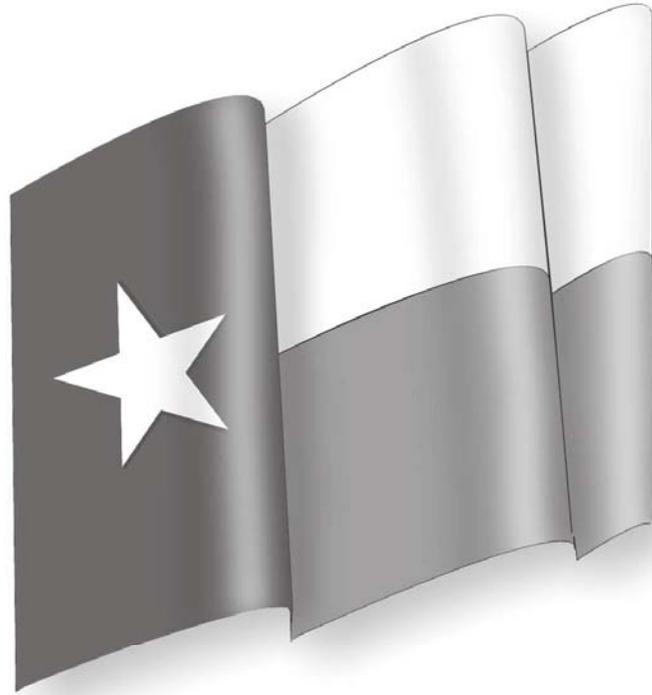


Summary of Sunset Commission Recommendations



Office of Rural Community Affairs

February 2007





Office of Rural Community Affairs

Agency at a Glance

The mission of the Office of Rural Community Affairs (ORCA) is to assist rural communities to enhance their quality of life and support their ongoing contribution to the State's prosperity and cultural identity. Created in 2001, the Legislature charged ORCA with developing a rural policy for the State and coordinating state services to better serve rural communities. In addition, the Legislature transferred the rural Community Development Block Grant (CDBG) and rural health programs to ORCA. To accomplish its mission, ORCA:

- ◆ provides grants, loans, and assistance to rural communities to support economic and community development, and improved access to quality health care; and
- ◆ acts as a key state resource on rural issues by seeking input on, monitoring, researching, coordinating, and reporting on concerns and trends affecting rural communities in Texas.



*For additional information,
please contact Christian
Ninaud at (512) 463-1300.*

Key Facts

- ◆ **Funding.** In fiscal year 2006, the agency received a total of \$128 million. Of this total, about \$4.9 million went to support the operations of the agency, with the majority of funds passed through to rural communities in grants. Approximately \$121 million, or 94.5 percent, of ORCA's revenues come from federal funds, with the remaining 5.5 percent from General Revenue.
- ◆ **Staffing.** ORCA employs a staff of 70 that is headquartered in Austin, with one to two employees in each of its eight field offices in rural communities.
- ◆ **Community Development.** ORCA oversees about 974 active community development projects awarded over previous years, with open contracts worth about \$338 million. The agency awarded approximately \$106 million in CDBG funds in fiscal year 2006. These projects help improve the quality of life for about 1.6 million rural Texans by assisting communities to install water/wastewater systems, pave roads, rehabilitate housing, build community facilities, meet disaster relief needs, attract businesses, and retain jobs.
- ◆ **Rural Health.** As the State's Office of Rural Health, the agency funded 435 rural health grants and loans with a value of \$4.7 million in fiscal year 2006. These projects help mitigate shortages in rural healthcare access by assisting communities with recruiting and retaining healthcare practitioners, and improving hospital facilities.

Executive Committee Members (9)

Michael Waters, Chair (Abilene)
David Richey Alders, Vice Chair
(Nacogdoches)
Charles N. Butts (Lamesa)
Nicki Harle, Secretary (Baird)
Carol Harrell (Jefferson)
Wallace G. Klusmann (Fredericksburg)
Lydia Rangel Saenz (Carrizo Springs)
Ike Sugg (San Angelo)
Patrick Wallace (Athens)

Agency Head

Charles Stone, Executive Director
(512) 936-6701

Recommendation

1. Continue ORCA for four years, with new leadership and refocused to better serve rural Texas.

Issue 1

ORCA Lacks the Leadership and Focus Needed to Effectively Serve Rural Texas.

