United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Commercial and Administrative Law, Committee on the Judiciary, House of Representatives

For Release on Delivery Expected at 10:00 a.m., EST on Wednesday March 17, 1999

Personal Bankruptcy

Methodological Similarities and Differences in Three Reports on Debtors' Ability to Pay

Statement of Richard M. Stana, Associate Director
Administration of Justice Issues
General Government Division

Personal Bankruptcy: Methodological Similarities and Differences in Three Reports on Debtors' Ability to Pay

Those who file for personal bankruptcy generally file under chapters 7 or 13 of the bankruptcy code. Those who file under chapter 7 generally seek discharge of their eligible debts. Those who file under chapter 13 submit a repayment plan, which must be confirmed by the bankruptcy court, to pay all or part of their debts over a period not to exceed 3 or 5 years. Personal bankruptcy filings have set new records in each of the last 3 years, although there is little agreement on the causes for such high bankruptcy filings in a period of relatively low unemployment, low inflation, and steady economic growth. Nor is there agreement on the number of debtors who seek relief through the bankruptcy process who have the ability to pay at least some of their debts and the amount of debt such debtors could repay.

Three reports—by the Credit Research Center (October 1997), Ernst & Young (March 1998), and Creighton University/American Bankruptcy Institute (March 1999)—have examined different samples of debtors who filed for bankruptcy under chapter 7 and estimated the percentage of such debtors who could repay a "substantial portion of their debts." The Credit Center estimated that 30 percent of the chapter 7 debtors in its sample could repay at least 21 percent of their "nonhousing, nonpriority debts," such as car loans and credit card debts, over a 5-year period. The Ernst & Young and ABI reports estimated that 15 percent and 3.6 percent, respectively, of the chapter 7 debtors in their individual samples could repay (1) all of their nonhousing secured debts (such as auto loans), (2) all of their unsecured priority debts (such as certain taxes), and (3) at least 20 percent of their unsecured nonpriority debts (such as credit card debt) over a 5-year period.

The reports have some characteristics in common. Each used for its analysis the data on income, expenses, and debts that debtors file with their bankruptcy petitions. Although these are the only data available for analyzing debtors' repayment capacity, the reliability and accuracy of these data are unknown. Each report's estimates also assumed that a debtor's income would be stable over the 5-year repayment period and that all debtors who entered a 5-year repayment plan would successfully complete their plans.

Differences in the three reports' methodologies contributed to each report's different estimate of the percentage of chapter 7 debtors who could potentially repay a "substantial portion" of their debts and the percentage of those debts that could be repaid over 5-year repayment period. These differences include different (1) groupings of the types of debts that could be repaid, (2) gross income thresholds to identify those debtors whose repayment capacity was analyzed, (3) assumptions about debtors' allowable living expenses, (4) treatment of student loans that debtors had categorized as unsecured priority debts; (5) assumptions about the administrative expenses that would accompany a debtor repayment plan. It is also possible that differences in the sampling methods and time periods each report used to select the debtors for analysis could have contributed to the different results.

Personal Bankruptcy: Methodological Similarities and Differences in Three Reports on Debtors' Ability to Pay

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to share our observations on the principal methodological similarities and differences of three reports on bankruptcy debtors' ability to pay their debts. These reports endeavor to address an important public policy issue—whether some proportion of debtors who file for personal bankruptcy have sufficient income, after expenses, to pay a "substantial" portion of their debts.

The three reports were issued by the Credit Research Center (Credit Center),[1] Ernst & Young,[2] and Creighton University/American Bankruptcy Institute (ABI).[3] Last year we reported on our analyses of the Credit Center and Ernst & Young reports.[4] It is important to emphasize that our review of the ABI study is still underway. Consequently, it is too early for us to discuss the results of our analysis of the ABI report. Our objective in reviewing each of these reports has been the same—to assess the strengths and limitations, if any, of the report's assumptions and methodology for determining debtors' ability to pay and the amount of debt that debtors could potentially repay. We have used the same criteria to review each report.

