



NEWS from U.S. Senator Bob Dole

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STATEMENT OF SENATOR BOB DOLE

HEARINGS BEFORE THE SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY

KANSAS CITY OFFICE OF HEARINGS AND APPEALS

Tuesday, June 12

Mr. Chairman, I would like to thank the Senator from Missouri for inviting me to appear before his Subcommittee on Governmental Efficiency, and I commend him for holding this inquiry into the operation of the Department of Energy's Office of Hearings and Appeals.

I will address myself to the proposal to reduce to five the number of regional offices of the Office of Hearings and Appeals. This would alter the authority of five regional offices, including the Region VII office in Kansas City.

FUNCTION OF OFFICE

The regional offices of the Office of Hearings and Appeals consider requests for exemptions from federal regulations concerning gasoline and oil supplies ranging from independent gas stations to major oil refineries. This includes appeals of Department of Energy regional assignment orders and exceptions to allocation and pricing regulations. In the Kansas City office, this work load is handled by three employees--a director, analyst and secretary.

CLOUDY HISTORY OF PROPOSALS

The history of proposals to close some of the regional offices of the Office of Hearings and Appeals is cloudy and confused. On March 7 of this year, the Kansas City office received a telegram from Washington stating that because of budgetary limitations and ceiling controls the Office of Hearings and Appeals planned to reduce its regional staff to nine. The offices in Kansas City, Denver, Seattle, Philadelphia and Boston were to be closed by May 31.

However, in mid April the Office of Hearings and Appeals announced that the regional offices would not close on May 31 as planned. Instead, they would remain at the March 1, 1979 staff levels until the end of August. This was precipitated by a substantial increase in caseload.

This plan was changed again several weeks later. A May 10 memorandum from Melvin Goldstein enunciated Office of Hearings and Appeals' plans to replace the 10 regional offices with five regional centers. In addition, five regional satellite offices would be created, and would report to the director of the regional centers. Under this proposal, the Kansas City office would become a satellite office of the Central Regional Center in Chicago. As far as I know, this has not changed in the last month.

The directors of the regional centers would have all decision-making authority. The responsibilities of the satellite offices, on the other hand, would be severely reduced. They would become little more than information centers, providing guidance and assistance to applicants for relief. Their duties would include "answering telephone inquiries", "referring and transferring applications", and "disseminating information".

CONFUSION AND CONTRADICTION

Further adding to the confusion, the announcement of this plan contradicted statements by officials of the Department of Energy that the regional offices would remain open and fully staffed until August 31. It also contradicted later statements by DOE officials that the regional offices would be "staffed up". The confusion and misinformation surrounding these proposals raise questions about the thoroughness of the planning and the appropriateness of this most recent proposal.

REGIONAL POWERS SHOULD NOT BE REDUCED

This plan to reduce the powers of several of the regional offices makes little administrative sense.

OFFICE WORKLOAD IS INCREASING

First, this is the wrong time. The Kansas City Office of Hearings and Appeals has been swamped since the Economic Regulatory Administration published activation order number one in February. This order altered the base period for motor gasoline allocation for the months of March, April, and May. While the regional office was only considering 20 cases on March 7 of this year, the caseload had increased to 92 on March 27. By May 25 the workload stood at 290 cases. This amounts to an increase of 1,450 percent in only two and one-half months.

There is no indication that activity at the regional office will let up. Case filing is continuing at a significant rate because of the Office of Hearings and Appeals' recent exception for some service stations experiencing unusual growth, and an economic regulatory administration interim final order. The resultant workload and backlog presently includes over 300 active cases.

Additionally, special rule numbers 8 and 9 and amendments for "middle distillate" allocation have added tremendously to the already numerous inquiries which are taking valuable staff time. This situation will worsen as diesel shortages continue.

This hardly seems like the appropriate time to reduce staff and authority. Each one of these pending cases involves a dealer or supplier whose continued financial viability depends upon the timely consideration of his appeal. These 300 appeals will be delayed further if they are sent to a Chicago regional center for final disposition along with hundreds of other appeals already pending in Chicago. It makes more sense to move the Chicago office to Kansas City. In 1978, the Kansas City office handled a workload 25 percent greater than Chicago's. The Kansas City office is closer to the people needing relief.

This starting increase in caseload merits increased regional authority, not reduced power. The Kansas City regional office is clearly undermanned. Though the suppliers and dealers in my state have generally been pleased with the efforts made by the regional office, the case load has simply grown too fast. Some of the 300 cases currently under consideration have been pending for several months. The two remaining employees have steadily worked overtime and foregone other commitments in an effort to give prompt service to those applying for relief.

IMPORTANCE OF ACCESSIBILITY AND CONVENIENCE

Another fact to be considered here is the importance of decentralization, and the availability and convenience of assistance it provides. The Kansas City Office of Hearings and Appeals serves to make the Department of Energy's appeals process accessible to the people that need it most. Many businessmen, unsophisticated in dealing with government, are now facing rapidly changing and immensely complicated government energy regulations. These government rules often determine the nature and extent of their business. Sometimes, these rules present a hardship that merits specific governmental relief. When this happens, it is important that the dealer or supplier have a convenient location where the options for relief can be explained, the case considered, and prompt relief ordered.

This is particularly crucial in the food producing states of the Midwest, where fuel is the lifeblood of our agricultural economy. Farmers need fuel to plant and harvest, and truckers need fuel to transport the crops. Time is of the essence. Moving decision-making powers from Kansas City to Chicago would only serve to delay the appeals process, make relief more difficult, and threaten food production.

CHANGE IS ADMINISTRATIVELY UNWISE

Finally, closing the Kansas City office seems administratively unwise. Last fall, the Department of Energy combined the entire Chicago Offices of Enforcement and Counsel with the corresponding offices in Kansas City. These are now known as the District Offices of Counsel and Enforcement, and are located in Kansas City. Additionally, the necessary personnel support and records management functions have been moved to Kansas City. The Office of Hearings and Appeals works closely with these divisions. It seems counterproductive and administratively inefficient to relocate the appeals office in Chicago. The Kansas City office has the support apparatus needed to efficiently consider applications for relief.

SUMMARY

In summary, proposals to eliminate or reduce the powers of the regional office in Kansas City are ill-considered. The workload in Kansas City has increased tremendously in the last three months. The accessibility of the Kansas City office is crucial to the hundreds of area businessmen untutored in government energy regulations. The support personnel and apparatus are already present in KC to provide prompt consideration of requests for relief. The Off. of H & A should beef up the regional offices to deal with the recent rash of problems.