Key Findings

- ◆ Texas has a clear and continuing need to focus on addressing the unique challenges and concerns facing its rural communities.
- ◆ ORCA's Executive Committee lacks the leadership needed to prioritize critical rural concerns and provide the Legislature with recommendations to effectively address these issues.
- ◆ Current law does not maximize use of the State Review Committee as a resource to approve grants.
- ◆ Several opportunities exist for streamlining the rural community development grant process to more easily and quickly get funds to local communities.
- ◆ Closer collaboration with the Texas Department of Agriculture (TDA) would enable ORCA to more effectively serve as a resource to rural communities.

The State has a continuing need to focus on the concerns of Texas' rural communities, and to set clear policy priorities to help address these issues. However, ORCA has not met the Legislature's expectations to create a rural policy and provide recommendations to improve rural programs across state agencies. ORCA continues to rely on an overly-complex process for awarding rural community development grants, contributing to delays in getting funds to local communities. Separate administration of ORCA's rural programs and TDA's Texas Capital Fund economic development program contributes to difficulties in coordinating these programs to maximize benefits to rural communities.

Recommendations

Change in Statute

1.1 Continue the Office of Rural Community Affairs for four years, refocused to more effectively guide rural development in Texas.

To enable the agency to more effectively meet its objectives, ORCA's mission would be more narrowly focused on serving as a clearinghouse for information on rural programs and services, and providing assistance to rural communities in four key areas: economic development, community development, rural health, and natural resources. This recommendation would provide for Sunset review in four years to give the Legislature the opportunity to determine if the changes have been effectively implemented to better serve rural Texas.

1.2 Replace ORCA's Executive Committee with a new Board with the leadership needed to prioritize critical rural concerns and to work with the Legislature to address these issues.

Under this recommendation, the new Board's membership would include:

- ◆ four members appointed by the Governor who must represent different geographic regions of the state, including two rural community members, and two elected local rural officials or city or county employees involved with rural development;

- ◆ three members appointed by the Lieutenant Governor, including one Senator and two public members with interests in rural issues;
- ◆ three members appointed by the Speaker of the House, including one House member and two public members with interests in rural issues; and
- ◆ the Commissioner of Agriculture, or designee, as a voting, ex officio member.

The Governor would designate the Board's Chair from among any of the 11 members, and all ten appointed members must reside in rural cities or counties. These changes would provide ORCA's Board with the leadership and expertise needed to identify the key concerns of Texas' rural communities, develop policy recommendations, and work with the Legislature to address these issues. Requiring appointed members to live in rural communities would ensure that the Board has direct understanding of rural issues. Having rural legislative members on the Board would help ensure a better connection between ORCA and the Texas Legislature.

1.3 Require the State Review Committee to review grant applications and approve grant and loan awards.

This recommendation would make better use of the 12-member, Governor-appointed Committee by expanding its duties from simply advising ORCA on rural community development programs to actually approving all rural community development and health grants and loans. Members with any conflicts of interest regarding a particular grant application would be required to recuse themselves from voting. Using the Committee, instead of ORCA's Board, to approve grants would allow the Board to focus on rural policy issues. Complaints regarding the scoring or funding decisions would be heard by ORCA's Board.

1.4 Require ORCA, in consultation with the Texas Department of Agriculture, to evaluate and streamline Texas' administration of the rural Community Development Block Grant program.

This recommendation would require ORCA to work with TDA to evaluate Texas' administration of the rural Community Development Block Grant program, to include funds directly administered by ORCA and funds provided to TDA to administer the Texas Capital Fund. The program evaluation should include at the minimum, combining funding categories, simplifying the application and scoring process, and regularly reviewing and closing out aged contracts. This recommendation would ensure that ORCA and TDA maximize existing local resources, make it easier for communities to apply for funds, and eliminate any unnecessary duplication or inconsistency across the two agencies.

1.5 Require ORCA to collocate its field staff in the Texas Department of Agriculture's offices.

This recommendation would eliminate ORCA's single-person field offices. Instead, ORCA would be required to take advantage of TDA's existing regional offices for housing these staff. Many of TDA's offices already provide rural development information and services to similar constituents. ORCA would also be required to cross-train with TDA to ensure the agencies are knowledgeable about their respective programs and can serve as better resources to rural communities.

Fiscal Implication Summary _____

These recommendations would not have a fiscal impact to the State.