The Credit Center report estimated that 30 percent of the chapter 7 debtors in its sample could pay at least 21 percent of their "nonhousing, nonpriority debt," after deducting their mortgage debt payments and living expenses (exclusive of debt payments). Ernst & Young and ABI estimated that 15 percent and 3.6 percent, respectively, of the debtors in their individual samples had sufficient income, after deducting allowable living expenses, to pay all of their nonhousing secured debts, all of their unsecured priority debts, and at least 20 percent of their unsecured nonpriority debts. The reports have some characteristics in common, such as the use of debtor-prepared income, expense and debt schedules, the assumption that the debtor's income would remain stable over a 5-year repayment period, and the assumption that all debtors who entered a 5-

---

[1] John M. Barron, Ph.D., and Michael E. Staten, Ph.D., Personal Bankruptcy: A Report on Petitioners' Ability to Pay (October 7, 1997).

[2] Ernst & Young, LLP, Chapter 7 Bankruptcy Petitioners' Ability to Repay: The National Perspective, 1997 (March 11, 1998).

[3] Marianne B. Culhane, J.D., and Michaela M. White, J.D., Taking the New Consumer Bankruptcy Model for a Test Drive: Means-Testing Real Chapter 7 Debtors (March 8, 1999).

[4] Personal Bankruptcy: The Credit Research Center Report on Debtors' Ability to Pay (GAO/GGD-98-47, Feb. 9, 1998) and Personal Bankruptcy: The Credit Research Center and Ernst & Young Reports on Debtors' Ability to Pay (GAO/T-GGD-98-79, March 12, 1998).

year repayment plan would successfully complete the plans—an assumption that historical experience suggests is unlikely.[5] However, the reports have some methodological differences, including different (1) groupings of the types of debts that could be repaid; (2) gross income thresholds used to identify those debtors whose repayment capacity was analyzed, (3) assumptions about debtors' allowable living expenses, (4) treatment of student loans that debtors had categorized as unsecured priority debts; and (5) and assumptions about administrative expenses.

The remainder of my statement discusses in greater detail the similarities and differences in the findings and methodologies of the three reports. A summary of these similarities and differences is found in attachment I.

Background

Debtors who file for personal bankruptcy usually file under chapter 7 or chapter 13 of the bankruptcy code. Generally, debtors who file under chapter 7 of the bankruptcy code seek a discharge of their eligible dischargeable debts.[6] Debtors who file under chapter 7 may voluntarily reaffirm—that is, voluntarily agree to repay—any of their eligible dischargeable debts. Debtors who file under chapter 13 submit a repayment plan, which must be confirmed by the bankruptcy court, for paying all or a portion of their debts over a period not to exceed 3 years unless for cause the court approved a period not to exceed 5 years.

Personal bankruptcy filings have set new records in each of the past 3 years, although there is little agreement on the causes for such high bankruptcy filings in a period of relatively low unemployment, low inflation, and steady economic growth. Nor is there agreement on (1) the number of debtors who seek relief through the bankruptcy process who have the ability to pay at least some of their debts and (2) the amount of debt such debtors could repay.

[5] A 1994 report by the Administrative Office of the U. S. Courts reviewed the outcome of 953,180 chapter 13 cases filed between calendar years 1980 and 1988 and terminated by September 30, 1993. AOUSC found that debtors received a discharge in about 36 percent of the terminated cases. A chapter 13 discharge is generally granted when a debtor successfully completes a court-approved repayment plan

[6] Eligible debts may be discharged in bankruptcy proceedings. A dischargeable debt is a debt for which the bankruptcy code allows the debtor's personal liability to be eliminated. By statute, some types of debts and obligations, such as alimony, child support, some student loans, and certain taxes cannot generally be discharged in bankruptcy proceedings. The debtor remains financially responsible for nondischargeable debts after the close of his or her bankruptcy case.

Several bills have been introduced in the 105th and 106th Congresses that would implement some form of "needs-based" bankruptcy. Each of these bills includes provisions for determining when a debtor could be required to file under chapter 13, rather than chapter 7. Currently, the debtor generally determines whether to file under chapter 7 or 13. Generally, these bills would establish a "needs-based" test, whose specific provisions vary among the bills. H.R. 3150, the bill used in the Ernst & Young and ABI analyses, would require a debtor whose gross monthly income met a specified income threshold to file under chapter 13 if the debtor's net monthly income after allowable expenses was more than $50 and would be sufficient to pay 20 percent of the debtor's unsecured nonpriority debt over a 5-year period. Debtors who did not meet these criteria would be permitted to file under chapter 7.

