operations and Appropriations. (RED-76-11, Sept. 8, 1975.)

Appropriation

Natural gas pipeline regulation (FPC).

Issue for consideration by the Committees on Appropriations

FPC may require increased funding to gather and verify data needed to form a reasonably current and reliable data base.

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GENERAL SERVICES ADMINISTRATION

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GENERAL SERVICES ADMINISTRATION

FEDERAL SUPPLY SERVICE

Effective item entry control can reduce logistics costs

Yearly, about 280,000 new items enter the Government's catalog and supply system. Of this total some unnecessary items have been entered because General Services Administration (GSA) and Department of Defense (DOD) item entry controls are not as effective as possible. The controls are not applied to all new items about to be cataloged, are often slow, and are not always coordinated among Federal agencies. Often the controls are not applied to proposed new parts until after the equipment on which the parts are used has been designed by industry. This is much too late to effectively influence the parts selection decisions and attempt to use items already in the Government's catalog system.

GAO believes that the Secretary, DOD, and the Administrator of General Services should:

--Work together with industry in determining how design engineers might best be equipped for selecting parts from the Federal catalog for use in new equipment being purchased.

--Develop parts advisory services to help industry and Government agencies select parts from supply classes experiencing a high growth rate.

--Establish a uniform item entry control system for each class of items and require all participants in the Federal catalog system to submit their new item requests through the centrally operated controls to preclude the entry of unnecessarily similar items.

GSA agreed with GAO's findings, conclusions, and recommendations. Copies of the report were furnished to the House and Senate Committees on Appropriations, Government Operations, and Armed Services. (LCD-75-420, Nov. 20, 1975.)

Appropriation

Operating expenses, Federal Supply Service--GSA.

Issues for consideration by the Committees on Appropriations

1. Initial costs of equipment and subsequent costs to maintain the equipment can be held down by implementing effective item entry control.

2. The Appropriations Committees may want to follow what action DOD takes in conjunction with GSA to implement a Government-wide item entry control program which would close the loopholes currently in the program.

GENERAL SERVICES ADMINISTRATION

FEDERAL SUPPLY SERVICE

Number of items in the Federal Supply Catalog can be reduced by the General Services Administration and the Department of Defense

Although $42 million is being spent annually for various standardization projects, such as item reduction studies, these projects 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, however, 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 uses of the items ordered and could neither justify the use of the preferred item nor readily determine the technical acceptability of the nonpreferred item. GSA also believes that the military decisions as to preferred and nonpreferred items are not representative of civil agency needs nor are they applicable to them.

GAO found that, under current legislation, GSA and DOD have equal 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 relationships between items are determined 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 decisions 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. (LCD-74-425, 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

OFFICE OF FINANCIAL MANAGEMENT POLICY

Problems in reimbursing State auditors for audits of federally assisted programs

GAO supports the implementation of Federal Management Circular 73-2 as it relates to reimbursing State auditors for audits of federally assisted programs and improving intergovernmental cooperation.

GAO reported to the Administrator of General Services that State auditors were having problems in obtaining reimbursement for audits of federally assisted programs because of the funding procedures used. Procedures generally provided that State auditors could be paid from Federal program funds, but this was resisted by the program managers. State auditors were not being reimbursed because Federal auditors generally did not control the audit funds and the program administrators were concerned with reducing all expenses not considered direct program support. Copies of the report were furnished to the House and Senate Committees on Government Operations and Appropriations. (FGMSD-75-22, June 25, 1975.)

Appropriations

Operating and administrative expenses (all Federal grant agencies).

Issues for consideration by the Committees on Appropriations

1. Federal and State auditing coverage could be improved without additional funding if State auditors were directly reimbursed for their audit efforts.

2. Intergovernmental cooperation could be fostered if Federal auditors could provide guidance to the State auditors and then use their audit reports to satisfy Federal requirements.

3. Executive agency administrative regulations need to be revised to allow the agencies to reimburse State auditors for their audit efforts.

GENERAL SERVICES ADMINISTRATION

PUBLIC BUILDINGS SERVICE

Changes in law recommended to enable the General Services Administration 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.

An appraised value does 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, GAO recommended the Congress 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. (LCD-74-302, Feb. 15, 1974.)

Appropriations

Treasury, Postal Service, and general government.

Issue for consideration by the Committees on Appropriations

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

GENERAL SERVICES ADMINISTRATION

PUBLIC BUILDINGS SERVICE

Practices in providing cleaning and guard services in Federal buildings

Cost comparisons for cleaning and guard contracts generally show that using contract personnel is less costly than using GSA's own cleaning and guard employees. The decision of whether or not to contract for these services, however, is not always based on cost. Cost comparisons are not made where GSA employees are performing the services. Also, comparisons are not made for many contracts already in force. Cleaning contracts are sometimes awarded counter to comparisons showing that GSA's workers are less costly. GSA said these contracts are awarded because of personnel ceiling limitations. Cleaning and guard workloads have exceeded personnel ceilings in recent years, which is the overriding reason for contracting.

Although GAO attempted to assess the relative quality of in-house and contract cleaning, the results were not clear. Inspection reports were incomplete or missing. Among those on file, results differed as to which cleaning was better. Opinions of GSA representatives also differed.

Factors other than whether cleaners and guards are contract workers or GSA personnel influence thefts and complicate determining if thefts are more prevalent in contractor-serviced buildings. A reliable study of this question would take more time than was available for this review.

GSA information showed higher percentages of minorities in its in-house cleaning and guard work force than its contractor work force. GSA contracts generally included the requirement that contractors make a good faith effort to hire minorities and veterans. Many of the contractors had not filed required reports of job openings which could benefit Vietnam veteran applicants with State employment offices. Accordingly, GAO recommended that the Administrator have all regional offices ascertain whether contractors were filing the reports. (LCD-75-337, Aug. 18, 1975.)

Appropriations

Treasury, Postal Service, and general government.

Issue for consideration by the Committees on Appropriations

Additional savings are possible through increased use of contracts for cleaners and guards.

GOVERNMENT PRINTING OFFICE

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GOVERNMENT PRINTING OFFICE

Pricing of publications sold to the public

In August 1973 the Government Printing Office increased prices for its publications offered to the public. GAO reviewed the pricing of publications to determine whether (1) the increases embraced the same financial philosophy which had prevailed in the past and (2) the increases changed the relationship between the pricing structure and the annual appropriation by the Congress.

GAO reported to the Chairman, Joint Committee on Printing, that there has not been a major change in the financial philosophy of pricing publications for the sales program. However, the relationship between the pricing structure and the annual appropriation has changed.

GAO pointed out that the Joint Committee might wish to consider the impact of increased costs of publications on the public and presented as alternatives:

--Continuing with the current pricing policy of recovering the total sales program costs from revenues.

--Subsidizing the cost of publications through appropriations, which would result in lower selling prices.

GAO also said the Joint Committee might wish to consider whether it wants the Public Printer to continue using the current pricing formula. If so, the Joint Committee might wish to consult with the Appropriations Committees on whether the Public Printer should continue to request appropriations for specific sales program costs. Further, the Joint Committee might wish to consider whether the add-on factor of 50 percent of cost, required by law, should be added to the current definition of costs used to determine selling prices. (LCD-74-405, Nov. 19, 1974.)

Appropriation

Government Printing Office--salaries and expenses, Superintendent of Documents.

Issue for consideration by the Committees on Appropriations

The Appropriations Committees may wish to consider whether the Public Printer should continue to request appropriations for specific sales program costs.

