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STATEMENT OF  
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BEFORE THE  
TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT SUBCOMMITTEE  
OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE  
ON EXPENDITURES FOR FORMER PRESIDENTS

SEN 00314

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the results of our recent audit of expenditures under the Former Presidents Act and our recommendations to amend the Former Presidents Act and the Presidential Transition Act.

HISTORY OF THE FORMER PRESIDENTS ACT

With the passage of the Former Presidents Act of 1958, the Congress sought to provide former Presidents with (1) retirement benefits; (2) office space; (3) office staff; and (4) franking privileges, as well as to create continuing statutory authority for benefits for the widows of former Presidents. The rationale for providing these benefits was primarily to assure the dignity of the Office of the

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President of the United States by avoiding the need for former Presidents to seek personal financial support in the future. Another purpose was to provide financial support for those public demands which continue--such as speeches, conferences, advice, and correspondence.

Each former President is entitled 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. The act also authorizes a staff and services, which begin 6 months after a former President leaves office. Pursuant to the Presidential Transition Act of 1963, staff and services are available to a former President during the first 6 months after he leaves office. The 1958 act requires the Administrator of General Services:

--To provide each former President with 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 states that a former President and no more than two members

of his staff are 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 nonpolitical mail as franked mail. GSA reimburses the Postal Service for the equivalent amount of postage on such franked mail.

Congressional debate on the proposed legislation raised some questions. Some members pointed out that neither former President Hoover nor the widow of former President Roosevelt wanted or needed any financial assistance. As a consequence the proposed legislation contained a number of restrictions. Proposals were advanced to

--limit franking to the equivalent of 48,000

pieces of mail annually,

--provide office space only in Federal buildings,

and

--limit staff to that allowed for a Senator of the

least populous State.

The Congress debated these restrictions and voted to delete them from the act. But it did place a monetary limit on staff salaries.

Specifically, the salaries of the office staff are limited to a total of \$150,000 a year during the first 30 months and \$96,000 a year thereafter. 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.

AUDIT OF FORMER PRESIDENTS ACT EXPENDITURES

We audited funds appropriated under the act for fiscal years 1976, 1977, 1978, and through April 1979 for the offices of former Presidents Nixon and Ford. Using existing legislative guidelines we concluded that GSA has been reasonable in determining whether to approve expenses.

The total expenditures for fiscal year 1978, the latest full fiscal year included in our review, were \$230,000 for former President Nixon and \$360,000 for former President Ford. More details on the expenditures for each year are shown in attachment I to my statement.

We concluded that while some expenditures do seem unusual in terms of what would normally be provided for a Government office, the specific expenditures are allowable. In this regard, GSA is required to furnish each former President suitable office space appropriately furnished and equipped. Presidents, while in office, are provided with offices and furnishings generally more elaborate and of better quality than those provided for other elected or appointed Government officials--presumably, at least in part, in recognition of the President's status as head of state and of the ceremonial aspects of his position.

Thus, within the limits of the monies appropriated under the former Presidents Act, it is within GSA's authority to provide space, furnishings, and supplies for former Presidents in a style similar to that which they enjoyed as Presidents.

We did find several occasions where Mr. Ford has traveled with more than two members of his staff and paid for all the staff travel with funds appropriated under the Former Presidents Act. Mr. Ford has agreed to pay back the total amount in question--\$2,500.

#### PRIOR RECOMMENDATIONS

We made a number of recommendations to the Congress in our December 23, 1977, report to minimize some of the problems encountered during the Ford-Carter transition. These are noted in attachment II to my statement. While the recommendations have not been adopted, we continue to believe they are appropriate for consideration by the Congress.

We believe the Presidential Transition 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 for which he needs assistance does not change materially. If our recommendations were adopted:

- The Presidential Transition act would apply only to the incoming administration.
- The use of military aircraft on a reimbursable basis for transition purposes would be authorized and collections from the press and others for trips on chartered flights would be available for use in the transition.
- Funds would be available to the former President and Vice President from the time they leave office through the remainder of the fiscal year--a period of 8 months and 10 days. Thereafter, funds would only be available to the former President.
- The President would be required by law to include in the budget request for the fiscal year in which his regular term of office expires sufficient funds to pay for the benefits and services authorized for him and the Vice President by the Former Presidents Act. This requirement would overcome the natural reluctance of a President seeking reelection to request funds which would become available only if he were defeated.

--Expenditures would have to be approved in advance by the Administrator of General Services, except for minor cash expenses.

--The widows of former Presidents would be authorized a pension equal to one-third the annual rate authorized for former Presidents.

This concludes my prepared statement, Mr. Chairman.

We would be pleased to respond to any questions you may have.

