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Comptroller General

OF THE UNITED STATES

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GSA Approval Of Expenditures Under The Former Presidents Act Has Been Reasonable

While several unusual office expenditures for former Presidents Nixon and Ford were noted, GAO believes that the General Services Administration has been reasonable under existing legislative guidelines in determining whether to approve expenses.

If the Congress believes some of the expenditures are inappropriate, further legislative guidance should be provided to the General Services Administration.

GAO repeats recommendations made in an earlier report on the Ford/Carter transition that would clarify the distinction between expenses that should be paid from Presidential Transition Act funds or from Former Presidents Act funds.

This report was made at the request of the Subcommittee on Civil Service and General Services, Senate Committee on Governmental Affairs.



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-158195

The Honorable David Pryor, Chairman
Subcommittee on Civil Service
and General Services
Committee on Governmental Affairs
United States Senate

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AGC00017

Dear Mr. Chairman:

In accordance with your April 30, 1979, request, we have reviewed the expenditures under the Former Presidents Act of 1958 from July 1, 1975, through April 1979. Total expenditures for each fiscal year were within appropriation limits, and expenditures for staff salaries were within specific statutory limits. Except for certain travel costs, individual expenditure items were properly authorized and appropriately documented.

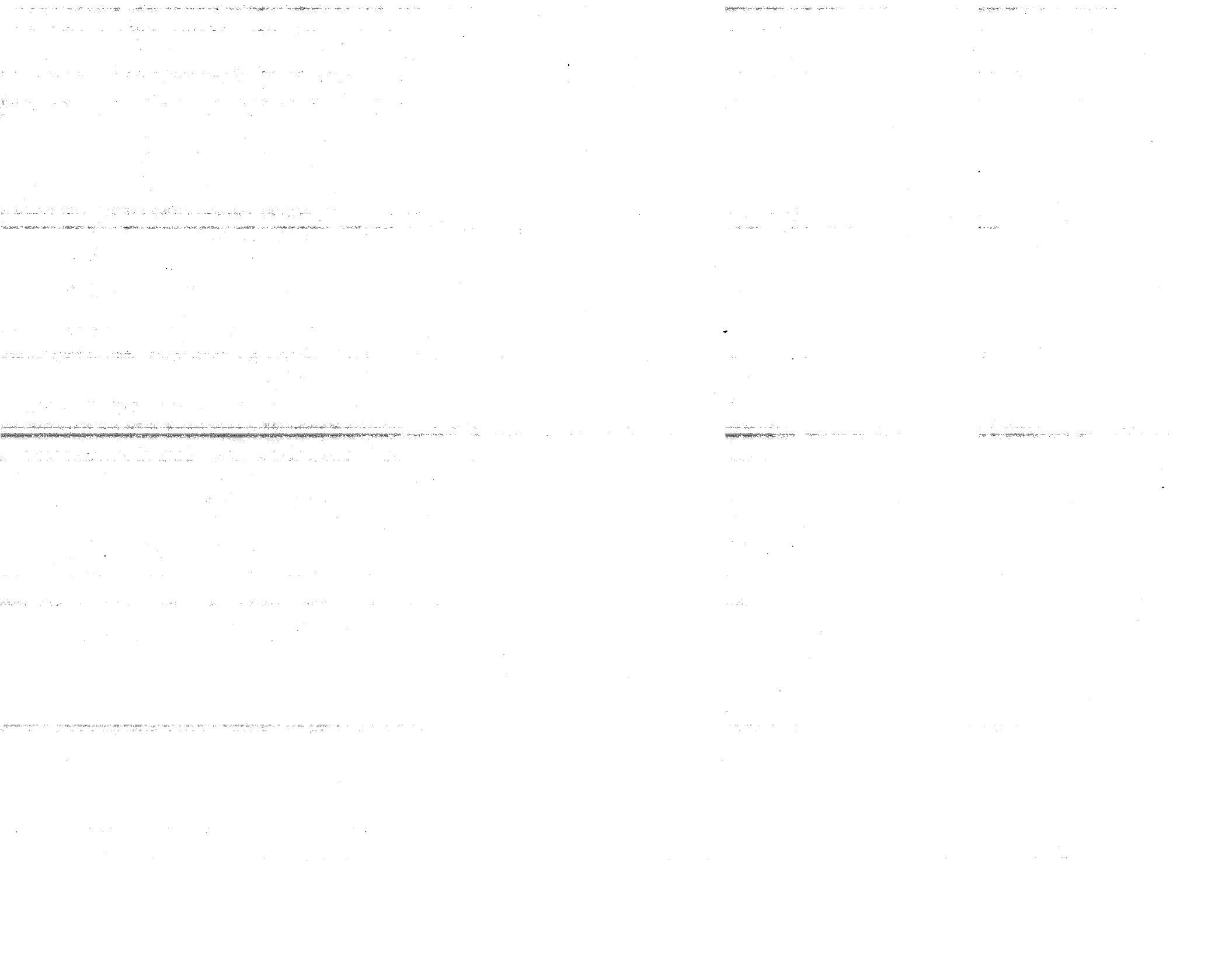
While we noted several unusual office expense items, we believe the General Services Administration has been reasonable under existing legislative guidelines in determining whether to approve expenses. If the Congress believes that some of the expenses are inappropriate, further legislative guidance should be provided to the General Services Administration to judge the appropriateness of office expenditures. Also, the Congress should adopt the legislative recommendations we made in our report on the "Audit of the Ford/Carter Transition Expenditures" (Dec. 23, 1977, GGD 78-36).