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NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

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NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Need for improved reporting and cost estimating on major unmanned satellite projects

Realistic cost and schedule estimates are indispensable to both the Congress and the National Aeronautics and Space Administration (NASA) management throughout the entire project planning, approval, and development process because they provide a basis for deciding which projects are to be initiated, continued, modified, or terminated. GAO found that NASA's estimates have frequently been optimistic, particularly early planning estimates. Specifically, on certain major unmanned satellite projects, costs increased 89 percent over planning and 13 percent over development estimates.

GAO reported to the Congress that there are several areas where NASA could improve its reporting of cost and schedule information to the Congress and its cost estimating practices. Specifically, GAO recommended that the Administrator of NASA provide for

--summarizing and reporting to the Congress, as a single estimate, the project cost and all additional costs directly identifiable with the project to show the total economic impact each project will have on the overall NASA budget;

--maintaining stable cost and schedule baselines to permit the identification and tracking of actual project changes and the measurement of cost and schedule status when compared to current estimates; and

--maintaining adequate documentation to support estimates so that accurate revisions can be made when new estimates are necessary.

NASA did not concur with all of GAO's recommendations for corrective action and stated that

--development estimates, in lieu of planning or other preliminary estimates, should be used as the baseline for measuring cost growth and actual performance;

--its identification of costs is based on its appropriation structure and budget presentations to the Congress; and

--baselines should be changed, with proper approval, when programs are changed.

(PSAD-75-90, July 25, 1975.)

Appropriations

Research and development (NASA).

Construction of facilities (NASA).

Research and program management (NASA).

Issues for consideration by the Committees on Appropriations

NASA is to provide the Congress with reports on its major acquisitions similar to the Department of Defense's selected acquisition reports. The Congress may wish to discuss with NASA the agency's plan for implementing, in the reporting system developed, GAO's recommendations for improvement.

NATIONAL CREDIT UNION ADMINISTRATION

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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 (1) promote a national system of cooperative thrift and credit organizations which are financially sound and prudently managed and (2) 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 among credit unions would be compromised if the reports were reviewed by GAO. (FOD-75-18, July 14, 1975.)

Appropriation

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

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.

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OFFICE OF MANAGEMENT AND BUDGET

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OFFICE OF MANAGEMENT AND BUDGET

EVALUATION AND PROGRAM IMPLEMENTATION DIVISION

Civil agencies make limited use of cost-benefit analysis in support of budget requests

The Congressional Budget Act of 1974, title VII, emphasizes the need for congressional committees to make use of analysis and evaluation and for the Committees on the Budget to study proposals for (1) improving the information base for determining the effectiveness of new programs and (2) analytical and systematic evaluation of the effectiveness of existing programs. Title VIII requires the Office of Management and Budget (OMB) to cooperate with the Comptroller General in a number of actions to improve the information base and its availability and usefulness.

GAO found that although Congress has specifically indicated an interest in more cost-benefit information and OMB has concurred in its desirability, little such information is currently available which would be useful for congressional review of specific budget requests. GAO therefore believes that more positive steps should be taken to provide more such information to the Congress.

GAO recommended that OMB, in considering new or revised circulars, give priority to revising OMB Circular A-11 to provide more specific guidance for agencies in deciding when cost-benefit analysis should be undertaken. The guidance should require such analysis for:

--All programs requiring reauthorization before the next fiscal year's appropriation.

--Programs exceeding certain dollar thresholds for both size and change from year to year.

--Proposed programs.

--All proposed pilot tests or programs in a development phase (if the program is implemented, a cost-benefit study will help to establish criteria for later evaluation).

(FGMSD-75-10, Jan. 14, 1975.)

Appropriation

OMB

Issues for consideration by the Committees on Appropriations

1. Cost-benefit information would be useful for congressional review of specific budget requests.

2. OMB should provide agencies with more specific guidance for deciding when cost-benefit analysis should be undertaken.

RENEGOTIATION BOARD

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RENEGOTIATION BOARD

Operations and activities of the Renegotiation Board

GAO reviewed 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.

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 does not collect on 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 if they did not furnish this 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.

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.

Issues for consideration by the Committees on Appropriations

Although none of GAO's recommendations have been carried out, legislative responsibility for the Renegotiation Act was transferred from the House Ways and Means Committee to the Subcommittee on General Oversight and Renegotiation, House Committee on Banking, Currency and Housing. On December 9, 1975, the Committee reported a bill (H.R. 10680) to the Committee of the Whole House that would alter the Renegotiation Act and cover most of the recommendations included in the GAO report on this subject.

SMALL BUSINESS ADMINISTRATION

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SMALL BUSINESS ADMINISTRATION

Questionable effectiveness of the 8(a) procurement program

GAO reported to the Congress that the Small Business Administration (SBA) has achieved minimal success in helping disadvantaged firms become self-sufficient and competitive under the 8(a) procurement program. From 1968 to August 1974, only 31 firms successfully completed the program. In addition, 73 of the 110 firms GAO evaluated had not reached self-sufficiency. A major reason for this lack of success was SBA's inability to control the supply of contracts from the Federal agencies.

The agency encourages nondisadvantaged businesses (sponsors) to provide management services, training, and capital to 8(a) firms. However, the sponsors often maintain control of the 8(a) firms, which appears to be inconsistent with developing their self-sufficiency.

While SBA emphasizes that the performance of 8(a) firms must be closely monitored and management systems are important tools, no regular monitoring has been done nor management assistance provided.

Some applicants, whose need for assistance appears questionable, have been admitted to the program on the basis of social disadvantage.

GAO recommended that the Administrator, SBA:

1. Reconsider SBA's position of maintaining 1,500 active firms in its program and periodically adjusting the number of firms for the level of contracts that can be made available.

2. Establish a system to monitor a sponsor's compliance with the terms of the sponsorship arrangement as approved by SBA--management agreements establishing a sponsor's services and fees would be especially helpful.

3. Require field offices to consider all factors in the standard operating procedures when determining the need for 8(a) assistance and document the connection between an applicant's social or economic disadvantage and his inability to compete successfully in the business world.

4. Establish adequate internal controls to insure that 8(a) firms are provided management assistance.

(GGD-75-57, Apr. 16, 1975.)

Appropriation

SBA, operating expenses.

Issue for consideration by the Committees on Appropriations

The adverse effects of SBA's inability to control the supply of contracts could be mitigated by reducing the number of active firms in the program and by periodically adjusting the number of firms according to the level of contracts available.

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 should evaluate the varied aspects of the program and its effects on politics, economics, and strategies. The Director of the Agency stated in October 1973 that, while it might not be feasible for the Congress to play a detailed and useful role in such technical matters as audience selection and media operations, a closer association of the Congress with the Agency in determining goals and the level of resources needed to achieve them could be beneficial. (ID-74-22, Mar. 25, 1974.)

Appropriation

United States Information Agency.

Issues for consideration by the Committees on Appropriations

1. The objectives and goals of the overseas information program should be assessed.

2. A determination of the types of people to be reached should be made, especially in light of the vast communication changes of the last two decades.

3. Program policies and priorities should be established.

4. The United States Information Agency should be required to develop a formal program evaluation system and report annually to the Congress on the results of its evaluation.

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VETERANS ADMINISTRATION

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VETERANS ADMINISTRATION

DEPARTMENT OF MEDICINE AND SURGERY

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

The Veterans Administration (VA) estimates that spinal cord patients generally reach a stabilized condition--one not requiring 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 by centers and insuring that alternate facilities are available to provide adequate but 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

VA--medical care.

