

## **BILL ANALYSIS**

C.S.H.B. 2542  
By: Kolkhorst  
Agriculture & Livestock  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Created in 2001, the Office of Rural Community Affairs (ORCA's) mission is to assist rural communities to enhance their quality of life and support their ongoing contributions to Texas' prosperity. ORCA is the State's lead agency for administering Texas' federally-funded rural Community Development Block Grant (CDBG) program, and for administering rural health programs to assist rural communities.

The Office is subject to the Sunset Act and will be abolished on September 1, 2007, unless continued by the Legislature. The Sunset Advisory Commission recommended to continue the Office as an independent state agency with a new 11-member governing Board. The bill includes several changes in law to address additional areas needing improvement, and subjects the Office to Sunset review in eight years.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that the rule-making authority previously delegated to the Office of Rural Community Affairs Executive Committee is transferred to the Office of Rural Community Affairs Board in SECTION 10, SECTION 18, SECTION 21, SECTION 22, SECTION 28, SECTION 30, SECTION 31, SECTION 32, SECTION 33, SECTION 37, SECTION 40, SECTION 43, and SECTION 44 of this bill.

### **ANALYSIS**

#### ***Continuation of the Office with a refocused mission***

C.S.H.B. 2542 continues the Office of Rural Community Affairs as an independent state agency for eight years, with a more narrowly focused mission to better serve rural communities. The bill revises the agency's duties to serving as a clearing house for information on rural programs and services; providing assistance to rural communities in key rural development areas of economic development, community development, rural health, and rural housing; and prioritize critical rural policy concerns and work with the Legislature to resolve these issues. To support the Office's narrower mission, the bill deletes several Office duties including: developing a rural policy for the State, improving the results of state rural programs, and developing programs to improve the leadership capacity of rural communities.

#### ***Establishment of a new governing Board***

The bill replaces the Office's Executive Committee with a new eleven member Board, with the following membership:

- four members appointed by the governor, including two rural community members and two local elected officials or city or county employees
- three members appointed by the Lieutenant Governor, including one Senator as a non-voting member, and two public members
- three members appointed by the Speaker of the House, including one Representative as a non-voting member, and two public members; and
- the Commissioner of Agriculture, as a voting, ex officio member.

C.S.H.B 2542 requires all appointed members to reside in rural cities or counties to ensure the new Board has expertise needed to understand rural concerns and identify rural policy issues.

The bill provides for new appointments to the board to be made as soon as possible on or after September 1, 2007 and sets in place the term of expiration for certain appointees. This bill

provides that the current membership of the executive committee continue to serve regardless if they meet the requirements set forth in this bill. However, the positions are abolished when a majority of the 11 board are filled and qualified for office.

This bill also lets any person who has served on the executive committee before September 1, 2007 be qualified for an appointment to the Board.

#### ***Expansion of the State Review Committee's role***

The bill broadens the role of the State Review Committee by authorizing the Committee to review all rural community development block grant applications and to make funding award decisions. The bill requires the newly created Board to hear an appeal of Committee decisions if an applicant files a complaint.

#### ***Evaluation of the rural Community Development Block Grant (CDBG) program***

The bill requires the Office, in consultation with the Texas Department of Agriculture, to evaluate and streamline administration of Texas' rural CDBG program. The bill requires the program evaluation to include, at a minimum; combining of funding categories, simplifying the application and scoring process, and regularly reviewing and closing out aged contracts. The bill requires the agency to implement non-statutory changes to the rural CDBG program no later than the next CDBG action plan after the effective date of the bill, and to report to the 81st Legislature on the findings of the evaluation, any resulting program changes, and any statutory changes needed to further improve the program.

#### ***Assessment of housing availability in rural areas.***

The bill requires the Office, to compile information on the availability of housing in rural communities, assess this information, and report back to the Legislature with this information.

#### ***Closer coordination between the Office and the Texas Department of Agriculture***

The bill requires ORCA to cross-train staff with Texas Department of Agriculture (TDA) staff on their respective rural programs, and allows the Office to base its field staff in (TDA) offices.

#### ***Conforming changes***

The bill makes conforming changes throughout the bill to reflect the change from an executive committee to a board.

#### ***Technical corrections***

The bill makes technical corrections throughout the bill, including adding agency employees to existing conflict of interest provisions that apply to the executive director, changing executive committee to office where needed, and correcting a reference to the Texas Medical Board.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 2542 modifies the original bill changing the agency's Sunset date from four years to eight years, and allows, rather than requires, ORCA to base its field staff in TDA offices.

C.S.H.B. 2542 changes the Senate and House legislative members of the Board to non-voting members, rather than voting members in the original bill. C.S.H.B. 2542 removes natural resources as one of the key focus areas of the agency's mission, and instead adds rural housing, and requires the Office to report on the availability of rural housing in its report to the Legislature. C.S.H.B 2542 authorizes the State Review Committee to review and approve only rural community development block grant applications, rather than all agency grant and loan applications in the original bill. In addition, C.S.H.B 2542 modifies the original bill by adding and updating standard Sunset across-the-board recommendation language, including adding requirements for the agency to make effective use of technology and to adopt a policy encouraging the use negotiated rulemaking and alternative dispute resolution; updating training requirements for board members; and updating complaint information retained by the agency.