We are recommending that former President Ford's office return travel costs improperly paid from Former Presidents Act funds.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of its issuance. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

Comptroller General
of the United States



COMPTROLLER GENERAL'S
REPORT TO THE SENATE
COMMITTEE ON GOVERNMENTAL
AFFAIRS, SUBCOMMITTEE ON
CIVIL SERVICE AND GENERAL
SERVICES

GSA APPROVAL OF EXPENDITURES
UNDER THE FORMER PRESIDENTS
ACT HAS BEEN REASONABLE

D I G E S T

Public concern has increased recently about assistance provided to the former Presidents. Under the Former Presidents Act of 1958, the General Services Administration approves expenditures, including travel, staff salaries, and office expenses, for former Presidents. Given the act's legislative guidelines, GAO believes the General Services Administration has been reasonable under existing legislative guidelines in determining whether to approve expenses.

Although several unusual office expense items were noted, total expenditures for each fiscal year were within appropriation limits, and expenditures for staff salaries were within specific statutory limits. Except for certain travel costs, individual expenditure items were properly authorized and appropriately documented. With respect to general office expenses, the act states only that the former Presidents be provided with suitable office space appropriately furnished and equipped.

GAO also noted that former President Ford's office claimed travel expenses for more staff members than are authorized under the 1969 supplemental appropriation act.

If the Congress believes that some expenditures are inappropriate, further legislative guidance should be provided to the General Services Administration to judge the appropriateness of office furniture and equipment expenditures.

Finally, GAO believes that the recommendations in its December 23, 1977, report (GGD-78-36) should be adopted.

GAO discussed this report with General Services Administration officials, who generally concurred with the matters presented.

