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APPROVED

OCT 11 1974

**THE WHITE HOUSE
WASHINGTON**

ACTION

Last Day - October 12

October 9, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE *C*

SUBJECT:

Enrolled Bill H.R. 16032
Changing the Composition of
the Penny and Authorizing
Grants to Eisenhower College

Attached for your consideration is House bill, H.R. 16032 which authorizes the Secretary of the Treasury to alter the composition of the one-cent piece and also, in the form of a rider, authorizes additional grants to Eisenhower College, Seneca Falls, New York, and grants to the Samuel Rayburn Library.

Roy Ash recommends approval and provides you with additional background information in this enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who also recommend approval.

RECOMMENDATION

That you sign House bill H.R. 16032 (Tab B).

*Postal
10/12/74
Jo Ardine
10/15/74*

APPROVED
OCT 11 1974

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 7 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 16032 - Composition of penny and
Eisenhower College grants
Sponsor - Rep. Patman (D) Texas

Last Day for Action

October 12, 1974 - Saturday

Purpose

Authorizes the Secretary of the Treasury to alter the composition of the one-cent piece and also, in the form of a rider, authorizes additional grants to Eisenhower College, Seneca Falls, New York, and grants to the Samuel Rayburn Library.

Agency Recommendations

Office of Management and Budget	Approval
Department of Health, Education, and Welfare	Approval
Department of the Treasury	No objection

Discussion

Section 1 of the bill would provide temporary authority for changes in the composition of the one-cent coin in the event that copper prices should increase to levels making the penny more valuable for its copper content than as a coin. Current law requires that the alloy of the penny be 95 percent copper and 5 percent zinc and that it weigh 48 grains.

This bill stems from the recent rise of copper prices which resulted in diversion from circulation of large quantities of pennies into speculative channels and created shortages of the coins in many parts of the country despite record production in the last fiscal year.



The bill authorizes the Secretary to alter the copper and zinc composition of the penny as he may consider appropriate "to assure an adequate supply of coins to meet the national needs"

In the event that copper prices rose sufficiently to make even a reduced amount of copper impracticable for use in one-cent pieces, the Secretary could substitute other metallic content, provided that he:

- issued an order setting out all of the pertinent physical properties of the proposed new coin, taking into consideration the use of such coins in coin-operated devices; and
- gave the Senate and House Banking Committees at least 60 days notice, during which the Congress must be in continuous session, of the alternative materials he intends to use.

The authority provided by section 1 would expire after December 31, 1977.

In December 1973, Treasury requested legislation to permit a permanent change in the alloy of the penny from 95 percent copper to at least 96 percent aluminum and such other metals as the Secretary should determine. Opposition to an "aluminum coin" was expressed by the vending machine industry (because of jamming caused by the lighter coins when accidentally inserted into the nickel and dime slots of many machines) and by medical experts in pediatrics and radiology (based on difficulties of locating such coins by x-ray if swallowed by children). As a result, the Congress rejected the proposal for an aluminum penny and adopted the approach which is incorporated in the enrolled bill.

Section 2 of the bill is a rider which would authorize the Secretary of the Treasury to take one-tenth of the moneys derived from the sale of proof dollars bearing the likeness of the late President Eisenhower and transfer such amount to the Eisenhower College, Seneca Falls, New York. However, the transfer would be subject to appropriation and the total appropriations could not exceed \$10 million.

The bill further provides that 10 percent of the transfer to Eisenhower College must be transferred in turn to the Samuel Rayburn Library, Bonham, Texas.

The House Banking and Currency Committee report comments on Section 2 as follows:

"Section 2 of H.R. 16032 is intended to facilitate the further development of Eisenhower College and the Samuel Rayburn Library as living memorials to two of the greatest figures in modern American history, with emphasis on the training of youth in the principles of American democracy and in the science of politics in which both men had distinguished themselves, one as President and the other as the leader of the House of Representatives.

"Eisenhower College was already in being when it was designated by Congress in 1968, in Public Law 90-563, as a 'distinguished and permanent living memorial' to the life and deeds of the Nation's thirty-fourth President, Dwight David Eisenhower. This legislation authorized an appropriation of \$5,000,000 to the College on a matching basis, to be used for construction purposes. Former President Eisenhower had previously authorized the use of his name for this institution, had attended its ground-breaking ceremonies, and had stressed his desire that the College be regarded as his primary memorial. The College graduated its first four-year class in 1972, and received full accreditation in December of that same year, only four years and three months after its opening. In its first five years, it attracted students from 31 states and 15 foreign countries.