Issue for consideration by the Committees on Appropriations

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

VETERANS ADMINISTRATION

DEPARTMENT OF MEDICINE AND SURGERY

Veterans Administration needs to take action to insure that psychotherapeutic drugs are properly used

In a report to the Congress, GAO questioned whether drugs used to treat psychiatric patients were being properly used. GAO found that many patients were receiving more than the recommended maximum dosage of a drug. GAO also identified other questionable practices regarding use of these drugs and noted a need for improved psychiatric staffing.

VA agreed with the recommendations GAO made to insure that these drugs are properly used, including a recommendation to establish guidelines on appropriate quantities and dosages of drugs. (MWD-75-47, Apr. 18, 1975.)

Appropriation

VA--medical care.

Issue for consideration by the Committees on Appropriations

The matter of drug use by psychiatric patients should be considered when the VA budget is being examined since it affects the safety and well-being of veteran patients.

VETERANS ADMINISTRATION

DEPARTMENT OF MEDICINE AND SURGERY

Veterans assistance program in the Philippines needs revision

In a report to the Administrator of Veterans Affairs, GAO reported that the Philippines is the only foreign country in which VA operates a comprehensive benefits program. This program is a result of Filipinos' serving in and with the U.S. Armed Forces--mainly during World War II--and the continuing recruitment of Filipinos by the U.S. Armed Forces. GAO stated that the program benefits are several times greater than the Philippines' cost of living. GAO also reported that in fiscal year 1974 educational benefits exceeded the average educational cost in the Philippines by about $6.3 million. In addition, GAO found that 96 percent of the patient days charged against the annual grant-in-aid appropriation for the Philippine owned and operated Veterans Memorial Hospital were for treating non-service-connected illnesses.

VA agreed that treating non-service-connected illnesses should be the responsibility of the Philippine Government. VA agreed to try to accelerate a study of the entire veterans program in the Philippines. (MWD-76-6, Aug. 4, 1975.)

Appropriations

VA:

- Compensation and pension
- Readjustment benefits
- Medical care
- Grants to the Republic of the Philippines

Issues for consideration by the Committees on Appropriations

Budget requests for veteran benefits in the Philippines should be considered from the standpoint of the cost of living in that country. Continuation of financing the cost of medical care for non-service-connected illnesses should also be questioned.

VETERANS ADMINISTRATION

DEPARTMENT OF MEDICINE AND SURGERY

Improvements needed in program for providing alcoholism treatment services to veterans

About 3 million veterans suffer from alcoholism, the number one health problem in VA hospitals. Compared to the magnitude of the problem, GAO found that VA's alcohol treatment program has had little impact.

VA has neither established program goals nor provided central direction to its alcohol treatment units. It has not made the commitment necessary to develop a comprehensive program; thus, many major metropolitan areas are without treatment units. The availability of alcohol treatment services has not been adequately publicized and treatment programs have not been structured to meet the needs of working veterans. Admission criteria have been inconsistenly applied and too little emphasis has been placed on supportive services. Further, VA has not developed an evaluation system to measure performance.

GAO recommended to the Administrator of Veterans Affairs that corrective action be taken on each of these deficiencies. VA replied that it would comply with GAO's recommendations. (MWD-76-16, Sept. 2, 1975.)

Appropriation

VA--medical care.

Issue for consideration by the Committees on Appropriations

Increasing the impact of VA's alcohol treatment program will require additional funds for staff to maintain additional alcohol treatment units.

VETERANS ADMINISTRATION

DEPARTMENT OF MEDICINE AND SURGERY

Inadequate justification for the construction of a cardiac catheterization laboratory

Public Law 89-785 (38 U.S.C. 5053) authorized VA to enter into agreements with Federal, State, and community hospitals to share specialized medical resources when these resources are not being utilized to the maximum. The intention of the law is to avoid duplicating costly and highly specialized resources and to improve patient care through more effective use of scarce medical specialists.

On the basis of Public Law 89-785 and GAO's ongoing review of VA's cardiac catheterization program, GAO believes that the Sepulveda VA Hospital has not justified the need for its recently approved cardiac catheterization laboratory (VA Project #665-017). GAO believes that the laboratory would be a costly and unwarranted duplication of a cardiac catheterization unit at the Wadsworth VA Hospital--15 miles from Sepulveda. GAO believes that such a laboratory at Sepulveda would provide less-than-optimum patient care. GAO recommended, therefore, that VA withdraw approval of the project and not begin construction. (MWD-76-29, Sept. 17, 1975.)

Appropriation

VA--medical care.

Issue for consideration by the Committees on Appropriations

Budget requests for funds for cardiac catheterization laboratories or similar specialized medical services should include justification of the need for the service. These justifications should adequately assess the patient demand and the possibility of using other VA facilities.

VETERANS ADMINISTRATION

DEPARTMENT OF MEDICINE AND SURGERY

Potentially dangerous drugs missing in Veterans Administration hospitals

In a report to the Congress, GAO reported that large quantities of potentially dangerous drugs--drugs which have the potential for abuse or addiction--could not be accounted for at VA hospitals which used the conventional pharmacy system--the ward stock system. An alternative pharmacy system--the unit dose system--provides better drug control. GAO found significantly less drug loss at hospitals using this pharmacy system.

GAO believed that VA should implement the unit dose system in all its hospitals as soon as possible. GAO recognized, however, that this was not possible in a short period of time because of the initial costs involved. In the interim, VA agreed with GAO recommendations to strengthen drug controls in its ward stock hospitals. (MWD-75-103, Sept. 30, 1975.)

Appropriation

VA--medical care.

Issues for consideration by the Committees on Appropriations

Budget requests for operation of conventional pharmacies in VA hospitals should be evaluated against the benefits of a unit dose pharmacy system. Budget requests for converting to unit dose may increase funds needed to operate pharmacies.

VARIOUS DEPARTMENTS AND AGENCIES

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VARIOUS DEPARTMENTS AND AGENCIES

CIVIL SERVICE COMMISSION AND OFFICE OF MANAGEMENT AND BUDGET

Translation of private enterprise salary data into Federal white-collar salary adjustment must be improved

GAO reported to the Director, Office of Management and Budget (OMB), and the Chairman, Civil Service Commission (CSC), on the second phase of its review of the Federal white-collar pay comparability process. This phase covered the methodology involved in translating private enterprise salary data into Federal pay rates. The report stated that there was a need to strengthen the methods to translate this data into the comparability adjustment for Federal salaries to (1) better implement legal pay principles, (2) better accomplish the basic purposes for which the comparability principle was established by law, and (3) assure a high degree of confidence in the pay determination process.

The methods used to translate private enterprise data into Federal pay adjustments are not based on well-founded, logical premises that reflect legislative pay principles. Nevertheless, GAO believes the comparability methods were probably a practical approach during the early years of the comparability process when Federal salaries generally lagged considerably behind private enterprise salaries.

To strengthen the process of translating private enterprise data into Federal pay adjustments, GAO recommends that the Director, OMB, and the Chairman, CSC:

--Move ahead on the work-level weighting study and comprehensively consider the many weighting possibilities available.

--Continually evaluate the basis and techniques for translating non-Federal sector salary rates into General Schedule rates.

--Insure that the validation of the supergrade pay-setting mechanism proceeds promptly.

--Carry out the proposed linkage study so the linkage points can be promptly strengthened to adhere to the legislative pay principles.

--Continually evaluate and maintain the linkage process to insure that it is kept current.