RECOMMENDATION

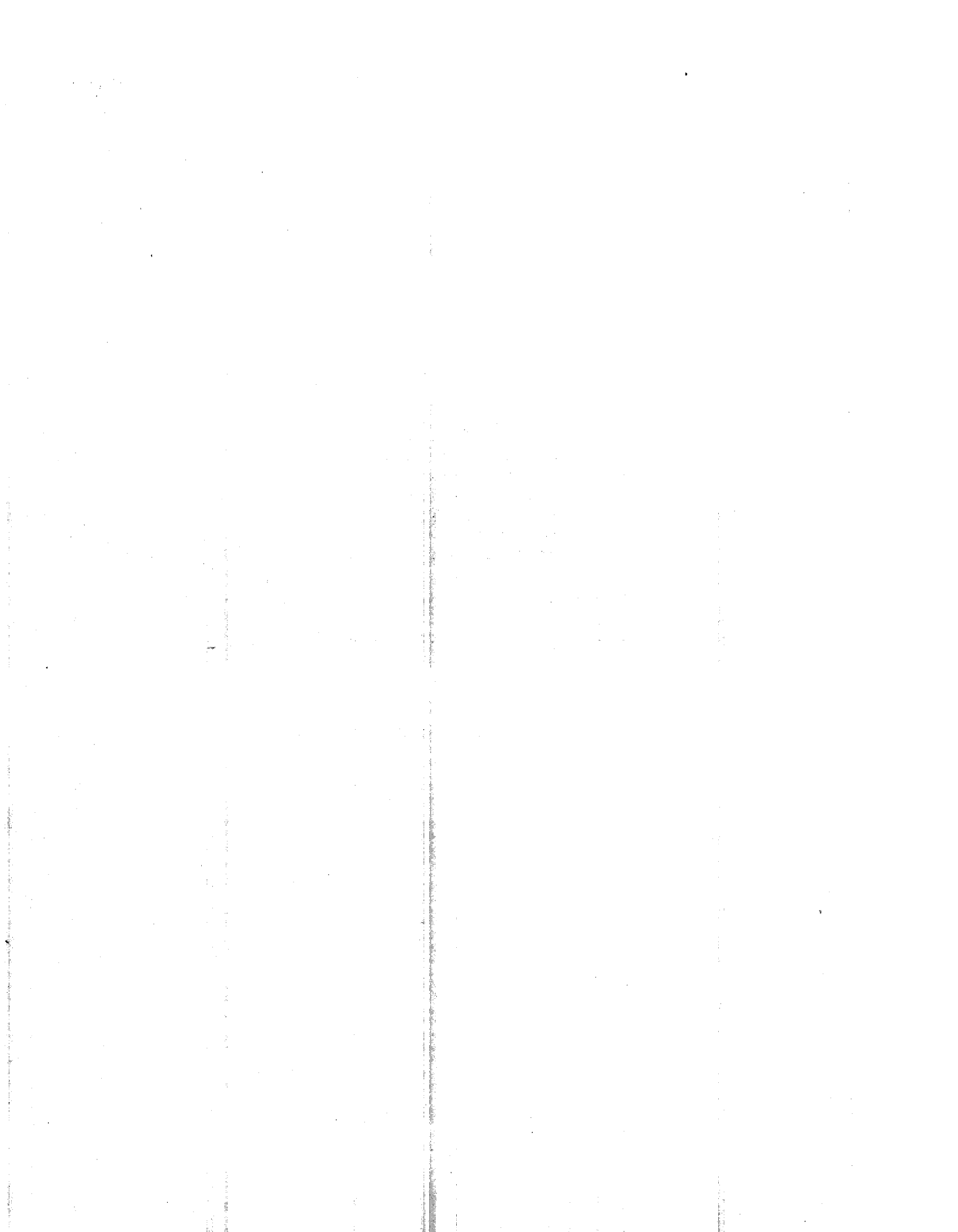
GAO recommends that the Administrator of General Services request that former President Ford's office return the travel costs improperly paid from Former Presidents Act funds.

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ABBREVIATIONS

GSA General Services Administration



CHAPTER 1

INTRODUCTION

Because public concern has increased recently about assistance provided to the former Presidents, the Subcommittee on Civil Service and General Services, Senate Committee on Governmental Affairs, requested that we audit the expenditures of former Presidents.

The Former Presidents Act of 1958 authorizes assistance to a former President for the remainder of his life. The act provides for an annual allowance equal to the annual rate of basic pay of a Cabinet officer, currently \$66,000 a year. The payments begin as soon as he leaves office. The act also provides for a staff and services which begin 6 months after a former President leaves office. The act requires the Administrator of General Services:

--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 nonpolitical mail as franked mail. The Postal Service is reimbursed by the General Services Administration (GSA) for the equivalent amount of postage on such franked mail.

The authorizing legislation places no overall limit on the total 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 \$150,000 a year during the first 30 months that staff assistance is authorized and \$96,000 a year after 30 months. No individual can be paid more than the rate for level II of the Executive Pay Schedule. The Former Presidents Act does not authorize detailing Federal employees to assist a former President.

A total of \$2.15 million was appropriated for the allowances and offices of the former Presidents and the widows of former Presidents from 1976 through 1979. The former Presidents were allocated \$1,878,000 and the widows \$275,000. Our review of GSA records shows that \$1,527,959 has been obligated by the former Presidents from fiscal year 1976 through April 30, 1979. An overview of the expenditures by former Presidents is shown in the table on page 5. Of the \$1.5 million, \$399,000 was for the pensions of the former Presidents and \$1,128,959 was for the operation of their respective offices.

The use of Former Presidents Act funds is controlled by the GSA's Region IX Office in San Francisco. Region IX receives and pays all bills l/ certified by the staff of the former Presidents to be expenses incurred in the operation of the offices. What constitutes an appropriate office expense for a former President is not well defined, since no role is described, in law, for a former President.

PRIOR RECOMMENDATIONS

We made a number of recommendations in our December 23, 1977, report on the "Audit of the Ford/Carter Transition Expenditures" (GGD-78-36) which would clarify the purposes of both the Presidential Transition Act and the Former Presidents Act. These recommendations have not been adopted. We continue to believe they are necessary to provide a clearer distinction between expenses that should be paid from funds authorized by each act. We testified on these recommendations on May 16, 1979, before the Subcommittee on Civil Service and General Services, Senate Committee on Governmental Affairs.