"The Samuel Rayburn Library at Bonham, Texas, is the official depository of the papers of the late, great Speaker of the House of Representatives. It is located in the same Congressional District in which President Eisenhower was born. The two institutions, Eisenhower College and Rayburn Library, have entered into an agreement to share some of the receipts from this legislation for cooperative educational activities. A Dwight D. Eisenhower Study Center is to be established in the Rayburn Library with special study opportunities in the fields of Federal, State and local

government for Eisenhower College students as well as students from other institutions, and a Sam Rayburn Professorship in Political Science has been authorized at Eisenhower College.

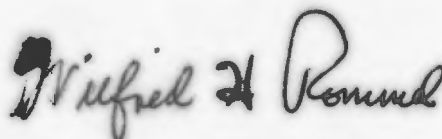
"Under Section 2 of H.R. 16032, the \$10,000,000 authorized for grants to the two institutions can be made available only through appropriations."

It is our understanding that Public Law 90-563 had the support of former President Eisenhower. However, we also understand from Mr. Bryce Harlow that President Eisenhower made it absolutely clear at the time that the \$5 million grant was to be the only Federal grant to the college as a memorial to him that he would support.

When legislation along the lines of Section 2, but limited to Eisenhower College, was under consideration by the Congress in 1972 and 1973, the Administration essentially deferred to the Congress. Treasury was given clearances to report to the Congress:

"Should the Congress after hearings and thorough consideration of the matter conclude that the proposed legislation is worthwhile, the Department would have no objection to its enactment."

While we have some reservations about Section 2 because of former President Eisenhower's position, because of the basic inequity of assisting one college while many others have similar financial needs, and because the grant need not be matched as did the original one, we believe, nevertheless, that under all the circumstances the bill should be approved.



Assistant Director for
Legislative Reference

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 7 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 16032 - Composition of penny and
Eisenhower College grants
Sponsor - Rep. Patman (D) Texas

Last Day for Action

October 12, 1974 - Saturday

Purpose

Authorizes the Secretary of the Treasury to alter the composition of the one-cent piece and also, in the form of a rider, authorizes additional grants to Eisenhower College, Seneca Falls, New York, and grants to the Samuel Rayburn Library.

Agency Recommendations

Office of Management and Budget

Approval

Department of Health, Education, and
Welfare

Approval

Department of the Treasury

No objection

Discussion

Section 1 of the bill would provide temporary authority for changes in the composition of the one-cent coin in the event that copper prices should increase to levels making the penny more valuable for its copper content than as a coin. Current law requires that the alloy of the penny be 95 percent copper and 5 percent zinc and that it weigh 48 grains.

This bill stems from the recent rise of copper prices which resulted in diversion from circulation of large quantities of pennies into speculative channels and created shortages of the coins in many parts of the country despite record production in the last fiscal year.

To Warren Handberg
10/7/74
4:10 P.M.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 631

Date: October 7, 1974

Time: 4:30 p.m.

FOR ACTION: James Cavanaugh
 Geoff Shepard
 Phil Buchen
 Bill Timmons

cc (for information):

Warren K. Hendrik:
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, October 9, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 16032 - Composition of penny and Eisenhower College grants

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE
WASHINGTON

10/7/74

TO: WARREN HENDRIKS



Robert D. Linder

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 631

Date: October 7, 1974

Time:

4:30 p.m.

FOR ACTION:

✓ James Cavanaugh
Geoff Shepard
Phil Buchen
Bill Timmons

cc (for information):

Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date:

Wednesday, October 9, 1974

Time: 2:00 p.m.

SUBJECT:

Enrolled Bill H.R. 16032 - Composition of penny and
Eisenhower College grants

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

*I concur with the grant
provisions to Eisenhower College
and favor signing of HR 16032
Kathy Tindle
10/8/74*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 631

Date: October 7, 1974

Time: 4:30 p.m.

FOR ACTION: James Cavanaugh
Geoff Shepard
✓ Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, October 9, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 16032 - Composition of penny and
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ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

*No objection
H.C.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 631

Date: October 7, 1974

Time: 4:30 p.m.

