

SUBJECT: Continuing the Office of Rural Community Affairs

COMMITTEE: Agriculture and Livestock — committee substitute recommended

VOTE: 5 ayes — Miller, Anderson, Aycock, Garcia, Heflin
0 nays
2 absent — B. Brown, Gallego

WITNESSES: For — Gregg Knaupe, Texas Hospital Association; Bob Turner, Texas Sheep and Goat Raisers Association, Texas Poultry Federation; James Yohe, Nocona Economic Development Corporation; (*Registered, but did not testify*: Regan Beck, Texas Farm Bureau; Donna Chatham, Association of Rural Communities in Texas; Greg Herzog, Texas Medical Association)

Against — None

On — Wallace Klusmann, Charles S. “Charlie” Stone, Office of Rural Community Affairs; Joey Longley and Christian Ninaud, Sunset Advisory Commission; Mike Waters, Executive Committee of Office of Rural Community Affairs

BACKGROUND: In 2001, the 77th Legislature enacted HB 7 by Chisum et al., which created the Office of Rural Community Affairs (ORCA). The new agency combined the operations of the Center for Rural Health Initiatives and a portion of the Texas Department of Community Affairs, which administered the federal Community Development Block Grant Program for rural portions of Texas. The federal funds are used for economic and community development projects as well for housing programs. ORCA was directed to develop a comprehensive rural policy and to improve the coordination of state services to rural Texans.

Government Code, sec. 487.021 establishes a nine-member executive committee to oversee operations of ORCA. Three members each are appointed by the governor, the lieutenant governor, and the speaker of the House, with the requirement that two of each of these official’s appointees

have a residence, occupation, and business or civic association that reflects a strong understanding of and commitment to rural interests.

According to ORCA's *Rural Texas: Wrangling with Change - Status of Rural Texas Series, 2006 report*, Texas had 3.3 million rural residents in 2005, the largest rural population of any state in the nation. Between 2000 and 2005, the percentage of rural residents as a portion of Texas' overall population decreased from 17 percent to 14 percent as urban and suburban areas grew more rapidly.

In fiscal 2005, ORCA's budget was \$109.5 million, with \$4.2 million for agency support and the rest used for grants to rural communities. About \$94 million, or 94 percent, of ORCA's budget was from federal funds, with the rest from state general revenue. The agency has a staff of 70 headquartered in Austin. ORCA has field offices in Alice, Bédias, Carrizo Springs, Kountze, LaGrange, Levelland, Nacogdoches, Sweetwater, and Vernon.

If not continued by the 80th Legislature, ORCA would be abolished on September 1, 2007.

DIGEST:

CSHB 2542 would reauthorize ORCA and set a new Sunset date for September 1, 2015. The bill also would expand the membership of the governing body to 11 members and specify their qualifications. Other provisions would define the mission of the agency, require it to coordinate with the Texas Department of Agriculture (TDA), make conforming changes in statutory language, and adopt standard Sunset Advisory Commission recommendations.

Governing board. CSHB 2542 would replace the current the nine-member executive committee with an 11-member Rural Community Affairs Board. The new governing body would include four members of appointed by the governor; including:

- two rural city or county elected officials or rural city or county employees involved with rural economic development; and
- two public members who live d in a rural city or county.

The lieutenant governor and the speaker of the House would select three members each, including a senator or representative, respectively, who lived in a rural city or county, and two public members who lived in rural

cities or counties. The final board member would be the agriculture commissioner or the commissioner's designee.

The senator and representative appointed to the board would nonvoting members. The bill also would designate a "rural city or county" as an area defined as such by the federal Community Development Block Grant entitlement program.

The members would serve six-year staggered terms. The bill would require the governor, the lieutenant governor, and the speaker to make their appointments on or before September 1, 2007. The governor would designate two of the appointments as expiring on February 1, 2009, one appointment expiring on February 1, 2011, and one appointment expiring on February 1, 2013. Two of the non-legislative appointees would have terms expiring February 1, 2011, and the other two terms would expire February 1, 2013. The executive committee members would continue to serve until a majority of the new board was appointed, and executive committee members would be eligible to be appointed to the new board.

Mission definition. CSHB 2542 would require ORCA to:

- assist rural communities in economic development, community development, rural health, and rural housing;
- serve as a clearinghouse for information and resources available through state and federal programs that affect rural areas;
- consult with rural community leaders, elected officials, and businesses to identify and prioritize rural policy issues and concerns; and
- make recommendations to the Legislature on public policy affecting rural areas.

Coordination with the Agriculture Department. The bill would require that ORCA employees be cross-trained with TDA employees on a regular basis and would allow the transfer of ORCA field office personnel to TDA facilities. ORCA would have to consult with TDA to review and evaluate the administration of federal Community Development Block Grant non-entitlement program funds in rural areas. The agency would be required to make its recommendations as an interim report to the 81st Legislature. This provision would expire September 1, 2009.

Conforming changes and Sunset recommendations. CSHB 2542 would change references in Government Code, ch. 487 from executive committee to “board.” It also would adopt standard Sunset recommendations, including provisions on use of technology and negotiated rulemaking and alternative dispute resolution procedures.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

CSHB 2542 appropriately would continue ORCA until 2015. During a very short period, ORCA has made great strides in establishing a much needed rural policy for Texas and coordinating what had been a patchwork of state and federal programs. ORCA needs to be kept a separate entity to continue its work. Conceivably, the economic development or housing programs could be moved to other agencies, but there would be no proper fit for the rural medical programs. CSHB 2542 would make changes in the governing structure and would refocus ORCA’s mission so it better could serve rural Texas. The bill also would give ORCA the ability to coordinate its efforts better with those of TDA.

ORCA has been able to attract attention and resources to rural health programs and help these traditionally underserved areas. Quality health care is required for the economic vitality of these areas of the state. The availability of hospitals and physicians in rural areas is not just an isolated, abstract public policy concern. Many Texans, including residents of cities and suburbs, now own hunting leases, farms, and other rural land. If a person has a heart attack while deer hunting, for example, the availability of immediate medical care becomes a very personal question for that citizen.

Most of the concerns raised in January 2000 by the House Select Committee on Rural Development and by the sponsors of HB 7 still remain even as rural Texas has lost members of the Legislature. The state needs to address the decline of population, deterioration of infrastructure, and lack of economic development in rural Texas. Not everyone needs to move to Houston or Dallas — or even smaller cities like Amarillo and Waco — to live and work. Texans should be able to remain in rural towns and counties and be assured that their children could find jobs once they returned from college.

Before the enactment of HB 7, the Sunset Advisory Commission reviewed and approved the recommendation to move administration of the Community Development Block Grant programs to ORCA. Moving the program — which had been transferred twice before 2001 — again could entail additional costs and administrative confusion.

OPPONENTS
SAY:

ORCA has not met its legislative mandate to develop a comprehensive rural policy and is not well positioned to improve the coordination of state services to rural Texans. The agency should be abolished and its functions transferred to TDA where a statewide elected official would serve as a better leader on the state's rural issues.

OTHER
OPPONENTS
SAY:

Texas also lacks a comprehensive urban policy, and state programs for urban areas have been equally piecemeal and uncoordinated. The state still needs an office of urban affairs to address the unmet needs of urban Texas at least as much as it needs ORCA, since the great majority of Texans now live in urban areas.

NOTES:

The companion bill, SB 910 by Estes, has been referred to the Senate Government Organization Committee.