TABLE I

PAYMENTS MADE UNDER THE FORMER PRESIDENTS ACT

|                         | 1976 and transi-<br>tion quarter     | 1977             |                  | 1978             |                  | 1979 (note a)    |                  |
|-------------------------|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                         | Nixon                                | Ford             | Nixon            | Ford             | Nixon            | Ford             | Nixon            |
| Annual allowance        | \$ 62,000<br><u>16,000</u><br>78,000 | \$ 49,000        | \$ 63,000        | \$ 66,000        | \$ 66,000        | \$ 38,500        | \$ 38,500        |
| Operating costs:        |                                      |                  |                  |                  |                  |                  |                  |
| Staff salaries          | 117,505                              | -                | 95,778           | 149,441          | 95,669           | 85,444           | 54,941           |
| Benefits                | <u>9,236</u>                         | -                | <u>7,345</u>     | <u>15,037</u>    | <u>8,213</u>     | <u>8,596</u>     | <u>4,869</u>     |
|                         | 126,741                              | -                | 103,123          | 164,478          | 103,882          | 94,040           | 59,810           |
| General office expenses | 33,879                               | 57,514           | 38,179           | 99,716           | 45,212           | 63,394           | 55,011           |
| Travel expenses         | <u>7,367</u>                         | -                | <u>8,679</u>     | <u>29,796</u>    | <u>14,770</u>    | <u>8,215</u>     | <u>14,953</u>    |
| Total operating costs   | <u>167,987</u>                       | <u>57,714</u>    | <u>149,981</u>   | <u>293,990</u>   | <u>163,864</u>   | <u>165,649</u>   | <u>129,774</u>   |
| Total payments          | <u>\$245,987</u>                     | <u>\$106,714</u> | <u>\$212,981</u> | <u>\$359,990</u> | <u>\$229,864</u> | <u>\$204,149</u> | <u>\$168,274</u> |
| Limitations:            |                                      |                  |                  |                  |                  |                  |                  |
| Total payments          | \$258,750                            | \$110,000        | \$215,000        | \$368,000        | \$235,000        | \$284,500        | \$213,500        |
| Staff salaries          | 96,000                               | -                | 96,000           | 150,000          | 96,000           | 150,000          | 96,000           |
| Travel expenses         | -                                    | -                | -                | 30,000           | 15,000           | 30,000           | 24,000           |

a/Operating costs include obligations for third quarter.



RECOMMENDATIONS TO THE CONGRESS  
FOR CHANGES IN LEGISLATION

We issued a report to the Congress dated December 24, 1975, on "Federal Assistance for Presidential Transitions: Recommendations for Changes in Legislation." 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. We issued another report on December 23, 1977, on "Audit of Ford-Carter Transition Expenditures," which contained several new recommendations and repeated the 1975 amendments that were not adopted.

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 do not change materially. Presently, the assistance provided to a former President is included 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. Also, on two occasions both Transition Act and Former President Act funds have been available concurrently for similar services.

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 recommend 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, the incoming and outgoing administrations extensively used military aircraft. Part of the cost of using these aircraft by the former President was charged to the Secret Service, but the Air Force absorbed the balance of the costs. We have 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 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 later advised GSA that these collections should be deposited to miscellaneous receipts in the Treasury's general fund.

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 recommend 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

Many of the problems encountered in administering the Transition Act as it pertained to the incoming administration involved using 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 act intends that the Administrator of GSA be 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. It is our view that the provision in section 3(e) dealing with the designation of an assistant was intended merely as a device to relieve the President-elect and Vice President-elect of the many details involved in requesting services and facilities. It was not intended to dilute the Administrator's responsibility for determining whether proposed obligations or expenditures are authorized by the act. The use of a private checking account avoided the usual GSA prepayment scrutiny and resulted in several problems discussed in chapter 3 of the report.

To avoid similar problems in future transitions, we recommend 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. In our December 24, 1975, report, we therefore made several recommendations, which we are repeating here, to (1) remove some of the

restrictions in the act concerning total salaries and travel, (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.

### 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 \$150,000 during the first 30 months that staff assistance under the Former Presidents Act is authorized. After 30 months the limit reverts to \$96,000 a year. During the first fiscal year of a transition, a former President usually requires a larger staff than in succeeding years. We believe that the ceiling should be removed so that the staff requirements of a former President could be adjusted through the appropriation process to meet particular circumstances as they develop. The Former Presidents Act, unlike the Transition Act, does not permit the detailing of Government employees to assist a former President. We believe he should be permitted to use such staff on a reimbursable basis during the fiscal year in which the transition occurs. We therefore recommend that the Former Presidents Act be amended to:

- Delete the ceiling on the annual salaries that can be paid to a former President's staff and add a provision authorizing the detailing of Government employees on a reimbursable basis during the fiscal year in which the transition occurs.

### Travel

The Former Presidents 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.

We believe that the authorizing legislation rather than an appropriation act should authorize travel expenses of a former President and his staff. Control of the amount authorized for travel can be obtained through the appropriation process, and we are recommending that the Former Presidents Act be amended to include the authority needed to authorize the travel 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 would also cover the period immediately after a President leaves office when travel by more staff members may be required. We therefore recommend that the Former Presidents Act be amended to:

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

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 the Secret Service paid part of the costs. 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 recommend 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 should be paid with Former Presidents 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.

#### Clarification or modification of provision

In our 1975 report, we made several other recommendations to clarify or modify the provisions of the act.

#### 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.
- Add a provision specifically authorizing the appropriation of funds to pay GSA the Standard Level User Charge for space provided to a former President beginning with the fiscal year following the fiscal year in which a President leaves office. The cost of space is usually one of the major costs of the services provided a former President. The law requires GSA to charge for use of space provided at rates determined in accordance with 40 U.S.C. . 490(j) but also permits GSA to waive such charges when it determines that to charge for space would be infeasible or impractical. GSA has waived such charges on the space provided former President Nixon and intends to waive them on the space provided former President Ford under the Former Presidents Act.

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 are making a new recommendation which would:

- 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 are also making a new 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 are therefore making a new recommendation that:

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

#### GSA approval of expenditures

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 are recommending 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 recommend 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.

In two of the last three Presidential transitions there has been a conflict between the authorizing legislation and the appropriation acts as to the period Transition Act funds are available to the outgoing administration. The deletion of section 4 of the Transition Act as recommended would remove this conflict as far as a former President is concerned because the funds would be provided on a fiscal year basis. 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 recommend 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 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 are recommending 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 recommend 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.