FOR ACTION: ~~James Cavanaugh~~
Geoff Shepard
Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

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DUE: Date: Wednesday, October 9, 1974 Time: 2:00 p.m. /

SUBJECT: Enrolled Bill H.R. 16032 - Composition of penny and Eisenhower College grants

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

No objection

WCS

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OCT 2 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to your request for a report on H.R. 16032, an enrolled bill "To authorize the Secretary of the Treasury to change the alloy and weight of the one-cent piece and to amend the Bank Holding Act Amendments of 1970 to authorize grants to Eisenhower College, Seneca Falls, New York."

This report is limited to section 2 of H.R. 16032, which authorizes the Secretary of the Treasury to take one-tenth of all moneys derived from the sale of \$1 proof coins minted and issued under section 101(d) of the Coinage Act of 1965 (31 U.S.C. 391(d)) and section 203 of the Bank Holding Company Act Amendments of 1970 (31 U.S.C. 324(b)) which bear the likeness of the late President of the United States, Dwight David Eisenhower, and transfer such amounts of moneys to Eisenhower College, Seneca Falls, New York.

Section 2 further authorizes an appropriation not to exceed \$10,000,000 for this purpose and stipulates that before the Secretary of the Treasury may transfer any money to Eisenhower College under this Act, Eisenhower College must make satisfactory assurances to him that an amount equal to ten percent of the total amount of money received by Eisenhower College under this Act shall be transferred to the Samuel Rayburn Library of Bonham, Texas.

P.L. 90-563, which was enacted on October 12, 1968, provided \$5,000,000 in grants "on behalf of a grateful nation in

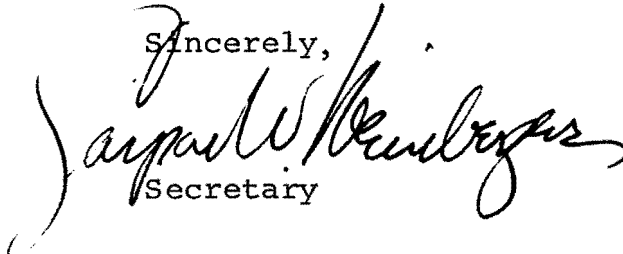
honor of Dwight David Eisenhower, 34th President of the United States, to be used in support of construction of educational facilities at Eisenhower College, Seneca Falls, New York, as a distinguished and permanent living memorial to his life and deeds."

The legislative history of P.L. 90-563 indicates that it was the intent of the Congress that the \$5,000,000 grant to Eisenhower College was to be a one-time special purpose grant and that further grants to the college for special purposes would be unnecessary. (Eisenhower College: Hearing before the Special Subcommittee on Education of the Committee on Education and Labor, House of Representatives, 90th Congress, Second Session on H.J. Res. 800. Hearing held in Washington, D. C. July 10, 1968).

Against a background of severe fiscal problems facing many small colleges and postsecondary institutions, this legislation establishes a precedent of "bailing out" one particular college with periodic special grants or appropriations. While this college is somewhat unique in being a living memorial to former President Eisenhower, this bill demonstrates the possibility that the Federal government may be called upon to provide continuing support for Eisenhower College for an indefinite period of time in the future.

Although the bill might establish a bad precedent in this regard, the fact that we have generally supported legislation authorizing the appropriation of funds for memorials for former presidents distinguishes this bill from those providing general support for colleges. We therefore recommend that the enrolled bill be approved.

Sincerely,


Secretary



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

OCT 1 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 16032, "To authorize the Secretary of the Treasury to change the alloy and weight of the one-cent piece and to amend the Bank Holding Act Amendments of 1970 to authorize grants to Eisenhower College, Seneca Falls, New York."

The first section of the enrolled enactment would amend section 3515 of the Revised Statutes (31 U.S.C. 317) to allow the Secretary of the Treasury, after compliance with certain procedural steps, to vary the composition of the alloy used in making pennies in order to assure an adequate supply of such coins. This section incorporates with modifications proposed legislation which was submitted to the Congress by this Department after clearance by the Office of Management and Budget.

Section 2 of the enrolled enactment would authorize the Secretary of the Treasury to take one-tenth of all moneys derived from the sale of \$1 proof coins bearing the likeness of the late President Eisenhower and to transfer such moneys to Eisenhower College, Seneca Falls, New York, subject to the requirement that one-tenth of the money received by the College be transferred to Samuel Rayburn Library at Bonham, Texas. Appropriations not to exceed \$10 million would be authorized for that purpose.