Under the bankruptcy code, a debtor's debts may be grouped into three general categories for the purposes of determining creditor payment priority: (1) secured debts, for which the debtor has pledged collateral, such as home mortgage or automobile loans; (2) unsecured priority debt, such as child support, alimony, and certain taxes; and (3) unsecured nonpriority debt, such as credit card debts. In analyzing debtors' ability to pay, the three reports have focused principally on the percentage of total unsecured nonpriority debt that debtors could potentially repay.

Shared Characteristics of the Three Reports

The Credit Center, Ernst & Young, and ABI reports have each attempted to estimate (1) how many debtors who filed under chapter 7 may have had sufficient income, after expenses, to repay a "substantial" portion of their debts, and (2) what proportion of their debts could potentially be repaid.

Each of the reports used to some degree data from the financial schedules that debtors file with their bankruptcy petitions. Although these schedules are the only source of the detailed data needed for an analysis of debtors' repayment capacity, the data in the schedules are of unknown accuracy and reliability. There are no empirical studies of the accuracy and reliability of the data debtors' report in their financial schedules, and the National Bankruptcy Review Commission's report recommended that these schedules be randomly audited.[7]

To develop its estimate of the total amount of debt that could be repaid over a 5-year period, each report assumed that all debtors would successfully complete a 5-year repayment plan. Each report also assumed that each debtor's gross income, as reported in the debtor's financial

[7] Bankruptcy: The Next Twenty Years (October 20, 1997).

schedules, would remain unchanged over the 5-year repayment period. Historically, only about one-third of chapter 13 debtors have successfully completed their repayment plans, suggesting that for two-thirds of debtors something changed between the time the plans were confirmed by the bankruptcy court and the time the actual repayment plan was to be successfully completed.

The three reports focus on the potential debt that debtors could repay should more debtors be required to file under chapter 13. However, should the number of debtors who file under chapter 13 increase, there would also be additional costs for bankruptcy judges and administrative support requirements that would be borne by the government. This is because bankruptcy judges would be involved in debtor screening to a greater extent than they are now and chapter 13 cases require more judicial time than chapter 7 cases do. None of the reports estimated these additional costs, although the ABI report acknowledges that such additional costs could accompany means-testing of bankruptcy debtors. In addition, the Religious Liberty and Charitable Donation Protection Act of 1998[8] permits chapter 13 bankruptcy debtors to include certain charitable deductions of up to 15 percent of their annual gross income in their allowable living expenses. The implementation of this statute could affect the estimates in each of the three reports. The potential effect could be to reduce (1) the number of bankruptcy debtors who could be required under the "needs-based" tests to file under chapter 13 or (2) the amount of debt repaid to unsecured nonpriority creditors by those debtors who are required to file under chapter 13. The act was enacted after the Credit Center and Ernst & Young issued their reports. The ABI report noted the act could effect the results of debtor means-testing, but did not attempt to apply the act to its sample of debtors.

Methodological Differences Among the Three Reports

The reports differed in the types of debts that they estimated debtors could repay, their sampling methods, the calendar period from which each report's sample cases were selected, and the assumptions used to estimate debtors' allowable living expenses and debt repayments. The ABI report classified student loans differently than the other two reports. We have not analyzed the impact these differences may have had on each report's findings and conclusions.

[8] P.L. 105-183 (1998).

Differences in the Types of Debts Each Report Estimated Could Be Repaid

The Credit Center report estimated the percentage of chapter 7 debtors who could repay a percentage of their "nonhousing, nonpriority debt." These debts included secured nonhousing debt and unsecured nonprority debt. The Credit Center estimated that 30 percent of the chapter 7 debtors in its sample could repay at least 21 percent of their nonhousing, nonpriority debts, after deducting from their gross monthly income monthly mortgage payments and monthly living expenses.