The Presidential Transition Act of 1963 (3 U.S.C. 102 (note) approved March 7, 1964) authorized the appropriation of not to exceed \$3 million to the Administrator of General Services for each Presidential Transition to promote the orderly transfer of executive power. Funds are provided to the incoming administration for services and facilities, such as office space, furniture, supplies, staff, and travel expenses. The same services and facilities are provided to the former President and former Vice President for a period not to exceed 6 months after the expiration of their terms

l/Excluding the costs associated with franking privileges.

of office. After 6 months, services and facilities are provided to former Presidents by the Administrator of General Services with funds authorized by the Former Presidents Act.

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 the recommendations, which are presented in detail in our December 1977 report, are 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.

CHAPTER 2

GSA APPROVAL OF EXPENDITURES UNDER FORMER PRESIDENTS ACT HAS BEEN REASONABLE

In the absence of specific legislative guidelines, we believe that the General Services Administration has been reasonable in determining whether to approve specific items. The Former Presidents Act states only that a former President shall be furnished suitable office space appropriately furnished and equipped.

When expenditures for specific items are being considered, GSA must interpret "suitable space" and "appropriately furnished." For example, when the former President determines the location of his office, GSA is responsible for leasing and equipping the office. GSA has determined that since the former President's pay equals that of a Cabinet officer, the space allowance should be the same. Essentially the same principle is involved in purchasing furniture. In terms of quality, quantity, and total dollar amounts, GSA applies the Cabinet-level office standard.

Former Presidents, expenditures are shown in table 1 for fiscal years 1976 through 1979. The following sections describe in more detail the expenditures for former Presidents Nixon and Ford during fiscal year 1978, the latest complete fiscal year. The unusual expense items were found in the general office expenses category.

TABLE I

PAYMENTS MADE UNDER THE FORMER PRESIDENTS ACT

	1976 and transi- tion quarter		1977		1978	
	<u>Nixon</u>		<u>Ford</u>	<u>Nixon</u>	<u>Ford</u>	<u>Nixon</u>
Annual allowance	\$ 62,000	\$ 49,000	\$ 63,000	\$ 66,000	\$ 66,000	
	<u>16,000</u>					
	<u>78,000</u>					
Operating costs:						
Staff salaries	117,505	-	95,778	149,441	95,600	
Benefits	<u>9,236</u>	-	<u>7,345</u>	<u>15,037</u>	<u>8,200</u>	
	126,741	-	103,123	164,478	103,800	
General office expenses	33,879	57,514	38,179	99,716	45,200	
Travel expenses	<u>7,367</u>	-	<u>8,679</u>	<u>29,796</u>	<u>14,700</u>	
Total operating costs	<u>167,987</u>	<u>57,714</u>	<u>149,981</u>	<u>293,990</u>	<u>163,800</u>	
Total payments	<u>\$245,987</u>	<u>\$106,714</u>	<u>\$212,981</u>	<u>\$359,990</u>	<u>\$229,800</u>	
Limitations:						
Total payments	\$258,750	\$110,000	\$215,000	\$368,000	\$235,000	
Staff salaries	96,000	-	96,000	150,000	96,000	
Travel expenses	-	-	-	30,000	15,000	

a/Operating costs include obligations for third quarter.

ANNUAL ALLOWANCE

The Former Presidents Act provides in part that:

"(a) Each former President shall be entitled for the remainder of his life to receive from the United States a monetary allowance at a rate per annum, payable monthly by the Secretary of the Treasury which is equal to the annual rate of basic pay, as in effect from time to time, of the head of an executive department * * *."

During the period of our review, the allowance increased from \$62,000 in 1976 to \$63,000 in 1977 to \$66,000 in 1978. It remains at \$66,000 in 1979. These changes reflect the increases in the Executive Pay Schedule.

OPERATING COSTS

Operating costs include staff salaries, general office expenses, and travel. Because dollar limits are clearly specified for staff salaries and travel, GSA has clear guidance for reviewing and approving these items. Authorization for the general office expenses category, however, does not have any limitations and has resulted in some unusual office expense items which have caused public concern.

Staff salaries

The Administrator provides each former President with an office staff selected by the former President at pay rates determined by the former President. The total salary for the office staff can not exceed \$150,000 per year for the first 30 months and \$96,000 per year thereafter. The total of basic staff salary expenditures for each of the former Presidents' staffs was within the applicable ceiling rates for each of the years we examined.