The Department would have no objection to a recommendation that the enrolled enactment of H.R. 16032 be approved by the President.

Sincerely yours,


General Counsel

THE WHITE HOUSE

WASHINGTON

October 9, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS

FROM: WILLIAM E. TIMMONS *WA*

SUBJECT: Action Memorandum - Log No. 631
Enrolled Bill H. R. 16032 - Composition
of Penny and Eisenhower College Grants

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 631

Date: October 7, 1974

Time: 4:30 p.m.

FOR ACTION: James Cavanaugh
Geoff Shepard
Phil Buchen
✓ Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, October 9, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 16032 - Composition of penny and
Eisenhower College grants

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

CHANGING THE COMPOSITION OF THE PENNY AND AUTHORIZING GRANTS TO EISENHOWER COLLEGE

AUGUST 7, 1974.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency,
submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 16032]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 16032) to authorize the Secretary of the Treasury to change the alloy and weight of the one-cent piece and to amend the Bank Holding Act Amendments of 1970 to authorize grants to Eisenhower College, Seneca Falls, New York, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSES OF THE LEGISLATION

Section 1 is standby legislation to permit temporary changes in the composition of the one-cent coin in case copper prices should rise to levels which would make the penny more valuable for its copper content than as a coin. That point was nearly reached this Spring. Rising copper prices resulted in the diversion from circulation of vast quantities of one-cent coins, and the creation of penny shortages in many areas of the country despite record production of more than 8 billion pennies in the last fiscal year. Under the bill, the Secretary of the Treasury could reduce the copper content of the penny. If copper prices nevertheless rose high enough to make even a reduced amount of copper impracticable as the major ingredient of the coin, he could then produce pennies of other metallic content, providing he takes into consideration the use of such coins in coin-operated devices and gives Congress at least 60 days notice, while Congress is in Session, of the alternative materials he intends to use.

Section 2 authorizes appropriations up to \$10 million to Eisenhower College, Seneca Falls, New York, the official memorial to the late President Dwight D. Eisenhower, representing one-tenth of the gross receipts to the Treasury from the sale of proof silver dollars authorized by the Coinage Act Amendments of 1970. Ten percent of any grants received by the College from this source would have to be transferred by the College to the Samuel Rayburn Library, Bonham, Texas, the memorial to the late Speaker of the House of Representatives who served longer in that position than any other Speaker.

THE PENNY SUPPLY PROBLEM

The standard one-cent coin is composed of 95% copper and 5% zinc. The so-called "melting point" of the coin—the level of copper prices at which the coin's value equals its face value—is \$1.50 per pound. Copper sold at about 50 cents per pound last year but by April of 1974 had risen to \$1.43 on the futures market. Utilizing discretionary authority granted in the Coinage Act of 1965, the Secretary of the Treasury issued an order effective April 18, 1974 to prohibit the melting, treating or exporting of one-cent coins; the Federal Reserve Board meanwhile placed in effect an allocation program to limit the number of pennies distributed to each of the commercial banks and ordered the banks to screen out orders in unusual quantities for speculative purposes. And the Director of the Bureau of the Mint launched a nationwide program to urge the public to turn in idle pennies, while at the same time increasing the Mint's production of this coin. Copper prices subsided from their April highs to current levels below 90 cents a pound and the penny supply problem has been materially eased as a result of all of these actions.

However, because of the volatile nature of the commodity markets, your Committee feels it is essential for the Treasury Department to have sufficient flexibility to cope with any subsequent increases in copper prices to levels above those reached in the Spring, in order to assure sufficient one-cent coins in circulation to meet the needs of commerce.