The Ernst & Young and ABI reports estimated the proportion of debtors who had sufficient income, after living expenses, to repay over a 5-year repayment period:

- all of their nonhousing secured debt, such as automobile loans (debtors' payments on home mortgage debt were included in the debtors' living expenses);
- all of their secured priority debts, such as back taxes, alimony, and child support (child support and alimony payments were assumed to continue for the full 5-year payment period unless otherwise noted in the debtors' financial schedules); and
- at least 20 percent of their unsecured nonpriority debts.

The Ernst & Young and ABI reports estimated that 15 percent and 3.6 percent, respectively, of the chapter 7 debtors in their individual samples met all of these criteria.

Sampling Differences

Each of the reports used somewhat different sampling methods, and the bankruptcy filings included in their analyses cover different districts and different calendar periods. The Credit Center selected 2,441 chapter 7 cases filed primarily at the beginning of the month in a single, large urban location in each of 13 judgmentally selected bankruptcy districts.[9] The cases were generally selected during the first few days of a one or two month period in 1996. Ernst & Young's analysis was based on a national random sample of 2,142 calendar year 1997 chapter 7 case filings as reported in VISA's bankruptcy notification service. VISA collects copies of the bankruptcy petitions filed in the bankruptcy courts. Ernst & Young's analysis included chapter 7 bankruptcy filings from each of the 90 bankruptcy districts.[10] The ABI report is based on 1,041 randomly selected

[9] This is the number of cases filings used in the analysis. The Credit Center also included an analysis of 1,357 chapter 13 case filings, and compared the repayment capacity of the debtors who filed under chapter 7 and 13.

[10] The number of cases selected in each district was proportional to each district's share of total national chapter 7 nonbusiness bankruptcy filings in 1997.

chapter 7 case filings from calendar year 1995 in 7 judgmentally selected districts. The Credit Center and ABI reports have one district—Northern Georgia—in common.

It is possible that there are differences in each sample's debtor characteristics that could affect each report's estimate of debtor repayment capacity. The differences could result from the different time periods and the different sampling methods for selecting districts and filers within each district. Such differences, should they exist, could have affected each report's estimate of the percentage of chapter 7 debtors who could potentially repay a substantial portion of their debts and how much they could repay.

Differences in Assumptions Used to Estimate Repayment Capacity

Both the Credit Center and Ernst & Young reports assumed that debtors would incur no additional debt during the 5-year repayment period. The ABI report assumed that debtors could potentially incur expenses for major repairs or replacement of automobiles during the course of the 5-year repayment plan, but that they would incur no other additional debt.

The Credit Center report was completed before H.R. 3150 was introduced, and its repayment capacity analysis was not based on any specific proposed legislation. The Credit Center report analyzed the repayment capacity of all the chapter 7 debtors in its sample, regardless of their annual gross income.

The Ernst & Young and ABI report used the "needs-based" provisions of different versions of H.R. 3150 as the basis for their analysis of debtor repayment capacity. H.R. 3150 passed the House in June 1998. Under the provisions of H.R. 3150 as introduced and as it passed the House, debtors must pass three tests to be required to file under chapter 13:

- debtors must have monthly gross income that exceeds a set percentage of the national median income for households of comparable size (debtors below this threshold are presumed to be eligible to file under chapter 7);
- debtors must have income of more than $50 per month after allowable living expenses and payments on secured and unsecured priority debts; and,
- debtors could repay at least 20 percent of their unsecured nonpriority debts over a 5-year period if they used this remaining income for such payments.

In their respective analyses, Ernst & Young used the provisions of H.R. 3150 as introduced and ABI used the provisions of H.R. 3150 as it was passed by the House of Representatives. The principal effect of using the two different versions of H.R. 3150 was that each report used a different threshold of gross annual income to screen debtors for further repayment analysis. In the Ernst & Young analysis, debtors whose gross annual income was 75 percent or less of the national median income for a household of comparable size were deemed eligible for chapter 7. Debtors whose gross annual income was more than 75 percent of the national median household income were subject to further analysis of their repayment capacity. In the ABI report's analysis, debtors whose gross annual income was at least 100 percent of the national median income for households of comparable were subject to further repayment analysis.

