

- SUBJECT:** Revising the community health center revolving loan fund
- COMMITTEE:** Public Health — committee substitute recommended
- VOTE:** 5 ayes — Capelo, Dawson, McReynolds, Taylor, Zedler  
0 nays  
4 absent — Laubenberg, Truitt, Coleman, Naishtat
- WITNESSES:** For — Jose Camacho, Texas Association of Community Health Centers  
Against — None
- BACKGROUND:** In 2001, the 77th Legislature enacted HB 2574 by Solis (Human Resources Code, ch. 136), establishing the Texas Community Health Center Revolving Loan Fund as a trust fund outside the treasury, administered by the Health and Human Services Commission (HHSC) on behalf of Texas community health centers. Sec. 136.001 defines a community health center as a nonprofit corporation that provides primary health services and is governed by a board representing people served by the center. The revolving loan fund may include legislative appropriations, gifts and grants from public and private sources, and other income. However, the 77th Legislature appropriated no money for the fund. HHSC must contract with a nonprofit development corporation to administer the fund. This corporation is to make loans approved by an investment committee to community health centers.
- DIGEST:** CSHB 770 would revise the statute governing the Texas Community Health Center Revolving Loan Fund, renaming it the Texas Community Health Center Revolving Loan Program. It would delete references to the revolving loan fund as a trust fund outside the treasury and would require the Texas Department of Health (TDH) to award a grant to a nonprofit development corporation to carry out the purposes of the program. HHSC no longer would oversee the program or award a contract. The development corporation would have to be certified by the U.S. Department of Treasury as a Community Development Financial Institution.

The development corporation could make a loan to a joint project of two or more community health centers. While current law allows the corporation to make a loan with one or more financial institutions, the bill would amend the law to allow it to partner with “other lenders.”

The bill would delete language about specific rules that HHSC must adopt and would require the Board of Health to adopt rules to ensure that a grant made under the program would be used for the intended purposes.

The bill would take effect September 1, 2003.

**SUPPORTERS  
SAY:**

By revising a program that was established but not funded by the 77th Legislature to provide grants for federally qualified health centers, CSHB 770 would allow Texas to take full advantage of matching federal funds to expand health care for uninsured and low-income Texans. It would clarify the funding mechanism for the Community Health Center Revolving Loan Program to enable TDH to take full advantage of a new federal initiative to allow these centers to make necessary infrastructure and equipment upgrades.

HB 1, the general appropriations bill for fiscal 2004-05, would direct TDH through Rider 48 to spend \$10 million on the Community Health Center Revolving Loan Program. Without enactment of CSHB 770, this money likely could not be used to provide vital health care service in medically underserved areas of Texas.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

The committee substitute would transfer the statute from Human Resources Code, ch. 136, to Health and Safety Code, ch. 112.

The companion bill, SB 1028 by Gallegos, was considered in a public hearing by the Senate Health and Human Services Committee on May 8 and left pending.