Even before rising copper prices precipitated intense speculative interest in pennies, the demand for one-cent pieces in commerce had required enormous increases in production of the penny by the Bureau of the Mint. Between 1959 and 1973, the production of one-cent coins had increased nearly six-fold, from 1.1 billion a year in 1959 to 6.4 billion in 1973. In the past fiscal year ending June 30, penny production soared an additional 32 percent, but even so the Bureau of the Mint was unable to keep up with Federal Reserve Board orders for

pennies on behalf of the commercial banks, as shown by the following table:

CENT PRODUCTION AND NET OUTFLOW FROM FRB (DEMAND), FISCAL YEARS 1959-74

(In billions of coins)

Fiscal year	Production	Net outflow (demand)
1959	1.1	1.5
1960	2.0	2.3
1961	2.5	2.3
1962	2.5	2.6
1963	2.6	2.6
1964	2.7	2.9
1965	3.7	3.0
1966	3.8	3.3
1967	3.6	3.0
1968	3.7	4.0
1969	5.3	5.3
1970	5.6	5.2
1971	5.3	5.3
1972	6.2	5.6
1973	6.4	6.7
1974 ¹	8.4	8.7
Total	65.4	64.3

¹ Production and net outflow estimated for month of June 1974.

Source: Bureau of the Mint.

PROPOSAL FOR AN ALUMINUM PENNY

When copper prices began soaring late in 1973 and pennies were being diverted in large quantities into speculative channels, the Administration proposed legislation to permit a permanent change in the coin from 95% copper to 96% aluminum. This legislation was introduced in the House by the Chairman and Ranking Minority Members of the full Committee and the Subcommittee on Consumer Affairs as H.R. 11841, and hearings were conducted in the Subcommittee in March. Except for the Treasury Department's technical staff, there was no sentiment expressed in the hearing for an aluminum coin. On the other hand, much opposition was presented, chiefly from the vending machine industry, which maintained and demonstrated that an aluminum penny, being only about one-third the weight of the standard one-cent coin, would frequently jam coin-operated devices when inserted either by accident or deliberately in the nickel or dime slots of the machines. (In contrast, the much heavier standard one-cent coin automatically drops through the mechanism to the coin return receptacle when inserted in a machine not geared to accept pennies.) From the standpoint of the vending machine industry, the weight of the one-cent coin is the critical factor. The comparatively few vending

machines geared to accept pennies could be adjusted to accept either the standard coins or the proposed aluminum coins, according to the testimony received, but not interchangeably, because of the significant differences in weight.

Opposition to an aluminum coin was also expressed by the American Academy of Pediatrics, which presented testimony on the difficulties of locating such coins by X-ray if swallowed by children.

The Subcommittee unanimously rejected the Administration bill for an aluminum penny and instead proposed a substitute bill which has been incorporated as Section 1 of H.R. 16032, as approved by the full Committee.

PROVISIONS OF SECTION 1

Under the provisions of Section 1, the Secretary of the Treasury, whenever he deems such action necessary to assure an adequate supply of coins to meet the nation's commercial coinage needs, may alter the copper and zinc composition of the penny. As a practical matter, the Mint reports that the lowest feasible copper content for high production of the penny is 70% copper 30% zinc. The Bureau of the Mint reported that any lower copper content would make the coin too hard to strike in the high quantities needed because of excessive die wear. A 70% copper coin would be compatible by weight in vending machines with the 95% copper penny. It would have a copper price melting point of \$1.86 per pound, substantially higher than the levels reached in April.

However, if copper prices should exceed that level in the future, and the Secretary should decide that the use of copper in the one-cent piece is no longer practicable, even at a 70% copper ratio, he may change to some other metallic composition. First, however, he would have to issue an order setting out all of the pertinent physical properties of the proposed new coin, including content, weight, dimensions, shape and design, and in doing so must take into consideration the use of such coins in coin-operated devices.

Furthermore, he must provide the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate of the details of his determination and order at least 60 calendar days of continuous session of Congress before the new coin could be produced. The 60-day waiting period does not include any period in which the Congress is in adjournment or in which either House is in recess for more than three days. Thus, the Congress would have adequate notice of the proposed change in time to pass legislation to block the issuance of the new coin, if Congress were so inclined. The authorization for such a change in the one-cent coin extends only through December 31, 1977.

During World War II when copper was in short supply, Congress similarly authorized unspecified changes in the one-cent coin on a temporary standby basis, and nearly 1 billion 100 million steel coated zinc pennies were produced in 1943. The authorization for the non-standard penny expired in 1946.

GRANTS TO EISENHOWER COLLEGE AND THE RAYBURN LIBRARY

Section 2 of H.R. 16032 is intended to facilitate the further development of Eisenhower College and the Samuel Rayburn Library as liv-

ing memorials to two of the greatest figures in modern American history, with emphasis on the training of youth in the principles of American democracy and in the science of politics in which both men had distinguished themselves, one as President and the other as the leader of the House of Representatives.

