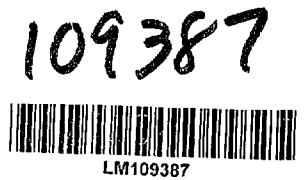


UNITED STATES GENERAL ACCOUNTING OFFICE
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STATEMENT OF
ALLEN R. VOSS
DIRECTOR, GENERAL GOVERNMENT DIVISION
BEFORE THE
CIVIL SERVICE AND GENERAL SERVICES SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

Sen 64.C10

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our [recom-
mendations to amend the Presidential Transition Act and
the Former Presidents Act] and to describe the scope of our
current audit of expenditures under the Former Presidents Act.

PRESIDENTIAL TRANSITION ACT
OF 1963

The purpose of the Presidential Transition Act of 1963
is to promote the orderly transfer of executive power in con-
nection with the expiration of the term of office of a Presi-
dent and the inauguration of a new President.



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The Presidential Transition Act of 1963 authorized the appropriation of not to exceed \$900,000 for each Presidential Transition. It also authorized the use of Government employees on a reimbursable or nonreimbursable basis.

Public Law 94-499 approved October 14, 1976, amended the Transition Act by:

--Increasing the maximum amount authorized to be appropriated for one transition from \$900,000 to \$3,000,000. It authorized the appropriation of not to exceed \$2 million for services and facilities to be provided to the President-elect and Vice President-elect and \$1,000,000 for services and facilities to be provided to the former President and former Vice President.

--Deleting the authority to detail Government employees to either the incoming or outgoing administrations on a nonreimbursable basis.

The act authorizes the Administrator of General Services to provide each President-elect and Vice President-elect the necessary services and facilities for their preparations for the assumption of official duties. The President-elect and

Vice President-elect may designate an assistant to make such designations on their behalf.

The authorized services and facilities include:

- Suitable office space appropriately equipped with furniture, furnishings, office machines and equipment, and office supplies at such place or places within the United States as the President-elect or Vice President-elect shall designate.
- Compensation of office staffs at rates not to exceed GS-18. Any employee of any agency of any branch of Government may be detailed to such staffs on a reimbursable basis at the same rate of compensation as his regular employment.
- Procurement of services of experts or consultants.
- Travel expenses and subsistence allowances.
- Communications services.
- Printing and binding.
- Postage.

The Administrator may use Transition Act funds only to pay obligations incurred by the President-elect and Vice President-elect from the day following the general election to the day of inauguration.

The Transition Act provides that the Administrator shall also provide each former President, and Vice President, for a period not to exceed 6 months from the date of expiration of their terms of office, services and facilities of the same general character as that authorized by the act for a President-elect.

PERIOD OF AVAILABILITY OF TRANSITION
ACT FUNDS TO FORMER PRESIDENTS

The first former President to be covered by the provisions of the Transition Act was former President Johnson who left office in January 1969. The law appropriating funds to carry out his transition stated that the funds would remain available until June 30, 1970. The Chairman of the House Appropriations Committee advised us that the intent of the Committee was to make the Transition Act funds available through June 30, 1970, and requested our Office to rule on whether this intention would prevail over the 6 month limitation in the authorizing legislation. We advised the Chairman that the language in the appropriation act would prevail and that the funds would be available through June 30, 1970.

The appropriation act which provided the Transition Act funds for former President Nixon specified that the funds appropriated would only be available through February 8, 1975, 6 months after he resigned.

The appropriation act which made available the additional \$2.1 million in transition funds authorized by the 1976 amendments to the Transition Act, however, specified that the funds appropriated were to remain available until September 30, 1977. GSA advised the staff of former President Ford that, based on our 1969 decision, the Transition Act funds would remain available until September 30, 1977.

FORMER PRESIDENTS ACT OF 1958

Each former President is entitled pursuant to this act to a pension equal to the annual rate of basic pay of a Cabinet officer, currently \$66,000 a year. The pension payments begin as soon as he leaves office. This act also provides for a staff and services which begin 6 months after a former President leaves office. The act requires the Administrator of GSA

--To give each former President an office staff selected by the former President and responsible only to him.

--To furnish each former President with suitable office space appropriately furnished and equipped at such place within the United States as the former President shall specify.

--The act does not mention travel as an authorized expense, but the fiscal year 1969 supplemental appropriation act stated that a former President and no more than two members of his staff were authorized thereafter to use Former Presidents Act funds to pay travel expenses.