Former President Nixon has eight staff members whose salaries range from \$1,200 per year to \$36,500 per year. The principal duties of his staff, some of whom are part time, are to respond to the large volume of mail and deal with visitors. According to the staff director, the activities related to former President Nixon's book are handled separately by an assistant, 80 percent of whose salary is paid from non-Federal sources.

Former President Ford has 12 staff members paid from the Former Presidents Act funds. Four of these are also paid in part from other sources. The principal duties of the staff are scheduling appearances and correspondence. At the time of our visit to former President Ford's office, he was receiving mail at the rate of 1,100 to 1,400 pieces per week. These include about 200 requests per week to appear. Two full-time staff members were assigned to answer mail. The salaries ranged from \$5,810 to \$26,636 per year from the Former Presidents Act. We do not know how much additional was paid from non-Federal sources.

General office expenses

Total general office expenses for 1978 were \$99,716 for former President Ford and \$45,212 for former President Nixon. The GSA accounting system separates office expenditures into a number of object classes for accounting purposes. The principal classes used are described below with the amount spent in fiscal year 1978.

--Commercial equipment rental. Charges for equipment rental other than automatic data processing.

Ford	\$8,871
Nixon	\$4,022

Both the offices of former Presidents Nixon and Ford incurred costs for renting photocopy machines and typewriters.

--Printing. Charges for printing and duplicating papers which could not be photocopied.

Ford	\$4,688
Nixon	\$1,416

Typical expenditures were for printing envelopes. Expenditures appear characteristic of offices largely involved in answering correspondence.

--Payment to commercial contractor. Charges for contractual services for which no other object class applies.

Ford	\$9,025
Nixon	\$4,148

In 1978, among other things, former President Nixon charged this account for car washes, minor auto repair for the leased cars, photo processing, typewriter repair, and liability insurance for the staff. During the same year, former President Ford charged this account for water softening, beeper service, pool service (required by the lease of the home being used as his office), wire service, janitorial service, liability insurance for the staff, and moving services.

--Payments to other government agencies. Charges where no other object class applies.

Ford	\$2,468
Nixon	\$ 7

Former President Ford's office was charged \$2,468 for services provided by the White House Communication Office. Former President Nixon was charged \$7 duty by the U.S. Customs Service. No other charges were made against this account in any of the other years we examined.

--Office supplies. Charges for common use office items.

Ford	\$1,101
Nixon	\$1,792

Both of the former Presidents' offices use considerable stationery and supplies. Purchases are from both regular commercial sources and the GSA self-service stores. In other years, total purchases ranged up to \$4,500.

--Operating supplies. Charges for such items as reference books, hardware, lumber, film, fuel, packing material, carpets, and draperies.

Ford	\$9,415
Nixon	\$3,639

The charges by former President Nixon's office in 1978 were for gasoline, shelving, the book Who's Who, The Encyclopedia of World Governments, and plumbing

supplies. Former President Ford's office purchased gasoline, the Los Angeles Blue Book, plants, fireplace accessories, door mats, silver coffee service, and ash trays, among other items to furnish the office.

--Newspapers and periodicals. Charges for newspapers, newspaper clipping services, and periodicals.

Ford	\$979
Nixon	\$480

Former President Nixon's office spent \$480 for seven subscriptions, including the New York Times, Washington Post, and Los Angeles Times. Former President Ford's office charged \$979 to this account for 13 subscriptions. These included the newspapers noted above plus periodicals like U.S. News and World Report and Time. Mr. Ford's office also purchased Orbens Comedy Fillers for \$25.

--Telephone service. Charges for local phone service.

Ford	\$11,452
Nixon	\$ 7,033

--Long distance toll charges.

Ford	\$24,752
Nixon	\$ 3,943

--Intercity service. Charges for local terminals, wide area telephone service (WATS), and Federal Telecommunication System (FTS).

Ford	\$3,237
Nixon	\$4,256

The GSA is installing an FTS line for former President Ford's office to reduce the telephone costs. Charges are expected to total no more than \$12,000 for fiscal year 1979.

--Furniture and equipment.

Ford	\$ 0
Nixon	\$4,607

The charges to this account are for depreciation on Government-owned equipment in former President Nixon's office. The furniture and equipment were placed in the western White House and were originally paid for from the GSA Public Building Fund. Former President Ford has no depreciable Government-owned property. All furniture and equipment were either purchased or leased and immediately expensed.

--Administrative equipment. Charges for furniture and equipment.