Eisenhower College was already in being when it was designated by Congress in 1968, in Public Law 90-563, as a "distinguished and permanent living memorial" to the life and deeds of the Nation's thirty-fourth President, Dwight David Eisenhower. This legislation authorized an appropriation of \$5,000,000 to the College on a matching basis, to be used for construction purposes. Former President Eisenhower had previously authorized the use of his name for this institution, had attended its ground-breaking ceremonies, and had stressed his desire that the College be regarded as his primary memorial. The College graduated its first four-year class in 1972, and received full accreditation in December of that same year, only four years and three months after its opening. In its first five years, it attracted students from 31 states and 15 foreign countries.

The Samuel Rayburn Library at Bonham, Texas, is the official depository of the papers of the late, great Speaker of the House of Representatives. It is located in the same Congressional District in which President Eisenhower was born. The two institutions, Eisenhower College and Rayburn Library, have entered into an agreement to share some of the receipts from this legislation for cooperative educational activities. A Dwight D. Eisenhower Study Center is to be established in the Rayburn Library with special study opportunities in the fields of Federal, State and local government for Eisenhower College students as well as students from other institutions, and a Sam Rayburn Professorship in Political Science has been authorized at Eisenhower College.

Under Section 2 of H.R. 16032, the \$10,000,000 authorized for grants to the two institutions can be made available only through appropriations.

SALES OF PROOF SILVER DOLLARS

The Coinage Act of 1965 authorized the minting of a one-dollar cupro-nickel coin bearing the likeness of President Eisenhower. Title II of the Bank Holding Company Act Amendments of 1970, Public Law 91-607, subsequently authorized the Treasury to mint up to 150 million of the one dollar coins of 40% silver content, utilizing silver then remaining in the Treasury's possession and 25½ million additional ounces of silver which the legislation authorized to be transferred from the defense stockpile of silver created by the Silver Certificates Redemption Act of 1967, Public Law 90-29. The 1970 Coinage Act Amendments did not specify how many of the 150 million silver dollar coins were to be proof coins. However, the Treasury announced it intended to mint 20 million as proof coins to be sold at \$10 each and 130 million as uncirculated silver dollars to be sold at \$3 each.

To date, orders have been received for 8,306,294 of the proof silver dollars as follows:

Sales of Eisenhower proof silver dollars at \$10 each

1971	4,255,966
1972	1,778,112
1973	1,005,995
*1974	1,266,221
Total	8,306,294

* (Estimated. Orders for 1974 were closed June 28)

Source: Bureau of the Mint.

Thus, on the basis of sales to date of the proof silver dollars at \$10 each, one-tenth of the gross receipts of \$83,062,940 or \$8,306,294, could be appropriated to Eisenhower College under the terms of H.R. 16032, with \$830,629.40 of that amount being transferred by the College to the Rayburn Library.

COMMITTEE CONSIDERATION AND HISTORY OF THE LEGISLATION

Section 1 of H.R. 16032 supersedes an Administration bill, H.R. 11841, which authorized the minting of a one-cent coin of 96% aluminum content. The Subcommittee on Consumer Affairs held hearings on this legislation and on an identical Senate-passed bill S. 2795, on March 27, 1974, hearing representatives of the Treasury Department, and the vending machine industry, and from medical experts in pediatrics and radiology. On June 19, 1974, the Subcommittee unanimously adopted a substitute for H.R. 11841 containing the provisions now included in Section 1 of H.R. 16032.

Section 2, dealing with Eisenhower College and the Rayburn Library, is a modified version of H.R. 7322 on which the Subcommittee held hearings on May 2 and 3, 1973. A Senate-passed bill, S. 1264, similar to H.R. 7322, was approved by the full Committee by a vote of 22-4 on July 25, 1973, but was not considered in the House after the Rule was defeated on August 3, 1973.

H.R. 16032, which is more restrictive than S. 1264, was considered in the full Committee on August 2, 1974, and approved by a rollcall vote of 14-7.

