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NEWS from U.S. Senator Bob Dole

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DOLE REQUESTS GAO INVESTIGATION OF GOVERNMENT GRANT AWARDS FORMULA AND REJECTION OF HILLSBORO E.D.A. APPLICATION

WASHINGTON, D.C. -- Senator Bob Dole today formally requested that the General Accounting Office review the formulas under which federal agencies award grants to local units of government.

In a letter to Elmer B. Staats, Comptroller General of the United States, Dole said that the recent experience of Hillsboro, Kansas, may indicate "that many of the grant systems function as a local disincentive to enlightened and productive community leadership."

Dole noted that the Economic Development Administration recently refused to fund a water system project grant for Hillsboro because the unemployment rate in the community was too low to qualify. "In effect, the municipal leaders were penalized for their wise management and their successful efforts to attract additional job-creating business and industry. Many Kansans are unable to understand why an economic development program should operate to the disadvantage of those communities avidly interested in economic development," Dole said.

In his letter, Dole contended that "rejection of the Hillsboro application raises questions about the efficacy of keying federal grant programs to unemployment statistics. How reliable are unemployment figures when they are reduced to the local level? Even if the statistics are accurate, is unemployment an accurate reflection of need in each case? Does the actual allocation system conform with the intent of Congress? Are their other factors that should logically be considered in the determination of priorities? Are certain types of communities inadvertantly discriminated against? Do unanticipated regional inequities arise? And finally, would some other distribution formula be more fair?"

Dole said he was concerned not only with Kansas communities and Economic Development Administration programs, but all government grant programs. Specifically, he requested that GAO "review the experience with granting federal aid to local units of government according to a calculation of comparative unemployment."

The General Accounting Office, the auditing and watchdog arm of the Congress, is expected the report back to Senator Dole within a few months.