Ford	\$3,728
Nixon	\$ 774

Over the 4-year period, the office of former President Nixon spent about \$8,300 on furniture and equipment. In 1977, at the end of the transition period, former President Ford's office was equipped at a cost of \$33,111. Since that time an additional \$4,058 has been spent. These expenditures are comparable to the senatorial office furniture allowance of \$35,000.

--Rent.

Ford	\$13,500
Nixon	\$ 0

Former President Nixon has not been appropriated any funds for rent. GSA has provided space for former President Nixon in a Coast Guard station adjoining his property at San Clemente, California.

Former President Ford initially rented a private home in Rancho Mirage, California, for use as a temporary office until another home could be converted for permanent office use. He moved to the new office in June/July 1978. Rent payments in fiscal year 1978 were for the temporary office. The new office rent will be paid by GSA's Public Buildings Service, and former President Ford will repay GSA for total operating costs.

In 1979, GSA began charging a standard-level user charge to assess the former Presidents for office space and operation and maintenance costs. Estimated user charges for fiscal year 1979 are \$48,694 for Mr. Nixon and \$52,752 for Mr. Ford.

Travel expenses

Former President Nixon travels infrequently; therefore, almost all travel costs (\$14,770 in 1978) charged are for his staff. Former President Ford travels frequently. According to his staff, he was away from the office 181 days during 1978. His personal travel cost is paid by organizations inviting him to appear; therefore, all travel costs (\$29,796 in 1978) are for his staff.

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. GSA has interpreted the limitation as no more than two staff members may travel at any one time.

More than two of former President Ford's staff claimed travel expenses at the same time during 69 days in fiscal year 1978. Our analysis shows that the amount improperly paid for more than two persons traveling at the same time totaled \$2,540.71. GSA has advised Mr. Ford's office to more closely monitor travel claims in the future.

On several occasions, former President Ford used U.S. military aircraft for transportation. Former Presidents Act funds were used to pay \$3,952 for a stopover in Denver that was requested by former President Ford during one of the flights. Another flight was requested by Mr. Ford and was also paid for from the Former Presidents Act funds. According to White House sources, the other flights were requested or authorized by President Carter. Therefore, they do not have to be paid for from Former Presidents Act funds.

CONCLUSIONS

Some of the general office expenses seem unusual in terms of what would normally be provided for a Government

office. At the same time, we must consider the expenditures in light of the prior status of Mr. Nixon and Mr. Ford. As with other Presidents, while in office they were provided with offices and furnishings generally more elaborate and of better quality than those provided for other elected or appointed officials. Presumably these provisions were, 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 the Former Presidents Act, the Administrator has been reasonable in his interpretation of the authority to provide suitable office space appropriately furnished and equipped. More specific criteria would assist GSA in judging the appropriateness of office furniture and equipment expenditures.

If the Congress believes that some of the expenditures are inappropriate, further legislative guidance should be provided to GSA to judge the appropriateness of expenditures for office space and furnishings. We would be glad to work with the committee staffs to develop specific language for amendments to the legislation.

Former Presidents Act funds are not available for travel costs when a third staff member travels. Therefore, Mr. Ford's office should return the travel costs improperly paid from Former Presidents Act funds when more than two staff members traveled at the same time.

RECOMMENDATION

We recommend that the Administrator of General Services request that former President Ford's office return the travel costs improperly paid from Former Presidents Act funds.

CHAPTER 3

SCOPE

This review included an evaluation of the recommendations in our December 1977 report on the "Audit of the Ford/Carter Transition Expenditures" (GGD 78-36) to determine whether they were still applicable and an analysis of expenditures from Former Presidents Act funds from July 1, 1975, through April 1979.

We examined supporting documentation at GSA's Region IX Office in San Francisco and visited the offices of both former Presidents Nixon and Ford. We had discussions with Region IX officials and the staff directors of the former Presidents.

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

Verification of expenditures included a determination as to whether they were consistent with the provision of the act and included the following:

- A detailed verification of both personnel and travel expenditures. Each expenditure was checked to GSA records, biweekly payroll distribution reports, and travel vouchers. Also a small sample of checks was examined for proper endorsement and amount.
- Other accounts were traced on a sample basis to supporting documents and evidence of payments. Use of government property and services was reviewed to determine if appropriate reimbursement was being made.
- Accounts were totaled and matched to appropriation authorizations.
- Any expenditures which appeared unusual were discussed with GSA and, if necessary, the staff of the former Presidents.

In addition, we discussed 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.

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