COST OF THE LEGISLATION

Pursuant to the requirements of clause 7 of rule XIII of the Rules of the House of Representatives, your committee reports that enactment of this legislation would entail no costs outside the normal expenditures of the Bureau of the Mint in the production of coins authorized by Section 1, and that Section 2 would authorize immediately appropriations of no more than \$8,306,294 and a maximum of \$10,000,000, depending upon the number of proof silver dollars sold hereafter.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 3515 OF THE REVISED STATUTES

SEC. 3515. (a) The minor coins of the United States shall be a five-cent piece, and a one-cent piece. The alloy for the five cent piece shall be of copper and nickel, to be composed of three-fourths copper and one-fourth nickel. The alloy of the 1-cent piece shall be 95 per centum of copper and 5 per centum of zinc. The weight of the piece of five cents shall be seventy-seven and sixteen-hundredths grains troy, and of the one-cent piece, forty-eight grains.

(b) Whenever in the judgment of the Secretary of the Treasury such action is necessary to assure an adequate supply of coins to meet the national needs, he may prescribe such composition of copper and zinc in the alloy of the one-cent piece as he may deem appropriate. Such one-cent pieces shall have such weight as may be prescribed by the Secretary.

(c) (1) The Secretary of the Treasury may change the alloy of the one-cent piece to such other metallic composition as he shall determine—

(A) whenever he determines that the use of copper in the one-cent piece is not practicable;

(B) after he issues an order stating the pertinent physical properties, including content, weight, dimensions, shape, and design; and in determining such physical property takes into consideration the use of such coins in coin-operated devices; and

(C) after he notifies in writing, on the same day as the issuance of the order under subparagraph (B), the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate of the contents of the determinations and orders made under paragraph

(1), and a period of sixty calendar days of continuous session of Congress commencing after the date of such notification elapses.

(2) There shall be no coinage pursuant to this subsection after December 31, 1977.

(3) For purposes of this subsection—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the sixty-day period.

MINORITY VIEWS OF CONGRESSMEN WYLIE AND
ROUSSELOT ON H.R. 16032

The undersigned would like to emphasize that we do not oppose the Section 1 provisions of H.R. 16032 pertaining to changing the metal alloy and weight of the one-cent piece. When this proposal was previously before your Committee as H.R. 11841 dealing only with penny composition, it had our unqualified support. In view of the recent price trends in the copper market, this stand-by authority is very much in order and will enable the Treasury Department to respond in an appropriate manner should the need arise. We obviously cannot continue to mint pennies using the current alloy if market conditions are such that many people would be tempted to hoard these coins and melt them down to obtain the copper.

While the aforementioned penny provisions merit the support of the House, Section 2 of the bill is a log rolling compromise that contains objectionable features. Basically, it authorizes grants of up to \$10 million to the Eisenhower College in Seneca Falls, New York, out of the proceeds from the sale of \$1 proof coins bearing the likeness of President Eisenhower. In an effort to give this proposal a bipartisan appearance, 10 percent of the funds received by the College under this bill will be transferred to the Samuel Rayburn Library at Bonham, Texas. The theory here is that such monies will help finance appropriate memorials to these two great Americans.

The first thing that comes to mind regarding memorials at the taxpayers expense is the fact that the late Speaker Samuel Rayburn already has a multimillion dollar public memorial honoring him right here on Capitol Hill. Surely, the Rayburn House Office Building is a most impressive and appropriate edifice commemorating one of the truly great Speakers of the House of Representatives. There is also no ascertainable evidence that the Rayburn Library is destitute for funds.

On August 3, 1973, the House was scheduled to consider S. 1264. This bill was very similar to Section 2 of H.R. 16032 except that the grant there was open-ended and contained no dollar limits. The bill was not considered because the House failed to agree to the Rule by a recorded vote of 183 ayes to 230 noes. The main point effectively raised in opposition was the fact that the bill constituted a backdoor spending arrangement and no one had a true idea of how long a period of time these funds would be forthcoming nor how much money was involved.

The purpose of providing funds to the Eisenhower College memorial is most laudible. The success of a new institution of higher learning bearing his namesake was an item of the highest priority for the late President. His wish has subsequently been diligently pursued by

the Eisenhower family and the College's Board of Trustees. No one can doubt that this is a fitting memorial to a great American soldier and statesman.