Differences in Assumptions About Debtors' Allowable Living Expenses

The three reports used different estimates of debtors' allowable living expenses. The Credit Center report established its own criteria for debtors' living expenses. Basically, the Credit Center's analysis used the debtor's living expenses as reported on the debtor's schedule of estimated monthly living expenses. The Ernst & Young and ABI reports used the Internal Revenue Service's (IRS) Financial Collection Standards, as specified in H.R. 3150. However, Ernst & Young and ABI interpreted them somewhat differently. The principal difference was for transportation expenses. Ernst & Young did not include an automobile ownership allowance for debtors who leased cars or whose cars were debt-free. ABI included an ownership allowance for leased cars and for debtors with debt-free cars. The ABI report noted that this difference in allowable transportation expenses accounted for "a substantial part" of the difference between the ABI and Ernst & Young estimates of the percentage of chapter 7 debtors who could potentially repay at least 20 percent of their unsecured nonpriority debt.

ABI also deducted from the debtors' total unsecured priority debt the value of any student loans and added the value of these loans to debtors total unsecured nonpriority debt. To the extent this was done, it had the effect of freeing debtor income to pay unsecured nonpriority debt.

Finally, the ABI report assumed that administrative expenses, such as the trustee fee, would consume about 5.6 percent of debtors' nonhousing payments to creditors under a 5-year repayment plan. The Credit Center and Ernst & Young reports assumed that none of the debtors' payments would be used for administrative expenses, but that 100 percent of debtors' payments would be used to pay creditors.

In summary, each of the three reports provide a different perspective on bankruptcy debtors' ability to pay their debts. Each has added to our knowledge and understanding of the potential impact of means-testing on the number of debtors who would be required to file under chapter 13 and the amount of debt that such debtors could potentially repay. However, the assumptions and data used in these reports lead to different estimates of debtors' repayment capacity and require the reader to use caution in interpreting and comparing the results of each report. The actual number of chapter 7 debtors who could repay at least a portion of their nonhousing debt could be more or less than the estimates in these studies. Similarly, the amount of debt these debtors could potentially repay could also be more or less than the reports estimated.

We agree that there are likely some debtors who file for bankruptcy under chapter 7 who have the financial ability to repay at least a portion of their debt, and that those who are able to repay their debts should do so. But we believe that more research is needed to verify and refine the estimates of debtors' repayment capacity to better inform policymakers.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other Members of the Subcommittee may have.

Major Methodological Similarities and Differences in Three Reports on Debtors' Ability to Pay

Specific Aspects of Report	Credit Research Center (October 1997)	Ernst & Young (March 1998)	Creighton University/American Bankruptcy Institute (March 1999)
Estimated percent of chapter 7 debtors who could repay "substantial portion of their debts"	30 percent[a]	15 percent	3.6 percent
Estimated amount of debt that could be repaid over 5-year repayment period	21 percent of "nonhousing, nonpriority" debts.	All nonhousing secured debt, all unsecured priority debt, 20 percent of unsecured nonpriority debt.	Same as Ernst & Young.
Proposed legislation used as basis for assessment of repayment capacity	No specific proposed legislation.	H.R. 3150 as introduced.	H.R. 3150 as passed by the House of Representatives, June 10, 1998.
Key overall assumptions			
Stability of debtors' income and expenses	Debtors' income and living expenses remain unchanged over 5-year repayment period.	Same as Center report.	Debtors' income stable for 5-year period, but assumed some expenses may change.
Percentage of chapter 13 plans successfully completed	100%	100%	100%
Trustee and other administrative expenses for chapter 13 repayment plans.	None	None	5.6% of annual debtor nonhousing debt payments over 5-year period, not including debtor attorney fee.
Debtor sample			
Selection of bankruptcy districts included in sample	Sample drawn from single location in each of 13 judgmentally selected bankruptcy districts.	National sample that included nonbusiness chapter 7 filings from all 90 bankruptcy districts.	Sample drawn from 7 judgmentally selected bankruptcy districts.
Calendar period from which sample was drawn.	Generally, May or June of 1996, but months varied among the 13 districts.	Calendar year 1997.	Calendar year 1995.
Selection of debtors included in final sample used for analysis	Nonrandomly selected sample of nonbusiness chapter 7 and chapter 13 filings filed primarily in the first few days of 1 or 2 months in 1996 in each district. (Total of 2,441 chapter 7 and 1,357 chapter 13 filings.) May include cases that were dismissed and in which debtors received no discharge of their debts.	Random sample from all nonbusiness chapter 7 filings during the year. Analysis included 2,142 chapter 7 cases, adjusted to exclude estimated percentage of cases dismissed.	Random sample of cases closed as nonbusiness chapter 7 that were filed in 1995, including some cases filed under other chapters. (Total of 1,041 filings.) Excluded cases dismissed because debtor did not file all required schedules.
Determination of debtor's gross annual income			
Calculation of debtor's gross monthly income	Basically, gross monthly income as reported on debtor's schedule of estimated monthly income.	Same.	Same.
Gross income threshold used for further repayment capacity analysis.	Examined repayment capacity of all debtors in sample.	Analysis of repayment capacity limited to those debtors whose reported gross annual income was greater than 75 percent of national median income as defined in H.R. 3150 as introduced.	Analysis of repayment capacity limited to those debtors whose reported gross annual income was at least100 percent of national median income as defined in H.R. 3150 as it passed the House of Representatives, June 10,1998.