--Study the feasibility of reducing and/or compensating for the timelag in the comparability process.

--Actively solicit the views and participation of employee representatives during these studies and evaluations.

OMB and CSC have informed GAO that its recommendations are being studied. (FPCD-74-77, July 12, 1974.)

Appropriations

CSC--salaries and expenses.

OMB--salaries and expenses.

Issue for consideration by the Committees on Appropriations

CSC and OMB should improve the methodology used in translating private sector compensation data into Federal white-collar salary adjustments to insure comparability.

VARIOUS DEPARTMENTS AND AGENCIES

CIVIL SERVICE COMMISSION AND OFFICE OF MANAGEMENT AND BUDGET

Need for a comparability policy for both pay and benefits of Federal civilian employees

In a report to the Congress, GAO concluded that legislation should be enacted requiring that the pay and benefits of Federal Government employees be assessed and adjusted on the basis of comparability with that received by non-Federal employees. Various laws establish the principle that pay rates for Federal employees should be comparable with those in the private sector. These laws prescribe processes for annual review and adjustment by administrative action. There is no standard or method, however, for assessing the adequacy of Federal employee benefit programs. Benefits are considered and adjusted by law on a piecemeal basis. Since the pay comparability processes do not recognize the benefit element of compensation, the processes do not meet the purposes for which the comparability principle was adopted.

Benefits are a growing and increasingly important part of both Federal and non-Federal employees' compensation. In recent years benefit expenditures in both sectors have increased proportionally more than pay. Major non-Federal employers view benefit programs generally as equal in importance to pay in determining compensation packages. They have adopted definitive policies and procedures to govern their processes for determining benefits.

GAO recommended that the Civil Service Commission (CSC), in coordination with the Office of Management and Budget, (1) develop a policy of total compensation comparability for determining Federal employees' pay and benefits and (2) propose legislation to establish the criteria and processes for achieving total compensation comparability.

CSC said it had made significant progress in developing a benefit analysis procedure for use in the Federal sector and had developed and, to a limited extent, field-tested a total compensation comparability method. CSC plans to fully test and refine the total compensation comparability system over the next 2 years.

The President's Panel on Federal Compensation was studying total compensation comparability, among other matters, and the Panel's final report was scheduled for submission to

the President in November 1975. CSC planned to await the Panel's submission and the President's recommendations before submitting a legislative proposal for implementing a total compensation comparability system in the Federal sector. (FPCD-75-62, July 1, 1975.)

Appropriations

CSC--salaries and expenses

Office of Management and Budget--salaries and expenses.

Issue for consideration by the Committees on Appropriations

There is a need for a Federal civilian comparability policy to make both the pay and benefits of Federal civilian employees equitable with their private sector counterparts and to enable the Government to be a fair competitor in the labor market.

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 resources 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), the Department of Agriculture, the Department of Commerce, the Department of the 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 for wildlife conservation to be coordinated with other features of federally funded or licensed water resources developments and to receive consideration equal to that given the other features.

GAO concluded from the projects reviewed that (1) in general, wildlife conservation had not been given consideration equal to that given other features of water resources developments, (2) significant and numerous breakdowns had occurred in the coordination process between wildlife and development agencies, (3) the roles and responsibilities of the wildlife agencies needed to be clarified, and (4) criteria needed to be established for determinig the nature and extent of wildlife mitigation or enhancement measures as well as their justification.

GAO recommended that (1) the wildlife and development agencies, with the active participation of the Office of Management and Budget, establish procedures to insure an adequate coordination process fo 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 to obtain needed funds and personnel.

The Federal agencies involved generally agreed with the recommendations. On June 26, 1974, the Subcommittee held hearings on the report and on various proposed amendments to the act. (RED-74-206, Mar. 8, 1974.)

Appropriations

Department of the Army, Corps of Enginers (Civil Functions):
General investigations
General construction
(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

Issues 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 resources development proposal. Also 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 HOUSING AND URBAN DEVELOPMENT, GENERAL SERVICES ADMINISTRATION, AND VETERANS ADMINISTRATION

National attempts to reduce losses from floods by planning for and controlling the uses of flood-prone lands

In 1966 the Presidential Task Force on Federal Flood Control Policy concluded that, through planning and by controlling and regulating the uses of flood-prone lands, disastrous flood losses could be largely curtailed. The Task Force proposed a unified national program for reducing flood losses. The President then directed that Federal agencies lead States, local governments, and others in reducing flood-loss potential. He directed the agencies to take such actions as precluding hazardous use of flood plains, applying floodproofing measures to existing facilities, attaching use restrictions when selling flood-prone Federal properties, and witholding Federal flood-prone properties from disposal.

GAO reported to the Congress that the Federal agencies had not adequately evaluated the possible effects of flood hazards because policies and procedures (1) had not been established for evaluating flood hazards for many programs, (2) frequently failed to identify flood-frequency criteria, (3) were inconsistent for comparable programs, or (4) had not been adequately implemented.

The Corps of Engineers; the Soil Conservation Service (SCS), Department of Agriculture; and the Tennessee Valley Authority were responsible for providing localities with technical expertise on how to use information on the scope and nature of their flood hazards to plan and regulate the uses of flood-prone lands. The Corps and SCS had made limited progress in providing this assistance because of insufficient funding.

GAO recommended that the Secretaries of Agriculture and of Housing and Urban Development and the Administrators of General Services and of Veterans Affairs establish requirements, incorporating the 100-year flood-frequency criterion, that their field offices evaluate flood hazards in their construction, financing, and disposal programs.

GAO also recommended that the Secretaries of Agriculture and of the Army allocate additional resources to help State and local governments achieve the objectives of the national program for reducing flood losses and that the Secretary of the Army establish procedures for systematically informing localities of available assistance.

The agencies concerned generally agreed with GAO's conclusions and recommendations and indicated that corrective action would be taken. (RED-75-327, Mar. 7, 1975.)

Appropriations

Corps of Engineers--general investigations, Flood Plain Management Services.

Department of Agriculture--Soil Conservation Service, river basin surveys and investigations.

Issues for consideration by the Committees on Appropriations

In view of the limited progress being made in providing needed technical assistance to localities, the budget submissions of the Corps of Engineers and SCS should include information on plans, funding projections, and time estimates for completing needed technical assistance programs. Such information would provide a foundation for setting meaningful goals and funding levels for completing such 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 for such purposes 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 had not been computed in a consistent manner.

2. Benefits had not been based on analyses of conditions with and without the project.

3. Benefit computations had not been adequately supported.

4. Project costs and induced costs (uncompensated adverse effects caused by construction and operation of a project) had not been fully considered in the benefit-cost determinations.

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

1. Generalized and incomplete agency guidance and instructions.

2. Varying interpretations and inconsistent applications 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 were intended to provide the broad policy for planning activities, and the standards were intended to provide for uniformity and consistency in comparing, measuring, and judging beneficial and adverse effects of alternative plans.

GAO made the following recommendations to the Secretary of the Army, for the Corps of Engineers; to the Secretaries of Agriculture and the Interior; and to 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.

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, 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 the agencies generally agreed with the conclusions and recommendations. The Council told GAO in September 1975 the involved Federal agencies were taking action to implement the recommendations. (RED-75-264, Sept. 20, 1974.)

Appropriations

Corps of Engineers--general civil construction.

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.

