



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

B-167006

September 12, 1973

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The Honorable Walter E. Washington  
Commissioner of the District of Columbia

Dear Mr. Washington:

We understand that the Federal City College plans to enter into a cost-reimbursable type contract with the Department of Health, Education, and Welfare (HEW) to provide educational services to HEW employees.

As early as 1952 the General Accounting Office advised the District of Columbia Government that it did not have statutory authority to provide services on a cost-reimbursable basis to Federal departments or agencies (Comptroller General Decision B-107612, dated February 8, 1952).

The District of Columbia Government was again advised of the above position in our report entitled "Problems in Financial and Property Administration at Washington Technical Institute" (B-167006, dated October 27, 1972) and in subsequent correspondence. The report stated that if the Institute wished to continue contracting with Federal agencies to provide special classes and research studies on a cost-reimbursable basis, authorizing legislation would be needed.

Subsequent to the issuance of our report, the District of Columbia Corporation Counsel issued a memorandum on this same subject (see attachment I). The memorandum made it clear that agencies of the District Government may not contract with the Federal Government to perform services on a cost-reimbursable basis. The Corporation Counsel stated, however, that in his opinion there would be no prohibition to contracting with Federal agencies to reimburse the Institute for tuition and fees.

This position was reiterated in an August 22, 1973, letter to HEW's General Counsel (see attachment II). In that letter, the District of Columbia Corporation Counsel informed HEW's

(C) [District of Columbia Authority To Enter Into  
Cost-Reimbursable Contracts]

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General Counsel that the administrators of Federal City College could not enter into a contract with HEW to provide educational services to HEW employees on a cost-reimbursable basis. This view is consistent with the District of Columbia Corporation Counsel's view expressed on the Washington Technical Institute case and, in our opinion, is a proper position under existing law.

It is important that you initiate action to resolve this matter as soon as possible if the higher educational institutions of the District Government intend to provide services to agencies of the Federal Government on a cost-reimbursable basis and use the receipts therefrom. Without authorizing legislation such contracts and the use of the proceeds therefrom would be illegal.

We have just recently been advised that your Corporation Counsel is preparing a legislative proposal regarding this subject. We would be pleased to discuss this matter further with you or your representatives and would appreciate being advised of action planned or taken.

A copy of this letter is being sent to the Secretary of HEW.

Sincerely yours,

(SIGNED) ELMER B. STAATS

Comptroller General  
of the United States

Attachments