--The laws pertaining to the Postal Service authorize a former President to send all non-political mail as franked mail. The law requires that the Postal Service be reimbursed for the equivalent amount of postage on such franked mail.

The authorizing legislation places no overall limit on the total amount of funds that can be appropriated under the Former Presidents Act; there are, however, some specific limitations. The salaries of the office staff are limited to a total of \$96,000 a year, except during the first 30 months that staff assistance under this act is authorized when the limit is \$150,000. After 30 months the limit reverts to \$96,000 a year. No individual can be paid more than the rate

for level II of the Executive Schedule. The Former Presidents Act does not authorize detailing Federal employees to assist a former President.

PRIOR GAO REVIEWS

We have issued several reports dealing with the Presidential Transition Act and the Former Presidents Act. In a report to the Congress issued on November 16, 1970, "Federal Assistance For Presidential Transitions", we presented information on transition problems and experiences with emphasis on the Johnson-Nixon transition. That report also included information on the assistance provided to former Presidents. We made several recommendations for changes in the two laws which were not enacted.

The Senate Appropriations Committee in reporting on the 1975 Supplemental Appropriation bill suggested that we update our 1970 report. Our updated report, which was issued on December 24, 1975, made several additional recommendations for changes in both the Transition and Former Presidents Acts. On October 14, 1976, the Transition Act was amended to include two of the amendments recommended in that report; an increase in the funds authorized for the incoming administration and deletion of the provision which permitted the detailing of Federal employees to former Presidents on a

nonreimbursable basis. The act as amended also prohibits the detailing of Federal employees to the incoming administration on a nonreimbursable basis and authorized the appropriation of additional funds for the outgoing administration.

At the request of the Chairman, House Committee on Government Operations, we also reviewed the Ford-Carter Presidential Transition Expenditures. In our report to the Chairman dated December 23, 1977, we repeated our prior recommendations for amendments which had not been enacted and added several new ones designed to prevent some of the problems noted in our review of the Ford-Carter transition expenditures.

Summarized below are the recommendations we made to the Congress in that report.

PRESIDENTIAL TRANSITION ACT

We believe this act should deal solely with the assistance to be provided the incoming administration. For all intents and purposes the transition period is over when the new President takes the oath of office. A former President may be more active in the months immediately after he leaves office but the type of activities on which he needs assistance does not change materially. Presently, the assistance provided to a former President is provided in two laws whose provisions are similar but not identical; the Former Presidents Act and the Presidential Transition Act. A former President's pension

is paid from Former Presidents Act funds and begins as soon as he leaves office; the other services provided by that law begin 6 months after he leaves office and are subject to some limitations not included in the Transition Act.

Delete provisions dealing
with outgoing administration

We believe the needs of a President-elect and a former President are sufficiently different to justify legislation separating the authority for the assistance to be provided each. We therefore recommended that the Presidential Transition Act be amended to

--Delete section 4 dealing with services and facilities provided to former Presidents and former Vice Presidents and that part of section 5 authorizing the funds to be appropriated for such services and facilities.

Add provisions dealing with
military and chartered aircraft

During the Ford-Carter transition extensive use was made by both the incoming and outgoing administrations of military aircraft. Part of the cost of using these aircraft by the former President was charged to the Secret Service but the balance of the costs was absorbed by the Air Force. We advised the White House and GSA to make the appropriate adjustments to charge part of the cost of

the flights used by the incoming administration to the Secret Service and the balance of all costs to Transition Act funds.

In addition to the military aircraft, private planes were chartered by the incoming administration principally on flights used by the President-elect, the Vice president-elect or members of their families entitled to Secret Service protection. The transition staff collected part of the cost of the chartered flights from the Secret Service and the press who occupied space on these flights. The collections were deposited in a checking account in a private bank and used for various transition expenses but because there was no authority in the Transition Act to retain these collections, we advised GSA subsequently that these collections should be deposited to miscellaneous receipts in the general fund of the Treasury.