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 resources projects.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF AGRICULTURE,
DEPARTMENT OF COMMERCE,
DEPARTMENT OF DEFENSE,
DEPARTMENT OF THE INTERIOR,
DEPARTMENT OF TRANSPORTATION,
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION,
NATIONAL SCIENCE FOUNDATION, AND
OFFICE OF MANAGEMENT AND BUDGET

Need for a national weather modification research program

There is wide belief, though not universal, that weather modification has great potential for the national good. If weather modification, which is primarily federally supported, proves successful, it may be possible in future years to alleviate drought, reduce the destructive forces of hurricanes, suppress lightning and hail, and dissipate fog. Seven Federal departments and agencies spent an estimated $17.4 million during fiscal year 1974 on weather modification research programs.

GAO reported to the Congress that longstanding administrative and management problems have hindered progress in coordinated weather modification research.

Caused by a fragmented Federal organization for carrying out weather modification research, these problems include a lack of central authority directing Federal departments' efforts, ineffective coordination, and insufficient resources to achieve timely and effective results.

GAO recommended that the Office of Management and Budget (OMB), in cooperation with the Federal departments and agencies involved in such research, (1) develop a national weather modification research program and designate one of the agencies having a major program responsibility to administer and maintain the national program, (2) develop a plan to define and reassign, if appropriate, responsibilities of Federal agencies providing support or conducting weather modification research, and (3) develop a plan to allocate resources to the national program elements.

Most of the departments and agencies acknowledged the administrative and management problems in weather modification research; however, except for the Department of Commerce, they were not convinced of the need for a national program. OMB opposed a national program because it considered weather modification research to be sufficiently coordinated and did

not want to emphasize research over implementation. OMB stated, however, that some consolidation of weather modification research was desirable and that proposed legislation to establish a Department of Energy and Natural Resources would accomplish this. However, the proposed legislation was not reported out of committee.

On October 6, 1975, OMB reported to the House Government Operations Committee, as required by the Legislative Reorganization Act of 1970, that its views remained essentially the same as those provided to GAO and included in GAO's report. (MWD-74-176, Aug. 23, 1974.)

Appropriations

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

Department of Commerce--National Oceanic and Atmospheric Administration, operations, research, and facilities.

Air Force, Army, Navy--research and development.

Department of the Interior--Bureau of Reclamation, general investigations.

Department of Transportation--research and development.

National Aeronautics and Space Administration--research and development.

National Science Foundation--salaries and expenses.

OMB--salaries and expenses.

Issues for consideration by the Committees on Appropriations

1. As OMB has rejected GAO's recommendations, establishment of a national weather modification research program to overcome administrative difficulties and accelerate progress appears to be a matter for determination by the Congress.

2. Consolidation of the many widely scattered elements of agency weather modification programs into a national program administered and maintained by a lead agency should not significantly change present funding levels if the goals of existing agency programs parallel those of the national program to be established.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF AGRICULTURE; DEPARTMENT OF COMMERCE; DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; DEPARTMENT OF THE INTERIOR; DEPARTMENT OF LABOR; AND SMALL BUSINESS ADMINISTRATION

Improving Federal programs to assist Indians

In a report to the Congress on federally assisted business development on Indian reservations, GAO concluded that greater success in establishing businesses on Indian reservations and an increase in Indian employment opportunities would depend on Federal agencies' doing a better job in attracting sound business prospects to the reservations. Because of the proliferation of Federal programs involving Indian financing, action was needed to determine how the agencies, collectively, could meet Indian needs and assign responsibility to a single agency for directing and coordinating Indian economic development.

GAO recommended that the Office of Management and Budget (OMB)

--provide for an organizational framework clarifying Federal Indian economic development program and coordination responsibilities and

--work with heads of departments and agencies to develop, by means of an interagency committee, (1) improved procedures for project evaluation and monitoring and (2) a systematic broad-scale promotional program.

GAO also recommended that the Secretary of the Interior have the Commissioner of Indian Affairs identify solutions to the problem of excessive Indian labor turnover and consider establishing a postemployment counseling program as one possible solution to helping the Indian worker adjust to a structured work environment.

The five Federal agencies that commented on the report generally agreed with the facts and conclusions and, except for Interior, supported the need for improvements in Indian economic development programs. Interior said it did not advocate establishing a formal coordinating committee as recommended by GAO but it would cooperate with such a group if one were established. It said also that the Bureau of Indian Affairs was moving to a different approach, targeting efforts

to individual reservation situations in response to initiatives from tribal governments. It said further that, although this approach would require intensive coordination with other Federal agencies at the field operations level, better focused support for existing coordinating mechanisms, together with improved communication among all Federal offices, could meet this need without a formal coordinating mechanism. In commenting on the published report in September 1975, OMB told the Chairmen of the House and Senate Committees on Government Operations that proposals for a coordinating mechanism were under active review. It also requested the agencies involved to cooperate in implementing proposals to improve and maintain the coordination among their field staffs and requested Interior to take the initiative in formulating and discussing such proposals with the other agencies. (RED-75-371, June 27, 1975.)

In a subsequent related report to the Congress on the need for better overall planning to improve the standard of living of the White Mountain Apaches of Arizona, GAO concluded that comprehensive goals and programs for the White Mountain Apache Reservation had not been established at the national or tribal levels. For example, since many Federal programs on the reservation continued to be operated by separate departments and agencies and often were planned and administered through State or local governmental units, they generally operated independently from each other and from other programs on the reservation. Improvements in tribal planning and management capabilities were needed to enable the tribe to set comprehensive goals and to establish programs and activities for their implementation and coordination at the reservation level. The Indian Self-Determination and Education Assistance Act of 1975 requires Federal agencies to build tribal capacity to perform such planning and coordination functions. GAO also concluded that present knowledge could be more efficiently used and progress towards increased knowledge appreciably accelerated if the Federal and other resources applied to the reservation were planned and managed by the tribe more systematically.

GAO believes that, even though the Self-Determination Act emphasizes giving Indians more responsibilities for managing their own affairs, the executive branch still has a large responsibility for seeing that Federal funds are used effectively and efficiently to improve the standard of living of Indians on reservations. GAO believes also that coordination of Federal efforts at the reservation level is needed for all Indian tribes and that evaluations of the type covered in this report should be made for all tribes.

GAO recommended that the Department of the Interior:

--Take the lead in formulating and implementing a development plan integrating all of the various Government programs on the Fort Apache Reservation. The plan should take into account the natural assets of the reservation and its people and should establish goals and priorities in accordance with Apache values and aspirations.

--Work with other Federal agencies and with the tribal council to improve the economic self-sufficiency of the reservation so that increases in Apache income are less dependent upon increases in Federal expenditures.

GAO also recommended that OMB see that:

--Federal efforts are coordinated at the reservation level.

--Continuous evaluations are made of the effect of Federal programs on the standard of living at Indian reservations and information systems are developed to support them.

--Annual reports are submitted to the Congress on progress made in improving the standard of living of reservation Indians and on any needed changes in legislation to improve the effectiveness of Federal programs.

GAO further recommended that the Congress enact appropriate legislation if early action is not taken on these recommendations.

The Departments of Interior and Health, Education, and Welfare expressed the opinion that GAO's report accurately depicted the social and economic conditions at the Fort Apache Indian Reservation, and the Department of the Interior concurred with the recommendation that it assume a lead-agency role in providing technical assistance and coordinating Federal agency efforts in programing Federal domestic assistance for the White Mountain Apache tribe. OMB officials said plans were being formulated tn strengthen program evaluation efforts with respect to Federal programs on Indian reservations. (FGMSD-75-47, Aug. 12, 1975.)

