

**SUBJECT:** Funding for colonias services and projects

**COMMITTEE:** Economic Development — committee substitute recommended

**VOTE:** 7 ayes — Oliveira, Yarbrough, Greenberg, Keffer, Luna, Seaman, Siebert  
0 nays  
2 absent — Raymond, Van de Putte

**WITNESSES:** For — Mercurio Martinez, Jr., Webb County; Trini V. Gutierrez, Rio Grande Empowerment Zone Corp.; Gloria Moreno, Alma I. Rendon, Robert Garcia, Eugenia N. Siordia, Elizabeth Ramirez, Gene V. Morrison, Narcedalia Montalvo, Jesus Martinez, Eluidalpe Cantu, Felicitas Gonzalez, Gregoria E. Chavez  
Against — None  
On — Cindy Alexander, Comptroller of Public Accounts; Kermit Black, Texas A&M University Center for Housing and Urban Development

**BACKGROUND :** Colonias are residential subdivisions in unincorporated areas of counties along the Texas-Mexico border. They are often characterized by substandard housing and the absence of sewers, water, electric and gas utility services, and paved roads. In a report last year, the Texas Water Development Board estimated that there are over 1,400 colonias in Texas with a total population of more than 325,000 residents.  
  
The Colonias Program of Texas A&M University's Center for Housing and Urban Development (CHUD) is an outreach and research effort founded in 1991 designed to improve the quality of life in the colonias. In addition to other colonia projects, CHUD currently operates nine community resource centers through which approximately 360 public and private agencies offer colonia residents a broad range of education, health, human services, community development, and youth programs on a part-time, shared-space basis.

In its latest report, *Disturbing the Peace*, the Texas Performance Review in the Comptroller's Office recommended that state law be amended to create a reserve fund for projects in colonias and other economically blighted areas and provide CHUD projects with additional resources. The report recommended that annual funding for the reserve fund come from programs of the Commerce, Transportation, Parks and Wildlife, and Protective and Regulatory Services departments. The Comptroller's Office recommended that these funding agencies work with CHUD to develop criteria for project funding and approval and establish a memorandum of understanding with Texas A&M University by September 1, 1997.

DIGEST: CSHB 2252 would establish funding for colonia projects through the programs of four state agencies:

- **The Department of Protective and Regulatory Services (DPRS)** would be required to spend \$500,000 of the federal money it received each year to operate community-based service programs on colonias services eligible for reimbursement from the federal government. The DPRS would be authorized to contract with Texas A&M University to use these funds in its Colonias Program to provide services eligible for federal reimbursement.
- **The Department of Commerce** would be required to use \$600,000 of the money it received under the federal community development block grant program to construct and rehabilitate community resource centers in colonias, establish a small business loan program to assist residents starting or expanding businesses in colonias, provide loan management and business training to colonia residents, and provide for the administration of these funds. With the approval of Texas A&M University, the department could contract with counties to provide such services that were eligible for federal reimbursement to residents of colonias in the university's Colonias Program.
- **The Department of Transportation (TxDOT)** would be required to use five percent of the federal money it received as Transportation Enhancement Funds to provide services and projects eligible for federal reimbursement to residents of colonias in the university's

program. TxDOT could contract with Texas A&M or with counties to provide eligible services and projects with these funds.

- **The Parks and Wildlife Department** would have to grant at least \$400,000 to counties where colonias existed to provide one-half of the cost of developing sports or recreational facilities in colonias. Counties would match the funds through cash or in-kind contributions. The department would be required to consult with the Texas A&M Colonias Program regarding the use of these funds.

Most provisions of CSHB 2252 would take effect September 1, 1997. As soon as possible after the effective date, TxDOT would have to use Transportation Enhancement Funds withdrawn from previously funded projects to provide colonia projects and services as directed by the bill.

SUPPORTERS  
SAY:

CSHB 2252 would implement the Texas Performance Review recommendation and increase funding for CHUD projects, which have a proven track record of efficiently providing desperately needed services to residents of Texas' colonias. The bill would provide for a comprehensive approach to solving many of the problems that affect colonias. For example, DPRS funding could be used to provide parent-child literacy classes that improve school performance for the children and better job readiness for the parents. TxDOT funding could be used to build hike and bike trails allowing residents a dry path to work or school to avoid the flooding common in colonias. Department of Commerce funding would go to build additional community resource centers and develop micro-enterprise programs. Parks and Wildlife funding would help build sports and recreational centers that provide healthy positive activities for children in colonias and have been shown to reduce gang activity.

Most importantly, these services and projects would be coordinated in a comprehensive approach rather than a piecemeal fashion. In this way, projects would build upon each other. Community resource centers, for example, would make literacy classes possible.

Each improvement to a colonia benefits Texas. Neighborhoods that are stable and healthy places to live produce productive citizens that contribute to the overall economy of the region and the state.

**OPPONENTS SAY:** Earmarking funds for colonias projects could disrupt the normal funding award processes used by state agencies. State agencies often receive requests for project funding that far outpace the amount of federal money they have to disburse. Many use a competitive process to rate projects, and only the higher rated projects are funded. This bill could sidestep that process by setting aside specified amounts of money from certain agency programs to be spent only on colonias.

**NOTES:** The committee substitute removed provisions requiring the comptroller to deposit the funds from DPRS, Department of Commerce, and TxDOT programs in certain accounts and added the provisions allowing counties to meet matching funds requirements with cash or in-kind contributions and requiring the Parks and Wildlife Department to consult with Texas A&M on eligible projects.