We believe that the Transition Act should be amended to clarify the act concerning (1) the authority to use military and chartered aircraft for transition purposes, (2) the appropriation to be charged for the cost of using military aircraft, and (3) the disposition of collections from the Secret Service, the press, and others for the use of space on chartered aircraft. We therefore recommended that the act be amended by

--Adding at the end of Section 3(a)(4) dealing with travel expenses a provision stating that when requested by the President-elect or Vice President-elect or their designee, and approved by the President, Government aircraft may be provided on a reimbursable basis to assist in the transition. Also, add a provision that when requested by the President-elect, Vice President-elect or their designee, aircraft may be chartered for transition purposes and that any collections from the Secret Service, the press, or others occupying space on such chartered aircraft be credited to the Transition Act appropriation.

Approval of expenditures by GSA

Many of the problems encountered in administering the Transition Act as it pertained to the incoming Carter administration involved the use of a checking account in a private bank. The use of this account permitted the transition staff to use transition funds without the usual GSA prepayment review.

In our opinion, (the Administrator of GSA ^{is responsible} for determining whether any proposed obligation or expenditure is authorized by the act and meets the usual requirements of Government regulations pertaining to travel, payroll, etc.)

To avoid similar problems in future transitions, we recommended that the act be amended to

--Add at the end of Section 3(e) a provision that, except for the national security expenditure provision in that section and expenditures from a small imprest fund, obligation and expenditure of transition funds may only be made with the prior approval of the Administrator or his designee.

FORMER PRESIDENTS ACT

The deletion of section 4 of the Transition Act would mean that all services to be provided a former President would be covered in the Former Presidents Act and there would be no provision for providing services to a former Vice President after he left office. We therefore made several recommendations, to (1) remove ^{(some of the re-}strictions in the act concerning total salaries and travel, ^{to be removed;} (2) clarify ^{(some of the provisions of the Former Presidents Act,} ^{and} (3) make ^{provisions for the services to be furnished} a former Vice President. ^{to be added.}

Staff salaries

The Former Presidents Act, as of September 30, 1977, limited to \$96,000 per year the total salaries that could be paid to the staff of a former President. Public Law 95-138 enacted October 18, 1977, increased this limit to

We believe that the authorizing legislation should authorize travel expenses of a former President and his staff. In effect, this would result in the deletion of the limitation restricting travel to just two staff members. If the Transition Act is amended as recommended above, the Former Presidents Act should also cover the period immediately after a President leaves office when travel by more staff members may be required. We therefore recommended that the Former Presidents Act be amended to

--Add a provision authorizing the travel of a former President and members of his staff.

As noted previously, the cost of military aircraft used by former President Ford was not charged to Transition Act funds and the assignment of these aircraft was based on a Department of Justice determination that such aircraft could be assigned for either official or personal purposes. We do not believe that the President has the authority to assign military aircraft to a former President without reimbursement. During the transition the former President also traveled on some occasions on chartered flights on which part of the costs were paid by the Secret Service. The collections from the Secret Service were deposited in miscellaneous receipts.

To clarify the authority for the use of military or chartered aircraft by a former President, the appropriation to be charged, and the disposition of any receipts from the Secret Service and others accompanying a former President, we recommended the addition of a provision stating that

--When authorized by the President, Government aircraft may be used by a former President for transition purposes. When deemed necessary for protective purposes, chartered aircraft may also be used by a former President in winding up the affairs of his Presidency. The cost of either government or chartered aircraft shall be paid with Former President Act funds and any collections from the Secret Service or others for the use of space on chartered flights deposited to the credit of the former Presidents Act appropriation.

Concerning a former President

--Transfer to the Former Presidents Act the more specific provisions of the Transition Act concerning employee benefits and authorized services.

--Add a provision authorizing the appropriation of funds to pay the expenses of moving the personal effects of a former President from the White House to a place of his choice in the United States.

--Add a provision specifically authorizing the use of funds appropriated under the act for 3 months after a former President's death to allow for the orderly closing of his office.

Because a former President will probably need office space in Washington, D.C., as well as one other location during the fiscal year in which he leaves office, we also recommended an amendment to

--Authorize the furnishing of office space in Washington, D.C., and one other place during the fiscal year in which a President leaves office. The Former Presidents Act limits office space to just one place and this limitation would remain in effect during subsequent years.

Widows' pensions

We also made a recommendation concerning the pension payable to the widows of former Presidents. The Former Presidents Act as enacted in 1958 provided for a pension of \$25,000 a year for a former President and \$10,000 a year for the widows of former Presidents. In 1971 the act was amended to provide that the pension of a former President would be equal to the salary of a Cabinet officer, at that time \$60,000 a year, and the pension of the widow of a former

President, \$20,000 a year. Because of increases in the salaries of Cabinet officers, a former President now receives \$66,000 a year but the pension of widows of former Presidents remains at \$20,000. We believe it would be appropriate to establish the widows' pension on a flexible basis similar to that of former Presidents. In 1971 the widows' pension was established at a rate which was one-third of a former President's pension.