Appropriations

Operation of Indian programs, Bureau of Indian Affairs (Department of the Interior and related agencies).

Economic development assistance programs, Economic Development Administration (Department of Commerce).

Farmers Home Administration (Department of Agriculture--environmental and consumer protection).

Indian health, Health Services Administration (Department of the Interior and related agencies).

Minority business development, Office of Minority Business Enterprise (Department of Commerce).

Rural Development Service (Department of Agriculture--environmental and consumer protection).

Issues for consideration by the Committees on Appropriations

1. Better coordination should make Federal programs to assist Indians more successful and thus improve the economic self-sufficiency of the reservations.

2. Implementation of certain recommended improvements to Indian assistance programs, such as postemployment counseling and continuous evaluations of all programs, could require funding increases.

VARIOUS DEPARTMENTS AND AGENCIES

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

Need for regulating the food salvage industry to prevent sales of unwholesome and misbranded foods to the public

During distribution, some food becomes damaged or subjected to contamination due to mishandling, accidents, or disasters caused by fires, floods, or storms. If not destroyed, this food is salvaged and sold, often through outlets specializing in this service. Much salvaged food is sold in outlets in low-income urban areas or is bought by social institutions and private organizations, such as nursing homes, orphanages, schools, restaurants, and bakeries.

GAO reported to the Congress that many consumers may be taking an unreasonable health risk by eating salvaged food. Salvage outlets visited by GAO and Federal, State, or local inspectors were offering food to the public and institutions that may not have properly reconditioned and/or was packaged in unlabeled, leaking, swollen, rusted, or badly dented containers.

Although the Food and Drug Administration and the Department of Agriculture's Animal and Plant Health Inspection Service are responsible for assuring that food, including salvaged food involved in interstate commerce, is properly labeled and safe to eat, responsibility for monitoring the estimated 1,000 salvage outlets nationwide is usually left to State and local authorities.

Few Federal, State, and local health organizations or private institutions have complete, specific food salvage laws, regulations, or guidelines. Accordingly, GAO recommended that the Food and Drug Administration develop and implement uniform, comprehensive standards and guidelines to effectively regulate food salvage outlets.

The Departments of Health, Education, and Welfare and Agriculture agreed to develop a regulatory program for the food salvage industry; however, because of limited manpower, Agriculture said it would have to depend primarily on State and local authority to assure compliance with the program. (MWD-75-64, May 20, 1975.)

Appropriation

Environmental and consumer protection (Department of Agriculture and related agencies).

Issue for consideration by the Committees on Appropriations

The Departments of Agriculture and Health, Education, and Welfare need to develop a comprehensive and uniform regulatory program for the food salvage industry.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF AGRICULTURE; DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; DEPARTMENT OF JUSTICE; AND DEPARTMENT OF THE TREASURY

Premium pay for Federal inspectors at U.S. ports-of-entry

Four Federal agencies--U.S. Customs Service, Department of the Treasury; Immigration and Naturalization Service, Department of Justice; the Animal and Plant Health Inspection Service, Department of Agriculture; and the Public Health Service, Department of Health, Education, and Welfare--perform inspectional services at U.S. ports-of-entry. The premium pay laws and regulations of the four agencies contain different provisions for compensating inspectors. In addition, the amount of premium pay reimbursed to the Government by parties-in-interest (airlines, shipowners, etc.) varies among agencies.

As a result of the different premium pay laws and regulations, inspectors of different agencies working about the same number of overtime hours are paid for a varying number of hours. Also, although the Government is reimbursed by parties-in-interest for most of the premium pay for Customs and Agriculture inspectors, the Government is not reimbursed for a large share of such pay for Public Health Service and Immigration inspectors.

GAO recommended that the Congress enact one premium pay law to apply to the four agencies' inspection services at ports-of-entry. GAO also recommended that the Congress enact legislation (1) establishing a uniform policy on charges to be made to parties-in-interest for inspections at ports-of-entry and (2) requiring the establishment of specific days and hours at each port-of-entry during which the full cost, including overhead, of inspections performed by any nf the four agencies would be charged to the parties-in-interest.

The Secretaries of the Treasury; Agriculture; and Health, Education, and Welfare and the Attorney General, with the assistance of the Civil Service Commission and the Office of Management and Budget, agreed to develop uniform regulations, to the extent permitted under current laws, on premium pay and on the reimbursability of the costs of inspections at ports-of-entry. (GGD-74-91, Feb. 14, 1975.)

Appropriations

Department of Agriculture--Animal and Plant Inspection Service.

Department of Health, Education, and Welfare--Center for Disease Control, preventive health services.

Department of Justice--Immigration and Naturalization Service, salaries and expenses.

Department of the Treasury--U.S. Customs Service, salaries and expenses.

Issues for consideration by the Committees on Appropriations

1. Inequitable premium pay for Federal inspectors at U.S. ports-of-entry.

2. Lack of uniform policy on charges made to parties-in-interest for inspectors at ports-of-entry.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF AGRICULTURE AND GENERAL SERVICES ADMINISTRATION

Improved planning needed before a computer system is acquired

Congressman John E. Moss and former Senator Sam J. Ervin, Jr., requested that GAO review a proposed computer network known as FEDNET--an acronym first used by GSA for a proposed nationwide computer network for all Federal agencies. In concept, FEDNET involves modular automatic data processing (ADP) systems with built-in data communications capacities so that it is capable of unlimited expansion and any computer can have access to data in any other computer.

The first FEDNET project was planned as a joint General Services Administration (GSA)-Department of Agriculture acquisition. In February 1974, GSA released the request for proposals to industry. Congressional opposition led to elimination of the data communications network and ADP equipment for GSA. In July 1974 a revised request remained for proposals to equip four Agriculture centers at a total estimated cost of $398 million, which included $106 million for equipment, software, and operating costs over an 8-year period.

GAO's report to the Congress concluded that the request for proposals was not based on the required detailed studies and analyses. As a result unanswered questions existed concerning the number and location of sites, equipment configuration, interfaces with communications equipment, and the economic justification for the project. Additionally, Agriculture had not adequately considered security requirements that would reasonably protect personal and other sensitive information in the new system from unauthorized access.

GAO recommended that the Secretary of Agriculture advise GSA to cancel the planned procurement and, after completion of the needed plans and studies, select the best alternative and prepare a new request for proposals based on established requirements. Agriculture basically agreed with GAO's findings. However, it thought that the pending procurement should be merely postponed, not canceled, to allow time to complete studies which began in October 1974. Agriculture said that the request for proposals was flexible in that it could select a vendor and then negotiate the number of systems and their configurations. (LCD-75-108, June 3, 1975.)

Appropriations

GSA--ADP Fund.

Department of Agriculture--Working Capital Fund.

Issue for consideration by the Committees on Appropriations

Agriculture and GSA propose to use the existing solicitation and proposals and make a greatly reduced award. However, the conference report on Agriculture's fiscal year 1976 appropriation directs that any planned award be held in abeyance until GAO determines whether it meets Federal procurement requirements.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE AND DEPARTMENT OF LABOR

More assurances needed that colleges and universities with Government contracts provide equal employment opportunity

At the request of Congressman Ronald V. Dellums, GAO reported on the administration of the Federal contract compliance program for colleges and universities. This program is intended to insure that Government contractors follow equal employment opportunity principles and practices. The Department of Health, Education, and Welfare (HEW) administers the program at colleges and universities in accordance with Department of Labor guidelines.

