

DOCUMENT RESUME

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[Grant Funds to Eisenhower College]. GGD-77-47; B-114877. March 30, 1977. 3 pp.

Report to Rep. Henry S. Reuss, Chairman, House Committee on Banking, Finance and Urban Affairs; by Elmer B. Staats, Comptroller General.

Issue Area: Education, Training, and Employment Programs (1100).

Contact: General Government Div.

Budget Function: General Government: Other General Government (806).

Organization Concerned: Department of the Treasury; Eisenhower College, Seneca Falls, NY.

Congressional Relevance: House Committee on Banking, Finance and Urban Affairs.

Authority: Bank Holding Act Amendments of 1970 (P.L. 93-441). Supplemental Appropriations Act of 1975. Treasury, Postal Service, and General Government Appropriation Act.

Eisenhower College was originally financed by the lower of either of \$10 million from the U.S. Treasury or one tenth of all moneys from the sale of \$1 Eisenhower proof coins. A 1975 Supplemental Appropriations Act appropriated \$9 million, and a 1976 Act appropriated \$1 million. As of June 30, 1976, the college received \$8.4 million, which the college was free to use as it deemed appropriate. Findings/Conclusions: In a 1975 decision, the GAO determined that the appropriations to Eisenhower College based on percentages from the sale of \$1 proof coins must be construed as having a meaningful effect. The college was expecting an additional \$600,000 based on the difference between its share of the appropriation and the amount received. It was reported that the \$600,000 would not be available because of insufficient Eisenhower dollar sales, but Treasury decided that sales of about 2.3 million bicentennial proof sets were sufficient to fully fund the grant. As with business ventures, the ability of the college to be self-supporting will depend on the demand for its product. The college recognizes the need for a larger enrollment and is recruiting new students. Applications for the 1977-78 school year are up about 75% from the previous year. (RBS)



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

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L-114877

The Honorable Henry S. Reuss
Chairman, Committee on Banking,
Finance and Urban Affairs
House of Representatives

MAR 30 1977

Dear Mr. Chairman:

As requested in your November 9, 1976, letter, we have looked into the questions raised by Congresswoman Sullivan concerning Federal grants to Eisenhower College.

As the Congresswoman indicated, many of her comments were based on data we supplied at her request in our October 29, 1976, report. Congresswoman Sullivan's concerns can be grouped into four broad categories: (1) how the college spent the funds and if they were spent according to congressional intent, (2) why funds were given to the college based on sales of bicentennial proof sets when the authorizing law specified that the basis would be sales of single Eisenhower proof dollars, (3) will the \$600,000 in unexpended but authorized grant funds be given to the college, and (4) can the college continue without additional funding from the Congress.

As you know, Public Law 93-441 (Oct. 11, 1974) amended the Bank Holding Act Amendments of 1970 and authorized the Secretary of the Treasury to transfer to the college the lower of either \$10 million or one-tenth of all moneys from the sale of \$1 Eisenhower proof coins. The act provided for the college to transfer 10 percent of funds received to the Samuel Rayburn Library. The Supplemental Appropriations Act of 1975 appropriated \$9 million, and the Treasury, Postal Service, and General Government Appropriations Act of 1976 appropriated \$1 million.

HOW FUNDS WERE SPENT

As we stated in our report to Congresswoman Sullivan, the college, as of June 30, 1976, received \$8.4 million of the \$9 million authorized by Public Law 93-441. In requesting the grant the college presented a plan indicating that the funds would be used mostly for capital improvements; however, the law did not specify or establish guidelines concerning how the funds were to be spent. Therefore, the college was free to use the funds as it deemed appropriate.

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We reported that the college used the \$8.4 million as follows: \$3.5 million for investments, \$2.3 million for operating expenses, and \$2.6 million for capital projects. The \$2.3 million for operating expenses and \$600,000 used for capital projects were intermingled with other funds. Therefore, identity of the funds has been lost and a breakdown of how they were spent in more detail than we reported is not available.

GRANT BASED ON SALES OF BICENTENNIAL
PROOF SETS

Congresswoman Sullivan questioned the propriety of the grants being based on sales of the bicentennial proof sets when the law specified that the grants were to be based on sales of the single Eisenhower proof dollar. The bicentennial set consisted of three coins including an Eisenhower proof dollar. This dollar has a bicentennial theme design on the reverse in place of the original Apollo 11 design.

Because of the change in design of the Eisenhower proof dollar for 1975 and because the dollar would only be sold in the bicentennial set, the Treasury Department requested the Comptroller General to determine whether the bicentennial set qualified under the law as a basis for giving funds to the college.

In a November 11, 1975, decision (B-114877), we said that the 1976 appropriation to Eisenhower College based on percentages of proceeds from the sale of \$1 proof coins bearing the Eisenhower likeness must be construed as having meaningful effect. Since the only proceeds during the availability period of this appropriation were from sales of the \$1 proof coins bearing the bicentennial design on the reverse side rather than the Apollo 11 design originally provided for in Public Law 93-441, such proceeds may be used for payments to the college.

UNEXPENDED GRANT FUNDS

As of June 30, 1976, the college had received \$8.4 million--\$7.5 million in fiscal year 1975 and \$900,000 in fiscal year 1976. The first amount was based on the sales of the single Eisenhower proof dollar; the latter on sales of the bicentennial set. The college was expecting an additional \$600,000 based on the difference between its share (\$8.1 million) of the 1975 appropriation and the amount received (\$7.5 million).

We reported to Congresswoman Sullivan that the remaining \$600,000 would not be given to the college because the Treasury reported insufficient Eisenhower dollar sales in fiscal year 1975, and although sales since then provided adequate funds to cover the difference between the amount appropriated and the amount paid, the 1975 appropriation authority had expired. We also told this to the college. The college requested Treasury to review its records to verify that the funds could not be paid.

Treasury reviewed its records and found that the Bureau of the Mint, as of June 30, 1975, had accepted payments for about 2.3 million bicentennial proof sets, but because the sets were not delivered until fiscal 1976, the proceeds from the sales were not recorded as available for funding the Eisenhower College grant. Treasury decided that these sales belonged in fiscal year 1975 and were sufficient to fully fund the grant. As a result, Treasury paid the college the \$600,00 remaining in the 1975 appropriation.

We reviewed Treasury's records and found that it adequately supported this decision.

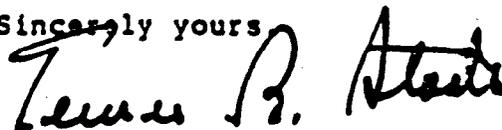
VIABILITY OF THE COLLEGE

Another concern expressed by Congresswoman Sullivan was whether the college will survive without the Government providing further large grants other than those normally available to colleges. As with business ventures, the ability of the college to be self-supporting will depend on the demand for its product. There seems little doubt that the college must boost enrollment. The college recognizes this and is recruiting new students. It reports that applications for the 1977-78 school year are up about 75 percent from the previous year.

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In accordance with your instructions, we have not obtained Treasury's comments on this report.

Sincerely yours



Comptroller General
of the United States