Nonetheless, we must not let sentiment motivate the passage of unwise legislation. The monies here-involved constitute backdoor spending outside of the federal budgetary process. Backdoor spending and unbudgeted items have prevailed for too many years as funding devices that constitute loose fiscal policy. To correct this situation, the Budget and Impoundment Control Act of 1973 was passed so that the Congress would have the means to put the government's financial house in order. The thrust of that legislation was clearly against the backdoor spending device. It is, therefore, most inconsistent that the Banking and Currency Committee should be reporting this type of spending proposal after the Budget and Impoundment Control Act has become law.

Another serious question involves the precedent that will be established by the enactment of this proposal. Will this unbudgeted spending format using the proceeds from the sale of proof coins become the financing vehicle to funnel federal dollars to a multitude of worthy or charitable causes in the future. Once this approach is established, the pressures from educational, and charitable groups around the country to seek similar assistance will become all too tempting. The implications are obvious that this is a concept of doubtful merit that will set a very bad legislative precedent.

It is obvious that we are not against financial assistance to the Eisenhower College per se but are opposed to the funding approach of this bill. If the College is in need of financial aid during its development years, then the Congress should provide the necessary monies in an appropriate manner by using the standard authorization and appropriation process. To accomplish this end, the undersigned with other co-sponsors introduced H.R. 9960, which is now pending before the Committee on Education and Labor. This bill will provide a direct grant of \$4,500,000 to the Eisenhower College and \$500,000 to the Rayburn Library in the fiscal year enactment. The legislation has broad based bipartisan support.

If educational financial grants are needed for higher education assistance, the proper way to obtain them is by legislation reported from the standing Committee having jurisdiction and expertise in this area.

An amendment will, therefore, be offered on the Floor to strike Section 2 of the Committee bill.

CHALMERS P. WYLIE,
JOHN H. ROUSSELOT.

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To authorize the Secretary of the Treasury to change the alloy and weight of the one-cent piece and to amend the Bank Holding Act Amendments of 1970 to authorize grants to Eisenhower College, Seneca Falls, New York.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3515 of the Revised Statutes (31 U.S.C. 317) is amended by inserting "(a)" immediately prior to "The minor coins" and by adding at the end thereof the following new subsections:

"(b) Whenever in the judgment of the Secretary of the Treasury such action is necessary to assure an adequate supply of coins to meet the national needs, he may prescribe such composition of copper and zinc in the alloy of the one-cent piece as he may deem appropriate. Such one-cent pieces shall have such weight as may be prescribed by the Secretary.

"(c) (1) The Secretary of the Treasury may change the alloy of the one-cent piece to such other metallic composition as he shall determine—

"(A) whenever he determines that the use of copper in the one-cent piece is not practicable;

"(B) after he issues an order stating the pertinent physical properties, including content, weight, dimensions, shape, and design; and in determining such physical property takes into consideration the use of such coins in coin-operated devices; and

"(C) after he notifies in writing, on the same day as the issuance of the order under subparagraph (B), the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate of the contents of the determinations and orders made under paragraph (1), and a period of sixty calendar days of continuous session of Congress commencing after the date of such notification elapses.

"(2) There shall be no coinage pursuant to this subsection after December 31, 1977.

"(3) For purposes of this subsection—

"(A) continuity of session is broken only by an adjournment of Congress sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the sixty-day period."

SEC. 2. (a) Except as provided by subsection (b) and after receiving the assurances described in subsection (c), the Secretary of the Treasury is authorized to take one-tenth of all moneys derived from the sale of \$1 proof coins minted and issued under section 101(d) of the Coinage Act of 1965 (31 U.S.C. 391(d)) and section 203 of the Bank Holding Company Act Amendments of 1970 (31 U.S.C. 324b) which bears the likeness of the late President of the United States, Dwight David Eisenhower, and transfer such amount of moneys to Eisenhower College, Seneca Falls, New York.

H. R. 16032—2

(b) For the purposes of carrying out this section, there is authorized to be appropriated not to exceed \$10,000,000.

(c) Before the Secretary of the Treasury may transfer any moneys to Eisenhower College under this Act, Eisenhower College must make satisfactory assurances to him that an amount equal to 10 per centum of the total amount of moneys received by Eisenhower College under this Act shall be transferred to the Samuel Rayburn Library at Bonham, Texas.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

October 1, 1974

Dear Mr. Director:

The following bills were received at the
White House on October 1st:

H.R. 15301

H.R. 15323 ✓

H.R. 16032 ✓

Please let the President have reports and
recommendations as to the approval of these
bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.