GAO recommended that the Secretary of Labor require the Office of Federal Contract Compliance to:

--Evaluate HEW's contention that Labor's procedural guidelines are impractical for colleges and universities and, if appropriate, modify the guidelines as they apply to those institutions.

--Evaluate Labor's program guidelines and clarify those sections found to be contradictory or inconsistent.

GAO recommended that the Secretary of HEW:

--Require the Office for Civil Rights to expedite the development of compliance standards for colleges and universities and the training of compliance staff.

--Require the Office for Civil Rights to enforce the contract compliance program by issuing show-cause notices and initiating enforcement actions against colleges and universities not in compliance with Labor's guidelines.

--Emphasize to all HEW contracting officers the importance of obtaining required clearances before awarding contracts.

--Require the Office for Civil Rights to perform preaward reviews in accordance with Labor guidelines.

(MWD-75-62, Aug. 25, 1975.)

Appropriations

Department of Labor--Employment Standards Administration.

HEW--Office of the Secretary (Office for Civil Rights).

Issue for consideration by the Committees on Appropriations

Labor and HEW need to improve the management of the contract compliance program for colleges and universities to make more effective use of resources allocated to this program.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF THE INTERIOR AND FEDERAL ENERGY ADMINISTRATION

Federal leasing goals and leasing practices on the Outer Continental Shelf

A GAO report to the Congress focused on how Interior determined its goal for accelerating leasing of oil and gas resources on the Outer Continental Shelf, how this goal was related to Project Independence, and constraints which might hinder its accomplishment.

GAO concluded that Interior had established an accelerated leasing goal of 10 million acres without carefully analyzing and considering several factors and problems affecting the goal's soundness. GAO questioned whether Government or industry planning could be effectively accomplished without clear guidance as to the magnitude of a leasing program. GAO found agreement that existing and predicated shortages would, to some degree, limit the ability of industry to expand exploration and development of the shelf.

GAO also concluded that, if projected leasing schedules were maintained, the Government's lease valuation program would be jeopardized. It recommended that the Secretary of the Interior

--clearly define shelf leasing goals and specify how these goals would be met and how they relate to overall national energy goals and plans and

--reconsider the accelerated shelf leasing schedule in the light of Government and industry capabilities and possible alternatives to leasing in new shelf areas as addressed in the Project Independence analysis and the President's subsequent national energy and economic proposals.

Interior stated that its objective had changed from one of leasing 10 million acres to one of holding six sales a year, with all frontier areas being opened up by 1978. No new acreage goals were announced nor was clear guidance given as to the magnitude of a leasing program. (RED-75-343, Mar. 19, 1975.)

In another report on Federal leasing policies and practices, GAO concluded that the Federal Government's shelf evaluation programs

--were hindered by inadequate data and analysis,

--did not reasonably insure that a fair market value return was received on lease offers of shelf oil and gas resources, and

--were being jeopardized by an accelerated leasing pace.

GAO recommended that the Secretary of the Interior take steps to improve the Federal Government's programs for deciding where to lease potential offshore oil resources and at what dollar value. Specific recommendations for improving the programs called for:

--An exploration program directed by Interior for a systematic, planned appraisal of Outer Continental Shelf oil and gas resources, including selective stratigraphic test drilling in shelf areas before leasing.

--Industry involvement in resource appraisal through exploration permits and Government-financed exploration to insure implementation of federally planned efforts.

--Federal regulations aimed at providing the Government and the general public with geotechnical information.

--Procedures for periodic assessment of economic factors used in valuing resources and adjustment of such factors on the basis of the most current information available.

--The pacing of lease offers to permit Interior to adequately consider geotechnical data in its shelf valuation programs.

--Establishment of a test program to evaluate, offer, and lease entire geological structures as opposed to the present practice of leasing tracts. Exploration and development activities would be required for test purposes.

Interior said it was studying all the issues presented in the report and that, while it saw positive features to implementing the recommendations, it also saw many drawbacks. Interior agreed to withhold lease offers until it could adequately consider geotechnical data and, in April 1975, it announced proposed regulations providing for availability of geotechnical data for Government and public use. Interior is generally opposed to federally financed exploration,

including stratigraphic test drilling, but it favors industry financing of such exploration. Also, Interior favors making a benefit-cost analysis of structure leasing before proceeding with a test program. (RED-75-359, June 30, 1975.)

Appropriations

Management of lands and resources, Bureau of Land Management (Department of the Interior and related agencies).

Surveys, investigations, and research, Geological Survey (Department of the Interior and related agencies and special energy research and development).

Issues for consideration by the Committees on Appropriations

Legislation now pending before the Congress deals with expanding the Federal Government's role in developing oil and gas resources on the Outer Continental Shelf. GAO believes that direction and financing by the Government are essential to insure that exploratory activities are sufficiently broad to enable implementation of a systematic plan for resource appraisal in the public interest. Early attention and resolution of the issues discussed in GAO's reports are important for the success of any program which may be established for increasing domestic oil and gas production.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF JUSTICE, DEPARTMENT OF LABOR, AND DEPARTMENT OF STATE

Alien labor certification program should be strengthened

GAO reported to the House Committee on the Judiciary that the alien labor certification program should be strengthened. This program, authorized by the Immigration and Nationality Act, is administered by the Immigration and Naturalization Service, Department of Justice; the Department of State; and the Department of Labor. The act allows the Secretary of Labor to bar issuance of a visa to an alien seeking permanent employment when such immigration would adversely affect the American labor market.

An increasing number of aliens are legally and illegally entering the United States each year and affecting the domestic labor force. It appears that the certification program has had little effect because a large number of aliens entering this country--many of whom enter the labor force--are not required to obtain certification.

GAO made several recommendations for improving the program and also suggested that the Congress consider legislative changes to remove labor certification exemptions now accorded to certain categories of aliens. The agencies involved generally agreed with GAO's recommendations. (MWD-75-2, May 16, 1975.)

Appropriations

Department of Justice--Immigration and Naturalization Service, salaries and expenses.

Department of State--administration of foreign affairs, salaries and expenses.

Department of Labor--Manpower Administration, program administration and grants to States for unemployment insurance and employment services.

Issues for consideration by the Committees on Appropriations

Whether American labor needs additional protection from alien workers is a matter for the Congress to decide. If

the Congress decides this added protection is needed, it should consider legislative changes to remove labor certification exemptions now accorded to certain categories of aliens.

VARIOUS DEPARTMENTS AND AGENCIES

DEPARTMENT OF THE TREASURY AND GENERAL SERVICES ADMINISTRATION

Opportunities for savings in interest costs through improved letter-of-credit methods in Federal grant programs

GAO reported to the Congress that (1) Federal agencies operating grant programs have made considerable progress in increasing the use of letters of credit from $1.5 billion in such letters in fiscal year 1965 to $38.6 billion in 1974 and (2) the Department of the Treasury estimated that about $30 million in interest was saved in fiscal year 1973 by this financing method.

Not all Federal agencies, however, had taken advantage of the more sophisticated techniques developed for the administration of letters of credit, and opportunities for further savings in interest costs still existed. GAO pointed out that there was little incentive for grantmaking Federal agencies to minimize cash balances of grantees since interest costs incurred on funds outstanding were borne by the Treasury rather than by the operating agencies. GAO concluded that the Treasury could materially assist in further reducing Government interest costs by evaluating various techniques developed by departments and agencies and by providing the administering Federal agencies with specific guidance for determining the most advantageous letter-of-credit financing method to use in specific circumstances.