Specific Aspects of Report	Credit Research Center (October 1997)	Ernst & Young (March 1998)	Creighton University/American Bankruptcy Institute (March 1999)
Calculation of debtor's allowable monthly living expenses[b]			
Housing[c]	Housing expenses as listed by debtor on schedule of estimated monthly expenses.	IRS allowance, which could be exceeded if necessary to pay monthly mortgage.	Same as Ernst & Young
Food and clothing allowance	Expenses as listed on debtor's schedule of estimated monthly expenses.[d]	IRS allowance.	Same as Ernst & Young
Transportation	Expenses as listed on debtor's schedule of estimated monthly expenses	IRS operating allowance, plus monthly payments necessary to pay existing automobile debt in full over 60 months. No ownership allowance for leased cars.	IRS operating allowance, plus monthly payments necessary to pay existing automobile debt in full over 60 months, or the ownership allowance for up to 2 debt-free cars. Ownership allowance for leased cars in some circumstances.
Other necessary expenses	Basically expenses as listed on debtor's schedule of estimated monthly expenses	IRS has no fixed dollar amount. Generally included debtor expenses as listed on debtor's schedule for estimated monthly expenses not covered in other categories.	Generally, same as Ernst & Young.
Categorization of debts			
Secured debts	As listed on debtor schedules	Same	Same.
Unsecured priority debts	As listed on debtor schedules.	Same	As listed on debtor schedules with one exception. Total value of all student loans listed was deducted from total.
Unsecured nonpriority debts	As listed on debtor schedules	Same	As listed on debtor schedules with one exception. Added total value of student loans listed to unsecured priority debt total.

[a] The Center Report noted that 30 percent of chapter 7 debtors could repay at least 21 percent of their unsecured nonpriority debts.

[b] Both the Ernst & Young and ABI reports used the Internal Revenue Service Collection Financial Standards for determining debtors' allowable living expenses.

[c] Includes monthly rent, mortgage payments, utilities, property taxes, homeowner's or renter's insurance, maintenance and repairs, and homeowner dues and condominium fees. IRS standards are adjusted for cost of living at the county level.

[d] Except for housing, the Credit Center report did not group a debtor's monthly living expenses by category. Rather it determined total monthly allowable expenses, using the expenses listed on the debtor's schedule of estimated monthly expenses, with some adjustments, such as deducting monthly contributions to nonretirement savings.

[e] The IRS transportation allowance includes a uniform national standard for ownership expense and local standards (adjusted for cost-of-living) for operating expenses. A public transportation expense is included if the debtor does not own or lease a car.

Source: GAO analysis of the Credit Center, Ernst & Young, and ABI reports.

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are $2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Order by mail:

U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000 or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touch-tone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

http://www.gao.gov

PRINTED ON RECYCLED PAPER

United States
General Accounting Office
Washington, D.C. 20548-0001

Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100

Official Business
Penalty for Private Use $300

Address Correction Requested

(188648)