We therefore recommended that

--The pension authorized for widows of former Presidents be established at one-third of the annual rate authorized for former Presidents.

Approval of expenditures by GSA

During the Ford-Carter transition, both the former President's staff and the former Vice President's staff were provided with Transition Act funds for deposit in checking accounts in private banks. The amounts advanced, \$5,000 and \$2,000, respectively, were relatively small and we noted none of the problems encountered in the use of the much larger checking account made available to the Carter/Mondale staff. These smaller accounts were operated on an imprest basis, i.e., for minor expenses which were submitted to GSA frequently for approval and reimbursement to the checking account for the amount expended.

To prevent any problems which might arise from the use of such checking accounts in the future, however, we recommended that the former Presidents Act be amended to

--Limit the expenditures that can be made without prior GSA approval to those made from a small imprest fund.

Concerning a former Vice President

We recommended that the provisions of the Transition Act concerning the services to be provided a former Vice President after he leaves office be transferred to the Former Presidents Act with a few changes.

For ease of administration we believe the services authorized for a former Vice President should also be available during the remainder of the fiscal year in which he leaves office--8 months and 10 days--rather than the 6 months provided in the Transition Act. We therefore recommended that the amendments to the Former Presidents Act provide that

--The services and facilities that will be authorized by the act for a former Vice President will be provided during the fiscal year in which he leaves office.

Other changes recommended are

--Under the Transition Act a former Vice President can be furnished office space at any place or places in the United States. The Former Presidents Act limits a former President to office space in just

one place and we recommended that the law be amended to provide that during the fiscal year in which a President leaves office that he be provided office space in Washington, D.C., and one other place. We recommend that a similar limit be placed on a former Vice President.

--Add a provision authorizing the shipment of the personal effects of a Vice President and his family from the official Vice Presidential residence in Washington, D.C., to a location in the United States selected by him.

Providing funds to the outgoing administration

The removal from the Transition Act of the authorization for an appropriation of not more than \$1 million to assist the outgoing administration, as recommended above, would mean that funds would have to be available under the Former Presidents Act as soon as the outgoing administration leaves office. There is a natural reluctance on the part of an administration with a President running for reelection to request funds under the Former Presidents Act which would only become available to him if he is defeated. This reluctance is overcome in the Transition Act by a provision which requires a President to request an appropriation for each fiscal year in which his

term will expire. We believe that a similar provision should be added to the Former Presidents Act. We therefore recommended the addition of a provision to require

--The President to include in the budget transmitted to the Congress for the fiscal year in which his regular term of office expires, a proposed appropriation providing sufficient funds to carry out the provisions of the Former Presidents Act as it would apply to him and the Vice President.

AUDIT OF FORMER PRESIDENTS ACT
EXPENDITURES

The most recent audit we have made of expenditures of funds appropriated under this act was of the fiscal year 1975 funds appropriated for former President Nixon. At the request of this Committee, we are currently auditing the expenditures made for all subsequent years through April 30, 1979.

The scope of our audit will be as follows:

Each major category of expenditure will be verified to supporting accounting documents at GSA Region IX. The major categories are: staff salaries, office and operating expenses, and travel.

Verification of expenditures will include a determination as to whether they are consistent with the provisions of the

act and will include the following:

- A detailed verification of both personnel and travel expenditures. Each expenditure will be checked to GSA records, the Biweekly Payroll distribution Report, and the travel voucher. Also a small sample of checks will be examined for proper endorsement, amounts, and so forth.
- Other accounts will be sampled to verify totals. Sampled accounts will be checked for supporting documents and evidence of payments. Use of government facilities will be checked to determine if appropriate reimbursement is being made.
- Accounts will be totaled and matched to congressional authorizations.
- Any expenditures which do not appear to be consistent with the provisions of the Former Presidents Act will be discussed with GSA and if necessary, the staffs of the former Presidents. Determinations as to allowability of any questionable items will be made by our General Counsel.

In addition we will discuss with the staff directors of each former President the scope of their activities, future budget requirements, the approval process for payments, and other matters as appropriate.