GAO made several recommendations to the Secretary of the Treasury and the Administrator of General Services for strengthening the leadership provided by these agencies in improving letter-of-credit financing methods. The agencies are taking action on GAO's recommendations to improve cash management and thereby further reduce Treasury's interest costs on borrowed money. (FGMSD-75-17, Apr. 29, 1975.)

Appropriation

Interest on the public debt (Department of the Treasury).

Issue for consideration by the Committees on Appropriations

The Committees may wish to monitor the actions of the Treasury and the General Services Administration to reduce the Government's interest costs through more effective use of letters of credit--whose current use amounts to over $38 billion a year.

VARIOUS DEPARTMENTS AND AGENCIES

GENERAL SERVICES ADMINISTRATION AND DEPARTMENT OF DEFENSE

Stockpile objectives of strategic and critical materials should be reconsidered

The strategic and critical materials stockpile objectives were reduced in April 1973 by a quantity valued at more than $4 billion. This large reduction was made even though there were no readily apparent changes in military security.

Estimates of stockpile supplies are based on readily available capacity and known resources in the United States and other countries as directed by the National Security Council. GAO could not determine why the estimates were changed so optimistically, except that the National Security Council directed the changes. Since the estimates were changed, the resources outlook has also changed; the United States may have difficulty importing the minerals necessary to satisfy its demands due to (1) increasing competition for scarce resources and (2) the possibility of producer restrictions or boycotts.

GAO recommended that:

--The Secretary of Defense and the National Security Council reevaluate the current stockpile assumptions to insure that adequate materials are stockpiled to meet the Nation's readiness needs.

--The Administrator of General Services use this data to arrive at new stockpile objectives.

Defense stated that the Joint Chiefs of Staff had reevaluated the stockpile assumptions and had provided the results to the General Services Administration (GSA). GSA said it would calculate new stockpile objectives when new assumptions or data became available and cited several studies being made in the stockpile area. (LCD-74-440, Mar. 11, 1975.)

Appropriation

Salaries and expenses, Federal Preparedness Agency (the Office of Preparedness until July 1, 1975)--GSA.

Issue for consideration by the Committees on Appropriations

Disposal of needed resources without some assurance as to which are needed and which can be obtained to meet mobilization needs could result in major shortages when needed most--during mobilization.

VARIOUS DEPARTMENTS AND AGENCIES

GENERAL SERVICES ADMINISTRATION, DEPARTMENT OF DEFENSE, AND POSTAL SERVICE

Ways of increasing productivity in the maintenance of commerical-type vehicles

Federal agencies spent over $475 million to operate and maintain more than 420,000 commercial-type vehicles in fiscal year 1973. Maintenance costs could be reduced by:

--Using flat-rate standards, which set the average time to complete a task, to judge efficiency. Most actual repair times at activities visited exceeded the standards, sometimes by as much as 100 percent.

--Doing preventive maintenance less frequently. Manufacturer-recommended intervals should be more closely followed by the General Services Administration and the Department of Defense.

--Reevaluating motor pool staffing. Many motor pools appeared to be overstaffed due to the lack of effective methods for determining and controlling staffing levels.

--More closely monitoring operations to make sure that vehicles (1) are not returned to shops for preventive maintenance shortly after unscheduled repairs and (2) do not receive similar or identical repairs within short periods of time.

--Improving management information systems so that problem areas can be pinpointed and promptly corrected.

The agencies reviewed said they are taking or plan to take actions to improve the management of vehicle maintenance. (LCD-75-421, June 24, 1975.)

Appropriations

Operation and maintenance (Army, Navy, and Air Force).

Public service, Postal Service.

Operating expenses, Federal Supply Service, General Services Administration.

Issues for consideration by the Committees on Appropriations

Savings could be attained if agencies

--improved productivity by using flat-rate standards to evaluate maintenance efficiency,

--had routine preventive maintenance done commercially and reduced motor pool staffing to only those personnel necessary for extensive repairs,

--consolidated maintenance facilities in areas having a concentration of Government vehicles, and

--eliminated unnecessary preventive maintenance by following manufacturer-recommended preventive maintenance intervals more closely.

VARIOUS DEPARTMENTS AND AGENCIES

GENERAL SERVICES ADMINISTRATION AND OFFICE OF MANAGEMENT AND BUDGET

Opportunity for saving large sums in acquiring computer systems under Federal grant programs

It is important that Federal managers make sure grantees follow business-like procedures in acquiring computers for grant programs. Although Federal instructions and procedures exist, they need to be extended to require grantees to consider all reasonable alternatives in acquisition, whether by lease, purchase, or other methods.

GAO recommended that the Office of Management and Budget (OMB), in updating its policies in this area, strengthen its policy encouraging joint use of equipment by requiring grantees and Federal grantor agencies to evaluate costs and benefits of sharing where possible. GAO recommended that the Administrator of General Services:

--Adopt followup procedures to insure that Federal agencies uniformly implement OMB and General Services Administration instructions and that grantees comply with them.

--Issue instructions requiring Federal agencies to insure that grantees make hardware requirements studies which include performance evaluations of existing equipment.

--Strengthen existing instructions to require grantees to consider all potential sources of supplying equipment.

--Work with OMB to establish procedures allowing grantor agencies to use the Federal Automatic Data Processing Fund to purchase computer equipment for use by grantees when purchasing is advantageous and other funds are unavailable.

Both OMB and the General Services Administration agreed with GAO's recommendations. However, OMB wanted to guard against overregulating State and local managers. (FGMSD-75-34, July 24, 1975.)

Appropriations

Various appropriations for grant programs (various agencies).

Issues for consideration by the Committees on Appropriations

1. Better business practices by grantees could mean more economy in grant programs and could reduce the need for additional computer hardware.

2. Use of the Federal Automatic Data Processing Fund could also reduce expenditures under grants, and equipment purchased by the fund would remain Federal property.

VARIOUS DEPARTMENTS AND AGENCIES

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AND DEPARTMENT OF DEFENSE

The United States should recover full costs of reimbursable satellite launches

The Department of Defense (DOD) and the National Aeronautics and Space Administration (NASA) incur substantial costs by providing satellite launches on a reimbursable basis to foreign entities and commercial corporations. A substantial portion of the many launches being planned for the period 1974-80 are reimbursable launches.

GAO reported to the Congress that policies and procedures used to identify and allocate costs to reimbursable launches did not result in recovery of full costs. Policies and procedures had changed over the years, resulting in recovery of a larger share of the costs incurred. However, full costs were still not being recovered and there appeared to be a reluctance to charge full costs because of foreign relations considerations.

DOD said that it has adopted and will strive to carry out a policy of full user charges, but it disagreed with GAO's contention that fixed prices were inappropriate for such a complex undertaking. NASA said it has now adopted a policy for recovery of full costs and has also adopted procedures to more thoroughly manage the program. GAO has not reviewed the practices applied by NASA under its new policy and procedures. However, it appears that one cost element in particular (interest on the Government's investment) will not be recovered; NASA disagreed with GAO that such costs should be recovered and DOD's comments were noncommittal as to such recovery. (LCD-74-107, May 6, 1975.)

Appropriations

Since this activity involves research and development, procurement, construction, operations, and personnel, it cuts across most DOD and NASA appropriation categories.

Issues for consideration by the Committees on Appropriations

1. Appropriations could be reduced if full costs were recovered for reimbursable launches.

2. The reluctance to charge full costs could be mitigated if the Committees required disclosure of discounts given to foreign entities and commercial corporations.

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